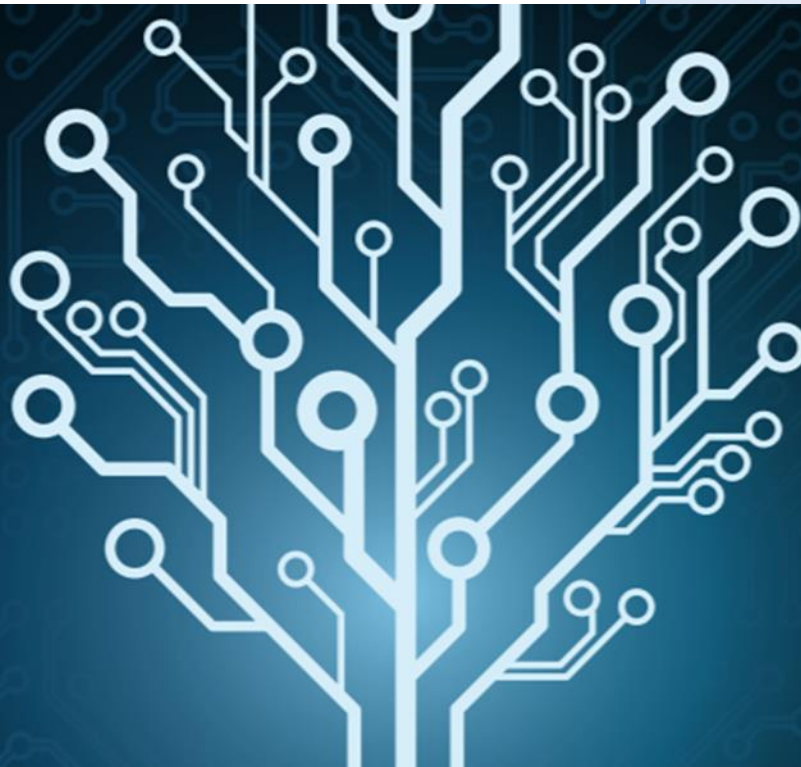


# S&T AG

Austria | Technology | MCap EUR 1,397.8m

13 October 2021

UPDATE



## Reassuring CMD; BUY case reiterated

### What's it all about?

S&T hosted a digital Capital Market Day (CMD). A high calibre management line-up gave a reassuring insight into short term issues and long term trends such as the current order situation, implications of the global chip shortages and ultimately the impact on its FY 2021 guidance. In addition, management elaborated on long(er) term strategic goals such as the divestment of the IT Services unit, the tremendous growth outlook especially in the global IoT market as well as the future M&A strategy, rounded up by the company's Vision 2030 outlook. We reiterate to BUY as S&T is a well-run company that offers a unique opportunity to benefit from the strong IoT trends globally. The divestment of the IT Services unit could act as a trigger for a re-rating. BUY, PT 31.00.

**BUY (BUY)**

<b>Target price</b>	<b>EUR 31.00 (31.00)</b>
Current price	EUR 21.22
Up/downside	46.1%



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IMPORTANT. Please refer to the last page of this report for "Important disclosures and analyst(s) certifications."

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# S&T AG

Austria | Technology | MCap EUR 1,397.8m | EV EUR 1,463.8m

**BUY** (BUY)

**Target price** EUR 31.00 (31.00)  
**Current price** EUR 21.22  
**Up/downside** 46.1%

**MAIN AUTHOR**

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## Reassuring Capital Markets Day; Reiterate to BUY

During a digital CMD, S&T's top management gave insights into current issues as well as long term trends. In our view, the main key takeaways were:

**Chip shortage / Order situation** – The strong order momentum seen in Q1 and Q2 seems to prevail also in Q3. At the end of H1 2021, S&T reported a record order backlog of EUR 1.1bn. H1 order intake translated into a book-to-bill ratio of 1.35x. The pandemic-led recovery of the industry as well as progressing digitization across all industries should have led to continued strong order momentum in Q3. Nonetheless, the global chip shortage is likely to continue weighing on S&T's operations with EUR 40-100m in delayed shipments in 2021 (~5% of annual sales). On a positive note, the company's ability to raise prices somewhat cushions the effect on the bottom-line.

**Guidance adjustment** – Still, management downwardly tweaked its FY 2021 guidance, now expecting sales between EUR 1.33-1.4bn (prev. at least EUR 1.4bn) and an EBITDA between of EUR 133-140m (prev. min. EUR 140m). In our view, the cut in FY expectations look rather small, suggesting that S&T has reacted swiftly (e.g. redesigned products, increased inventory levels) in this changing environment. Also, management reiterated that pent-up demand might provide tailwinds in 2022 and sellers markets prompted price increases of some 6% as of Oct. 2021.

