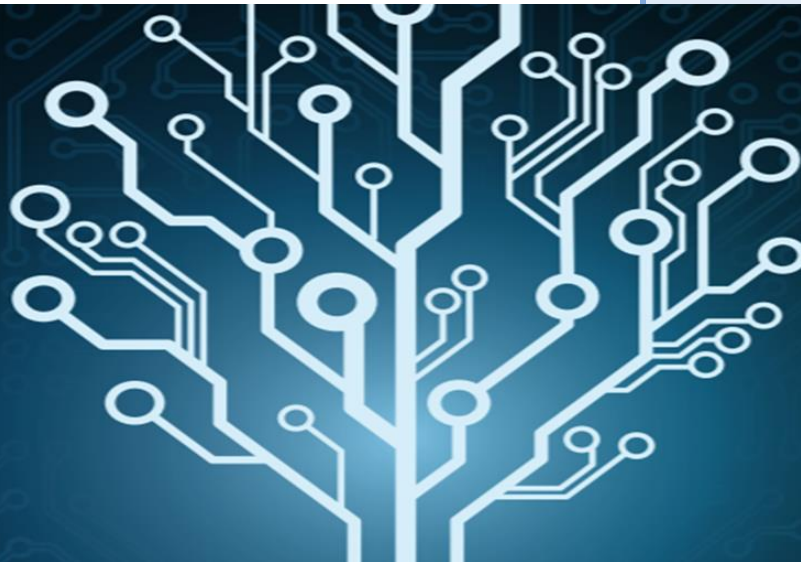


# S&T AG

Austria | Technology | MCap EUR 1,013m

22 March 2022

UPDATE



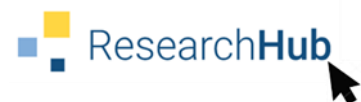
## Record order backlog to pave way for sales and profit growth ahead

### What's it all about?

S&T AG published 2021 results, with revenues coming at the lower end of its guidance range. EBITDA fell 5% short of our and consensus expectations, as it remained under pressure owing to semi-conductor/chip shortages and resultant delays in global shipments, and higher procurement and redesigning costs. Nevertheless, order intake was robust in 2021, and based on the record high order backlog at end-2021, S&T guided for 12% yoy sales growth to EUR 1.5bn with 60bps yoy improvement in EBITDA margins to c. 10%. In our view, the compelling guidance reflects S&T's favourable positioning in structurally growing markets (i.e. the high-growth/high-margin internet of things [IoT] space), improvement in chip availability and easing supply chain issues. The positive outcome of the forensic investigation by auditing firm Deloitte in response to the allegations raised in a short selling note by Viceroy Research has removed a key market overhang on S&T, making the stock fully investable again. We reiterate our BUY rating with slightly adjusted PT of EUR 30.00 (old EUR 31.00).

**BUY (BUY)**

<b>Target price</b>	<b>EUR 30.00 (31.00)</b>
Current price	EUR 15.60
Up/downside	92.3%



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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 1,013m | EV EUR 958m

**BUY** (BUY)

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**Up/downside** 92.3%

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## Record order backlog to pave way for sales and profit growth

**Record order backlog** S&T's strong order momentum continued in Q4. New orders rose an impressive 30% yoy in 2021 and took the year-end order backlog to a record high EUR 1.33bn. Based on its high order backlog at end-2021 and easing supply chain issues, S&T reiterated its guidance of delivering revenues of EUR 1.5bn (+12% yoy) and 10% in EBITDA margin in 2022 (+60 bps yoy), implying EBITDA growth of c. 19% yoy. This guidance does not include any effects from a potential sale of its IT Services business (representing c. 40% of total sales), which the company is currently evaluating. In our view, the compelling guidance reflects the underlying strength of S&T's business and efficient supply chain management (increased inventory levels, redesigning of products around more readily available components etc.).

**Revenue growth satisfactory in a difficult year but order intake continues to impress** Revenue growth in 2021 decelerated to 7% yoy to EUR 1.34bn vs the 12% yoy increase in 2020, with the company reporting a muted 2% yoy top-line growth in Q4 2021. Nevertheless, this was still satisfactory considering the global chip crisis, supply headwinds and the COVID-19-led restrictions.

Revenues at IoT Solutions Europe rose 12% yoy to EUR 680m, aided by the consolidation of Iskratel Group. IT Services revenues rose 7% yoy to EUR 559m due to operational improvements and relatively lesser global delivery delays than the IoT segments. However, IoT Solutions America remained weak, with revenue declining 18% yoy to EUR 104m, marred by semiconductor shortages and pandemic-led slump in the aviation sector.

