

Geratherm Medical AG

Germany | Health Care | MCap EUR 37.8m

29 June 2023

UPDATE



Strong growth to end the year; confirm BUY rating

What's it all about?

Geratherm reported Q4 and FY22 results with very strong growth of 28% yoy in Q4, driven by Healthcare Diagnostic, Respiratory and Incubator Systems. The gross margin declined yoy due to input cost inflation, especially for energy, but otherwise good cost management (especially personnel costs) resulted in a strong increase in the EBIT margin for FY22. This resulted in a positive surprise on EPS. The management board is proposing a high dividend of EUR 0.15. Overall, we see the investment case supported and reiterate our Buy recommendation with an unchanged target price of EUR 11.30.

BUY (BUY)

Target price EUR 11.30 (11.30)
Current price EUR 6.95
Up/downside 62.6%



MAIN AUTHOR

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Geratherm Medical AG

Germany | Health Care | MCap EUR 37.8m | EV EUR 36.2m

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Strong growth to end the year; confirm BUY rating

Strong growth in Q4. Geratherm reported Q4 and FY22 results. The year ended with very strong growth of 28% yoy in Q4, driven by Healthcare Diagnostic, Respiratory and Incubator Systems. The quarterly gross and EBIT margins are difficult to compare, as Geratherm switched reporting from IFRS to German-GAAP (HGB) in the course of the year after switching from the Prime Standard into the Scale segment. For the same reason, the following comparison of FY22 to FY21 should be taken with a grain of salt.

Gross margin under pressure, personnel costs contained. For FY22, the gross margin declined by c. 230bp. This was mainly the result of input price inflation, especially for energy. Despite several increases in the statutory hourly minimum wage from EUR 9.82 per hour at the beginning of 2022 to EUR 12.00 since October, personnel costs declined yoy – a result of reduced headcount (-7,5%).

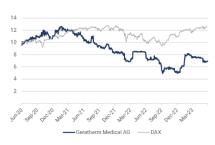
Operating margin greatly improved. Sales growth, operating leverage, good personnel cost management and other operating income from FX gains all contributed to a sharp increase in the EBIT margin from 2.5% in FY21 to 10.3% in FY22. EPS of EUR 0.19 is well above our expectations (EUR 0.09) and would have been even higher had it not been for a EUR 0.75m write-down on financial assets. As usual, the Management Board proposes a high payout ratio with a dividend of EUR 0.15.

Large divisions performing well in Q4. The Healthcare Diagnostic segment remained the largest segment in the fourth quarter with 59% of sales. Products in this segment include clinical thermometers, blood pressure monitors and women's health products. This segment showed accelerated year-on-year growth of 43% in Q4. It seems that sales to pharmacies and drugstores are finally recovering after the Corona boom and the post-Corona slump (40% growth in FY20, 24% decline in FY21). The respiratory segment (23% of Q4 sales) saw a slowdown in Q4 growth to 14% yoy, albeit against a high base.

Confirming BUY, PT EUR 11.30. Citing slow growth, especially in China, inflation and still high energy costs, Geratherm refrains from giving a concrete guidance for FY23. However, a robust end to FY22 supports the view that Geratherm is an attractive vehicle to participate in the long-term structural growth of the MedTech sector. We reiterate our Buy recommendation with an unchanged target price of EUR 11.30.

Geratherm Medical AG	2020	2021	2022	2023E	2024E	2025E
Sales	27.5	23.9	25.9	26.6	27.5	29.7
Growth yoy	38.4%	-12.8%	8.0%	3.0%	3.2%	8.0%
EBITDA	4.3	2.3	4.1	4.3	4.8	5.4
EBIT	3.0	0.6	2.7	2.9	3.0	3.1
Net profit	2.0	0.1	1.0	1.5	1.5	1.6
Net debt (net cash)	-0.3	2.4	-1.6	-2.1	-2.7	-3.6
Net debt/EBITDA	-0.1x	1.0x	-0.4x	-0.5x	-0.6x	-0.7x
EPS reported	0.41	0.02	0.19	0.27	0.28	0.29
DPS	0.28	0.08	0.15	0.22	0.23	0.23
Dividend yield	4.0%	1.2%	2.2%	3.1%	3.2%	3.3%
Gross profit margin	64.1%	65.3%	63.0%	65.5%	67.0%	67.7%
EBITDA margin	15.8%	9.6%	16.0%	16.0%	17.5%	18.2%
EBIT margin	11.1%	2.5%	10.3%	10.7%	11.0%	10.5%
ROCE	9.6%	2.0%	7.8%	8.6%	8.9%	9.0%
EV/EBITDA	8.6x	17.5x	8.8x	8.4x	7.3x	6.3x
EV/EBIT	12.4x	68.4x	13.6x	12.5x	11.6x	11.0x
PER	16.8x	284.0x	37.0x	25.8x	24.7x	23.9x
FCF yield	9.5%	0.2%	5.4%	7.2%	8.0%	8.8%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 8.32 / 4.92 Price/Book Ratio 1.7x