**Divestment of IT Service unit** – In addition, S&T gave insights into the planned strategic re-positioning of the company, namely the sole focus on the fast growing / high margin IoT business. Consequently, S&T aims for a divestment of its IT Services segment – the segment that tends to dilute overall growth rates and margins. With 2020 sales of EUR 575m and an EBITDA of EUR 40m (adj. EBITDA margin of 7.2%), IT Services account for 45% of total sales and 30% of total EBITDA. Hence, a potential divestment should be regarded as a real game changer for the company, as the underlying sales growth and earnings power of the remaining business should prompt higher earnings multiples in our view. S&T expects proceeds between EUR 550-700m (12x EBITDA multiple), with a potential closing by the end of 2022. *-continued-*

S&T AG	2018	2019	2020	2021E	2022E	2023E
Sales	990.9	1,122.9	1,254.8	1,392.8	1,561.1	1,686.0
<i>Growth yoy</i>	12.3%	13.3%	11.7%	11.0%	12.1%	8.0%
EBITDA	90.5	111.7	130.0	135.1	153.0	165.2
EBIT	61.5	61.8	68.6	81.8	102.4	115.8
Net profit	45.0	49.1	55.6	63.6	82.3	94.1
Net debt (net cash)	-52.7	31.6	44.2	-33.4	-110.5	-185.7
Net debt/EBITDA	-0.6x	0.3x	0.3x	-0.2x	-0.7x	-1.1x
EPS recurring	0.70	0.75	0.84	0.97	1.25	1.43
DPS	0.16	0.00	0.30	0.34	0.44	0.51
<i>Dividend yield</i>	0.8%	0.0%	1.4%	1.6%	2.1%	2.4%
Gross profit margin	36.5%	37.7%	37.7%	37.8%	37.9%	37.9%
EBITDA margin	9.1%	9.9%	10.4%	9.7%	9.8%	9.8%
EBIT margin	6.2%	5.5%	5.5%	5.9%	6.6%	6.9%
ROCE	11.4%	7.7%	8.3%	9.7%	12.4%	13.3%
EV/EBITDA	14.9x	13.0x	11.3x	10.3x	8.6x	7.5x
EV/EBIT	22.0x	23.5x	21.3x	17.0x	12.8x	10.7x
PER	30.3x	28.5x	25.1x	22.0x	17.0x	14.9x
FCF yield	2.0%	2.4%	7.9%	7.2%	7.7%	8.1%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 24.20 / 15.10  
**Price/Book Ratio** 3.5x

### Ticker / Symbols

ISIN AT0000A0E9W5  
WKN A0X9EJ  
Bloomberg SANT:GR

### Changes in estimates

		Sales	EBIT	EPS
2021E	old	1.443	90	1.07
	Δ	-3.5%	-8.7%	-9.5%
2022E	old	1.592	107	1.31
	Δ	-1.9%	-4.0%	-4.4%
2023E	old	1.703	119	1.47
	Δ	-1.0%	-2.5%	-2.7%

### Key share data

Number of shares: (in m pcs) 65.87  
Book value per share: (in EUR) 6.13  
Ø trading volume: (12 months) 48,500

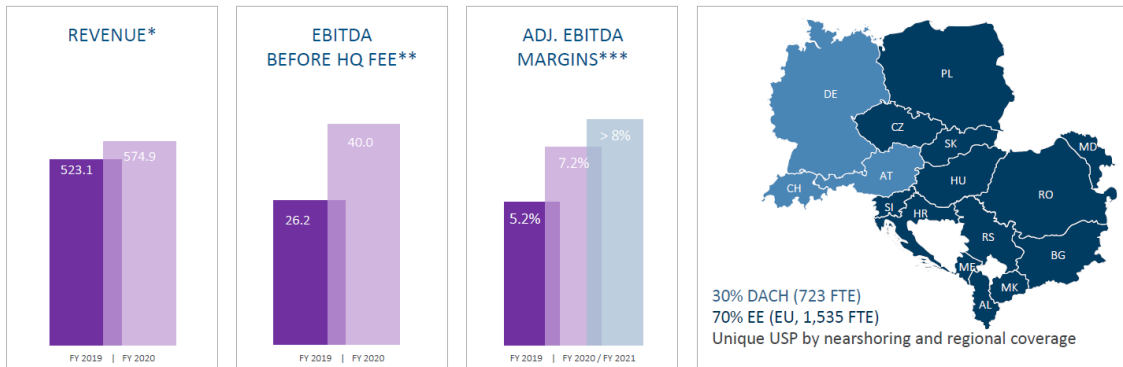
### Major shareholders

Ennoconn Corporation 26.6%  
Allianz Global Investors 5.0%  
Free Float 68.4%

### Company description

S&T is an Austria-based technology company. It provides end-to-end IT services, including consulting, integration and support services. In the IoT segment, it provides products and solutions such as industrial PCs and embedded boards installed with proprietary software. Germany, Austria, Switzerland, France, Eastern Europe and North America are its core markets.

**IT Services Segment (cont'd)**

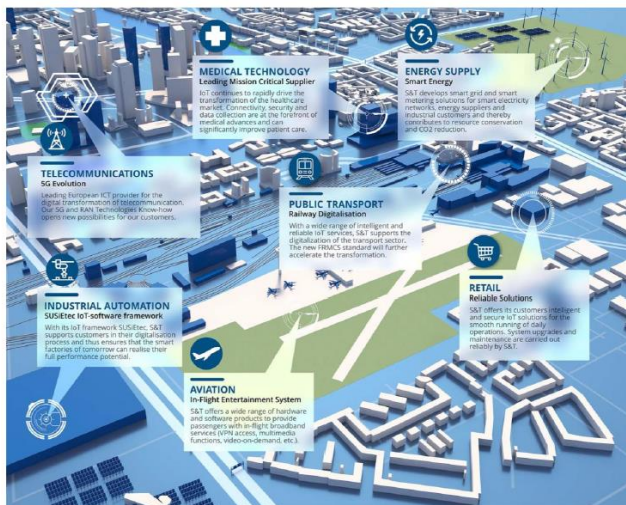


Not complete IT Services Segment in scope, details will be defined within evaluation process in Q4 2021  
IT services is in good shape, 2021: we will achieve EBITDA > 8% in FY 2021 -> expected proceeds EUR 550 – 700 Mio. (~ 12 EBITDA multiple)

Source: S&T AG

**Growth outlook** – Especially once the IT Services segment is divested, S&T’s strong positioning within the global IoT market should become more evident. S&T is among the top 5 players within the industrial IoT segment. The total addressable market (TAM) is likely to grow by a staggering 14% p.a. (2020-2025) with the number of IoT devices growing even disproportionately by – on average 31% p.a. to 75bn devices in 2025.