Nevertheless, the structural demand of S&T's products and services remains robust. This was reflected in the record order intake of EUR 1.75bn in 2021, up a robust 30% yoy, which took the order backlog to EUR 1.33bn at end-2021, while the project pipeline rose 25% yoy to EUR 3.4bn, providing excellent revenue visibility. *-continued-*

S&T AG	2019	2020	2021	2022E	2023E	2024E
Sales	1,123	1,255	1,342	1,510	1,646	1,777
<i>Growth yoy</i>	13.3%	11.7%	6.9%	12.5%	9.0%	8.0%
EBITDA	112	130	126	151	166	183
EBIT	62	69	63	98	112	127
Net profit	49	56	48	78	91	98
Net debt (net cash)	32	44	-55	-71	-107	-167
Net debt/EBITDA	0.3x	0.3x	-0.4x	-0.5x	-0.6x	-0.9x
EPS recurring	0.75	0.84	0.74	1.20	1.39	1.51
DPS	0.00	0.30	0.35	0.43	0.50	0.53
<i>Dividend yield</i>	0.0%	1.9%	2.2%	2.7%	3.2%	3.4%
Gross profit margin	37.7%	37.7%	38.1%	37.9%	37.9%	37.9%
EBITDA margin	9.9%	10.4%	9.4%	10.0%	10.1%	10.3%
EBIT margin	5.5%	5.5%	4.7%	6.5%	6.8%	7.2%
ROCE	7.7%	8.3%	7.9%	12.5%	13.5%	15.8%
EV/EBITDA	9.5x	8.3x	7.6x	6.4x	5.6x	4.8x
EV/EBIT	17.2x	15.7x	15.3x	9.9x	8.3x	6.9x
PER	20.9x	18.5x	21.0x	13.0x	11.2x	10.4x
FCF yield	3.3%	10.7%	6.0%	5.8%	8.1%	11.1%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 24.20 / 11.22  
**Price/Book Ratio** 2.4x

**Ticker / Symbols**

ISIN AT0000A0E9W5  
WKN A0X9EJ  
Bloomberg SANT:GR

**Changes in estimates**

		Sales	EBIT	EPS
<b>2022E</b>	old	1.510	101	1.22
	Δ	0,0%	-2,7%	-1,6%
<b>2023E</b>	old	1.646	117	1.45
	Δ	0,0%	-4,5%	-3,5%

**Key share data**

Number of shares: (in m pcs) 64.96  
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%  
Free Float 53.8%

**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.

### EBITDA impacted by chip shortage, delayed shipments, and increased costs

Profitability remained under pressure in 2021, with the EBITDA declining 3% yoy to EUR 126m (Q4 2021: -12% yoy to EUR 41m), and fell 5% short of consensus expectation. The EBITDA margin narrowed 95bps yoy to 9.4%, impacted by chip shortage-led delays in shipments and additional costs for procurement and redesigning of products. In terms of EBITDA margin (before headquarter charges), IT Services saw a 1.7ppt yoy improvement to 9.2% on strong a top line; in contrast, chip crisis and supply headwinds weighed on the profitability of IoT Solutions Europe (-1.4ppt yoy to 10.8%) and IoT Solutions America (-12.1ppt yoy to 1.1%).

**Cash flow declines due to inventory build-up amid chip crisis** Operating cash flow in 2021 declined 32% yoy to EUR 95m on an inventory build-up on additional procurement of components and an increase in the storage of unshipped/semi-finished products. FCF also decreased and came in at EUR 48m (-55% yoy). Given its decent liquidity position, management proposed a dividend per share of EUR 0.35 (+17% yoy) for 2021, a payout of 47%.

**Maintain BUY** S&T's strong order intake in 2021 and improving outlook on semiconductor availability pave the way for a good recovery story in 2022. Moreover, current geopolitical tensions are likely to have only a marginal impact on S&T's operations (Russia accounts for 5% of revenues) as management anticipates additional business from cybersecurity and defence areas elsewhere. Also, the company's plans to divest its IT Services unit and solely focus on its fast-growing/higher-margin IoT business remains on track. We reiterate our BUY rating albeit with slightly downward adjusted PT of EUR 30.00 (old EUR 31.00), as we believe that S&T remains an interesting growth story with plenty of secular growth potential ahead, more so after the positive outcome of the forensic investigation by Deloitte.

