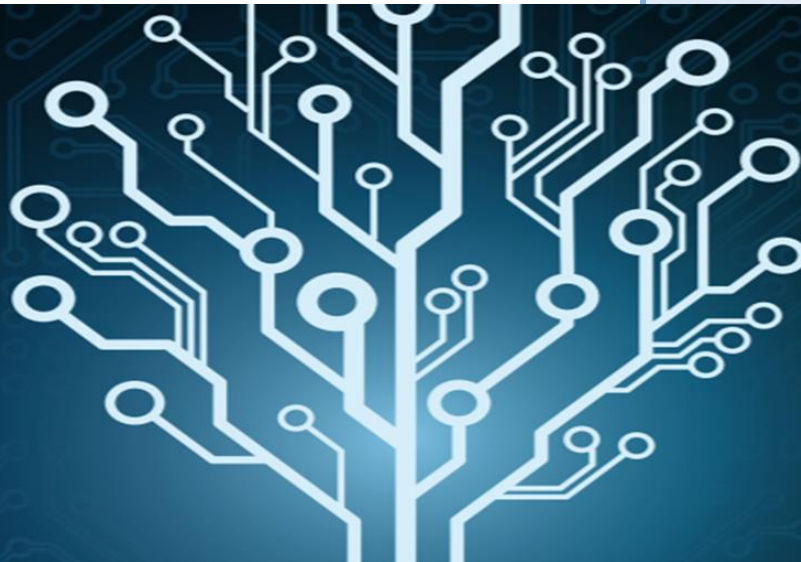


Kontron AG

Austria | Technology | MCap EUR 911m

3 November 2022

UPDATE



Solid Q3 results with record order intake; Reiterate to BUY

What's it all about?

The major news of the past quarter was the disposal of the largest part of Kontron's IT Services business to the French Vinci Energies Group (antitrust approvals still pending). Hence, for its Q3 results, Kontron for the first time showed continued and discontinued operations, making a comparison to preceding quarters difficult. In any case, Q3 22 was solid with 10.5% yoy sales growth and an EBITDA of 20.4m (+3% yoy). A highlight was continued strong order activity, almost topping the EUR 1bn mark after 9m 22 and a book-to-bill of 1.22x in Q3. Kontron also gave an upbeat guidance for FY 22 and reiterated its mid-terms guidance of EUR 2bn in sales and an EBITDA margin of 13% by 2025. In essence, the Q3 results support our positive view, which is why we reiterate to BUY with slightly adjusted estimates and PT of EUR 30.00 (old EUR 32.00).

BUY (BUY)

Target price	EUR 30.00 (32.00)
Current price	EUR 14.10
Up/downside	112.8%

 **ResearchHub** 



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Kontron AG

Austria | Technology | MCap EUR 911m | EV EUR 997m (2021)

BUY (BUY)

Target price EUR 30.00 (32.00)
Current price EUR 14.10
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Solid Q3 results with record order intake; Reiterate to BUY

Milestone achievement of selling large parts of its IT Services business After having sold large parts of its IT Services business in Aug. to the French Vinci Energies Group (the antitrust approvals are still pending) Kontron's Q3 results are difficult to interpret as the accounts are still in a transformative stage. Kontron reports numbers for continued operations (co) with the divested business still accounted for as discontinued operations "below the line". Also, consensus estimates are rather misleading as some analysts are still showing Kontron incl. the IT business and some without. AlsterResearch has already deconsolidated the IT Services unit as of FY22. For a detailed update please refer to our previous update [here](#). In any case, the divestment of the IT Services unit has been the cracking news of the past quarter, allowing Kontron to focus on the lucrative, high growth, higher margin IoT market.

Solid Q3 with record order intake With regards to the Q3 results, Kontron reported solid numbers with 10.5% yoy sales growth to EUR 262.4m, even accelerating vs. 9.2% yoy growth after 6M 22. EBITDA however was a touch light with "only" 3% yoy growth to EBITDA of 20.4m, most likely reflecting the ongoing macroeconomic headwinds such as supply chain bottlenecks and rising input costs. A highlight of today's report however has been Kontron's order intake, which almost topped the EUR 1bn mark after 9m 22. In Q3 alone, Kontron recorded EUR 319m new orders and hence for the seventh time in a row achieve a book-to-bill ratio > 1.00x (Q3: 1.22x).