**IoT market growth outlook**



In Billions	2020	2025	Growth / yr
IoT devices (in pcs.)	20.4	75	+ 31 %
as of 5G devices (in pcs.)		32	
IoT market (in USD)	1,800	3,000	11%
TAM Industrial IoT (in USD)	25	48	14%

Main competitors in Industrial IoT	Revenue (in USD Bn.)
Advantech	1.8
S&T (as of IoT 1.0)	1.6
Curtiss Wright	1.2
ABB B&R	1.1
Beckhoff	1.0
Top 5 account for	27%

Machines connected to the Internet (in Mio.)	2016	2020	2025
	6.4	20.4	75
31% Growth/Year			

Source: S&T AG

**Vision 2030** – In total, S&T reiterated its Vision 2030 targets which aim at EBITDA margins above 15% (9.7% eAR) and gross margins >50%. Besides the potential divestment of the IT Services unit, S&T aims for further external growth in order to achieve these goals. According to the company, three targets have been identified with sales > EUR 500m. At least one major closing has been envisaged for 2022. Targeted 60% of the proceeds from the IT Services divestment are for value accretive acquisitions with the remainder being earmarked for further share buy backs and/or dividends.

**Conclusion** – This year’s Capital Markets Day was a reassuring event highlighting the tremendous mid- to long-term opportunities for S&T. Management seems to be willing and capable of executing on its well-defined strategy. In our view, a re-rating of the stock looks imminent as none of this potential is currently adequately reflected in the current share price. We therefore reiterate our BUY recommendation with unchanged PT of EUR 31.00.

## Quarterly table

P&L data	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Sales	279.4	369.7	270.1	268.6	297.7	418.4	294.1	306.5
yoy growth in %	17.7%	11.7%	20.0%	8.0%	6.6%	13.2%	8.9%	14.1%
Gross profit	109.6	131.9	111.6	107.2	110.8	143.8	120.3	121.0
Gross margin in %	39.2%	35.7%	41.3%	39.9%	37.2%	34.4%	40.9%	39.5%
EBITDA	27.4	40.0	23.2	27.0	31.7	46.4	28.2	30.1
EBITDA margin in %	9.8%	10.8%	8.6%	10.0%	10.7%	11.1%	9.6%	9.8%
EBIT	14.5	24.9	9.4	13.1	17.2	27.1	12.7	13.9
EBIT margin in %	5.2%	6.7%	3.5%	4.9%	5.8%	6.5%	4.3%	4.5%
EBT	12.2	22.1	9.1	11.9	15.3	24.4	10.8	11.5
taxes paid	1.5	0.6	0.6	1.9	3.3	0.2	1.1	1.1
tax rate in %	12.6%	2.7%	6.7%	16.1%	21.6%	0.9%	10.4%	9.2%
net profit	10.8	20.1	9.5	10.1	11.8	24.2	10.1	10.4
yoy growth in %	16.0%	3.5%	1.8%	14.4%	8.9%	20.4%	5.8%	2.9%
<b>EPS</b>	<b>0.16</b>	<b>0.31</b>	<b>0.15</b>	<b>0.16</b>	<b>0.18</b>	<b>0.37</b>	<b>0.16</b>	<b>0.16</b>