### Quarterly table

P&L data	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Sales	270.1	268.6	297.7	418.4	294.1	306.5	313.2	428.1
yoy growth in %	20.0%	8.0%	6.6%	13.2%	8.9%	14.1%	5.2%	2.3%
Gross profit	111.6	107.2	110.8	143.8	120.3	121.0	121.6	148.8
Gross margin in %	41.3%	39.9%	37.2%	34.4%	40.9%	39.5%	38.8%	34.8%
EBITDA	23.2	27.0	31.7	46.4	28.2	30.1	27.3	40.7
EBITDA margin in %	8.6%	10.0%	10.7%	11.1%	9.6%	9.8%	8.7%	9.5%
EBIT	9.4	13.1	17.2	27.1	12.7	13.9	11.7	24.3
EBIT margin in %	3.5%	4.9%	5.8%	6.5%	4.3%	4.5%	3.7%	5.7%
EBT	9.1	11.9	15.3	24.4	10.8	11.5	9.3	22.6
taxes paid	0.6	1.9	3.3	0.2	1.1	1.1	-1.2	4.3
tax rate in %	6.7%	16.1%	21.6%	0.9%	10.4%	9.2%	-12.8%	18.9%
net profit	9.5	10.1	11.8	24.2	10.1	10.4	10.2	17.6
yoy growth in %	1.8%	14.4%	8.9%	20.4%	5.8%	2.9%	-13.8%	-27.2%
<b>EPS</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>	<b>0.16</b>	<b>0.28</b>

Source: Company data; AlsterResearch

# Investment case in six charts

## Business units and end markets



## 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.

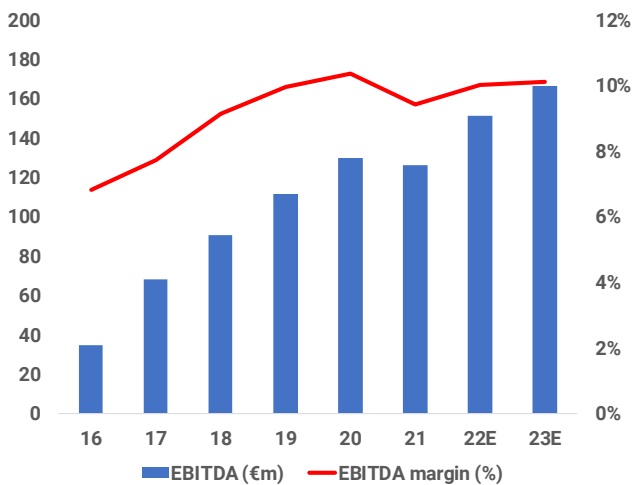
EMBEDDED ODM SERVICES  
Potential up to EUR 100 Mio.

GROWTH IN ASIA  
Potential up to EUR 200 Mio.

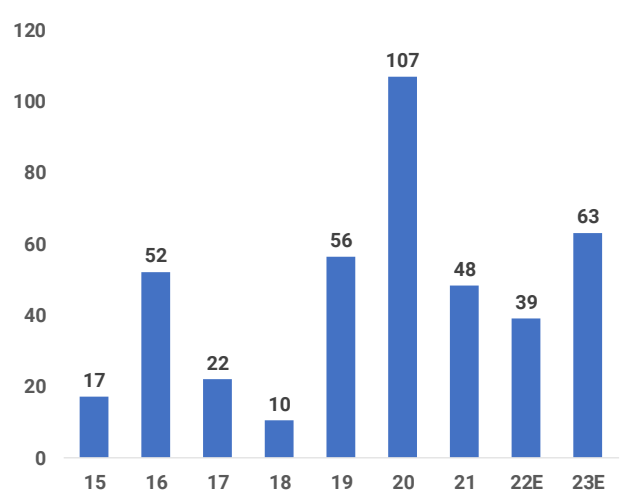
ACQUISITIONS  
Potential up to EUR 400 Mio.

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%

## 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 29.46 per share**:

**Top-line growth:** We expect S&T AG to continue benefitting from structural growth. Hence our growth estimates for 2021-28E is in the range of 6.0% 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 0.93. Unlevering and correcting for mean reversion yields an asset beta of 1.10. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 11.1%. 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 8.6%.

