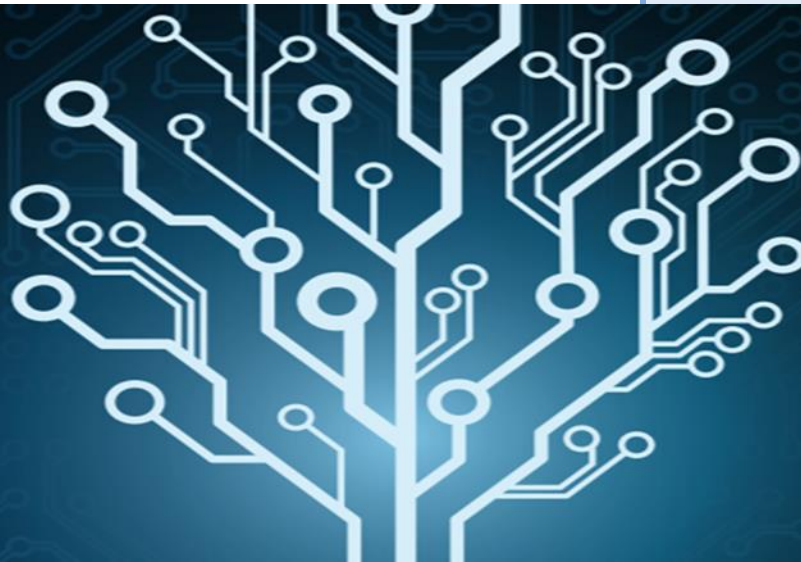


Kontron AG

Austria | Technology | MCap EUR 1,167m

5 May 2023

UPDATE



Encouraging start to 2023; guidance confirmed – Reiterate to BUY

What's it all about?

Kontron reported strong Q1 results, registering healthy sales growth, EBITDA and bottom line from continuing operations. An upbeat order intake helped it further consolidate its healthy order backlog. The company has also confirmed its short-term and mid-term guidance. We note that Kontron benefits from unparalleled competitive advantages due to its transformation as a pure play for smart industrial IoT solutions, following the sale of the largest parts of its IT services division. This should enable it to achieve above-average revenue and earnings growth in the large IoT market. The group currently trades at significantly low valuation multiples vs its IoT peers, which appears unjustified. We believe Kontron has a significant re-rating potential once the capital markets fully grasp the group's immense growth potential. We, therefore, reiterate our BUY rating with an unchanged PT of EUR 31.00.

BUY (BUY)

Target price	EUR 31.00 (31.00)
Current price	EUR 18.00
Up/downside	72.2%



MAIN AUTHOR

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Kontron AG

Austria | Technology | MCap EUR 1,167m | EV EUR 981m

BUY (BUY)

Target price EUR 31.00 (31.00)
Current price EUR 18.00
Up/downside 72.2%

MAIN AUTHOR

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Encouraging start to 2023; guidance confirmed - BUY

Healthy Q1 results with strong orders and profitability. Kontron had a strong start to 2023, powering ahead with double-digit revenue and EBITDA growth, while its bottom line surged 66% yoy to EUR 16.6m owing to a stronger operating line and lower interest cost. During Q1, the group managed to further reduce its overdue orders due to chip shortage to EUR 88m (vs EUR 127m in end-June 2022). Order intake came in at a strong EUR 391m in Q1, which consolidates its solid backlog (book-to-bill:1.41x). Consequently, management confirmed its 2023 outlook, expecting sales of EUR 1.2bn, EBITDA margin of 11%, and net profit of EUR 66m.

Broad-based top-line growth and a solid order backlog. Kontron reported a healthy 12.4% yoy growth in revenues from continuing operations to EUR 278m, driven particularly by its organic strength (+14% yoy). Europe, its biggest segment, grew 8.0% yoy to EUR 179m, benefitting from a solid industrial business despite being hit by supply chain disruptions. Global segment revenues rose a sharp 29% yoy to EUR 50m on a robust US business mainly on recovery in avionics, and on steady growth in Asia, while the Software & Solutions (S&S) top line rose 14% yoy to EUR 49m, driven mainly by SusieTec IoT. Overall order backlog remains robust at EUR 1.6bn (+8% vs end 2022), which translates to a healthy book-to-bill ratio of 1.41x.