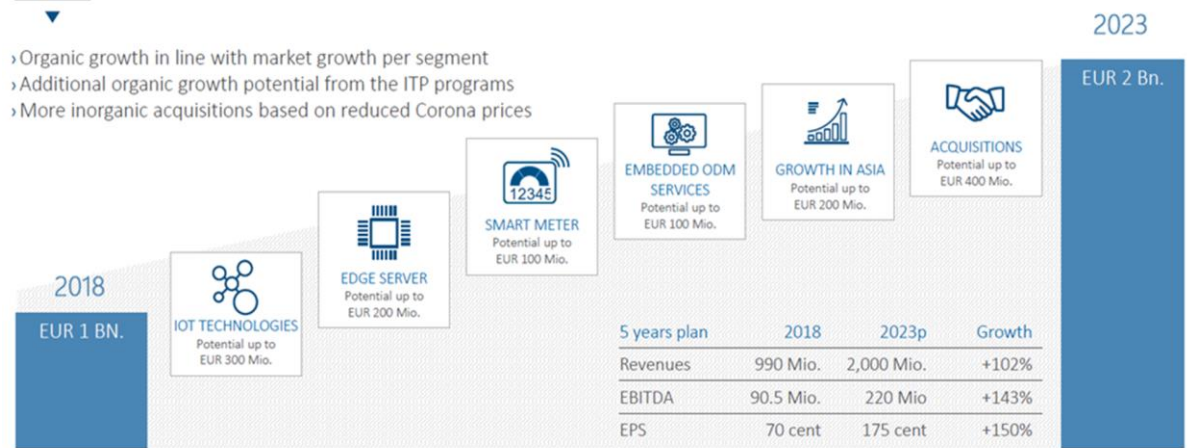
Source: Company data; AlsterResearch

# Investment case in six charts

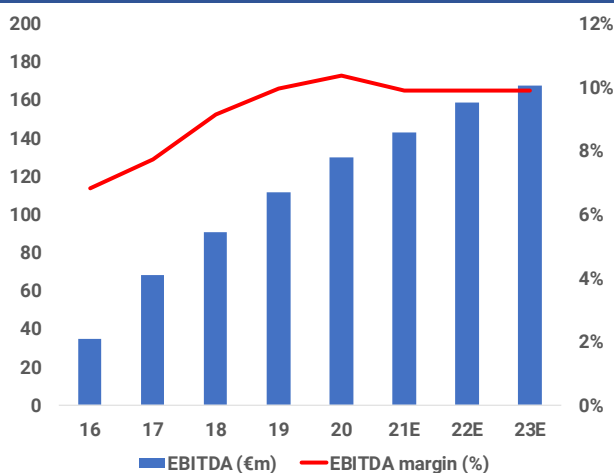
## Business units and end markets



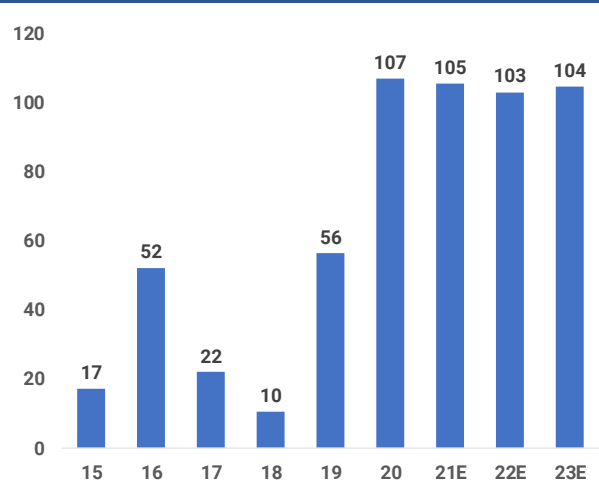
## Growth projection until 2023E



## EBITDA and margins on an upwards trend



## FCF to strengthen going forward



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



## 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 24.47 per share based on 2021E and EUR 43.25 per share on 2025E estimates. **We value S&T AG on 2022E, which derive at price target of EUR 31.00.** It thus 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	2021E	2022E	2023E	2024E	2025E
<b>EBITDA</b>	<b>135.1</b>	<b>153.0</b>	<b>165.2</b>	<b>188.3</b>	<b>197.7</b>
- Maintenance capex	33.8	34.7	36.6	38.9	42.1
- Minorities	-0.6	-0.8	-0.9	-1.2	-1.2
- tax expenses	11.1	12.2	13.9	17.5	18.5
<b>= Adjusted FCF</b>	<b>90.8</b>	<b>106.9</b>	<b>115.6</b>	<b>133.1</b>	<b>138.3</b>
<b>Actual Market Cap</b>	<b>1,397.8</b>	<b>1,397.8</b>	<b>1,397.8</b>	<b>1,397.8</b>	<b>1,397.8</b>
+ Net debt (cash)	-33.4	-110.5	-185.7	-280.3	-363.9
+ Pension provisions	24.2	27.1	29.3	33.3	35.0
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	68.6	68.6	68.6	68.6	68.6
- Acc. dividend payments	19.8	42.4	71.6	105.1	147.0
<i>EV Reconciliations</i>	-97.6	-194.4	-296.6	-420.6	-544.5
<b>= Actual EV'</b>	<b>1,300.2</b>	<b>1,203.4</b>	<b>1,101.2</b>	<b>977.2</b>	<b>853.3</b>
<b>Adjusted RW_FCF yield</b>	<b>7.0%</b>	<b>8.9%</b>	<b>10.5%</b>	<b>13.6%</b>	<b>16.2%</b>
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%
<b>Fair EV</b>	<b>1,514.0</b>	<b>1,781.2</b>	<b>1,927.1</b>	<b>2,218.7</b>	<b>2,304.7</b>
- <i>EV Reconciliations</i>	-97.6	-194.4	-296.6	-420.6	-544.5
<b>Fair Market Cap</b>	<b>1,611.6</b>	<b>1,975.6</b>	<b>2,223.7</b>	<b>2,639.2</b>	<b>2,849.1</b>
No. of shares (million)	65.9	65.9	65.9	65.9	65.9
<b>FV per share in EUR</b>	<b>24.47</b>	<b>29.99</b>	<b>33.76</b>	<b>40.07</b>	<b>43.25</b>
<b>Premium (-) / discount (+)</b>	<b>15.3%</b>	<b>41.3%</b>	<b>59.1%</b>	<b>88.8%</b>	<b>103.8%</b>

### Sensitivity analysis FV

Adjusted hurdle rate	4.0%	36.0	43.5	48.4	56.9	60.7
	5.0%	29.1	35.4	39.6	46.8	50.3
	<b>6.0%</b>	<b>24.5</b>	<b>30.0</b>	<b>33.8</b>	<b>40.1</b>	<b>43.3</b>
	7.0%	21.2	26.1	29.6	35.3	38.3
	8.0%	18.7	23.2	26.4	31.6	34.5