Upbeat guidance Despite the current market environment, the results of the first nine months and the company's sound order situation led to an upbeat outlook. In essence, Kontron expects ongoing double-digit growth for its continued operations to around EUR 1.1bn in sales for FY22. Operating net income is expected to rise by 16% to around EUR 56m, and the unadjusted figure following gains from the sale of IT services are likely to be even higher – according to the company. Also, Kontron reiterates its mid-term guidance of EUR 2bn in sales and a significantly increased EBITDA margin of 13% by 2025.

BUY case confirmed Q3 results have been broadly in line with our expectations. The reassuring guidance and still good order momentum support our positive view about Kontron's investment case. Being a pure play IoT player will also put the company on a steeper growth and earnings trajectory, which is why we reiterate to BUY with slightly adjusted estimates and PT of EUR 30.00 (old EUR 32.00).

Kontron AG	2019	2020	2021	2022E	2023E	2024E
Sales	1,123	1,255	1,342	1,109	1,198	1,294
<i>Growth yoy</i>	13.3%	11.7%	6.9%	-17.3%	8.0%	8.0%
EBITDA	112	130	126	112	122	135
EBIT	62	69	63	59	72	85
Net profit	49	56	48	44	55	63
Net debt (net cash)	32	44	65	-495	-529	-582
Net debt/EBITDA	0.3x	0.3x	0.5x	-4.4x	-4.3x	-4.3x
EPS recurring	0.75	0.84	0.74	0.68	0.85	0.98
DPS	0.00	0.30	0.35	0.24	0.30	0.35
<i>Dividend yield</i>	0.0%	2.1%	2.5%	1.7%	2.1%	2.5%
Gross profit margin	37.7%	37.7%	38.1%	37.7%	37.7%	37.7%
EBITDA margin	9.9%	10.4%	9.4%	10.1%	10.2%	10.4%
EBIT margin	5.5%	5.5%	4.7%	5.3%	6.0%	6.6%
ROCE	7.7%	8.3%	7.2%	5.3%	6.3%	7.8%
EV/EBITDA	8.6x	7.5x	7.9x	3.9x	3.3x	2.6x
EV/EBIT	15.6x	14.3x	15.9x	7.4x	5.6x	4.1x
PER	18.9x	16.7x	19.0x	20.7x	16.6x	14.4x
FCF yield	3.6%	11.8%	6.6%	20.7%	6.2%	8.9%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 21.38 / 11.22
Price/Book Ratio 2.2x

Ticker / Symbols

ISIN AT0000A0E9W5
WKN A0X9EJ
Bloomberg KTN:GR

Changes in estimates

		Sales	EBIT	EPS
2022E	old	1.170	59,4	0,68
	Δ	-5,2%	-0,4%	0,0%
2023E	old	1.275	72,5	0,86
	Δ	-6,0%	-1,3%	-1,0%
2024E	old	1.377	85,9	0,98
	Δ	-6,0%	-0,8%	-0,4%

Key share data

Number of shares: (in m pcs) 64.63
Book value per share: (in EUR) 6.44
Ø trading volume: (12 months) 48,500

Major shareholders

Ennoconn Corporation 26.6%
PPF Group NV 5.1%
Columbia Wanger AM 4.1%
Amiral Gestion 4.1%
Allianz Global Investors 4.0%
Treasury Shares 3.7%
Free Float 52.3%

Company description

Kontron AG (formerly S&T AG) is a supplier of information technology (IT) solutions, specializing in Industry 4.0, embedded computer systems and Internet of Things (IoT) technology. Germany, Austria, Switzerland, France, Eastern Europe and North America are its core markets.

Quarterly table

P&L data	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Sales	418.4	294.1	306.5	313.2	428.1	329.7	331.0	262.4
yoy growth in %	13.2%	8.9%	14.1%	5.2%	2.3%	12.1%	8.0%	-16.2%
Gross profit	143.8	120.3	121.0	121.6	148.8	125.6	131.4	90.7
Gross margin in %	34.4%	40.9%	39.5%	38.8%	34.8%	38.1%	39.7%	34.6%
EBITDA	46.4	28.2	30.1	27.3	40.7	29.4	33.1	20.4
EBITDA margin in %	11.1%	9.6%	9.8%	8.7%	9.5%	8.9%	10.0%	7.8%
EBIT	27.1	12.7	13.9	11.7	24.3	14.7	17.7	8.5
EBIT margin in %	6.5%	4.3%	4.5%	3.7%	5.7%	4.5%	5.3%	3.2%
EBT	24.4	10.8	11.5	9.3	22.6	12.3	15.3	6.7
taxes paid	0.2	1.1	1.1	-1.2	4.3	1.1	2.7	0.9
tax rate in %	0.9%	10.4%	9.2%	-12.8%	18.9%	9.2%	17.4%	13.3%
net profit	24.2	10.1	10.4	10.2	17.6	11.6	12.8	8.3
yoy growth in %	20.4%	5.8%	2.9%	-13.8%	-27.2%	14.8%	23.0%	-18.0%
EPS	0.37	0.16	0.16	0.16	0.28	0.18	0.20	0.13