EBITDA margin close to target. EBITDA jumped 24.9% yoy to EUR 29.6m despite being a seasonally weak quarter, implying a 106bps yoy expansion in EBITDA margin to 10.7% (target of 11%), underpinned by higher gross margin of 38.7%, up 250bps yoy. In addition, an operating cash flow of EUR 5.2m in a seasonally weak quarter (vs EUR 60m outflow in Q1 2022) confirms the continuation of the solid cash flow trend.

Sizeable cash reserves to grow the lucrative IoT segment. Kontron's huge war chest, with cash/equivalents of EUR 438m at end Q1 2023 (and an additional EUR 59m still outstanding from the IT Service companies' divestment), places the group in a sweet spot to pursue value-accretive acquisitions (expects one or two significant acquisitions in 2023). Notably, the company also reduced its debt by EUR 83m in Q1. Kontron appears well on track to achieve its target to reach EUR 2bn in revenues in 2025. We reiterate our PT of EUR 31.00 and confirm our BUY-rating.

Kontron AG	2020	2021	2022	2023E	2024E	2025E
Sales	1,255	1,003	1,096	1,195	1,290	1,355
<i>Growth yoy</i>	11.7%	-20.1%	9.3%	9.0%	8.0%	5.0%
EBITDA	130	90	70	122	137	150
EBIT	69	40	-2	84	94	102
Net profit	56	48	232	69	74	85
Net debt (net cash)	44	65	-203	-493	-525	-569
Net debt/EBITDA	0.3x	0.7x	-2.9x	-4.0x	-3.8x	-3.8x
EPS reported	0.84	0.74	3.59	1.06	1.15	1.30
DPS	0.30	0.35	1.00	0.48	0.52	0.59
<i>Dividend yield</i>	1.7%	1.9%	5.6%	2.7%	2.9%	3.3%
Gross profit margin	37.7%	37.8%	35.8%	36.5%	36.5%	36.5%
EBITDA margin	10.4%	9.0%	6.4%	10.2%	10.6%	11.1%
EBIT margin	5.5%	4.0%	-0.2%	7.1%	7.3%	7.5%
ROCE	8.3%	4.6%	-0.2%	8.2%	9.5%	9.9%
EV/EBITDA	9.5x	13.9x	14.0x	5.7x	4.9x	4.1x
EV/EBIT	18.0x	31.3x	-486.7x	8.2x	7.1x	6.1x
PER	21.4x	24.2x	5.0x	17.0x	15.7x	13.8x
FCF yield	9.2%	6.0%	2.5%	21.4%	7.9%	8.7%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 20.08 / 13.04
Price/Book Ratio 1.8x

Ticker / Symbols

ISIN AT0000A0E9W5
WKN A0X9EJ
Bloomberg KTN:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	1,195	84	1.06
	Δ	0.0%	0.0%	0.0%
2024E	old	1,290	94	1.15
	Δ	0.0%	0.0%	0.0%
2025E	old	1,355	102	1.30
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 64.83
Book value per share: (in EUR) 9.78
Ø trading volume: (12 months) 48,500

Major shareholders

Ennoconn Corporation 27.6%
Kontron Management 7.0%
Amiral Gestion 5.4%
Free Float 54.6%

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.