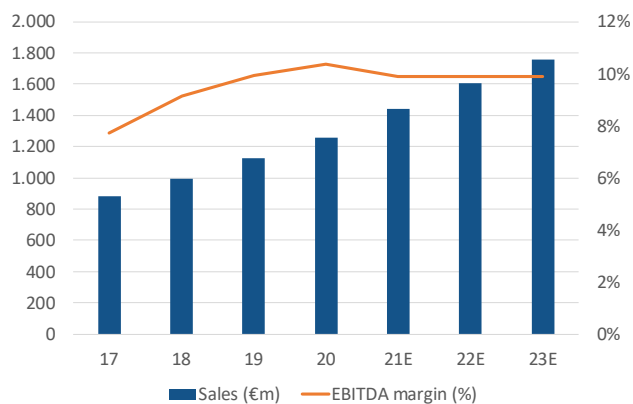
Source: AlsterResearch

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.**

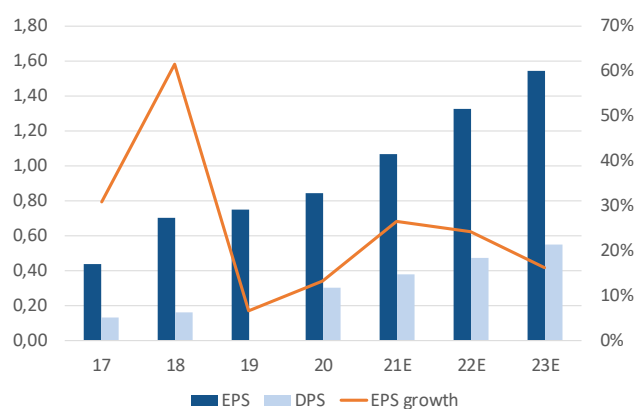


# Financials in six charts

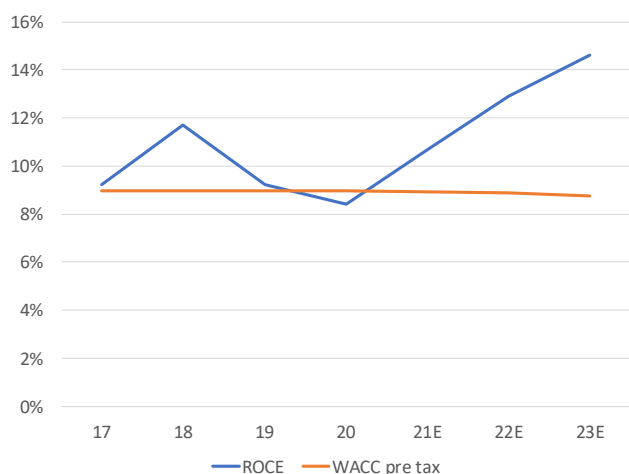
**Sales vs. EBITDA margin development**



**EPS, DPS in EUR & yoy EPS growth**



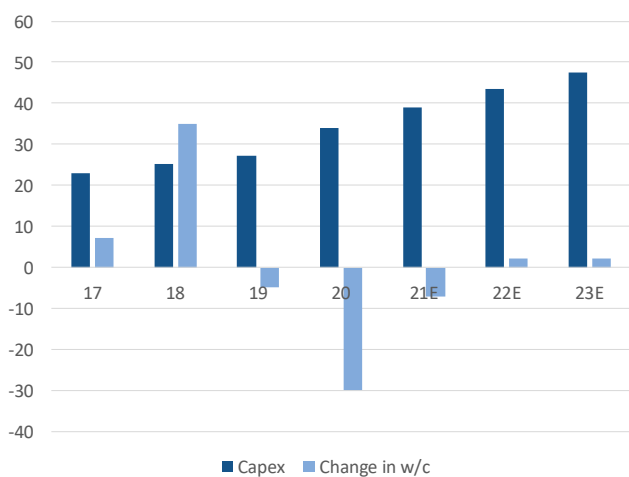
**ROCE vs. WACC (pre tax)**



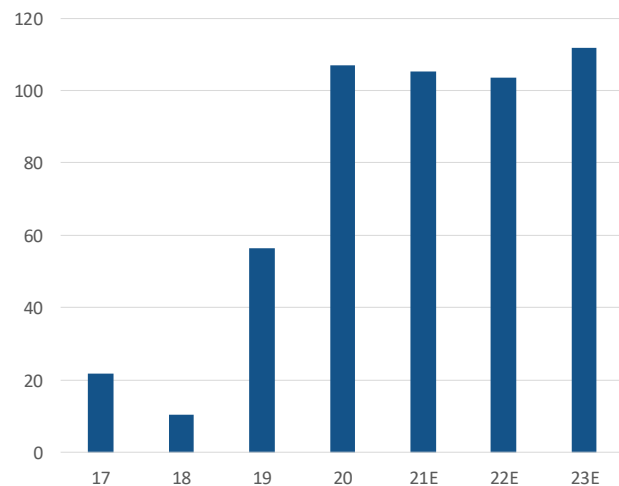
**Net debt and net debt/EBITDA**



**Capex & chg in w/c requirements in EURm**



**Free Cash Flow in EURm**



## Financials

Profit and loss (EUR m)	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>990.9</b>	<b>1,122.9</b>	<b>1,254.8</b>	<b>1,392.8</b>	<b>1,561.1</b>	<b>1,686.0</b>
Sales growth	12.3%	13.3%	11.7%	11.0%	12.1%	8.0%
Change in finished goods and work-in-process	15.1	15.5	17.6	0.0	0.0	0.0
<b>Total sales</b>	<b>1,006.0</b>	<b>1,138.4</b>	<b>1,272.4</b>	<b>1,392.8</b>	<b>1,561.1</b>	<b>1,686.0</b>
Material expenses	644.3	715.4	799.0	866.3	969.4	1,047.0
<b>Gross profit</b>	<b>361.7</b>	<b>423.0</b>	<b>473.4</b>	<b>526.5</b>	<b>591.7</b>	<b>639.0</b>
Other operating income	7.5	8.0	8.8	7.0	7.8	8.4
Personnel expenses	194.6	245.2	273.3	303.6	340.3	367.5
Other operating expenses	84.0	74.2	78.8	94.7	106.2	114.6
<b>EBITDA</b>	<b>90.5</b>	<b>111.7</b>	<b>130.0</b>	<b>135.1</b>	<b>153.0</b>	<b>165.2</b>
Depreciation	8.2	49.9	30.9	33.8	34.7	36.6
EBITA	82.3	61.8	99.1	101.3	118.2	128.6
Amortisation of goodwill and intangible assets	20.8	0.0	30.5	19.5	15.8	12.8
<b>EBIT</b>	<b>61.5</b>	<b>61.8</b>	<b>68.6</b>	<b>81.8</b>	<b>102.4</b>	<b>115.8</b>
Financial result	-5.2	-7.7	-7.9	-7.7	-8.7	-8.7
Recurring pretax income from continuing operations	56.3	54.1	60.7	74.1	93.7	107.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	56.3	54.1	60.7	74.1	93.7	107.1
Taxes	7.9	4.6	6.1	11.1	12.2	13.9
Net income from continuing operations	48.5	49.5	54.6	63.0	81.5	93.2
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>48.5</b>	<b>49.5</b>	<b>54.6</b>	<b>63.0</b>	<b>81.5</b>	<b>93.2</b>
Minority interest	-3.5	-0.4	1.0	0.6	0.8	0.9
Net profit (reported)	45.0	49.1	55.6	63.6	82.3	94.1
Average number of shares	64.33	65.87	65.87	65.87	65.87	65.87
<b>EPS reported</b>	<b>0.70</b>	<b>0.75</b>	<b>0.84</b>	<b>0.97</b>	<b>1.25</b>	<b>1.43</b>

Profit and loss (common size)	2018	2019	2020	2021E	2022E	2023E
<b>Net sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Change in finished goods and work-in-process	2%	1%	1%	0%	0%	0%
<b>Total sales</b>	<b>102%</b>	<b>101%</b>	<b>101%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Material expenses	65%	64%	64%	62%	62%	62%
<b>Gross profit</b>	<b>36%</b>	<b>38%</b>	<b>38%</b>	<b>38%</b>	<b>38%</b>	<b>38%</b>
Other operating income	1%	1%	1%	1%	0%	1%
