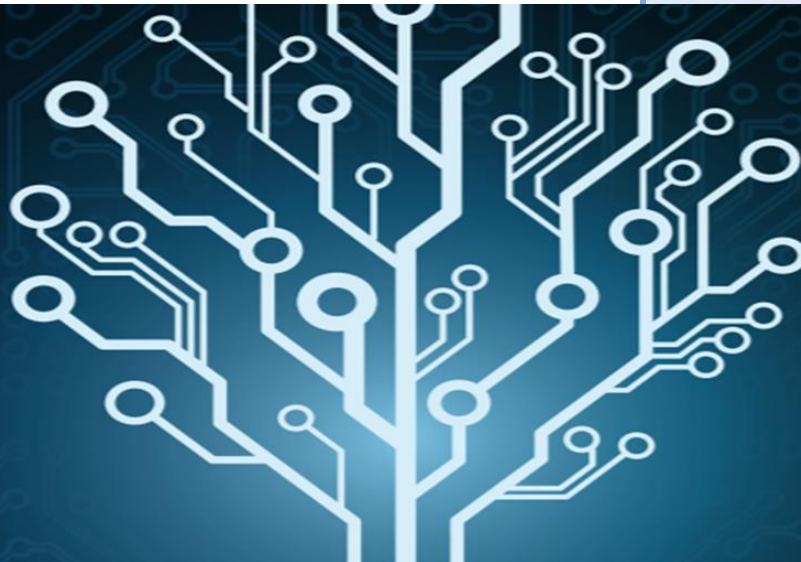


Kontron AG

Austria | Technology | MCap EUR 1,055m

16 January 2023

UPDATE



Prelim. Q4/FY22 figures in line; Compelling outlook; Reiterate to BUY

BUY (BUY)

Target price	EUR 31.00 (30.00)
Current price	EUR 16.32
Up/downside	90.0%

 **ResearchHub**



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What's it all about?

Kontron – the IoT specialist - today released prelim. Q4/FY22 results and provided an outlook for FY23. Whilst the prelim. results were broadly in line with our expectations, the outlook given for the current fiscal year reflects significant top- and bottom-line growth. Sales of approx. EUR 1.2bn in FY 23 is in line with our expectations (eAR EUR 1.2bn), whereas net profit guidance of at least EUR 60m is approx. 10% above our current estimate (eAR EUR 55m). After the sale of the largest parts of its IT services division, Kontron will become a pure play IoT provider, thereby benefitting from significantly higher growth rates and superior margins. A sharp increase in proposed dividend payments (EUR 1.00 / 6% yield) further appeals to the equity story, which is why we reiterate to BUY, PT slightly upgraded to EUR 31.00 (old EUR 30.00).

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

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Kontron AG

Austria | Technology | MCap EUR 1,055m | EV EUR 1,141m (2021)

BUY (BUY)

Target price EUR 31.00 (30.00)
Current price EUR 16.32
Up/downside 90.0%

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Prelim. Q4/FY22 figures in-line; Compelling outlook; BUY

Prelim. Q4/FY 22 results in-line According to the company's preliminary financial results, the final quarter was robust, and the company's current sales target of EUR 1.1bn (EUR 1.5bn including divested operations) was achieved. Whilst no prelim. numbers are available for operating income, Kontron reiterates its previous guidance of EUR 56m from continuing and discontinued operations, compared to EUR 48m in 2021. In addition, Kontron will most likely record a one-off gain in conjunction with the disposal of large parts of the IT services division in the magnitude of EUR 160m.

Compelling 2023 guidance For the current fiscal year, Kontron expects net profit from its IoT divisions to rise to over EUR 60m, representing a 25% yoy increase versus continuing IoT operations in 2022. In terms of sales Kontron expects organic growth of around 10% yoy to approx. EUR 1.2bn. With this, the company meets our expectations with respect to sales (eAR EUR 1.2bn) but exceeds our estimates with regards to net profit by c. 10% (eAR EUR 55m). In addition, Kontron reported that it has recently been awarded with two major orders worth over EUR 130m, nicely adding to the current momentum Kontron experiences in the IoT field.