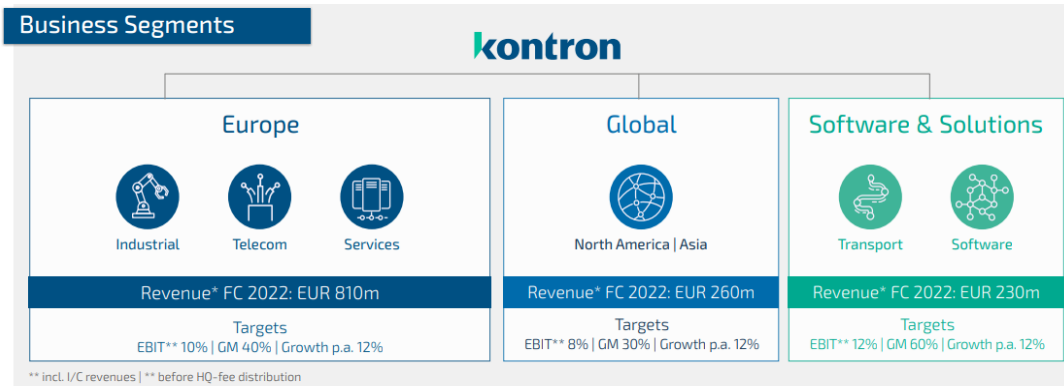
Quarterly performance table

P&L data	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Sales	306.5	313.2	428.1	247.0	331.0	262.4	255.7	277.7
yoy growth in %	14.1%	5.2%	2.3%	-16.0%	8.0%	-16.2%	-40.3%	12.4%
Gross profit	121.0	90.4	148.8	89.3	131.4	90.7	81.4	107.3
Gross margin in %	39.5%	28.9%	34.8%	36.2%	39.7%	34.6%	31.8%	38.7%
EBITDA	30.1	23.0	45.0	23.7	33.1	20.4	-7.2	29.6
EBITDA margin in %	9.8%	7.3%	10.5%	9.6%	10.0%	7.8%	-2.8%	10.7%
EBIT	13.9	7.4	28.6	12.0	17.7	8.5	-40.2	20.6
EBIT margin in %	4.5%	2.4%	6.7%	4.9%	5.3%	3.2%	-15.7%	7.4%
EBT	11.5	5.2	22.6	10.1	15.3	6.7	-42.7	20.2
taxes paid	1.1	-2.1	4.3	0.6	2.7	0.9	-2.0	3.6
tax rate in %	9.6%	-40.4%	19.0%	5.5%	17.6%	13.3%	4.6%	17.9%
net profit	10.4	10.2	17.6	11.6	12.8	8.3	199.7	16.6
yoy growth in %	3.0%	-13.6%	-27.3%	14.8%	23.1%	-18.1%	1,034.8%	43.1%
EPS	0.16	0.16	0.28	0.16	0.20	0.13	3.10	0.26

Source: Company data; AlsterResearch

Investment case in six charts

Business units and end markets

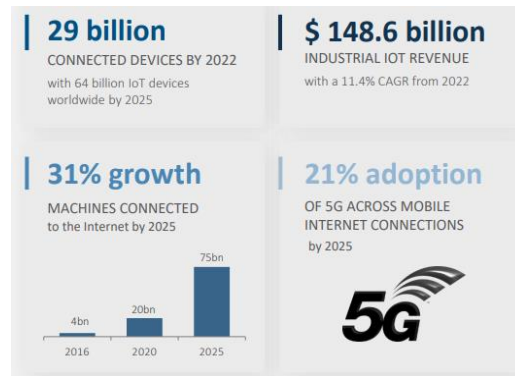


Guidance

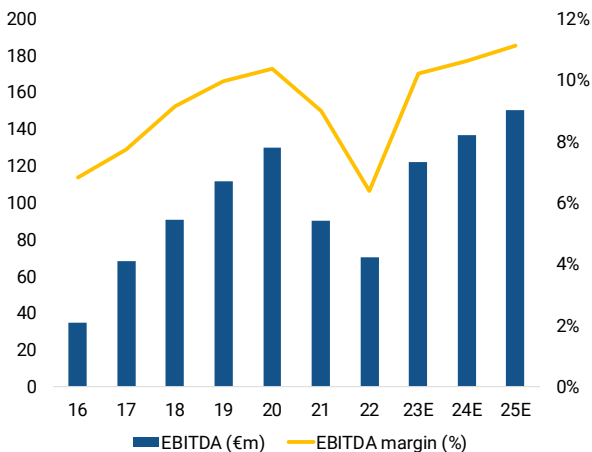
Guidance 2023/ Outlook Agenda 2025	2023E	2025E
Revenues	EUR 1,200m	EUR 2,000m
EBITDA	11%	13%
Net Profit	>60m	140m

Best available estimation at beginning of 2023 before consolidation has been finalized.

