

Geratherm Medical AG

Germany | Health Care | MCap EUR 36.3m

21 September 2022

UPDATE



Q2 turnaround; estimates & PT up; confirm BUY rating

What's it all about?

Geratherm Medical AG reported Q2 results. After four quarters of declining yoy revenues, the sales trend reversed and turned positive. Good cost control led to a more than proportional increase in operating profits. Overall, the Q2 numbers surprised positively versus muted expectations. We increase estimates in the short and medium term and reiterate our BUY recommendation with upgraded price target EUR 11.30. Geratherm could prove to be an attractive vehicle to participate in the structural growth of MedTech.

BUY (BUY)

Target price	EUR 11.30 (11.00)
Current price	EUR 6.66
Up/downside	69.7%



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Geratherm Medical AG

Germany | Health Care | MCap EUR 36.3m | EV EUR 38.7m

BUY (BUY)

Target price EUR 11.30 (11.00)
Current price EUR 6.66
Up/downside 69.7%

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Q2 turnaround; estimates and PT up; confirm BUY

Q2 turnaround. Geratherm reported Q2 results. After four quarters of declining yoy revenues, the sales trend reversed with a 2.7% yoy growth rate. Good cost control led to a more than proportional increase in EBITDA (+11% yoy) and EBIT (+6% yoy). A big swing in minority interest resulted in a positive surprise in net earnings, growing by 25% yoy.

Healthcare Diagnostic stabilizing. The Healthcare Diagnostic segment remains the most important segment at 57% of Q2 sales. Products in this division include clinical thermometers, blood pressure monitors and women's health products. After a significant yoy decline in Q1, this segment showed a moderate yoy growth of 0.5% in Q2. It seems as if sales to pharmacies and drugstores are finally stabilizing after the Corona-boom and the post-Corona slump (40% growth in FY20, 24% decline in FY21).

Respiratory held back by supply chain. The products in the Respiratory segment (23% of sales) are used for lung function diagnostics and can be used in the treatment of long Covid. Consequently, the demand is high, and the division reported double digit growth in FY20 and FY21. However, supply chain issues led to declining yoy revenues in Q1 and Q2, but this trend should reverse in H2 with increasing supply capability.

Incubator Systems taking off. The Incubator Systems division surpassed the already high growth rate of Q1, more than doubling from an admittedly low comparable base in Q2. In contrast, the Cardio / Stroke division was held back by ongoing Covid restrictions in hospitals, complicating sales of the stroke prevention software.

Adjusting est., BUY, PT EUR 11.30. So far, FY22 is developing better than expected. We upgrade our estimates for the short to medium term, taking into account better cost control and lower minority interest. Based on DCF, we reiterate to BUY with increased PT EUR 11.30 and more than 70% upside potential. Geratherm is an attractive vehicle to participate in the structural growth of MedTech, and pent-up demand could support the story with positive newsflow in H2.



Source: Company data, AlsterResearch

High/low 52 weeks 9.96 / 6.40
Price/Book Ratio 1.8x

Ticker / Symbols

ISIN DE0005495626
WKN 549562
Bloomberg GME:GR

Changes in estimates

		Sales	EBIT	EPS
2022E	old	21,0	1,0	0,04
	Δ	11,9%	33,8%	112,1%
2023E	old	25	1,7	0,08
	Δ	0,0%	26,5%	95,4%
2024E	old	27	2,3	0,11
	Δ	0,0%	21,1%	85,5%

Key share data

Number of shares: (in m pcs) 5.44
Book value per share: (in EUR) 3.74
Ø trading volume: (12 months) 32,000

Major shareholders

GMF Capital, Frankfurt 38.0%
JotWe GmbH 32.0%
Free Float 29.9%

Company description

Geratherm Medical AG is a Germany-based medical technology company. The Company operates through four segments: Healthcare Diagnostic, Incubator systems, Cardio/Stroke and Respiratory.