Dividend proposal of EUR 1.00 a positive surprise After the sale of the IT services division, Kontron will use its sizable cash reserves for selective IoT acquisitions and share repurchases in 2023. Additionally, the management intends to propose a significant higher dividend of EUR 1.00 per share for 2022 (EUR 0.35 in 2021). If approved by the AGM, this dividend would yield c. 6% on Friday's closing price and hence further appeal to Kontron's equity story.

BUY case confirmed We welcome Kontron's ambition to become a pure play IoT provider. Prelim. results and first indications about 2023 show that the company can indeed exploit significant growth in this market with enhanced margin profiles. The well filled war chest should also allow for accelerated growth through acquisitions. Finally, the increase in dividend payments should also support the equity story in our view. We therefore reiterate our BUY recommendation with slightly upgraded PT to EUR 31.00 (old EUR 30.00), offering 90% upside.

Kontron AG	2019	2020	2021	2022P	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	128	138
EBIT	62	69	63	59	78	89
Net profit	49	56	48	44	60	66
Net debt (net cash)	32	44	65	-350	-477	-525
Net debt/EBITDA	0.3x	0.3x	0.5x	-3.1x	-3.7x	-3.8x
EPS recurring	0.75	0.84	0.74	0.68	0.93	1.03
DPS	0.00	0.30	0.35	1.00	0.42	0.46
<i>Dividend yield</i>	0.0%	1.8%	2.1%	6.1%	2.6%	2.8%
Gross profit margin	37.7%	37.7%	38.1%	37.7%	38.0%	38.0%
EBITDA margin	9.9%	10.4%	9.4%	10.1%	10.7%	10.7%
EBIT margin	5.5%	5.5%	4.7%	5.3%	6.5%	6.9%
ROCE	7.7%	8.3%	7.2%	5.3%	7.1%	8.6%
EV/EBITDA	9.9x	8.6x	9.0x	6.5x	4.7x	4.0x
EV/EBIT	17.9x	16.3x	18.2x	12.2x	7.7x	6.2x
PER	21.9x	19.4x	22.0x	24.0x	17.5x	15.9x
FCF yield	3.1%	10.2%	5.7%	17.9%	5.8%	8.0%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 18.40 / 11.22
Price/Book Ratio 2.5x

Ticker / Symbols

ISIN AT0000A0E9W5
WKN A0X9EJ
Bloomberg KTN:GR

Changes in estimates

		Sales	EBIT	EPS
2022P	old	1,109	59	0.68
	Δ	0.0%	0.0%	0.0%
2023E	old	1,198	72	0.85
	Δ	0.0%	8.4%	9.6%
2024E	old	1,294	85	0.98
	Δ	0.0%	4.6%	5.1%

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	90.4	148.8	125.6	131.4	90.7
Gross margin in %	34.4%	40.9%	39.5%	28.8%	34.8%	38.1%	39.7%	34.6%
EBITDA	46.4	28.2	30.1	23.0	45.0	29.4	33.1	20.4
EBITDA margin in %	11.1%	9.6%	9.8%	7.3%	10.5%	8.9%	10.0%	7.8%
EBIT	27.1	12.7	13.9	7.4	28.6	14.7	17.7	8.5
EBIT margin in %	6.5%	4.3%	4.5%	2.4%	6.7%	4.5%	5.3%	3.2%
EBT	24.4	10.8	11.5	5.2	22.6	12.3	15.3	6.7
taxes paid	0.2	1.1	1.1	-2.1	4.3	1.1	2.7	0.9
tax rate in %	0.9%	10.4%	9.2%	-40.6%	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