Ticker / Symbols

ISIN DE0005495626 WKN 549562 Bloomberg GME:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	25.3	2.2	0.15
	Δ	5.4%	31.9%	77.5%
2024E	old	27.5	2.8	0.20
	Δ	-0.0%	6.5%	40.5%
2025E	old	29.7	3.1	0.29
	Δ	0.0%	1.4%	1.5%

Key share data

Number of shares: (in m pcs) 5.44 Book value per share: (in EUR) 4.11 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.





P&L data	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Sales	6.7	5.7	5.7	5.8	6.4	5.9	6.1	7.4
yoy growth in %	6.5%	-24.4%	-2.8%	-24.8%	-3.7%	2.7%	6.5%	28.1%
Gross profit	4.4	4.0	4.0	3.9	4.5	4.0	4.1	3.6
Gross margin in %	65.6%	70.0%	70.5%	66.8%	70.3%	68.0%	66.5%	48.0%
EBITDA	1.1	0.7	1.1	-0.7	1.1	0.8	0.8	0.9
EBITDA margin in %	15.8%	11.8%	19.6%	-11.3%	17.7%	12.8%	12.7%	11.9%
EBIT	0.7	0.3	0.8	-1.3	0.7	0.3	0.3	0.7
EBIT margin in %	10.1%	5.3%	13.2%	-21.6%	11.2%	5.5%	5.6%	9.3%
EBT	0.6	0.3	0.7	-1.3	0.6	0.3	0.3	0.5
taxes paid	0.1	-0.1	0.1	-0.2	0.1	0.1	0.1	0.3
tax rate in %	22.8%	-24.4%	17.7%	17.6%	21.5%	49.0%	27.7%	53.6%
net profit	0.4	0.2	0.4	-0.9	0.4	0.3	0.2	0.1
yoy growth in %	46.9%	-73.6%	-13.0%	na%	3.3%	29.2%	-54.3%	na%
EPS	0.09	0.04	0.09	-0.19	0.09	0.05	0.03	0.03



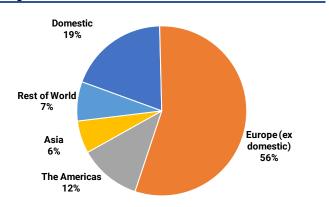


Investment case in six charts

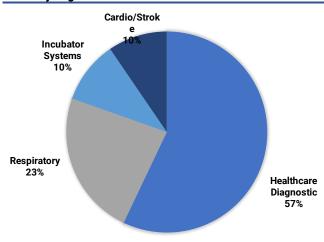
Product portfolio



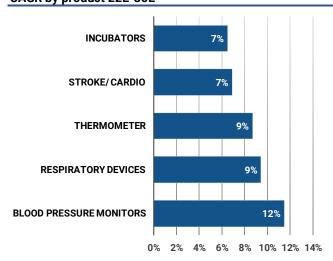
Regional sales 2022 in %



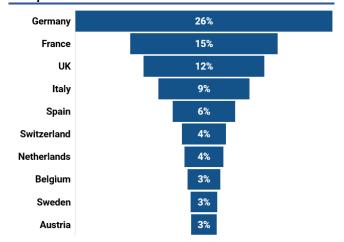
Sales by segment 2022 in %



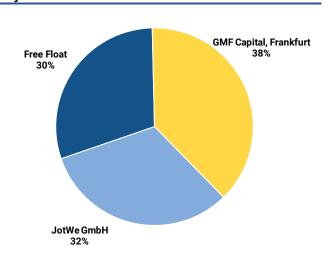
CAGR by product 22E-30E



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, multichannel 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 11.38 per share:

Top-line growth: We expect Geratherm Medical AG to grow revenues at a CAGR of 7.3% between 2023E and 2030E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 8.6% in 2023E to 17.8% in 2030E.

WACC. Starting point is a historical equity beta of 1.16. Unleverering and correcting for mean reversion yields an asset beta of 1.01. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 8.9%. With pretax 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 8.0%.