DCF (EUR m) (except per share data and beta)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal value
NOPAT	86	98	105	115	122	128	135	142	
Depreciation & Amort.	53	54	56	58	61	63	66	69	
Change in working capital	-37	-33	-7	1	1	1	1	1	
Chg. in long-term provisions	-1	10	9	6	7	7	7	8	
Capex	-53	-58	-62	-65	-69	-72	-76	-79	
Cash flow	48	72	101	116	121	127	133	140	2,154
Present value	45	62	80	84	81	79	76	73	1,131
WACC	8.9%	8.8%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.6%

DCF per share derived from	
Total present value	1,711
Mid-year adj. total present value	1,784
Net debt / cash at start of year	-55
Financial assets	74
Provisions and off b/s debt	22
Equity value	1,914
No. of shares outstanding	65.0
<b>Discounted cash flow / share upside/(downside)</b>	<b>29.46</b> <b>88.8%</b>

<b>Share price</b>	<b>15.60</b>
--------------------	--------------

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2021E - 2028E)	6.0%
Terminal value growth (2028E - infinity)	2.0%
Terminal year ROCE	14.4%
Terminal year WACC	8.6%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25%
Equity beta	0.93
Unlevered beta (industry or company)	1.10
Target debt / equity	0.5
Relevered beta	1.51
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	11.1%

Sensitivity analysis DCF								
Change in WACC (%-points)		Long term growth					Share of present value	
		0.0%	1.0%	2.0%	3.0%	4.0%	2021E - 2024E	2025E - 2028E
2.0%		20.4	21.5	22.9	24.6	26.9	15.8%	18.1%
1.0%		22.4	23.9	25.7	28.1	31.4		
0.0%		25.0	26.9	<b>29.4</b>	32.8	37.7		
-1.0%		28.2	30.9	34.5	39.7	47.8		
-2.0%		32.4	36.3	41.8	50.4	65.4		66.1%



## 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 29.66 per share based on 2022E and EUR 41.62 per share on 2026E estimates. **We value S&T AG on 2022E, which derive at price target of EUR 30.00.** 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	2022E	2023E	2024E	2025E	2026E
<b>EBITDA</b>	<b>151</b>	<b>166</b>	<b>183</b>	<b>198</b>	<b>208</b>
- Maintenance capex	33	38	43	48	52
- Minorities	-1	-1	-1	-1	-1
- tax expenses	12	13	21	24	25
<b>= Adjusted FCF</b>	<b>107</b>	<b>116</b>	<b>120</b>	<b>127</b>	<b>131</b>
<b>Actual Market Cap</b>	<b>1,013</b>	<b>1,013</b>	<b>1,013</b>	<b>1,013</b>	<b>1,013</b>
+ Net debt (cash)	-71	-107	-167	-242	-318
+ Pension provisions	26	28	30	32	33
+ Off B/S financing	0	0	0	0	0
- Financial assets	74	74	74	74	74
- Acc. dividend payments	23	51	83	117	157
<i>EV Reconciliations</i>	-142	-203	-294	-402	-515
<b>= Actual EV'</b>	<b>871</b>	<b>810</b>	<b>720</b>	<b>611</b>	<b>498</b>
<b>Adjusted RW_FCF yield</b>	<b>12.3%</b>	<b>14.3%</b>	<b>16.7%</b>	<b>20.8%</b>	<b>26.4%</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>1,784</b>	<b>1,927</b>	<b>1,997</b>	<b>2,118</b>	<b>2,188</b>
- <i>EV Reconciliations</i>	-142	-203	-294	-402	-515
<b>Fair Market Cap</b>	<b>1,926</b>	<b>2,130</b>	<b>2,291</b>	<b>2,520</b>	<b>2,704</b>
No. of shares (million)	65	65	65	65	65
<b>FV per share in EUR</b>	<b>29.66</b>	<b>32.80</b>	<b>35.26</b>	<b>38.80</b>	<b>41.62</b>
<b>Premium (-) / discount (+)</b>	<b>90.1%</b>	<b>110.2%</b>	<b>126.0%</b>	<b>148.7%</b>	<b>166.8%</b>

### Sensitivity analysis FV

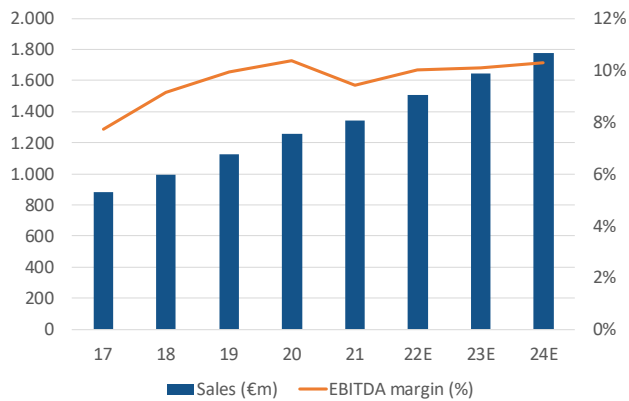
	4.0%	5.0%	6.0%	7.0%	8.0%
<b>Adjusted hurdle rate</b>	<b>43</b>	<b>35</b>	<b>30</b>	<b>26</b>	<b>23</b>
	48	39	33	29	25
	51	41	35	31	28
	55	45	39	34	31
	58	48	42	37	33