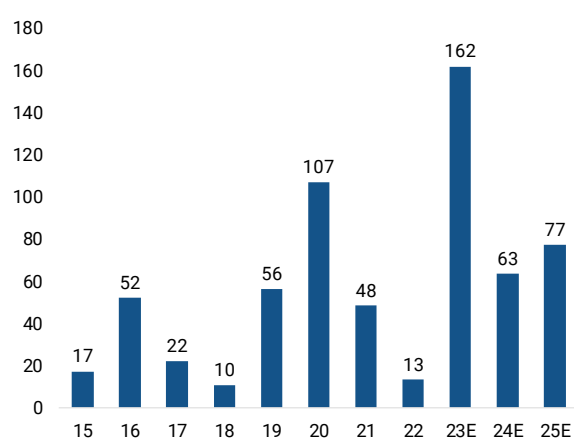
The IoT market



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 31.02 per share**:

Top-line growth: We expect Kontron AG to grow revenues at a CAGR of 4.0% between 2023E and 2030E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 8.2% in 2023E to 8.9% in 2030E.

WACC. Starting point is a historical equity beta of 1.10. 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 (EURm) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	74	82	90	90	91	92	97	99	
Depreciation & amortization	38	43	48	53	56	59	62	65	
Change in working capital	115	0	4	3	3	3	3	3	
Chg. in long-term provisions	53	7	5	3	3	3	3	3	
Capex	-56	-61	-64	-66	-68	-70	-72	-74	
Cash flow	224	72	83	82	85	88	93	96	1,481
Present value	211	63	67	61	58	55	54	51	785
WACC	8.8%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.6%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	1,404	Planning horizon avg. revenue growth (2023E-2030E)	4.0%
Mid-year adj. total present value	1,464	Terminal value growth (2030E - infinity)	2.0%
Net debt / cash at start of year	-493	Terminal year ROCE	8.9%
Financial assets	55	Terminal year WACC	8.6%
Provisions and off b/s debt	19		
Equity value	2,011	Terminal WACC derived from	
No. of shares outstanding	64.8	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	25%
		Equity beta	1.10
		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%

Discounted cash flow / share upside/(downside)	31.02 72.3%
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Share price	18.00
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Sensitivity analysis DCF		Long term growth					Share of present value	
		0.0%	1.0%	2.0%	3.0%	4.0%		
Change in WACC (%-points)	2.0%	24.7	25.5	26.4	27.7	29.2	2023E-2026E	28.6%
	1.0%	26.1	27.1	28.4	30.1	32.4	2027E-2030E	15.5%
	0.0%	27.9	29.2	31.0	33.4	36.8	terminal value	55.9%
	-1.0%	30.2	32.0	34.5	38.1	43.8		
	-2.0%	33.1	35.7	39.6	45.5	56.0		

Source: AlsterResearch

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 28.63 per share based on 2023E and EUR 35.10 per share on 2027E estimates.

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	122	137	150	155	160
- Maintenance capex	24	32	39	45	50
- Minorities	-1	-1	-1	-1	-1
- tax expenses	10	11	13	13	13
= Adjusted FCF	89	95	100	98	97
Actual Market Cap	1,167	1,167	1,167	1,167	1,167
+ Net debt (cash)	-493	-525	-569	-607	-648
+ Pension provisions	20	22	23	24	24
+ Off B/S financing	0	0	0	0	0
- Financial assets	55	55	55	55	55
- Acc. dividend payments	65	96	129	167	205
<i>EV Reconciliations</i>	-592	-654	-730	-805	-884
= Actual EV'	575	513	437	362	283
Adjusted FCF yield	15.4%	18.4%	22.8%	27.1%	34.4%
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	1,264	1,351	1,423	1,399	1,392
- <i>EV Reconciliations</i>	-592	-654	-730	-805	-884
Fair Market Cap	1,856	2,004	2,152	2,205	2,275
No. of shares (million)	65	65	65	65	65
Fair value per share in EUR	28.63	30.92	33.20	34.01	35.10
Premium (-) / discount (+)	59.1%	71.8%	84.5%	88.9%	95.0%

Sensitivity analysis FV

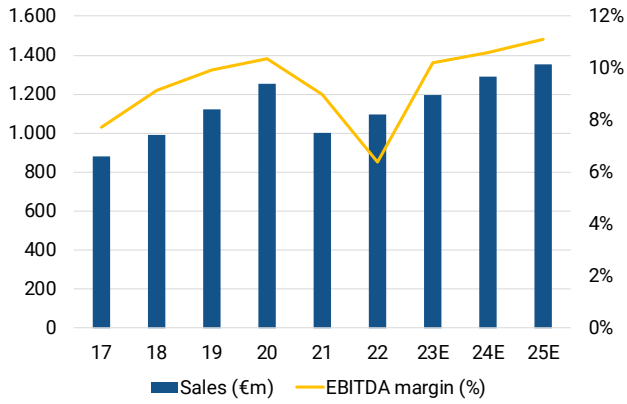
	5.0%	36	39	42	43	44
Adjusted hurdle rate	6.0%	32	34	37	38	39
	7.0%	29	31	33	34	35
	8.0%	26	28	30	31	32
	9.0%	24	26	28	29	30