6.95

DCF (EURm) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	1.6	1.7	1.8	2.1	2.6	3.0	3.5	3.9	
Depreciation & amortization	1.4	1.8	2.3	2.2	2.2	2.1	2.1	2.1	
Change in working capital	0.5	0.3	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	
Chg. in long-term provisions	-0.2	0.1	0.2	0.2	0.2	0.2	0.3	0.3	
Capex	-2.1	-2.2	-2.0	-1.8	-1.8	-1.9	-2.1	-2.2	
Cash flow	1.2	1.6	2.1	2.7	3.0	3.3	3.7	4.0	67.7
Present value	1.2	1.6	1.8	2.2	2.3	2.4	2.4	2.4	41.1
WACC	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	8.0%

DCF per share derived from	
Total present value	57.5
Mid-year adj. total present value	59.7
Net debt / cash at start of year	-1.6
Financial assets	0.6
Provisions and off b/s debt	na
Equity value	61.9
No. of shares outstanding	5.4
Discounted cash flow / share	11.38
upside/(downside)	63.7%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2023E-2030E)	7.3%
Terminal value growth (2030E - infinity)	2.0%
Terminal year ROCE	17.8%
Terminal year WACC	8.0%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	30.0%
Equity beta	1.16
Unlevered beta (industry or company)	1.01
Target debt / equity	0.2
Relevered beta	1.15
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	8.9%

Sensitivity and	ilysis DCF							
		Long term g	rowth				Share of present value	
		1.0%	1.5%	2.0%	2.5%	3.0%		
WACC	2.0%	8.0	8.3	8.6	9.0	9.5	2023E-2026E	11.9%
	1.0%	9.0	9.4	9.8	10.3	10.9	2027E-2030E	16.6%
nge in oints)	0.0%	10.2	10.7	11.4	12.1	13.0	terminal value	71.5%
Change (%-point	-1.0%	11.8	12.6	13.6	14.7	16.2		
Сћ. (%-1	-2.0%	14.1	15.4	16.9	18.8	21.5		

Source: AlsterResearch

Share price





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 7.92 per share based on 2023E and EUR 14.64 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 EUR	lm .	2023E	2024E	2025E	2026E	2027E
EBITDA		4.3	4.8	5.4	6.0	6.7
- Maintenance c	арех	0.7	0.9	0.9	0.9	0.8
- Minorities	•	0.3	0.3	0.3	0.3	0.4
 tax expenses 		0.9	1.0	1.0	1.2	1.5
= Adjusted FCF		2.4	2.7	3.2	3.6	4.0
Actual Market C	ар	37.8	37.8	37.8	37.8	37.8
+ Net debt (cash	1)	-2.1	-2.7	-3.6	-5.2	-7.0
+ Pension provis	sions	0.0	0.0	0.0	0.0	0.0
+ Off B/S financ	ing	0.0	0.0	0.0	0.0	0.0
- Financial asset	S	0.6	0.6	0.6	0.6	0.6
- Acc. dividend p		0.8	2.0	3.2	4.5	6.0
EV Reconciliation	ns	-3.6	-5.3	-7.5	-10.3	-13.6
= Actual EV'		34.3	32.6	30.4	27.5	24.2
Adjusted FCF yie	eld	6.9%	8.2%	10.7%	13.1%	16.4%
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		39.6	44.6	54.0	60.2	66.0
- EV Reconciliation	ons	-3.6	-5.3	-7.5	-10.3	-13.6
Fair Market Cap		43.1	49.9	61.5	70.5	79.7
No. of shares (m	nillion)	5.4	5.4	5.4	5.4	5.4
Fair value per sh	nare in EUR	7.92	9.16	11.29	12.95	14.64
Premium (-) / di	scount (+)	14.0%	31.8%	62.5%	86.3%	110.6%
Sensitivity analy	sis FV					
	4.0%	11.6	13.3	16.3	18.5	20.7
A disease of	5.0%	9.4		13.3	15.2	17.1
Adjusted hurdle		9.4 7.9	10.8 9.2		15.2 12.9	
	6.0%			11.3		14.6
rate	7.0%	6.9	8.0	9.9	11.4	12.9
	8.0%	6.1	7.1	8.8	10.2	11.6

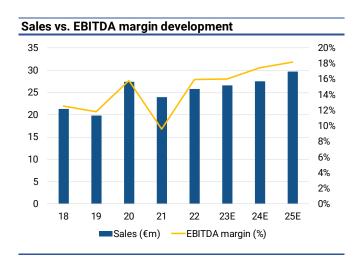
Source: Company data; AlsterResearch

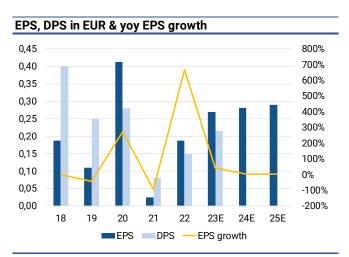
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. ESG adjustments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