Geratherm Medical AG	2019	2020	2021	2022E	2023E	2024E
Sales	19.9	27.5	23.9	23.5	25.3	27.5
Growth yoy	-7.0%	38.4%	-12.8%	-1.8%	7.5%	8.8%
EBITDA	2.4	4.3	2.3	2.3	3.8	4.9
EBIT	1.0	3.0	0.6	1.4	2.2	2.8
Net profit	0.5	2.0	0.1	0.5	0.8	1.1
Net debt (net cash)	-1.9	-0.3	2.4	3.7	2.4	1.0
Net debt/EBITDA	-0.8x	-0.1x	1.0x	1.6x	0.6x	0.2x
EPS reported	0.11	0.41	0.02	0.09	0.15	0.20
DPS	0.25	0.28	0.08	0.06	0.09	0.12
Dividend yield	3.8%	4.2%	1.2%	0.8%	1.4%	1.8%
Gross profit margin	68.9%	64.1%	65.3%	63.5%	67.3%	69.0%
EBITDA margin	11.9%	15.8%	9.6%	9.9%	15.1%	17.7%
EBIT margin	5.3%	11.1%	2.5%	5.9%	8.6%	10.3%
ROCE	3.7%	9.6%	2.0%	4.7%	7.2%	9.1%
EV/EBITDA	14.6x	8.3x	16.8x	17.2x	10.1x	7.6x
EV/EBIT	32.7x	11.8x	65.7x	28.7x	17.8x	13.1x
PER	60.4x	16.1x	272.2x	71.5x	43.9x	33.2x
FCF yield	2.7%	9.9%	0.2%	6.7%	7.8%	8.5%

Source: Company data, AlsterResearch

P&L data	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Sales	5.9	7.7	6.7	5.7	5.7	5.8	6.4	5.9
yoy growth in %	27.3%	71.2%	6.5%	-24.4%	-2.8%	-24.8%	-3.7%	2.7%
Gross profit	4.2	4.8	4.4	4.0	4.0	3.9	4.5	4.0
Gross margin in %	71.1%	62.1%	65.6%	70.0%	70.5%	66.8%	70.3%	68.0%
EBITDA	1.0	1.3	1.1	0.7	1.1	-0.7	1.1	0.8
EBITDA margin in %	16.9%	16.8%	15.8%	11.8%	19.6%	-11.3%	17.7%	12.8%
EBIT	0.7	0.9	0.7	0.3	0.8	-1.3	0.7	0.3
EBIT margin in %	11.6%	11.7%	10.1%	5.3%	13.2%	-21.6%	11.2%	5.5%
EBT	0.7	0.7	0.6	0.3	0.7	-1.3	0.6	0.3
taxes paid	0.2	0.3	0.1	-0.1	0.1	-0.2	0.1	0.1
tax rate in %	25.7%	39.2%	22.8%	-24.4%	17.7%	17.6%	21.5%	49.0%
net profit	0.5	0.5	0.4	0.2	0.4	-0.9	0.4	0.3
yoy growth in %	149.9%	na%	46.9%	-73.6%	-13.0%	na%	3.3%	29.2%
EPS	0.10	0.10	0.09	0.04	0.09	-0.19	0.09	0.05