Source: Company data; AlsterResearch

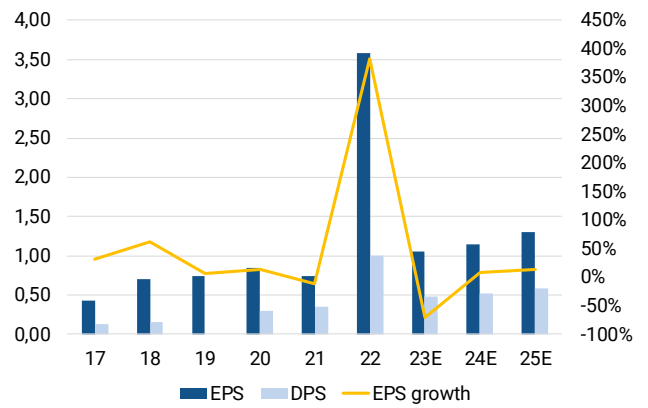
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable. 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

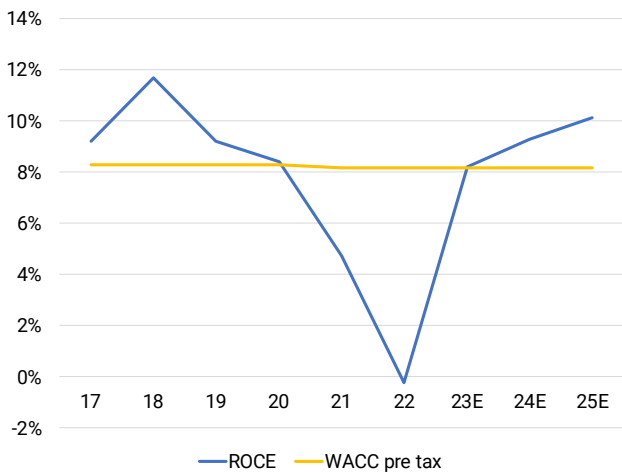
Sales vs. EBITDA margin development



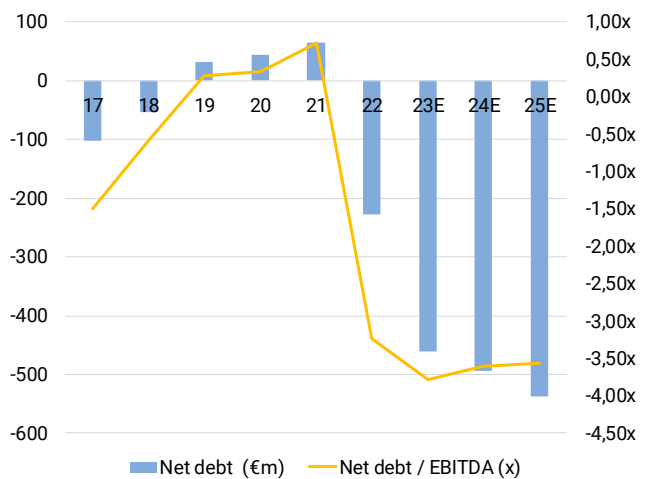
EPS, DPS in EUR & yoy EPS growth



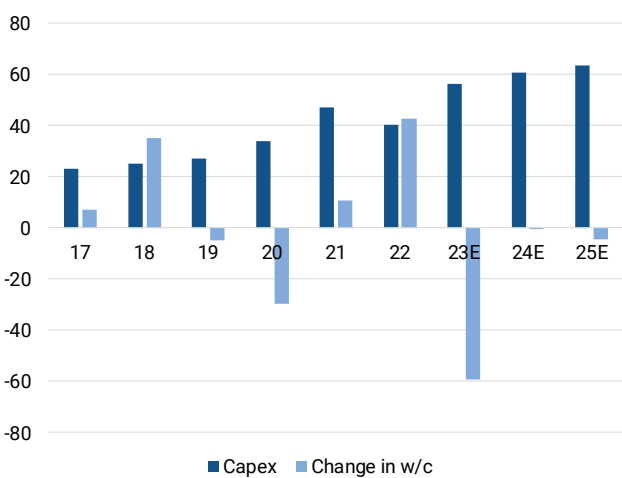
ROCE vs. WACC (pre tax)