Source: Company data; AlsterResearch; as of Q3 22 excl. IT Services business

Investment case in six charts



Growth projection until 2023E

- › Organic growth in line with market growth per segment
- › Additional organic growth potential from the ITP programs
- › More inorganic acquisitions based on reduced Corona prices

2018
EUR 1 Bn.

IOT TECHNOLOGIES
Potential up to EUR 300 Mio.

EDGE SERVER
Potential up to EUR 200 Mio.

SMART METER
Potential up to EUR 100 Mio.

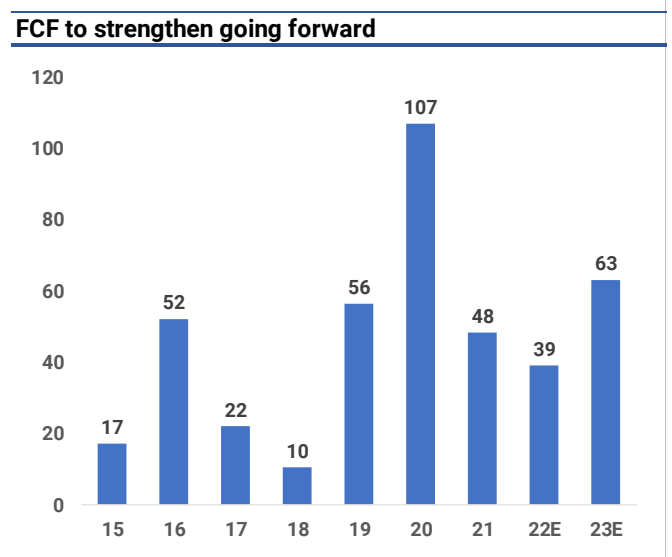
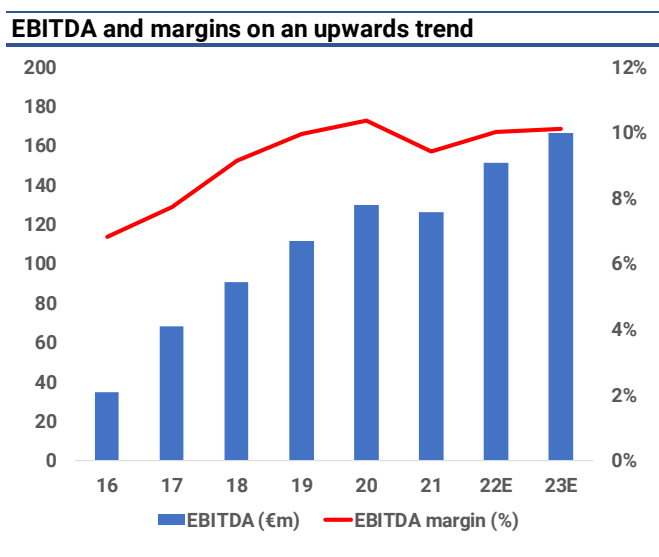
2023
EUR 2 Bn.

EMBEDDED ODM SERVICES
Potential up to EUR 100 Mio.

GROWTH IN ASIA
Potential up to EUR 200 Mio.

ACQUISITIONS
Potential up to EUR 400 Mio.

5 years plan	2018	2023p	Growth
Revenues	990 Mio.	2,000 Mio.	+102%
EBITDA	90.5 Mio.	220 Mio	+143%
EPS	70 cent	175 cent	+150%



Source: Company data; AlsterResearch

SWOT-Analysis

Strengths

- Strong and strategic partnership with Foxconn
- Offers comprehensive suite of solutions in IT Service business
- Strong presence in DACH and EE countries
- Has diversified clients and is present in multiple geographies, minimising concentration risk

Weaknesses

- A large part of revenue accrues from IT Services segment, which is a low-margin business and has low pricing power
- Lacks a scalable platform
- Avionics, one of its target IoT markets, is witnessing a rough phase due to travel restrictions