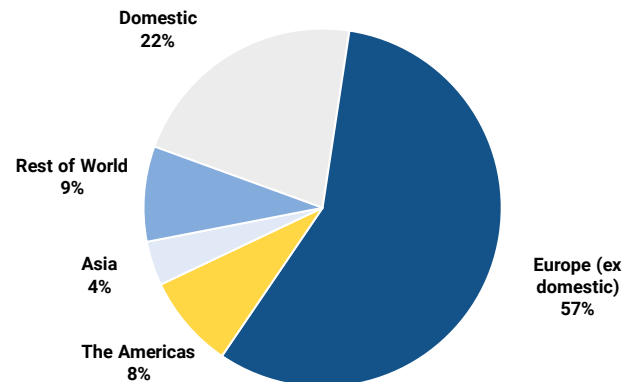
Source: Company data; AlsterResearch

Investment case in six charts

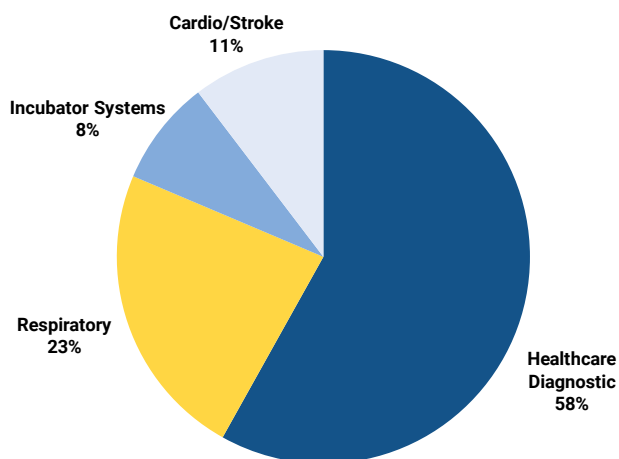
Product portfolio



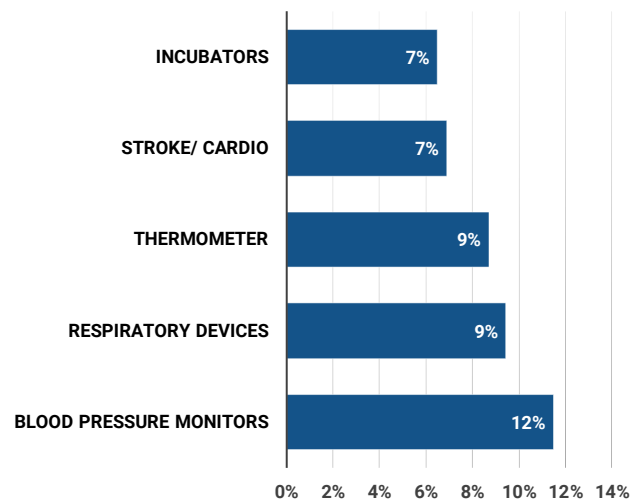
Regional sales in %



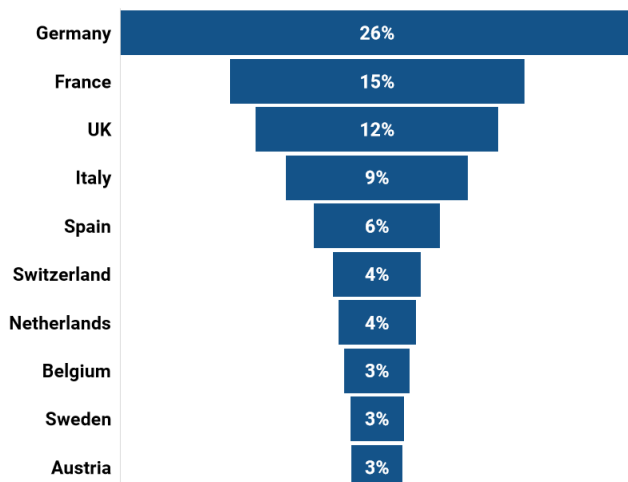
Sales by segment in %



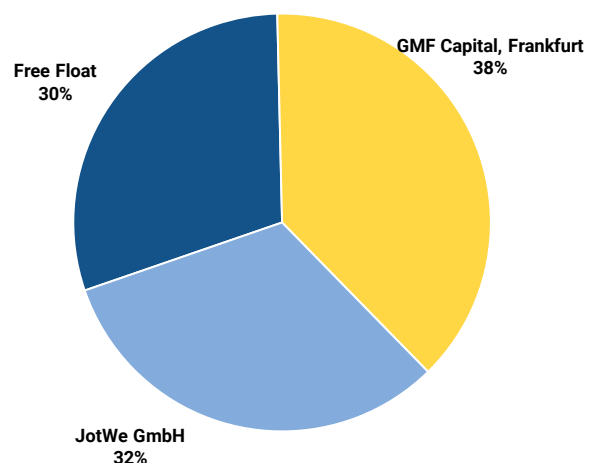
CAGR by product 22E-30E



European medical devices market share



Major shareholder



Source: The European Medical Technology Industry in Figures, 2021, Multiple market research reports, AlsterResearch

SWOT analysis

Strengths

- focus on well defendable niche markets
- global leader in mercury-free clinical thermometers
- good footprint in the Cardio/Stroke segment.
- regular dividend payer
- solid balance sheet

Weaknesses

- relatively small-scale player
- historically sub-par returns on capital
- dependence on certain raw materials and components (gallium, multi-channel coils)
- strong control of family / promoter holding
- downlisting from regulated into open market with reduced transparency and fewer shareholder rights
- large minority holdings in core business units

Opportunities

- ongoing cost savings since arrival of the new CEO
- respiratory products could benefit from long-Covid diagnostic and treatments
- profitable scaling of Cardio/Stroke unit
- good incubator orders pipeline
- a ban of mercury-filled thermometers
- higher automation in production of clinical thermometers
- stronger focus on portfolio optimization and returns improvement

Threats

- more complex and costly certifications of medical products (new EU medical device regulation)
- prices and availability of raw materials, especially gas
- increasing minimum wage
- macro-economic factors like wars, inflation

Valuation

DCF Model

The DCF model results in a **fair value of EUR 11.33 per share**:

Top-line growth: We expect Geratherm Medical AG to continue benefitting from structural growth. Hence our growth estimates for 2022-29E are in the range of 8.0% p.a. The long-term growth rate is set at 2.0%.

EBIT margins. We are assuming 8.5% EBIT margin by 2024E. With the help of coming capex and expansions, the company should be able to achieve this level.