Personnel expenses	20%	22%	22%	22%	22%	22%
Other operating expenses	8%	7%	6%	7%	7%	7%
<b>EBITDA</b>	<b>9%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
Depreciation	1%	4%	2%	2%	2%	2%
EBITA	8%	6%	8%	7%	8%	8%
Amortisation of goodwill and intangible assets	2%	0%	2%	1%	1%	1%
<b>EBIT</b>	<b>6%</b>	<b>6%</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>	<b>7%</b>
Financial result	-1%	-1%	-1%	-1%	-1%	-1%
Recurring pretax income from continuing operations	6%	5%	5%	5%	6%	6%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	6%	5%	5%	5%	6%	6%
Taxes	1%	0%	0%	1%	1%	1%
Net income from continuing operations	5%	4%	4%	5%	5%	6%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>5%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>
Minority interest	-0%	-0%	0%	0%	0%	0%
<b>Net profit (reported)</b>	<b>5%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets (exl. Goodwill)</b>	<b>87.6</b>	<b>100.5</b>	<b>102.8</b>	<b>83.3</b>	<b>67.4</b>	<b>54.6</b>
Goodwill	120.0	194.4	199.5	199.5	199.5	199.5
Property, plant and equipment	37.1	99.8	135.1	139.0	146.4	155.4
Financial assets	47.8	62.5	68.6	68.6	68.6	68.6
<b>FIXED ASSETS</b>	<b>292.5</b>	<b>457.2</b>	<b>506.0</b>	<b>490.3</b>	<b>481.9</b>	<b>478.1</b>
Inventories	130.8	146.8	159.9	168.5	188.6	203.7
Accounts receivable	207.0	239.4	228.0	267.1	299.4	323.3
Other current assets	18.5	21.1	24.6	24.6	24.6	24.6
Liquid assets	171.8	322.0	285.6	323.4	310.5	355.7
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	27.5	39.4	42.6	47.3	53.0	57.2
<b>CURRENT ASSETS</b>	<b>555.5</b>	<b>768.5</b>	<b>740.7</b>	<b>830.9</b>	<b>876.1</b>	<b>964.5</b>
<b>TOTAL ASSETS</b>	<b>847.9</b>	<b>1,225.7</b>	<b>1,246.6</b>	<b>1,321.2</b>	<b>1,358.0</b>	<b>1,442.6</b>
<b>SHAREHOLDERS EQUITY</b>	<b>356.0</b>	<b>372.7</b>	<b>404.0</b>	<b>447.2</b>	<b>506.2</b>	<b>570.1</b>
MINORITY INTEREST	11.3	12.4	5.4	5.4	5.4	5.4
Long-term debt	79.4	267.1	263.7	250.0	200.0	100.0
Provisions for pensions and similar obligations	5.6	19.9	21.8	24.2	27.1	29.3
Other provisions	46.8	44.8	68.3	76.6	85.9	92.7
<b>Non-current liabilities</b>	<b>131.9</b>	<b>331.8</b>	<b>353.8</b>	<b>350.8</b>	<b>313.0</b>	<b>222.0</b>
short-term liabilities to banks	39.6	86.5	66.1	40.0	0.0	70.0
Accounts payable	177.0	205.0	210.0	249.2	278.9	301.2
Advance payments received on orders	38.1	61.1	71.6	79.5	89.1	96.2
Other liabilities (incl. from lease and rental contracts)	55.6	109.0	85.7	95.1	106.6	115.1
Deferred taxes	12.6	13.4	13.3	13.3	13.3	13.3
Deferred income	25.9	33.8	36.7	40.7	45.6	49.3
<b>Current liabilities</b>	<b>348.8</b>	<b>508.8</b>	<b>483.4</b>	<b>517.8</b>	<b>533.5</b>	<b>645.1</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>847.9</b>	<b>1,225.7</b>	<b>1,246.6</b>	<b>1,321.2</b>	<b>1,358.0</b>	<b>1,442.6</b>