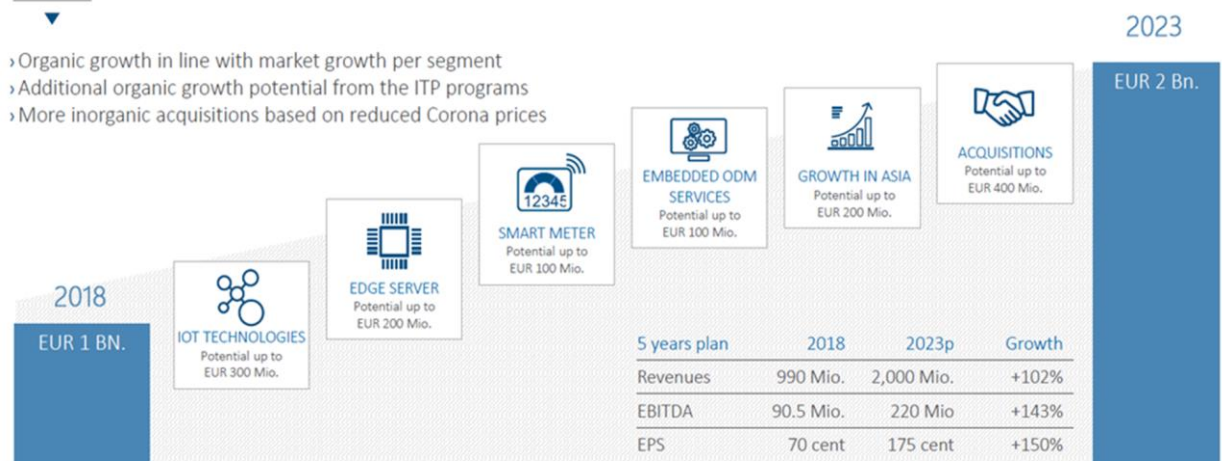
Source: Company data; AlsterResearch; as of Q3 22 excl. IT Services business

Investment case in six charts

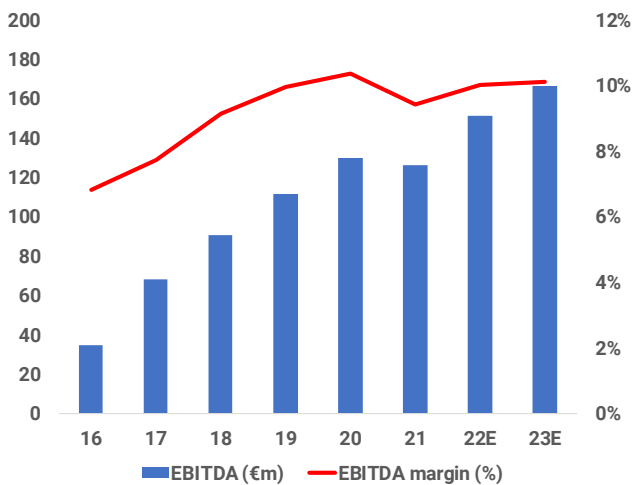
Business units and end markets



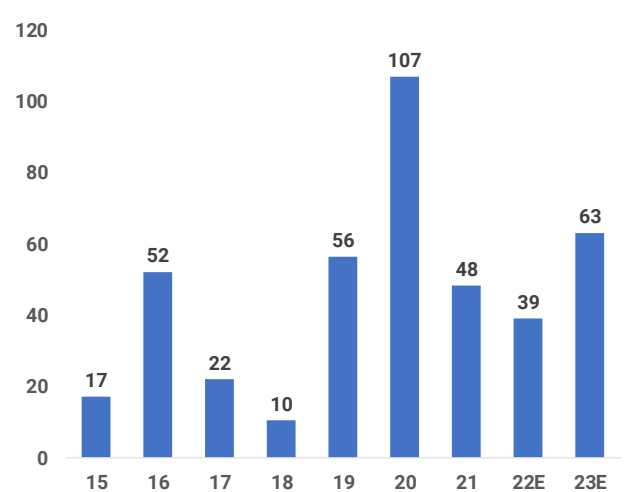
Growth projection until 2023E



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

Valuation

DCF Model

The DCF model results in a **fair value of EUR 30.65 per share**:

Top-line growth: We expect Kontron AG to continue benefitting from structural growth. Hence our growth estimates for 2023E-2030E is in the range of 4.0% 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 defensible 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 1.00. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.3%. 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 8.1%.