WACC. The unlevered beta of 0.85 is set on a level with a group of Western European health care product suppliers. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% these yield cost of equity of 7.8%. With pre-tax cost of borrowing at 5.0%, a tax rate of 30.0% and target debt/equity of 0.2 this results in a long-term WACC of 7.1%.

DCF (EUR m) (except per share data and beta)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal value
NOPAT	0.6	1.0	1.3	1.5	2.1	2.6	3.2	3.6	
Depreciation & amortization	0.9	1.6	2.0	2.5	2.4	2.3	2.2	2.2	
Change in working capital	1.1	0.5	0.1	0.1	0.2	0.2	0.0	0.0	
Chg. in long-term provisions	-0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	
Capex	-3.8	-2.0	-2.2	-2.0	-1.8	-1.8	-1.9	-2.1	
Cash flow	-1.1	1.2	1.3	2.3	3.1	3.5	3.7	3.9	78.9
Present value	-1.1	1.1	1.2	1.8	2.3	2.5	2.4	2.4	47.9
WACC	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%

DCF per share derived from	
Total present value	60.5
Mid-year adj. total present value	62.6
Net debt / cash at start of year	2.4
Financial assets	1.5
Provisions and off b/s debt	na
Equity value	61.7
No. of shares outstanding	5.4
Discounted cash flow / share upside/(downside)	11.33 / 70.1%

Share price	6.66
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DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2022E - 2029E)	8.0%
Terminal value growth (2029E - infinity)	2.0%
Terminal year ROCE	19.4%
Terminal year WACC	7.1%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	30.0%
Equity beta	0.90
Unlevered beta (industry or company)	0.85
Target debt / equity	0.2
Relevered beta	0.97
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	7.8%

Sensitivity analysis DCF									
Change in WACC (%-points)		Long term growth					Share of present value		
		1.0%	1.5%	2.0%	2.5%	3.0%	2022E - 2025E	2026E - 2029E	terminal value
2.0%		7.0	7.4	7.8	8.3	8.8	5.0%	15.8%	79.2%
1.0%		8.2	8.7	9.3	9.9	10.8			
0.0%		9.8	10.5	11.3	12.4	13.7			
-1.0%		11.9	13.0	14.4	16.2	18.5			
-2.0%		15.2	17.1	19.5	22.9	27.9			

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 3.22 per share based on 2022E and EUR 12.79 per share on 2026E 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	2022E	2023E	2024E	2025E	2026E
EBITDA	2.3	3.8	4.9	6.0	7.2
- Maintenance capex	0.5	0.8	1.0	1.0	0.9
- Minorities	0.3	0.6	0.7	0.9	1.2
- tax expenses	0.4	0.6	0.8	0.9	1.3
= Adjusted FCF	1.2	1.9	2.4	3.1	3.7
Actual Market Cap	36.3	36.3	36.3	36.3	36.3
+ Net debt (cash)	3.7	2.4	1.0	-1.4	-4.7
+ Pension provisions	0.0	0.0	0.0	0.0	0.0
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	1.5	1.5	1.5	1.5	1.5
- Acc. dividend payments	0.4	0.7	1.2	1.9	2.7
<i>EV Reconciliations</i>	1.9	0.2	-1.7	-4.7	-8.8
= Actual EV'	38.1	36.5	34.6	31.6	27.5
Adjusted FCF yield	3.1%	5.1%	6.8%	9.9%	13.3%
base hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
Fair EV	19.4	31.0	39.3	52.3	60.8
- <i>EV Reconciliations</i>	1.9	0.2	-1.7	-4.7	-8.8
Fair Market Cap	17.5	30.7	41.0	57.0	69.6
No. of shares (million)	5.4	5.4	5.4	5.4	5.4
Fair value per share in EUR	3.22	5.64	7.52	10.47	12.79
Premium (-) / discount (+)	-51.6%	-15.3%	13.0%	57.1%	92.0%

Sensitivity analysis FV

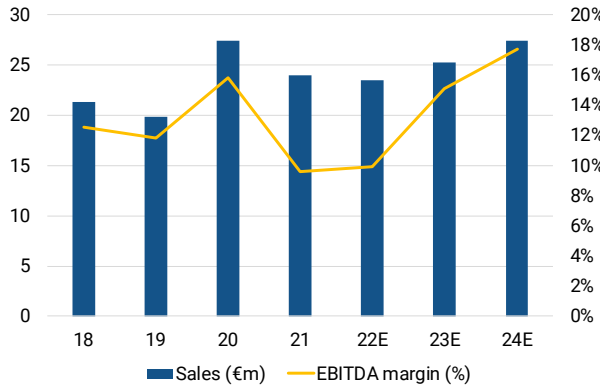
	4.0%	5.0	8.5	11.1	15.3	18.4
Adjusted hurdle rate	5.0%	3.9	6.8	9.0	12.4	15.0
	6.0%	3.2	5.6	7.5	10.5	12.8
	7.0%	2.7	4.8	6.5	9.1	11.2
	8.0%	2.3	4.2	5.7	8.1	10.0