Opportunities

- Has a strong presence in medical and transport segments of IoT market, which are expected to grow well
- Has sufficient liquidity and balance sheet strength to undertake acquisitions in current market where valuations are attractive
- Margin expansion, as focus shifts to higher margin IoT segment and proprietary products
- Expanding presence in China, one of the fastest-growing IoT markets

Threats

- A relatively small player in the IoT market and could be hard pressed to defend its turf if a larger player enters its segment
- Dependent on Asia for hardware manufacturing and China for raw material. Geopolitical tension in the area could impair its supply chain
- Aggressive acquisitions could drag company's prospects if not properly synergized

Valuation

DCF Model

The DCF model results in a **fair value of EUR 29.99 per share**:

Top-line growth: We expect Kontron AG to continue benefitting from structural growth. Hence our growth estimates for 2022E-2029E is in the range of 4.7% p.a. The long-term growth rate is set at 2.0%.

EBIT margins. The scalable business model should allow for EBIT margins of 7% by 2023E, which look defendable given high competitive quality based on scale geography and expertise. Accordingly, we model approx. 7% EBIT margins in the long-term.

WACC. The averaged 1-, 3- and 5-year historical equity beta is calculated as 1.00. Unlevering and correcting for mean reversion yields an asset beta of 1.15. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 11.5%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25% and target debt/equity of 0.5 this results in a long-term WACC of 8.9%.

DCF (EURm) (except per share data and beta)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal value
NOPAT	52	63	70	76	80	83	86	89	
Depreciation & amortization	53	51	49	49	49	50	50	51	
Change in working capital	116	-20	-1	3	2	2	2	2	
Chg. in long-term provisions	9	6	7	5	3	3	3	3	
Capex	-39	-42	-45	-48	-49	-50	-52	-54	
Cash flow	191	57	80	86	85	87	90	92	1,365
Present value	188	52	67	65	59	56	53	50	741
WACC	9.2%	9.2%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	8.9%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	1,332	Planning horizon avg. revenue growth (2022E-2029E)	4.7%
Mid-year adj. total present value	1,390	Terminal value growth (2029E - infinity)	2.0%
Net debt / cash at start of year	-495	Terminal year ROCE	8.1%
Financial assets	74	Terminal year WACC	8.9%
Provisions and off b/s debt	21		
Equity value	1,938		
No. of shares outstanding	64.6		
Discounted cash flow / share upside/(downside)	29.99 / 112.7%		
		Terminal WACC derived from	
		Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	25%
		Equity beta	1.00
		Unlevered beta (industry or company)	1.15
		Target debt / equity	0.5
		Relevered beta	1.58
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	11.5%
Share price	14.10		

Sensitivity analysis DCF								
Change in WACC (%-points)		Long term growth					Share of present value	
		0.0%	1.0%	2.0%	3.0%	4.0%		
2.0%		24.2	25.0	25.9	27.0	28.4	2022E-2025E	28.0%
1.0%		25.5	26.5	27.7	29.2	31.2	2026E-2029E	16.4%
0.0%		27.1	28.4	30.0	32.1	35.1	terminal value	55.6%
-1.0%		29.1	30.8	33.1	36.3	41.2		
-2.0%		31.7	34.1	37.5	42.6	51.2		

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 27.65 per share based on 2022E and EUR 36.14 per share on 2026E estimates. **We value Kontron AG on 2023E, which supports the DCF based fair value calculations.**

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2022E	2023E	2024E	2025E	2026E
EBITDA	112	122	135	141	146
- Maintenance capex	33	35	36	39	41
- Minorities	-0	-1	-1	-1	-1
- tax expenses	7	8	14	16	16
= Adjusted FCF	73	80	85	88	89
Actual Market Cap	911	911	911	911	911
+ Net debt (cash)	-495	-529	-582	-640	-694
+ Pension provisions	19	20	22	23	24
+ Off B/S financing	0	0	0	0	0
- Financial assets	74	74	74	74	74
- Acc. dividend payments	23	38	58	80	106
<i>EV Reconciliations</i>	-573	-621	-692	-771	-849
= Actual EV'	338	291	220	141	62
Adjusted RW_FCF yield	21.5%	27.6%	38.7%	62.5%	144.1%
base hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
Fair EV	1,214	1,334	1,418	1,464	1,486
- <i>EV Reconciliations</i>	-573	-621	-692	-771	-849
Fair Market Cap	1,787	1,955	2,109	2,235	2,336
No. of shares (million)	65	65	65	65	65
FV per share in EUR	27.65	30.25	32.64	34.58	36.14
Premium (-) / discount (+)	96.1%	114.5%	131.5%	145.3%	156.3%