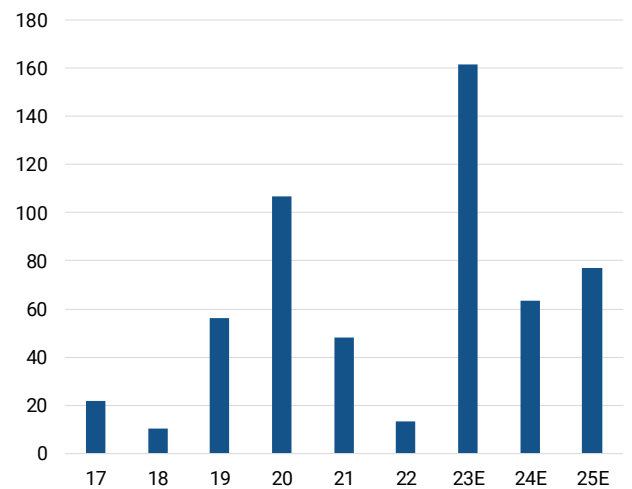
Net debt and net debt/EBITDA



Capex & chg in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

Profit and loss (EURm)	2020	2021	2022	2023E	2024E	2025E
Net sales	1,255	1,003	1,096	1,195	1,290	1,355
Sales growth	11.7%	-20.1%	9.3%	9.0%	8.0%	5.0%
Change in finished goods and work-in-process	18	21	23	0	0	0
Total sales	1,272	1,024	1,119	1,195	1,290	1,355
Material expenses	799	645	727	759	819	860
Gross profit	473	379	393	436	471	495
Other operating income	9	15	20	18	19	20
Personnel expenses	273	238	259	254	272	279
Other operating expenses	79	66	84	78	81	85
EBITDA	130	90	70	122	137	150
Depreciation	31	25	24	24	32	39
EBITA	99	65	46	98	105	111
Amortisation of goodwill and intangible assets	31	25	48	14	11	9
EBIT	69	40	-2	84	94	102
Financial result	-8	-8	-9	-6	-9	-6
Recurring pretax income from continuing operations	61	32	-11	78	85	96
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	61	32	-11	78	85	96
Taxes	6	2	2	10	11	13
Net income from continuing operations	55	30	-13	68	74	84
Result from discontinued operations (net of tax)	0	19	245	0	0	0
Net income	55	49	232	68	74	84
Minority interest	1	-1	1	1	1	1
Net profit (reported)	56	48	232	69	74	85
Average number of shares	66.00	64.96	64.83	64.83	64.83	64.83
EPS reported	0.84	0.74	3.59	1.06	1.15	1.30