DCF (EURm) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	68	74	80	83	90	96	105	108	
Depreciation & amortization	51	49	49	49	50	50	51	52	
Change in working capital	-21	-1	3	2	2	2	2	2	
Chg. in long-term provisions	6	7	5	3	3	3	3	3	
Capex	-42	-45	-48	-49	-50	-52	-54	-55	
Cash flow	62	84	89	88	95	100	108	111	1,856
Present value	58	72	71	65	64	63	63	60	1,000
WACC	8.2%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%

DCF per share derived from	
Total present value	1,515
Mid-year adj. total present value	1,575
Net debt / cash at start of year	-350
Financial assets	74
Provisions and off b/s debt	19
Equity value	1,981
No. of shares outstanding	64.6
Discounted cash flow / share upside/(downside)	30.65 / 87.8%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2023E-2030E)	4.0%
Terminal value growth (2030E - infinity)	2.0%
Terminal year ROCE	9.9%
Terminal year WACC	8.1%

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)	1.00
Target debt / equity	0.5
Relevered beta	1.38
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	10.3%

Share price	16.32
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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%		22.3	23.3	24.6	26.2	28.3	2023E-2026E	17.5%
1.0%		24.1	25.5	27.2	29.4	32.6	2027E-2030E	16.5%
0.0%		26.4	28.2	30.6	33.9	38.9	terminal value	66.0%
-1.0%		29.4	31.9	35.5	40.8	49.6		
-2.0%		33.4	37.1	42.7	52.0	70.3		

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 28.06 per share based on 2023E and EUR 35.92 per share on 2027E 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	2023E	2024E	2025E	2026E	2027E
EBITDA	128	138	145	150	159
- Maintenance capex	35	36	39	41	43
- Minorities	-1	-1	-1	-1	-1
- tax expenses	9	14	16	17	18
= Adjusted FCF	85	88	91	93	98
Actual Market Cap	1,055	1,055	1,055	1,055	1,055
+ Net debt (cash)	-477	-525	-579	-628	-682
+ Pension provisions	20	22	23	24	25
+ Off B/S financing	0	0	0	0	0
- Financial assets	74	74	74	74	74
- Acc. dividend payments	65	92	122	155	190
<i>EV Reconciliations</i>	-595	-669	-751	-833	-921
= Actual EV'	460	386	304	221	133
Adjusted RW_FCF yield	18.5%	22.9%	30.1%	41.8%	73.5%
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	1,219	1,261	1,303	1,324	1,400
- <i>EV Reconciliations</i>	-595	-669	-751	-833	-921
Fair Market Cap	1,814	1,930	2,055	2,157	2,321
No. of shares (million)	65	65	65	65	65
FV per share in EUR	28.06	29.86	31.79	33.37	35.92
Premium (-) / discount (+)	71.9%	83.0%	94.8%	104.5%	120.1%

Sensitivity analysis FV

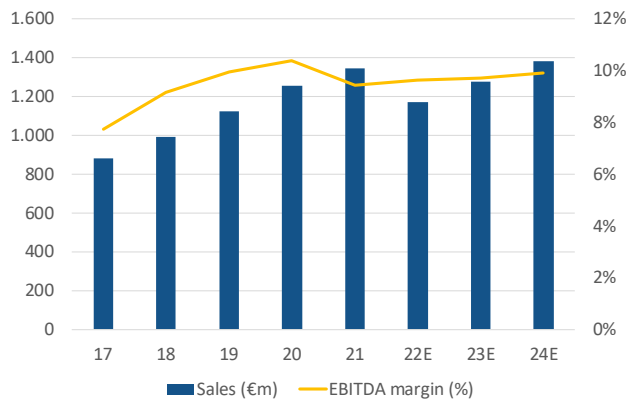
	5.0%	36	38	40	42	45
	6.0%	31	33	35	37	40
Adjusted hurdle rate	7.0%	28	30	32	33	36
	8.0%	26	27	29	31	33
	9.0%	24	26	27	29	31