Source: AlsterResearch

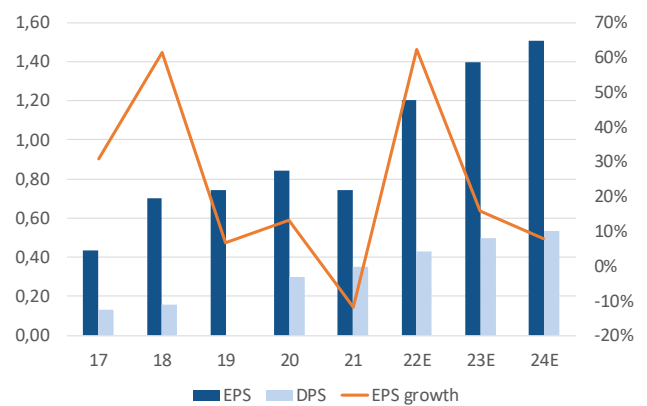
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments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



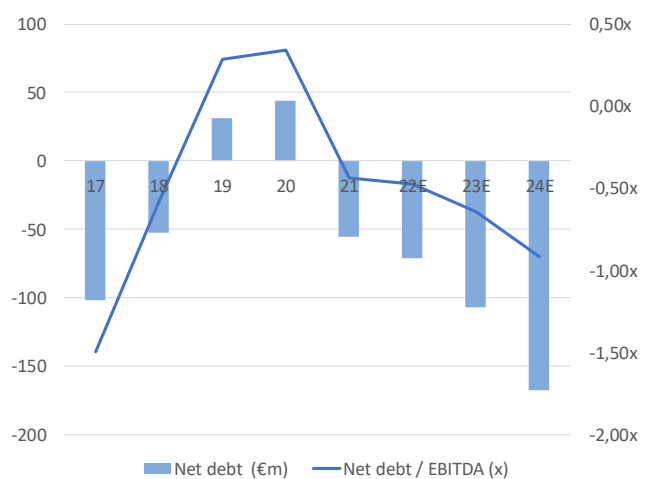
**EPS, DPS in EUR & yoy EPS growth**



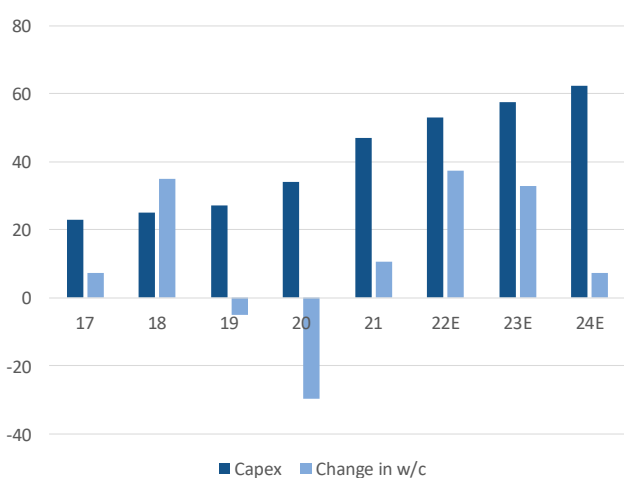
**ROCE vs. WACC (pre tax)**



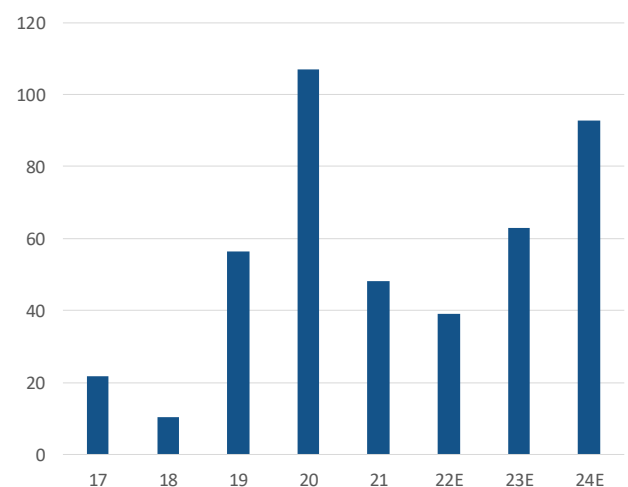
**Net debt and net debt/EBITDA**



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



**Free Cash Flow in EURm**



Source: Company data; AlsterResearch



## Financials

Profit and loss (EUR m)	2019	2020	2021	2022E	2023E	2024E
<b>Net sales</b>	<b>1,123</b>	<b>1,255</b>	<b>1,342</b>	<b>1,510</b>	<b>1,646</b>	<b>1,777</b>
Sales growth	13.3%	11.7%	6.9%	12.5%	9.0%	8.0%
Change in finished goods and work-in-process	16	18	21	0	0	0
<b>Total sales</b>	<b>1,138</b>	<b>1,272</b>	<b>1,363</b>	<b>1,510</b>	<b>1,646</b>	<b>1,777</b>
Material expenses	715	799	852	938	1,022	1,104
<b>Gross profit</b>	<b>423</b>	<b>473</b>	<b>512</b>	<b>572</b>	<b>624</b>	<b>674</b>
Other operating income	8	9	14	8	8	9
Personnel expenses	245	273	314	326	354	379
Other operating expenses	74	79	85	103	112	121
<b>EBITDA</b>	<b>112</b>	<b>130</b>	<b>126</b>	<b>151</b>	<b>166</b>	<b>183</b>
Depreciation	50	31	35	33	38	43
EBITA	62	99	92	118	128	140
Amortisation of goodwill and intangible assets	0	31	29	20	16	13
<b>EBIT</b>	<b>62</b>	<b>69</b>	<b>63</b>	<b>98</b>	<b>112</b>	<b>127</b>
Financial result	-8	-8	-8	-9	-9	-9
Recurring pretax income from continuing operations	54	61	54	89	103	118