Balance sheet (common size)	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets (excl. Goodwill)</b>	<b>10%</b>	<b>8%</b>	<b>8%</b>	<b>6%</b>	<b>5%</b>	<b>4%</b>
Goodwill	14%	16%	16%	15%	15%	14%
Property, plant and equipment	4%	8%	11%	11%	11%	11%
Financial assets	6%	5%	5%	5%	5%	5%
<b>FIXED ASSETS</b>	<b>34%</b>	<b>37%</b>	<b>41%</b>	<b>37%</b>	<b>35%</b>	<b>33%</b>
Inventories	15%	12%	13%	13%	14%	14%
Accounts receivable	24%	20%	18%	20%	22%	22%
Other current assets	2%	2%	2%	2%	2%	2%
Liquid assets	20%	26%	23%	24%	23%	25%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	3%	3%	3%	4%	4%	4%
<b>CURRENT ASSETS</b>	<b>66%</b>	<b>63%</b>	<b>59%</b>	<b>63%</b>	<b>65%</b>	<b>67%</b>
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>42%</b>	<b>30%</b>	<b>32%</b>	<b>34%</b>	<b>37%</b>	<b>40%</b>
MINORITY INTEREST	1%	1%	0%	0%	0%	0%
Long-term debt	9%	22%	21%	19%	15%	7%
Provisions for pensions and similar obligations	1%	2%	2%	2%	2%	2%
Other provisions	6%	4%	5%	6%	6%	6%
<b>Non-current liabilities</b>	<b>16%</b>	<b>27%</b>	<b>28%</b>	<b>27%</b>	<b>23%</b>	<b>15%</b>
short-term liabilities to banks	5%	7%	5%	3%	0%	5%
Accounts payable	21%	17%	17%	19%	21%	21%
Advance payments received on orders	4%	5%	6%	6%	7%	7%
Other liabilities (incl. from lease and rental contracts)	7%	9%	7%	7%	8%	8%
Deferred taxes	1%	1%	1%	1%	1%	1%
Deferred income	3%	3%	3%	3%	3%	3%
<b>Current liabilities</b>	<b>41%</b>	<b>42%</b>	<b>39%</b>	<b>39%</b>	<b>39%</b>	<b>45%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2018	2019	2020	2021E	2022E	2023E
Net profit/loss	56.3	54.1	60.7	63.0	81.5	93.2
Depreciation of fixed assets (incl. leases)	29.0	49.9	61.5	33.8	34.7	36.6
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	19.5	15.8	12.8
Others	-14.8	-25.5	-11.1	10.7	12.2	9.0
Cash flow from operations before changes in w/c	70.5	78.5	111.0	127.0	144.3	151.6
Increase/decrease in inventory	-4.1	-1.4	8.6	-8.7	-20.1	-15.1
Increase/decrease in accounts receivable	-22.2	42.7	47.4	-39.1	-32.3	-24.0
Increase/decrease in accounts payable	2.1	-30.0	-2.5	39.2	29.7	22.3
Increase/decrease in other w/c positions	-10.8	-6.4	-23.7	16.7	20.3	15.1
Increase/decrease in working capital	-35.0	4.9	29.8	8.1	-2.4	-1.7
<b>Cash flow from operating activities</b>	<b>35.5</b>	<b>83.4</b>	<b>140.8</b>	<b>135.1</b>	<b>141.9</b>	<b>150.0</b>
CAPEX	-25.1	-27.1	-33.9	-37.7	-42.2	-45.6
Payments for acquisitions	-39.6	-27.2	-41.0	0.0	0.0	0.0
Financial investments	0.5	-3.7	-3.1	0.0	0.0	0.0
Income from asset disposals	1.1	2.2	0.8	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-63.1</b>	<b>-55.8</b>	<b>-77.2</b>	<b>-37.7</b>	<b>-42.2</b>	<b>-45.6</b>
Cash flow before financing	-27.6	27.6	63.6	97.4	99.7	104.4
Increase/decrease in debt position	1.2	128.1	-40.9	-39.8	-90.0	-30.0
Purchase of own shares	0.0	-14.6	-12.2	0.0	0.0	0.0
Capital measures	0.0	0.0	1.4	0.0	0.0	0.0
Dividends paid	-8.3	-10.6	0.0	-19.8	-22.6	-29.3
Others	-15.9	-19.1	-14.1	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.3	1.1	-8.1	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-22.7</b>	<b>84.9</b>	<b>-73.8</b>	<b>-59.6</b>	<b>-112.6</b>	<b>-59.3</b>
Increase/decrease in liquid assets	-50.3	112.5	-10.2	37.8	-12.9	45.1
<b>Liquid assets at end of period</b>	<b>152.6</b>	<b>265.2</b>	<b>255.0</b>	<b>292.8</b>	<b>279.9</b>	<b>325.0</b>