Sensitivity analysis FV

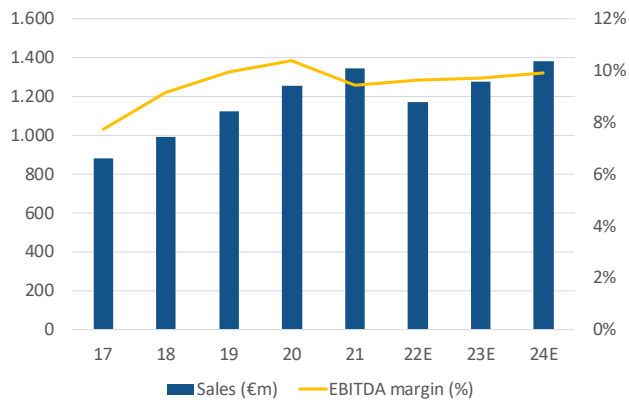
	4.0%	37	41	44	46	48
	5.0%	31	34	37	39	41
Adjusted hurdle rate	6.0%	28	30	33	35	36
	7.0%	25	27	30	31	33
	8.0%	23	25	27	29	30

Source: AlsterResearch

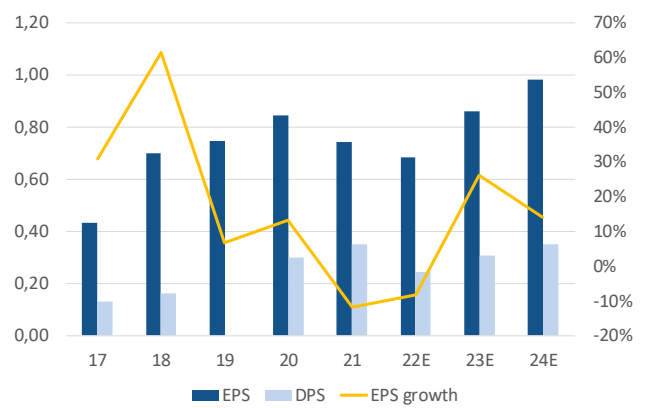
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable, based on the overall Leeway ESG Score. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Financials in six charts