Source: Company data; AlsterResearch

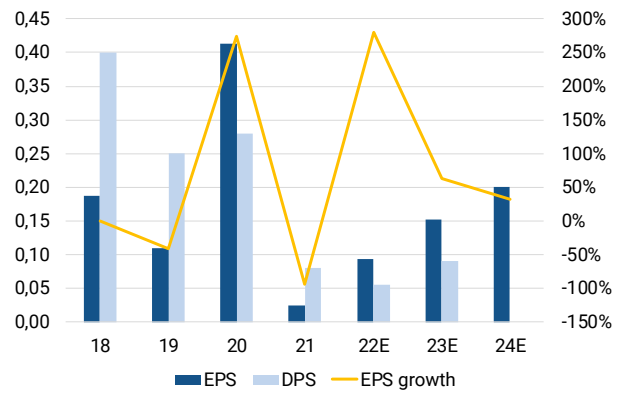
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments 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

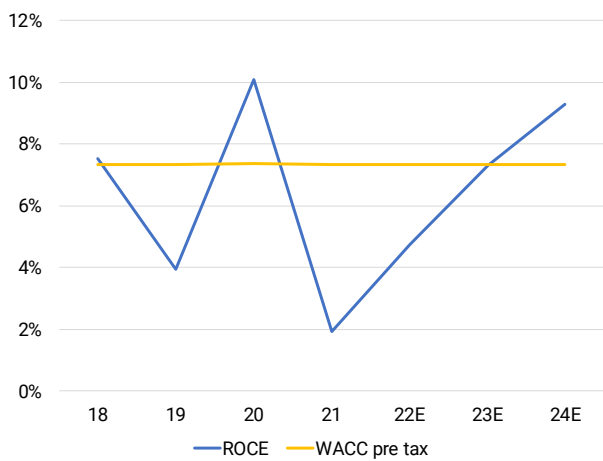
Sales vs. EBITDA margin development



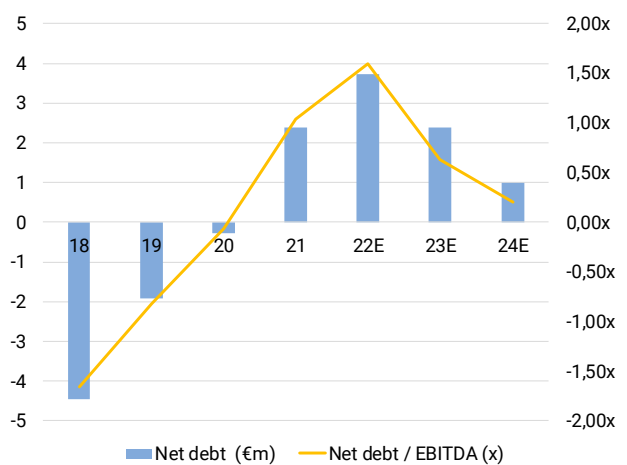
EPS, DPS in EUR & yoy EPS growth



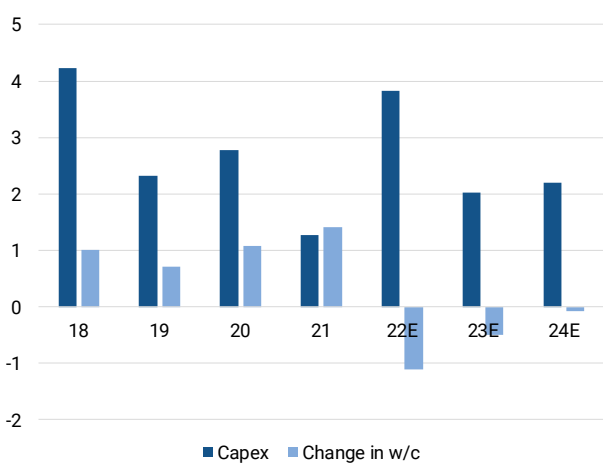
ROCE vs. WACC (pre tax)