Profit and loss (common size)	2020	2021	2022	2023E	2024E	2025E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	1%	2%	2%	0%	0%	0%
Total sales	101%	102%	102%	100%	100%	100%
Material expenses	64%	64%	66%	64%	64%	64%
Gross profit	38%	38%	36%	37%	37%	37%
Other operating income	1%	1%	2%	2%	2%	2%
Personnel expenses	22%	24%	24%	21%	21%	21%
Other operating expenses	6%	7%	8%	7%	6%	6%
EBITDA	10%	9%	6%	10%	11%	11%
Depreciation	2%	2%	2%	2%	2%	3%
EBITA	8%	7%	4%	8%	8%	8%
Amortisation of goodwill and intangible assets	2%	3%	4%	1%	1%	1%
EBIT	5%	4%	-0%	7%	7%	8%
Financial result	-1%	-1%	-1%	-1%	-1%	-0%
Recurring pretax income from continuing operations	5%	3%	-1%	7%	7%	7%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	5%	3%	-1%	7%	7%	7%
Taxes	0%	0%	0%	1%	1%	1%
Net income from continuing operations	4%	3%	-1%	6%	6%	6%
Result from discontinued operations (net of tax)	0%	2%	22%	0%	0%	0%
Net income	4%	5%	21%	6%	6%	6%
Minority interest	0%	-0%	0%	0%	0%	0%
Net profit (reported)	4%	5%	21%	6%	6%	6%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (exl. Goodwill)	103	104	72	59	48	38
Goodwill	199	208	189	189	189	189
Property, plant and equipment	135	133	95	128	156	181
Financial assets	69	74	55	55	55	55
FIXED ASSETS	506	519	412	431	448	464
Inventories	160	187	193	148	159	167
Accounts receivable	228	265	202	229	247	260
Other current assets	25	26	30	30	30	30
Liquid assets	286	308	565	663	595	639
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	43	47	39	36	45	47
CURRENT ASSETS	741	833	1,029	1,105	1,077	1,143
TOTAL ASSETS	1,247	1,352	1,441	1,536	1,525	1,607
SHAREHOLDERS EQUITY	404	419	634	774	817	867
MINORITY INTEREST	5	5	2	2	2	2
Long-term debt	264	277	220	100	0	0
Provisions for pensions and similar obligations	22	21	17	20	22	23
Other provisions	68	49	16	66	71	75
Non-current liabilities	354	348	253	186	93	98
short-term liabilities to banks	66	95	143	70	70	70
Accounts payable	210	270	226	241	260	273
Advance payments received on orders	72	87	79	74	80	84
Other liabilities (incl. from lease and rental contracts)	86	76	64	143	155	163
Deferred taxes	13	13	6	6	6	6
Deferred income	37	40	35	39	43	45
Current liabilities	483	581	553	574	614	640
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,247	1,352	1,441	1,536	1,525	1,607

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	8%	8%	5%	4%	3%	2%
Goodwill	16%	15%	13%	12%	12%	12%
Property, plant and equipment	11%	10%	7%	8%	10%	11%
Financial assets	5%	5%	4%	4%	4%	3%
FIXED ASSETS	41%	38%	29%	28%	29%	29%
Inventories	13%	14%	13%	10%	10%	10%
Accounts receivable	18%	20%	14%	15%	16%	16%
Other current assets	2%	2%	2%	2%	2%	2%
Liquid assets	23%	23%	39%	43%	39%	40%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	3%	3%	3%	2%	3%	3%
CURRENT ASSETS	59%	62%	71%	72%	71%	71%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	32%	31%	44%	50%	54%	54%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	21%	21%	15%	7%	0%	0%
Provisions for pensions and similar obligations	2%	2%	1%	1%	1%	1%
Other provisions	5%	4%	1%	4%	5%	5%
Non-current liabilities	28%	26%	18%	12%	6%	6%
short-term liabilities to banks	5%	7%	10%	5%	5%	4%
Accounts payable	17%	20%	16%	16%	17%	17%
Advance payments received on orders	6%	6%	5%	5%	5%	5%
Other liabilities (incl. from lease and rental contracts)	7%	6%	4%	9%	10%	10%
Deferred taxes	1%	1%	0%	0%	0%	0%
Deferred income	3%	3%	2%	3%	3%	3%
Current liabilities	39%	43%	38%	37%	40%	40%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	61	54	232	68	74	84
Depreciation of fixed assets (incl. leases)	61	64	24	24	32	39
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	48	14	11	9
Others	-11	-12	-217	53	7	5
Cash flow from operations before changes in w/c	111	106	87	159	124	137
Increase/decrease in inventory	9	-26	-18	45	-12	-8
Increase/decrease in accounts receivable	47	-41	-23	-27	-18	-12
Increase/decrease in accounts payable	-2	69	24	15	19	13
Increase/decrease in other w/c positions	-24	-13	-26	82	11	12
Increase/decrease in working capital	30	-11	-43	115	0	4
Cash flow from operating activities	141	95	54	274	124	141
CAPEX	-34	-47	-40	-56	-61	-64
Payments for acquisitions	-41	-16	-5	0	0	0
Financial investments	-3	-7	0	0	0	0
Income from asset disposals	1	4	189	137	0	0
Cash flow from investing activities	-77	-66	144	81	-61	-64
Cash flow before financing	64	29	197	355	63	77
Increase/decrease in debt position	-41	29	-65	-192	-100	0
Purchase of own shares	-12	-21	0	0	0	0
Capital measures	1	0	0	0	0	0
Dividends paid	0	-20	-22	-65	-31	-33
Others	-14	-9	-3	0	0	0
Effects of exchange rate changes on cash	-8	4	0	0	0	0
Cash flow from financing activities	-74	-16	-90	-257	-131	-33
Increase/decrease in liquid assets	-10	13	107	98	-68	44
Liquid assets at end of period	255	268	438	535	468	511