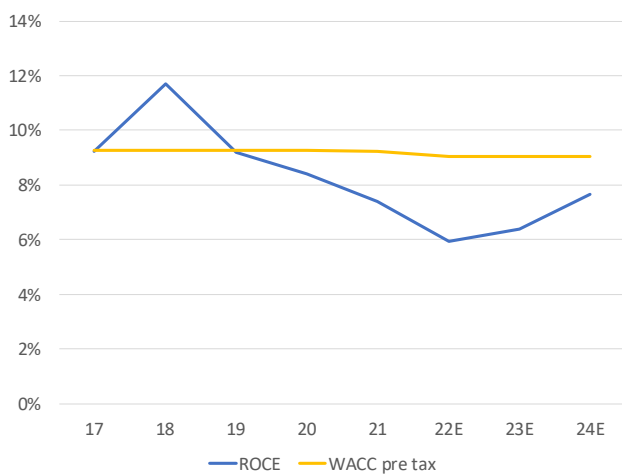
Sales vs. EBITDA margin development



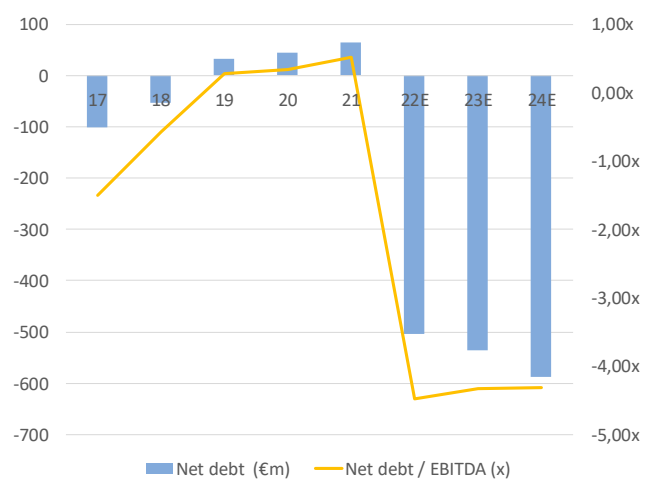
EPS, DPS in EUR & yoy EPS growth



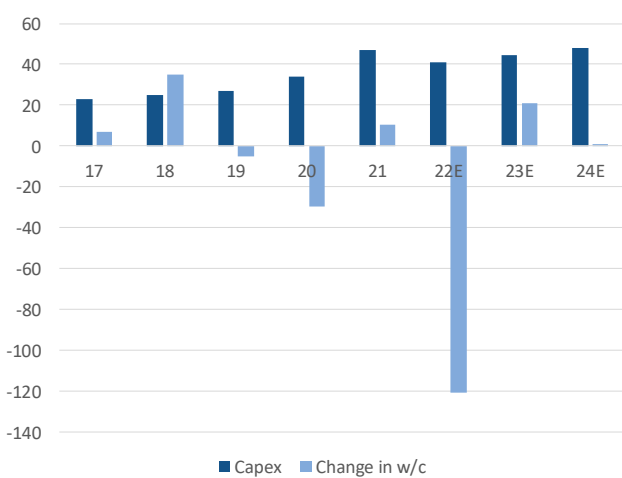
ROCE vs. WACC (pre tax)



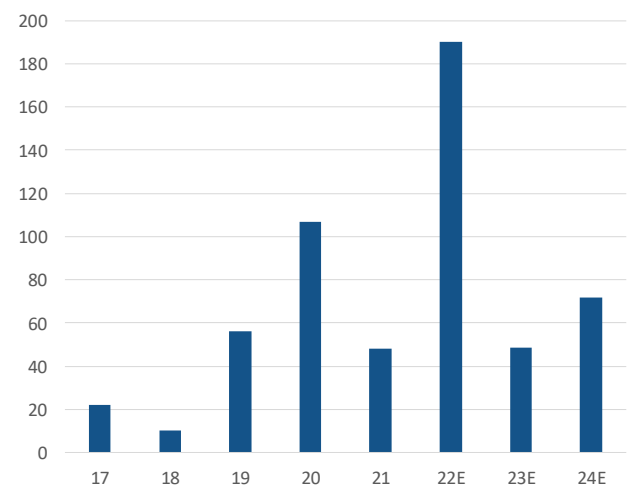
Net debt and net debt/EBITDA



Capex & chg in w/c requirements in EURm



Free Cash Flow in EURm



Financials

Profit and loss (EURm)	2019	2020	2021	2022E	2023E	2024E
Net sales	1,123	1,255	1,342	1,109	1,198	1,294
Sales growth	13.3%	11.7%	6.9%	-17.3%	8.0%	8.0%
Change in finished goods and work-in-process	16	18	21	0	0	0
Total sales	1,138	1,272	1,363	1,109	1,198	1,294
Material expenses	715	799	852	691	746	806
Gross profit	423	473	512	418	452	488
Other operating income	8	9	14	6	6	6
Personnel expenses	245	273	314	240	258	276
Other operating expenses	74	79	85	72	78	84
EBITDA	112	130	126	112	122	135
Depreciation	50	31	35	33	35	36
EBITA	62	99	92	79	88	98
Amortisation of goodwill and intangible assets	0	31	29	20	16	13
EBIT	62	69	63	59	72	85
Financial result	-8	-8	-8	-9	-9	-9
Recurring pretax income from continuing operations	54	61	54	50	63	76
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	54	61	54	50	63	76
Taxes	5	6	5	7	8	14
Net income from continuing operations	50	55	49	44	54	62
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	50	55	49	44	54	62
Minority interest	-0	1	-1	0	1	1
Net profit (reported)	49	56	48	44	55	63
Average number of shares	65.87	66.00	64.96	64.63	64.63	64.63
EPS reported	0.75	0.84	0.74	0.68	0.85	0.98