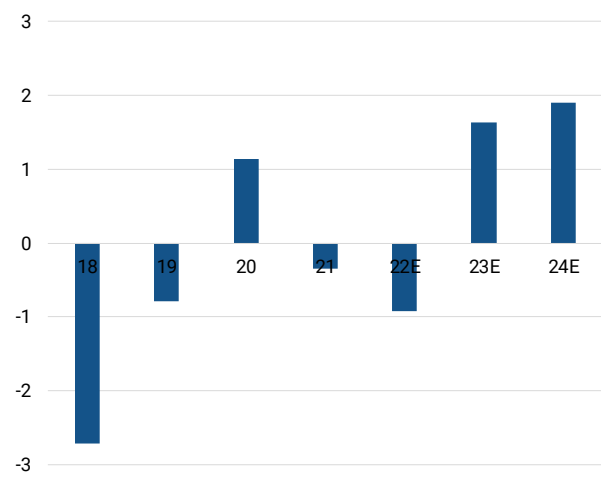
Net debt and net debt/EBITDA



Capex & chgn 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
Net sales	19.9	27.5	23.9	23.5	25.3	27.5
Sales growth	-7.0%	38.4%	-12.8%	-1.8%	7.5%	8.8%
Change in finished goods and work-in-process	1.3	-0.5	1.1	0.5	0.5	0.5
Total sales	21.1	27.0	25.1	24.0	25.8	28.0
Material expenses	7.4	9.4	9.4	9.0	8.8	9.1
Gross profit	13.7	17.6	15.6	14.9	17.0	19.0
Other operating income	0.6	0.7	0.8	0.8	0.8	0.9
Personnel expenses	7.6	8.5	8.8	8.7	8.9	9.5
Other operating expenses	4.4	5.5	5.3	4.7	5.1	5.5
EBITDA	2.4	4.3	2.3	2.3	3.8	4.9
Depreciation	1.3	1.3	1.7	0.9	1.6	2.0
EBITA	1.0	3.0	0.6	1.4	2.2	2.8
Amortization of goodwill and intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.0	3.0	0.6	1.4	2.2	2.8
Financial result	-0.0	-0.3	-0.3	-0.2	-0.2	-0.3
Recurring pretax income from continuing operations	1.0	2.7	0.3	1.2	2.0	2.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	1.0	2.7	0.3	1.2	2.0	2.6
Taxes	0.7	0.8	-0.0	0.4	0.6	0.8
Net income from continuing operations	0.3	1.9	0.3	0.8	1.4	1.8
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	0.3	1.9	0.3	0.8	1.4	1.8
Minority interest	0.3	0.1	-0.2	-0.3	-0.6	-0.7
Net profit (reported)	0.5	2.0	0.1	0.5	0.8	1.1
Average number of shares	4.95	4.95	4.95	5.44	5.44	5.44
EPS reported	0.11	0.41	0.02	0.09	0.15	0.20

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	6%	-2%	5%	2%	2%	2%
Total sales	106%	98%	105%	102%	102%	102%
Material expenses	38%	34%	39%	38%	35%	33%
Gross profit	69%	64%	65%	64%	67%	69%
Other operating income	3%	3%	3%	3%	3%	3%
Personnel expenses	38%	31%	37%	37%	35%	34%
Other operating expenses	22%	20%	22%	20%	20%	20%
EBITDA	12%	16%	10%	10%	15%	18%
Depreciation	7%	5%	7%	4%	7%	7%
EBITA	5%	11%	2%	6%	9%	10%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	5%	11%	2%	6%	9%	10%
Financial result	-0%	-1%	-1%	-1%	-1%	-1%
Recurring pretax income from continuing operations	5%	10%	1%	5%	8%	9%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	5%	10%	1%	5%	8%	9%
Taxes	4%	3%	-0%	2%	2%	3%
Net income from continuing operations	1%	7%	1%	4%	5%	7%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	1%	7%	1%	4%	5%	7%
Minority interest	1%	1%	-1%	-1%	-2%	-3%
Net profit (reported)	3%	7%	1%	2%	3%	4%