Source: Company data; AlsterResearch

Regional sales split (EURm)	2018	2019	2020	2021E	2022E	2023E
Domestic	98.4	102.9	115.0	127.6	143.1	154.5
Europe (ex domestic)	540.0	600.6	671.2	745.0	835.1	901.9
The Americas	0.0	0.0	0.0	0.0	0.0	0.0
Asia	0.0	0.0	0.0	0.0	0.0	0.0
Rest of World	352.4	419.3	468.6	520.1	583.0	629.6
<b>Total sales</b>	<b>990.9</b>	<b>1,122.9</b>	<b>1,254.8</b>	<b>1,392.8</b>	<b>1,561.1</b>	<b>1,686.0</b>

Regional sales split (common size)	2018	2019	2020	2021E	2022E	2023E
Domestic	9.9%	9.2%	9.2%	9.2%	9.2%	9.2%
Europe (ex domestic)	54.5%	53.5%	53.5%	53.5%	53.5%	53.5%
The Americas	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	35.6%	37.3%	37.3%	37.3%	37.3%	37.3%
<b>Total sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Ratios	2018	2019	2020	2021E	2022E	2023E
<b>Per share data</b>						
Earnings per share reported	0.70	0.75	0.84	0.97	1.25	1.43
Cash flow per share	0.42	0.51	1.67	1.54	1.63	1.72
Book value per share	5.53	5.66	6.13	6.79	7.68	8.65
Dividend per share	0.16	0.00	0.30	0.34	0.44	0.51
<b>Valuation</b>						
P/E	30.3x	28.5x	25.1x	22.0x	17.0x	14.9x
P/CF	50.0x	41.8x	12.7x	13.8x	13.0x	12.3x
P/BV	3.8x	3.8x	3.5x	3.1x	2.8x	2.5x
Dividend yield (%)	0.8%	0.0%	1.4%	1.6%	2.1%	2.4%
FCF yield (%)	2.0%	2.4%	7.9%	7.2%	7.7%	8.1%
EV/Sales	1.4x	1.3x	1.2x	1.0x	0.8x	0.7x
EV/EBITDA	14.9x	13.0x	11.3x	10.3x	8.6x	7.5x
EV/EBIT	22.0x	23.5x	21.3x	17.0x	12.8x	10.7x
<b>Income statement (EURm)</b>						
Sales	990.9	1,122.9	1,254.8	1,392.8	1,561.1	1,686.0
yoy chg in %	12.3%	13.3%	11.7%	11.0%	12.1%	8.0%
Gross profit	361.7	423.0	473.4	526.5	591.7	639.0
Gross margin in %	36.5%	37.7%	37.7%	37.8%	37.9%	37.9%
EBITDA	90.5	111.7	130.0	135.1	153.0	165.2
EBITDA margin in %	9.1%	9.9%	10.4%	9.7%	9.8%	9.8%
EBIT	61.5	61.8	68.6	81.8	102.4	115.8
EBIT margin in %	6.2%	5.5%	5.5%	5.9%	6.6%	6.9%
Net profit	45.0	49.1	55.6	63.6	82.3	94.1
<b>Cash flow statement (EURm)</b>						
CF from operations	35.5	83.4	140.8	135.1	141.9	150.0
Capex	-25.1	-27.1	-33.9	-37.7	-42.2	-45.6
Maintenance Capex	8.2	49.9	30.9	33.8	34.7	36.6
Free cash flow	10.4	56.3	106.9	97.4	99.7	104.4
<b>Balance sheet (EURm)</b>						
Intangible assets	207.6	294.9	302.3	282.7	266.9	254.1
Tangible assets	37.1	99.8	135.1	139.0	146.4	155.4
Shareholders' equity	356.0	372.7	404.0	447.2	506.2	570.1
Pension provisions	5.6	19.9	21.8	24.2	27.1	29.3
Liabilities and provisions	171.5	418.3	419.9	390.8	313.0	292.0
Net financial debt	-52.7	31.6	44.2	-33.4	-110.5	-185.7
w/c requirements	122.7	119.9	106.3	106.9	120.0	129.6
<b>Ratios</b>						
ROE	13.6%	13.3%	13.5%	14.1%	16.1%	16.3%
ROCE	11.4%	7.7%	8.3%	9.7%	12.4%	13.3%
Net gearing	-14.8%	8.5%	10.9%	-7.5%	-21.8%	-32.6%
Net debt / EBITDA	-0.6x	0.3x	0.3x	-0.2x	-0.7x	-1.1x

Source: Company data; AlsterResearch

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