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	1%	1%	2%	0%	0%	0%
Total sales	101%	101%	102%	100%	100%	100%
Material expenses	64%	64%	63%	62%	62%	62%
Gross profit	38%	38%	38%	38%	38%	38%
Other operating income	1%	1%	1%	1%	1%	1%
Personnel expenses	22%	22%	23%	22%	22%	21%
Other operating expenses	7%	6%	6%	7%	7%	7%
EBITDA	10%	10%	9%	10%	10%	10%
Depreciation	4%	2%	3%	3%	3%	3%
EBITA	6%	8%	7%	7%	7%	8%
Amortisation of goodwill and intangible assets	0%	2%	2%	2%	1%	1%
EBIT	6%	5%	5%	5%	6%	7%
Financial result	-1%	-1%	-1%	-1%	-1%	-1%
Recurring pretax income from continuing operations	5%	5%	4%	5%	5%	6%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	5%	5%	4%	5%	5%	6%
Taxes	0%	0%	0%	1%	1%	1%
Net income from continuing operations	4%	4%	4%	4%	5%	5%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	4%	4%	4%	4%	5%	5%
Minority interest	-0%	0%	-0%	0%	0%	0%
Net profit (reported)	4%	4%	4%	4%	5%	5%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (exl. Goodwill)	100	103	104	84	68	55
Goodwill	194	199	208	208	208	208
Property, plant and equipment	100	135	133	138	146	155
Financial assets	62	69	74	74	74	74
FIXED ASSETS	457	506	519	505	496	492
Inventories	147	160	187	134	145	157
Accounts receivable	239	228	265	213	230	248
Other current assets	21	25	26	26	26	26
Liquid assets	322	286	308	695	699	652
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	39	43	47	22	36	45
CURRENT ASSETS	769	741	833	1,090	1,135	1,128
TOTAL ASSETS	1,226	1,247	1,352	1,595	1,632	1,620
SHAREHOLDERS EQUITY	373	404	419	839	878	921
MINORITY INTEREST	12	5	5	5	5	5
Long-term debt	267	264	277	200	100	0
Provisions for pensions and similar obligations	20	22	21	19	20	22
Other provisions	45	68	49	61	66	71
Non-current liabilities	332	354	348	280	186	93
short-term liabilities to banks	86	66	95	0	70	70
Accounts payable	205	210	270	220	237	256
Advance payments received on orders	61	72	87	69	74	80
Other liabilities (incl. from lease and rental contracts)	109	86	76	133	144	155
Deferred taxes	13	13	13	13	13	13
Deferred income	34	37	40	37	24	26
Current liabilities	509	483	581	471	562	601
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,226	1,247	1,352	1,595	1,632	1,620

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	8%	8%	8%	5%	4%	3%
Goodwill	16%	16%	15%	13%	13%	13%
Property, plant and equipment	8%	11%	10%	9%	9%	10%
Financial assets	5%	5%	5%	5%	5%	5%
FIXED ASSETS	37%	41%	38%	32%	30%	30%
Inventories	12%	13%	14%	8%	9%	10%
Accounts receivable	20%	18%	20%	13%	14%	15%
Other current assets	2%	2%	2%	2%	2%	2%
Liquid assets	26%	23%	23%	44%	43%	40%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	3%	3%	3%	1%	2%	3%
CURRENT ASSETS	63%	59%	62%	68%	70%	70%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	30%	32%	31%	53%	54%	57%
MINORITY INTEREST	1%	0%	0%	0%	0%	0%
Long-term debt	22%	21%	21%	13%	6%	0%
Provisions for pensions and similar obligations	2%	2%	2%	1%	1%	1%
Other provisions	4%	5%	4%	4%	4%	4%
Non-current liabilities	27%	28%	26%	18%	11%	6%
short-term liabilities to banks	7%	5%	7%	0%	4%	4%
Accounts payable	17%	17%	20%	14%	15%	16%
Advance payments received on orders	5%	6%	6%	4%	5%	5%
Other liabilities (incl. from lease and rental contracts)	9%	7%	6%	8%	9%	10%
Deferred taxes	1%	1%	1%	1%	1%	1%
Deferred income	3%	3%	3%	2%	1%	2%
Current liabilities	42%	39%	43%	30%	34%	37%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	54	61	54	44	54	62
Depreciation of fixed assets (incl. leases)	50	61	64	33	35	36
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	20	16	13
Others	-26	-11	-12	9	6	7
Cash flow from operations before changes in w/c	79	111	106	106	111	119
Increase/decrease in inventory	-1	9	-26	53	-11	-12
Increase/decrease in accounts receivable	43	47	-41	53	-17	-18
Increase/decrease in accounts payable	-30	-2	69	-50	18	19
Increase/decrease in other w/c positions	-6	-24	-13	61	-10	10
Increase/decrease in working capital	5	30	-11	116	-20	-1
Cash flow from operating activities	83	141	95	222	91	118
CAPEX	-27	-34	-47	-39	-42	-45
Payments for acquisitions	-27	-41	-16	0	0	0
Financial investments	-4	-3	-7	0	0	0
Income from asset disposals	2	1	4	400	0	0
Cash flow from investing activities	-56	-77	-66	361	-42	-45
Cash flow before financing	28	64	29	583	49	72
Increase/decrease in debt position	128	-41	29	-173	-30	-100
Purchase of own shares	-15	-12	-21	0	0	0
Capital measures	0	1	0	0	0	0
Dividends paid	-11	0	-20	-23	-16	-20
Others	-19	-14	-9	0	0	0
Effects of exchange rate changes on cash	1	-8	4	0	0	0
Cash flow from financing activities	85	-74	-16	-195	-46	-120
Increase/decrease in liquid assets	113	-10	13	387	3	-47
Liquid assets at end of period	265	255	268	655	659	612