Source: AlsterResearch

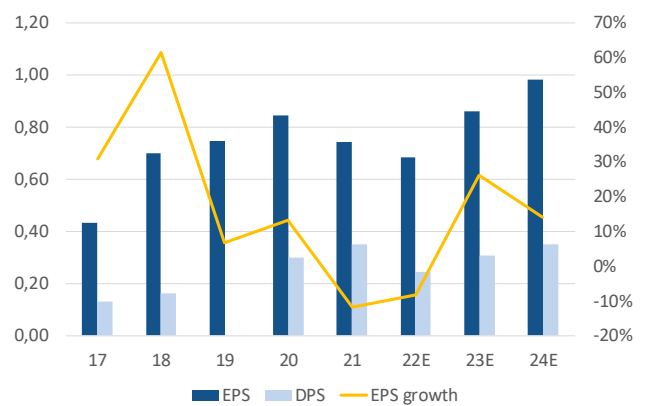
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments 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

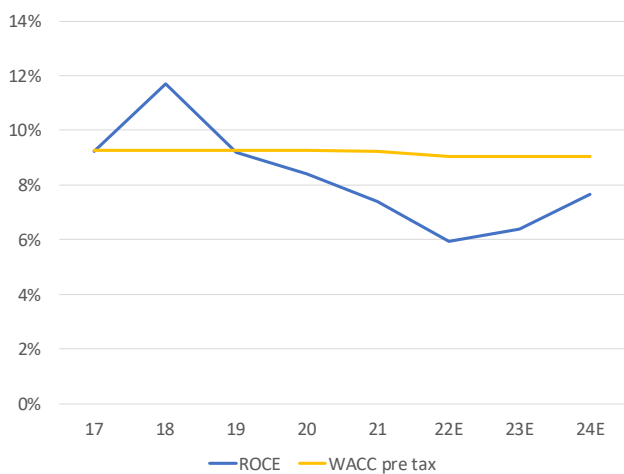
Sales vs. EBITDA margin development



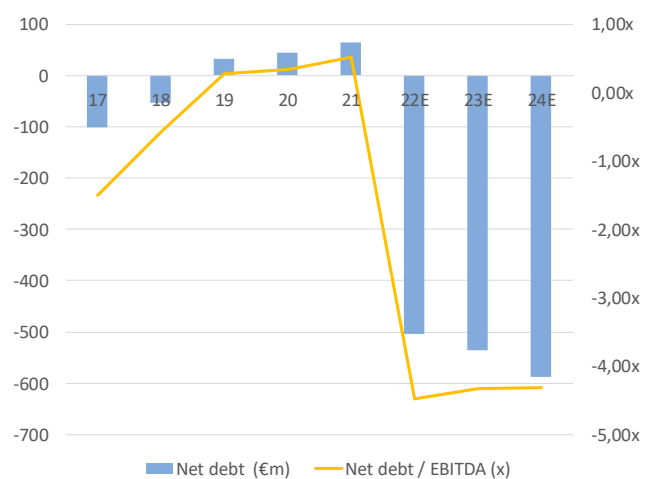
EPS, DPS in EUR & yoy EPS growth



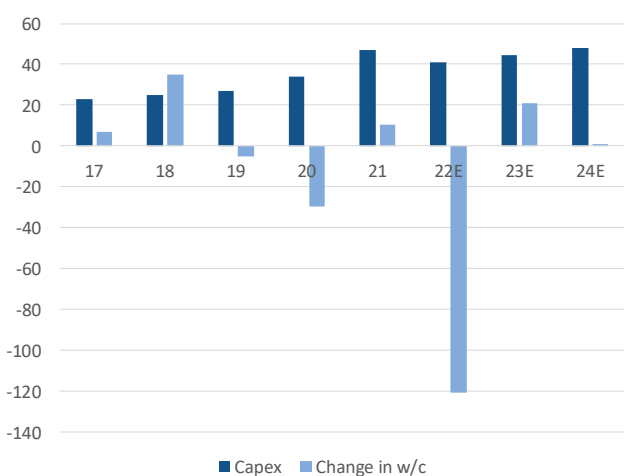
ROCE vs. WACC (pre tax)