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	54	61	54	89	103	118
Taxes	5	6	5	12	13	21
Net income from continuing operations	50	55	49	77	90	97
Result from discontinued operations (net of tax)	0	0	0	0	0	0
<b>Net income</b>	<b>50</b>	<b>55</b>	<b>49</b>	<b>77</b>	<b>90</b>	<b>97</b>
Minority interest	-0	1	-1	1	1	1
Net profit (reported)	49	56	48	78	91	98
Average number of shares	65.87	66.00	64.96	64.96	64.96	64.96
<b>EPS reported</b>	<b>0.75</b>	<b>0.84</b>	<b>0.74</b>	<b>1.20</b>	<b>1.39</b>	<b>1.51</b>

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
<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	1%	1%	2%	0%	0%	0%
<b>Total sales</b>	<b>101%</b>	<b>101%</b>	<b>102%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Material expenses	64%	64%	63%	62%	62%	62%
<b>Gross profit</b>	<b>38%</b>	<b>38%</b>	<b>38%</b>	<b>38%</b>	<b>38%</b>	<b>38%</b>
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%
<b>EBITDA</b>	<b>10%</b>	<b>10%</b>	<b>9%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
Depreciation	4%	2%	3%	2%	2%	2%
EBITA	6%	8%	7%	8%	8%	8%
Amortisation of goodwill and intangible assets	0%	2%	2%	1%	1%	1%
<b>EBIT</b>	<b>6%</b>	<b>5%</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	5%	5%	4%	6%	6%	7%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	5%	5%	4%	6%	6%	7%
Taxes	0%	0%	0%	1%	1%	1%
Net income from continuing operations	4%	4%	4%	5%	5%	5%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
Minority interest	-0%	0%	-0%	0%	0%	0%
<b>Net profit (reported)</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>6%</b>	<b>6%</b>