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	2.2	3.1	4.1	4.5	5.0	5.6
Goodwill	0.0	0.0	0.1	0.1	0.1	0.1
Property, plant and equipment	8.6	9.7	9.3	11.7	11.6	11.2
Financial assets	1.7	1.8	1.5	1.5	1.5	1.5
FIXED ASSETS	12.5	14.6	14.9	17.8	18.2	18.4
Inventories	7.9	7.3	8.5	7.4	7.1	7.2
Accounts receivable	2.5	3.2	3.2	3.0	3.2	3.4
Other current assets	0.5	0.2	1.0	1.0	1.0	1.0
Liquid assets	9.5	10.3	6.5	4.9	5.6	6.7
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.3	0.4	0.4	0.4	0.4	0.4
CURRENT ASSETS	20.8	21.4	19.6	16.8	17.3	18.8
TOTAL ASSETS	33.3	36.0	34.6	34.6	35.5	37.1
SHAREHOLDERS EQUITY	19.8	20.3	18.5	19.0	20.0	21.4
MINORITY INTEREST	-0.6	-0.4	0.1	0.1	0.1	0.1
Long-term debt	5.3	6.5	5.7	6.0	6.0	6.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	1.8	1.7	1.8	1.8	1.9	2.1
Non-current liabilities	7.1	8.2	7.5	7.8	7.9	8.1
short-term liabilities to banks	2.3	3.5	3.1	2.6	2.0	1.7
Accounts payable	1.4	1.5	1.4	1.4	1.4	1.5
Advance payments received on orders	1.3	0.9	1.8	1.6	1.8	1.9
Other liabilities (incl. from lease and rental contracts)	0.9	0.8	0.9	0.9	1.0	1.1
Deferred taxes	0.0	0.1	0.0	0.0	0.0	0.0
Deferred income	1.0	1.1	1.2	1.2	1.3	1.4
Current liabilities	7.0	7.8	8.4	7.8	7.5	7.6
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	33.3	36.0	34.6	34.6	35.5	37.1

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	7%	9%	12%	13%	14%	15%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	26%	27%	27%	34%	33%	30%
Financial assets	5%	5%	4%	4%	4%	4%
FIXED ASSETS	38%	41%	43%	52%	51%	49%
Inventories	24%	20%	25%	21%	20%	19%
Accounts receivable	8%	9%	9%	9%	9%	9%
Other current assets	2%	1%	3%	3%	3%	3%
Liquid assets	29%	29%	19%	14%	16%	18%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	1%	1%	1%	1%	1%	1%
CURRENT ASSETS	62%	59%	57%	48%	49%	51%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	60%	56%	54%	55%	56%	58%
MINORITY INTEREST	-2%	-1%	0%	0%	0%	0%
Long-term debt	16%	18%	17%	17%	17%	16%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	5%	5%	5%	5%	5%	6%
Non-current liabilities	21%	23%	22%	22%	22%	22%
short-term liabilities to banks	7%	10%	9%	8%	6%	5%
Accounts payable	4%	4%	4%	4%	4%	4%
Advance payments received on orders	4%	2%	5%	5%	5%	5%
Other liabilities (incl. from lease and rental contracts)	3%	2%	2%	3%	3%	3%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	3%	3%	4%	3%	4%	4%
Current liabilities	21%	22%	24%	22%	21%	20%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	0.3	1.9	0.3	0.8	1.4	1.8
Depreciation of fixed assets (incl. leases)	1.3	1.3	1.7	0.9	1.6	2.0
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	0.0	0.0	0.0
Others	0.7	1.8	0.3	-0.0	0.1	0.2
Cash flow from operations before changes in w/c	2.3	5.0	2.3	1.8	3.2	4.0
Increase/decrease in inventory	-0.5	0.6	-1.2	1.1	0.4	-0.1
Increase/decrease in accounts receivable	0.4	-0.8	-0.1	0.2	-0.2	-0.2
Increase/decrease in accounts payable	0.0	0.0	0.0	-0.0	0.1	0.0
Increase/decrease in other w/c positions	-0.6	-0.9	-0.1	-0.1	0.3	0.3
Increase/decrease in working capital	-0.7	-1.1	-1.4	1.1	0.5	0.1
Cash flow from operating activities	1.5	3.9	0.9	2.9	3.7	4.1
CAPEX	-2.3	-2.8	-1.3	-3.8	-2.0	-2.2
Payments for acquisitions	0.0	-0.2	0.0	0.0	0.0	0.0
Financial investments	-2.2	-0.8	1.3	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-4.5	-3.8	0.0	-3.8	-2.0	-2.2
Cash flow before financing	-3.0	0.1	0.9	-0.9	1.6	1.9
Increase/decrease in debt position	3.7	1.9	-1.5	-0.3	-0.6	-0.3
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	-2.0	-1.2	-2.0	-0.4	-0.3	-0.5
Others	0.0	0.0	-0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	-0.1	0.0	0.0	0.0	0.0
Cash flow from financing activities	1.7	0.6	-3.5	-0.7	-0.9	-0.8
Increase/decrease in liquid assets	-1.2	0.7	-2.6	-1.6	0.7	1.1
Liquid assets at end of period	4.1	4.9	2.3	0.7	1.4	2.5