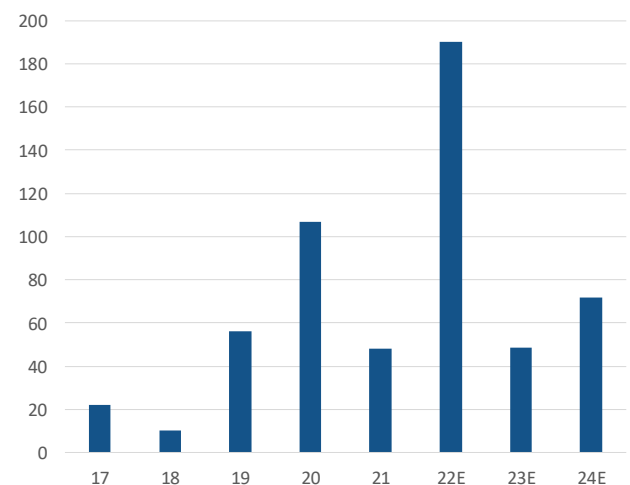
Net debt and net debt/EBITDA



Capex & chg in w/c requirements in EURm



Free Cash Flow in EURm



Financials

Profit and loss (EURm)	2019	2020	2021	2022P	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	743	802
Gross profit	423	473	512	418	455	492
Other operating income	8	9	14	6	6	6
Personnel expenses	245	273	314	240	255	276
Other operating expenses	74	79	85	72	78	84
EBITDA	112	130	126	112	128	138
Depreciation	50	31	35	33	35	36
EBITA	62	99	92	79	94	102
Amortisation of goodwill and intangible assets	0	31	29	20	16	13
EBIT	62	69	63	59	78	89
Financial result	-8	-8	-8	-9	-9	-9
Recurring pretax income from continuing operations	54	61	54	50	69	80
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	54	61	54	50	69	80
Taxes	5	6	5	7	9	14
Net income from continuing operations	50	55	49	44	60	66
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	50	55	49	44	60	66
Minority interest	-0	1	-1	0	1	1
Net profit (reported)	49	56	48	44	60	66
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	0.93	1.03

Profit and loss (common size)	2019	2020	2021	2022P	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%	21%	21%
Other operating expenses	7%	6%	6%	7%	7%	7%
EBITDA	10%	10%	9%	10%	11%	11%
Depreciation	4%	2%	3%	3%	3%	3%
EBITA	6%	8%	7%	7%	8%	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%	6%	6%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	5%	5%	4%	5%	6%	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	2022P	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	144	156
Accounts receivable	239	228	265	213	230	248
Other current assets	21	25	26	26	26	26
Liquid assets	322	286	308	550	647	595
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	39	43	47	22	36	45
CURRENT ASSETS	769	741	833	945	1,082	1,070
TOTAL ASSETS	1,226	1,247	1,352	1,450	1,579	1,562
SHAREHOLDERS EQUITY	373	404	419	839	834	873
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	236	255
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	561	600
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,226	1,247	1,352	1,595	1,587	1,570

Balance sheet (common size)	2019	2020	2021	2022P	2023E	2024E
Intangible assets (excl. Goodwill)	8%	8%	8%	6%	4%	4%
Goodwill	16%	16%	15%	14%	13%	13%
Property, plant and equipment	8%	11%	10%	10%	9%	10%
Financial assets	5%	5%	5%	5%	5%	5%
FIXED ASSETS	37%	41%	38%	35%	31%	32%
Inventories	12%	13%	14%	9%	9%	10%
Accounts receivable	20%	18%	20%	15%	15%	16%
Other current assets	2%	2%	2%	2%	2%	2%
Liquid assets	26%	23%	23%	38%	41%	38%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	3%	3%	3%	2%	2%	3%
CURRENT ASSETS	63%	59%	62%	65%	69%	68%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	30%	32%	31%	58%	53%	56%
MINORITY INTEREST	1%	0%	0%	0%	0%	0%
Long-term debt	22%	21%	21%	14%	6%	0%
Provisions for pensions and similar obligations	2%	2%	2%	1%	1%	1%
Other provisions	4%	5%	4%	4%	4%	5%
Non-current liabilities	27%	28%	26%	19%	12%	6%
short-term liabilities to banks	7%	5%	7%	0%	4%	4%
Accounts payable	17%	17%	20%	15%	15%	16%
Advance payments received on orders	5%	6%	6%	5%	5%	5%
Other liabilities (incl. from lease and rental contracts)	9%	7%	6%	9%	9%	10%
Deferred taxes	1%	1%	1%	1%	1%	1%
Deferred income	3%	3%	3%	3%	2%	2%
Current liabilities	42%	39%	43%	32%	36%	38%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	110%	101%	101%