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2019	2020	2021	2022E	2023E	2024E
<b>Intangible assets (exl. Goodwill)</b>	<b>100</b>	<b>103</b>	<b>104</b>	<b>84</b>	<b>68</b>	<b>55</b>
Goodwill	194	199	208	208	208	208
Property, plant and equipment	100	135	133	152	172	191
Financial assets	62	69	74	74	74	74
<b>FIXED ASSETS</b>	<b>457</b>	<b>506</b>	<b>519</b>	<b>519</b>	<b>522</b>	<b>529</b>
Inventories	147	160	187	182	199	215
Accounts receivable	239	228	265	290	316	341
Other current assets	21	25	64	64	64	64
Liquid assets	322	286	316	271	277	237
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	39	43	0	30	49	62
<b>CURRENT ASSETS</b>	<b>769</b>	<b>741</b>	<b>833</b>	<b>838</b>	<b>904</b>	<b>919</b>
<b>TOTAL ASSETS</b>	<b>1,226</b>	<b>1,247</b>	<b>1,352</b>	<b>1,356</b>	<b>1,427</b>	<b>1,448</b>
<b>SHAREHOLDERS EQUITY</b>	<b>373</b>	<b>404</b>	<b>419</b>	<b>473</b>	<b>535</b>	<b>600</b>
MINORITY INTEREST	12	5	5	5	5	5
Long-term debt	267	264	238	200	100	0
Provisions for pensions and similar obligations	20	22	0	26	28	30
Other provisions	45	68	110	83	91	98
<b>Non-current liabilities</b>	<b>332</b>	<b>354</b>	<b>348</b>	<b>309</b>	<b>218</b>	<b>128</b>
short-term liabilities to banks	86	66	23	0	70	70
Accounts payable	205	210	270	270	294	317
Advance payments received on orders	61	72	85	86	94	101
Other liabilities (incl. from lease and rental contracts)	109	86	190	151	165	178
Deferred taxes	13	13	13	13	13	13
Deferred income	34	37	0	50	33	36
<b>Current liabilities</b>	<b>509</b>	<b>483</b>	<b>581</b>	<b>570</b>	<b>668</b>	<b>715</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>1,226</b>	<b>1,247</b>	<b>1,352</b>	<b>1,356</b>	<b>1,427</b>	<b>1,448</b>

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
<b>Intangible assets (excl. Goodwill)</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>6%</b>	<b>5%</b>	<b>4%</b>
Goodwill	16%	16%	15%	15%	15%	14%
Property, plant and equipment	8%	11%	10%	11%	12%	13%
Financial assets	5%	5%	5%	5%	5%	5%
<b>FIXED ASSETS</b>	<b>37%</b>	<b>41%</b>	<b>38%</b>	<b>38%</b>	<b>37%</b>	<b>37%</b>
Inventories	12%	13%	14%	13%	14%	15%
Accounts receivable	20%	18%	20%	21%	22%	24%
Other current assets	2%	2%	5%	5%	4%	4%
Liquid assets	26%	23%	23%	20%	19%	16%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	3%	3%	0%	2%	3%	4%
<b>CURRENT ASSETS</b>	<b>63%</b>	<b>59%</b>	<b>62%</b>	<b>62%</b>	<b>63%</b>	<b>63%</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>30%</b>	<b>32%</b>	<b>31%</b>	<b>35%</b>	<b>38%</b>	<b>41%</b>
MINORITY INTEREST	1%	0%	0%	0%	0%	0%
Long-term debt	22%	21%	18%	15%	7%	0%
Provisions for pensions and similar obligations	2%	2%	0%	2%	2%	2%
Other provisions	4%	5%	8%	6%	6%	7%
<b>Non-current liabilities</b>	<b>27%</b>	<b>28%</b>	<b>26%</b>	<b>23%</b>	<b>15%</b>	<b>9%</b>
short-term liabilities to banks	7%	5%	2%	0%	5%	5%
Accounts payable	17%	17%	20%	20%	21%	22%
Advance payments received on orders	5%	6%	6%	6%	7%	7%
Other liabilities (incl. from lease and rental contracts)	9%	7%	14%	11%	12%	12%
Deferred taxes	1%	1%	1%	1%	1%	1%
Deferred income	3%	3%	0%	4%	2%	2%
<b>Current liabilities</b>	<b>42%</b>	<b>39%</b>	<b>43%</b>	<b>42%</b>	<b>47%</b>	<b>49%</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)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	54	61	54	77	90	97
Depreciation of fixed assets (incl. leases)	50	61	64	33	38	43
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	20	16	13
Others	-26	-11	-12	-1	10	9
Cash flow from operations before changes in w/c	79	111	106	129	154	162
Increase/decrease in inventory	-1	9	-26	5	-16	-16
Increase/decrease in accounts receivable	43	47	-41	-24	-26	-25
Increase/decrease in accounts payable	-30	-2	69	-0	24	24
Increase/decrease in other w/c positions	-6	-24	-13	-18	-15	10
Increase/decrease in working capital	5	30	-11	-37	-33	-7
<b>Cash flow from operating activities</b>	<b>83</b>	<b>141</b>	<b>95</b>	<b>92</b>	<b>121</b>	<b>155</b>
CAPEX	-27	-34	-47	-53	-58	-62
Payments for acquisitions	-27	-41	-16	0	0	0
Financial investments	-4	-3	-7	0	0	0
Income from asset disposals	2	1	4	0	0	0
<b>Cash flow from investing activities</b>	<b>-56</b>	<b>-77</b>	<b>-66</b>	<b>-53</b>	<b>-58</b>	<b>-62</b>
Cash flow before financing	28	64	29	39	63	93
Increase/decrease in debt position	128	-41	29	-61	-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	-28	-32
Others	-19	-14	-9	0	0	0
Effects of exchange rate changes on cash	1	-8	4	0	0	0
<b>Cash flow from financing activities</b>	<b>85</b>	<b>-74</b>	<b>-16</b>	<b>-84</b>	<b>-58</b>	<b>-132</b>
Increase/decrease in liquid assets	113	-10	13	-45	5	-39
<b>Liquid assets at end of period</b>	<b>265</b>	<b>255</b>	<b>268</b>	<b>223</b>	<b>228</b>	<b>189</b>