Source: Company data; AlsterResearch

Regional sales split (EURm)	2019	2020	2021	2022E	2023E	2024E
Domestic	4.0	4.9	5.2	5.1	5.5	6.0
Europe (ex domestic)	11.2	16.4	13.6	13.4	14.4	15.7
The Americas	1.9	3.2	2.0	2.0	2.1	2.3
Asia	1.2	1.9	1.0	0.9	1.0	1.1
Rest of World	1.6	1.0	2.1	2.0	2.2	2.4
Total sales	19.9	27.5	23.9	23.5	25.3	27.5

Regional sales split (common size)	2019	2020	2021	2022E	2023E	2024E
Domestic	20.3%	18.0%	21.8%	21.8%	21.8%	21.8%
Europe (ex domestic)	56.2%	59.7%	57.0%	57.0%	57.0%	57.0%
The Americas	9.4%	11.5%	8.4%	8.4%	8.4%	8.4%
Asia	6.2%	7.1%	4.0%	4.0%	4.0%	4.0%
Rest of World	7.8%	3.7%	8.6%	8.6%	8.6%	8.6%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Ratios	2019	2020	2021	2022E	2023E	2024E
Per share data						
Earnings per share reported	0.11	0.41	0.02	0.09	0.15	0.20
Cash flow per share	0.18	0.66	0.01	0.44	0.52	0.57
Book value per share	4.01	4.10	3.74	3.48	3.68	3.92
Dividend per share	0.25	0.28	0.08	0.06	0.09	0.12
Valuation						
P/E	60.4x	16.1x	272.2x	71.5x	43.9x	33.2x
P/CF	37.1x	10.1x	552.6x	15.0x	12.8x	11.8x
P/BV	1.7x	1.6x	1.8x	1.9x	1.8x	1.7x
Dividend yield (%)	3.8%	4.2%	1.2%	0.8%	1.4%	1.8%
FCF yield (%)	2.7%	9.9%	0.2%	6.7%	7.8%	8.5%
EV/Sales	1.7x	1.3x	1.6x	1.7x	1.5x	1.4x
EV/EBITDA	14.6x	8.3x	16.8x	17.2x	10.1x	7.6x
EV/EBIT	32.7x	11.8x	65.7x	28.7x	17.8x	13.1x
Income statement (EURm)						
Sales	19.9	27.5	23.9	23.5	25.3	27.5
yoy chg in %	-7.0%	38.4%	-12.8%	-1.8%	7.5%	8.8%
Gross profit	13.7	17.6	15.6	14.9	17.0	19.0
Gross margin in %	68.9%	64.1%	65.3%	63.5%	67.3%	69.0%
EBITDA	2.4	4.3	2.3	2.3	3.8	4.9
EBITDA margin in %	11.9%	15.8%	9.6%	9.9%	15.1%	17.7%
EBIT	1.0	3.0	0.6	1.4	2.2	2.8
EBIT margin in %	5.3%	11.1%	2.5%	5.9%	8.6%	10.3%
Net profit	0.5	2.0	0.1	0.5	0.8	1.1
Cash flow statement (EURm)						
CF from operations	1.5	3.9	0.9	2.9	3.7	4.1
Capex	-2.3	-2.8	-1.3	-3.8	-2.0	-2.2
Maintenance Capex	0.7	0.7	0.9	0.5	0.8	1.0
Free cash flow	-0.8	1.1	-0.4	-0.9	1.6	1.9
Balance sheet (EURm)						
Intangible assets	2.2	3.1	4.2	4.6	5.1	5.7
Tangible assets	8.6	9.7	9.3	11.7	11.6	11.2
Shareholders' equity	19.8	20.3	18.5	19.0	20.0	21.4
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	9.4	11.7	10.6	10.4	9.9	9.8
Net financial debt	-1.9	-0.3	2.4	3.7	2.4	1.0
w/c requirements	7.7	8.1	8.5	7.4	7.1	7.2
Ratios						
ROE	1.5%	9.4%	1.8%	4.5%	6.9%	8.5%
ROCE	3.7%	9.6%	2.0%	4.7%	7.2%	9.1%
Net gearing	-9.7%	-1.4%	12.9%	19.6%	11.9%	4.6%
Net debt / EBITDA	-0.8x	-0.1x	1.0x	1.6x	0.6x	0.2x

Source: Company data; AlsterResearch

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