Source: Company data; AlsterResearch

Regional sales split (EURm)	2020	2021	2022	2023E	2024E	2025E
Domestic	103	106	103	112	121	127
Europe (ex domestic)	785	604	644	702	759	797
The Americas	122	96	110	120	129	136
Asia	42	62	80	87	94	99
Rest of World	204	134	159	173	187	197
Total sales	1,255	1,003	1,096	1,195	1,290	1,355

Regional sales split (common size)	2020	2021	2022	2023E	2024E	2025E
Domestic	8.2%	10.5%	9.4%	9.4%	9.4%	9.4%
Europe (ex domestic)	62.5%	60.3%	58.8%	58.8%	58.8%	58.8%
The Americas	9.7%	9.6%	10.0%	10.0%	10.0%	10.0%
Asia	3.3%	6.2%	7.3%	7.3%	7.3%	7.3%
Rest of World	16.2%	13.4%	14.5%	14.5%	14.5%	14.5%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Ratios	2020	2021	2022	2023E	2024E	2025E
Per share data						
Earnings per share reported	0.84	0.74	3.59	1.06	1.15	1.30
Cash flow per share	1.66	1.09	0.45	3.86	1.42	1.57
Book value per share	6.12	6.44	9.78	11.94	12.60	13.37
Dividend per share	0.30	0.35	1.00	0.48	0.52	0.59
Valuation						
P/E	21.4x	24.2x	5.0x	17.0x	15.7x	13.8x
P/CF	10.8x	16.5x	39.6x	4.7x	12.7x	11.5x
P/BV	2.9x	2.8x	1.8x	1.5x	1.4x	1.3x
Dividend yield (%)	1.7%	1.9%	5.6%	2.7%	2.9%	3.3%
FCF yield (%)	9.2%	6.0%	2.5%	21.4%	7.9%	8.7%
EV/Sales	1.0x	1.2x	0.9x	0.6x	0.5x	0.5x
EV/EBITDA	9.5x	13.9x	14.0x	5.7x	4.9x	4.1x
EV/EBIT	18.0x	31.3x	-486.7x	8.2x	7.1x	6.1x
Income statement (EURm)						
Sales	1,255	1,003	1,096	1,195	1,290	1,355
yoy chg in %	11.7%	-20.1%	9.3%	9.0%	8.0%	5.0%
Gross profit	473	379	393	436	471	495
Gross margin in %	37.7%	37.8%	35.8%	36.5%	36.5%	36.5%
EBITDA	130	90	70	122	137	150
EBITDA margin in %	10.4%	9.0%	6.4%	10.2%	10.6%	11.1%
EBIT	69	40	-2	84	94	102
EBIT margin in %	5.5%	4.0%	-0.2%	7.1%	7.3%	7.5%
Net profit	56	48	232	69	74	85
Cash flow statement (EURm)						
CF from operations	141	95	54	274	124	141
Capex	-34	-47	-40	-56	-61	-64
Maintenance Capex	31	25	24	24	32	39
Free cash flow	107	48	13	218	63	77
Balance sheet (EURm)						
Intangible assets	302	312	262	248	237	228
Tangible assets	135	133	95	128	156	181
Shareholders' equity	404	419	634	774	817	867
Pension provisions	22	21	17	20	22	23
Liabilities and provisions	420	443	395	256	163	168
Net financial debt	44	65	-203	-493	-525	-569
w/c requirements	106	96	90	62	66	70
Ratios						
ROE	13.5%	11.7%	36.6%	8.8%	9.0%	9.7%
ROCE	8.3%	4.6%	-0.2%	8.2%	9.5%	9.9%
Net gearing	10.9%	15.4%	-32.0%	-63.6%	-64.3%	-65.6%
Net debt / EBITDA	0.3x	0.7x	-2.9x	-4.0x	-3.8x	-3.8x

Source: Company data; AlsterResearch

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