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2019	2020	2021	2022P	2023E	2024E
Net profit/loss	54	61	54	44	60	66
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	117	122
Increase/decrease in inventory	-1	9	-26	53	-10	-12
Increase/decrease in accounts receivable	43	47	-41	53	-17	-18
Increase/decrease in accounts payable	-30	-2	69	-50	16	19
Increase/decrease in other w/c positions	-6	-24	-13	61	-10	10
Increase/decrease in working capital	5	30	-11	116	-21	-1
Cash flow from operating activities	83	141	95	222	96	121
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	255	137	0
Cash flow from investing activities	-56	-77	-66	216	95	-45
Cash flow before financing	28	64	29	438	191	76
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	-65	-27
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	-95	-127
Increase/decrease in liquid assets	113	-10	13	242	96	-52
Liquid assets at end of period	265	255	268	510	606	555

Source: Company data; AlsterResearch

Regional sales split (EURm)	2019	2020	2021	2022P	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	2022P	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	2022P	2023E	2024E
Per share data						
Earnings per share reported	0.75	0.84	0.74	0.68	0.93	1.03
Cash flow per share	0.51	1.66	0.93	2.91	0.95	1.31
Book value per share	5.66	6.12	6.44	12.99	12.91	13.51
Dividend per share	0.00	0.30	0.35	1.00	0.42	0.46
Valuation						
P/E	21.9x	19.4x	22.0x	24.0x	17.5x	15.9x
P/CF	32.1x	9.8x	17.5x	5.6x	17.2x	12.5x
P/BV	2.9x	2.7x	2.5x	1.3x	1.3x	1.2x
Dividend yield (%)	0.0%	1.8%	2.1%	6.1%	2.6%	2.8%
FCF yield (%)	3.1%	10.2%	5.7%	17.9%	5.8%	8.0%
EV/Sales	1.0x	0.9x	0.9x	0.7x	0.5x	0.4x
EV/EBITDA	9.9x	8.6x	9.0x	6.5x	4.7x	4.0x
EV/EBIT	17.9x	16.3x	18.2x	12.2x	7.7x	6.2x
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	455	492
Gross margin in %	37.7%	37.7%	38.1%	37.7%	38.0%	38.0%
EBITDA	112	130	126	112	128	138
EBITDA margin in %	9.9%	10.4%	9.4%	10.1%	10.7%	10.7%
EBIT	62	69	63	59	78	89
EBIT margin in %	5.5%	5.5%	4.7%	5.3%	6.5%	6.9%
Net profit	49	56	48	44	60	66
Cash flow statement (EURm)						
CF from operations	83	141	95	222	96	121
Capex	-27	-34	-47	-39	-42	-45
Maintenance Capex	50	31	35	33	35	36
Free cash flow	56	107	48	183	54	76
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	834	873
Pension provisions	20	22	21	19	20	22
Liabilities and provisions	418	420	443	280	256	163
Net financial debt	32	44	65	-350	-477	-525
w/c requirements	120	106	96	59	64	69
Ratios						
ROE	13.3%	13.5%	11.7%	5.2%	7.2%	7.5%
ROCE	7.7%	8.3%	7.2%	5.3%	7.1%	8.6%
Net gearing	8.5%	10.9%	15.4%	-41.7%	-57.1%	-60.1%
Net debt / EBITDA	0.3x	0.3x	0.5x	-3.1x	-3.7x	-3.8x

Source: Company data; AlsterResearch

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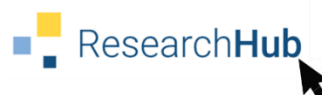
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