Source: Company data; AlsterResearch

Regional sales split (EURm)	2019	2020	2021	2022E	2023E	2024E
Domestic	103	103	108	122	133	143
Europe (ex domestic)	601	785	865	973	1,061	1,146
The Americas	0	122	98	111	121	130
Asia	0	42	54	61	66	72
Rest of World	419	204	216	243	265	286
<b>Total sales</b>	<b>1,123</b>	<b>1,255</b>	<b>1,342</b>	<b>1,510</b>	<b>1,646</b>	<b>1,777</b>

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%
<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	2019	2020	2021	2022E	2023E	2024E
<b>Per share data</b>						
Earnings per share reported	0.75	0.84	0.74	1.20	1.39	1.51
Cash flow per share	0.51	1.66	0.93	0.90	1.27	1.73
Book value per share	5.66	6.12	6.44	7.29	8.24	9.24
Dividend per share	0.00	0.30	0.35	0.43	0.50	0.53
<b>Valuation</b>						
P/E	20.9x	18.5x	21.0x	13.0x	11.2x	10.4x
P/CF	30.7x	9.4x	16.7x	17.3x	12.3x	9.0x
P/BV	2.8x	2.5x	2.4x	2.1x	1.9x	1.7x
Dividend yield (%)	0.0%	1.9%	2.2%	2.7%	3.2%	3.4%
FCF yield (%)	3.3%	10.7%	6.0%	5.8%	8.1%	11.1%
EV/Sales	0.9x	0.9x	0.7x	0.6x	0.6x	0.5x
EV/EBITDA	9.5x	8.3x	7.6x	6.4x	5.6x	4.8x
EV/EBIT	17.2x	15.7x	15.3x	9.9x	8.3x	6.9x
<b>Income statement (EURm)</b>						
Sales	1,123	1,255	1,342	1,510	1,646	1,777
yoy chg in %	13.3%	11.7%	6.9%	12.5%	9.0%	8.0%
Gross profit	423	473	512	572	624	674
Gross margin in %	37.7%	37.7%	38.1%	37.9%	37.9%	37.9%
EBITDA	112	130	126	151	166	183
EBITDA margin in %	9.9%	10.4%	9.4%	10.0%	10.1%	10.3%
EBIT	62	69	63	98	112	127
EBIT margin in %	5.5%	5.5%	4.7%	6.5%	6.8%	7.2%
Net profit	49	56	48	78	91	98
<b>Cash flow statement (EURm)</b>						
CF from operations	83	141	95	92	121	155
Capex	-27	-34	-47	-53	-58	-62
Maintenance Capex	50	31	35	33	38	43
Free cash flow	56	107	48	39	63	93
<b>Balance sheet (EURm)</b>						
Intangible assets	295	302	312	293	277	264
Tangible assets	100	135	133	152	172	191
Shareholders' equity	373	404	419	473	535	600
Pension provisions	20	22	0	26	28	30
Liabilities and provisions	418	420	371	309	288	198
Net financial debt	32	44	-55	-71	-107	-167
w/c requirements	120	106	98	116	127	137
<b>Ratios</b>						
ROE	13.3%	13.5%	11.7%	16.4%	16.8%	16.1%
ROCE	7.7%	8.3%	7.9%	12.5%	13.5%	15.8%
Net gearing	8.5%	10.9%	-13.2%	-15.1%	-19.9%	-27.9%
Net debt / EBITDA	0.3x	0.3x	-0.4x	-0.5x	-0.6x	-0.9x

Source: Company data; AlsterResearch

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