Source: Company data; AlsterResearch

Regional sales split (EURm)	2019	2020	2021	2022E	2023E	2024E
Domestic	103	103	108	89	97	104
Europe (ex domestic)	601	785	865	715	773	834
The Americas	0	122	98	81	88	95
Asia	0	42	54	45	48	52
Rest of World	419	204	216	179	193	208
Total sales	1,123	1,255	1,342	1,109	1,198	1,294

Regional sales split (common size)	2019	2020	2021	2022E	2023E	2024E
Domestic	9.2%	8.2%	8.1%	8.1%	8.1%	8.1%
Europe (ex domestic)	53.5%	62.5%	64.5%	64.5%	64.5%	64.5%
The Americas	0.0%	9.7%	7.3%	7.3%	7.3%	7.3%
Asia	0.0%	3.3%	4.0%	4.0%	4.0%	4.0%
Rest of World	37.3%	16.2%	16.1%	16.1%	16.1%	16.1%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Ratios	2019	2020	2021	2022E	2023E	2024E
Per share data						
Earnings per share reported	0.75	0.84	0.74	0.68	0.85	0.98
Cash flow per share	0.51	1.66	0.93	2.91	0.87	1.26
Book value per share	5.66	6.12	6.44	12.99	13.59	14.25
Dividend per share	0.00	0.30	0.35	0.24	0.30	0.35
Valuation						
P/E	18.9x	16.7x	19.0x	20.7x	16.6x	14.4x
P/CF	27.8x	8.5x	15.1x	4.8x	16.1x	11.2x
P/BV	2.5x	2.3x	2.2x	1.1x	1.0x	1.0x
Dividend yield (%)	0.0%	2.1%	2.5%	1.7%	2.1%	2.5%
FCF yield (%)	3.6%	11.8%	6.6%	20.7%	6.2%	8.9%
EV/Sales	0.9x	0.8x	0.7x	0.4x	0.3x	0.3x
EV/EBITDA	8.6x	7.5x	7.9x	3.9x	3.3x	2.6x
EV/EBIT	15.6x	14.3x	15.9x	7.4x	5.6x	4.1x
Income statement (EURm)						
Sales	1,123	1,255	1,342	1,109	1,198	1,294
yoy chg in %	13.3%	11.7%	6.9%	-17.3%	8.0%	8.0%
Gross profit	423	473	512	418	452	488
Gross margin in %	37.7%	37.7%	38.1%	37.7%	37.7%	37.7%
EBITDA	112	130	126	112	122	135
EBITDA margin in %	9.9%	10.4%	9.4%	10.1%	10.2%	10.4%
EBIT	62	69	63	59	72	85
EBIT margin in %	5.5%	5.5%	4.7%	5.3%	6.0%	6.6%
Net profit	49	56	48	44	55	63
Cash flow statement (EURm)						
CF from operations	83	141	95	222	91	118
Capex	-27	-34	-47	-39	-42	-45
Maintenance Capex	50	31	35	33	35	36
Free cash flow	56	107	48	183	49	72
Balance sheet (EURm)						
Intangible assets	295	302	312	293	277	264
Tangible assets	100	135	133	138	146	155
Shareholders' equity	373	404	419	839	878	921
Pension provisions	20	22	21	19	20	22
Liabilities and provisions	418	420	443	280	256	163
Net financial debt	32	44	65	-495	-529	-582
w/c requirements	120	106	96	59	63	69
Ratios						
ROE	13.3%	13.5%	11.7%	5.2%	6.2%	6.8%
ROCE	7.7%	8.3%	7.2%	5.3%	6.3%	7.8%
Net gearing	8.5%	10.9%	15.4%	-59.0%	-60.2%	-63.1%
Net debt / EBITDA	0.3x	0.3x	0.5x	-4.4x	-4.3x	-4.3x

Source: Company data; AlsterResearch

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