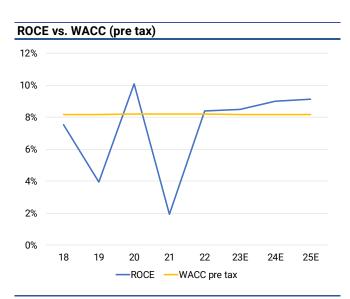


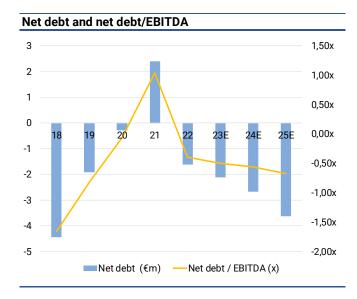


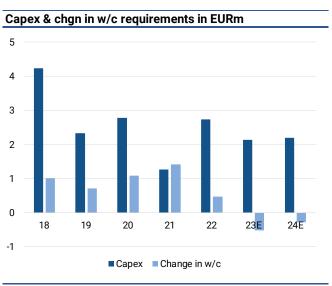
Financials in six charts

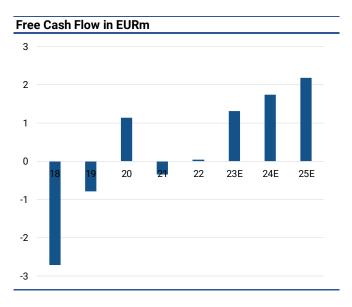














Financials

Profit and loss (EUR m)	2020	2021	2022	2023E	2024E	2025E
Net sales	27.5	23.9	25.9	26.6	27.5	29.7
Sales growth	38.4%	-12.8%	8.0%	3.0%	3.2%	8.0%
Change in finished goods and work-in-process	-0.5	1.1	0.1	0.1	0.1	0.1
Total sales	27.0	25.1	26.0	26.8	27.6	29.8
Material expenses	9.4	9.4	9.7	9.3	9.2	9.7
Gross profit	17.6	15.6	16.3	17.4	18.4	20.1
Other operating income	0.7	0.8	1.8	1.1	1.1	1.2
Personnel expenses	8.5	8.8	8.4	8.9	9.2	9.9
Other operating expenses	5.5	5.3	5.5	5.3	5.5	5.9
EBITDA	4.3	2.3	4.1	4.3	4.8	5.4
Depreciation	1.3	1.7	1.5	1.4	1.8	1.8
EBITA	3.0	0.6	2.7	2.9	3.0	3.6
Amortization of goodwill and intangible assets	0.0	0.0	0.0	0.0	0.0	0.5
EBIT	3.0	0.6	2.7	2.9	3.0	3.1
Financial result	-0.3	-0.3	-0.9	-0.2	-0.3	-0.3
Recurring pretax income from continuing operations	2.7	0.3	1.7	2.7	2.8	2.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	2.7	0.3	1.7	2.7	2.8	2.9
Taxes	0.8	-0.0	0.7	0.9	1.0	1.0
Net income from continuing operations	1.9	0.3	1.1	1.7	1.8	1.9
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	1.9	0.3	1.1	1.7	1.8	1.9
Minority interest	0.1	-0.2	-0.1	-0.3	-0.3	-0.3
Net profit (reported)	2.0	0.1	1.0	1.5	1.5	1.6
Average number of shares	4.95	4.95	5.44	5.44	5.44	5.44
EPS reported	0.41	0.02	0.19	0.27	0.28	0.29

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	-2%	5%	1%	1%	1%	1%
Total sales	98%	105%	101%	101%	100%	100%
Material expenses	34%	39%	37%	35%	34%	33%
Gross profit	64%	65%	63%	66%	67%	68%
Other operating income	3%	3%	7%	4%	4%	4%
Personnel expenses	31%	37%	33%	34%	34%	34%
Other operating expenses	20%	22%	21%	20%	20%	20%
EBITDA	16%	10%	16%	16%	18%	18%
Depreciation	5%	7%	6%	5%	6%	6%
EBITA	11%	2%	10%	11%	11%	12%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	2%
EBIT	11%	2%	10%	11%	11%	11%
Financial result	-1%	-1%	-4%	-1%	-1%	-1%
Recurring pretax income from continuing operations	10%	1%	7%	10%	10%	10%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	10%	1%	7%	10%	10%	10%
Taxes	3%	-0%	3%	3%	4%	3%
Net income from continuing operations	7%	1%	4%	6%	7%	6%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	7%	1%	4%	6%	7%	6%
Minority interest	1%	-1%	-0%	-1%	-1%	-1%
Net profit (reported)	7%	1%	4%	6%	6%	5%





Balance sheet (EUR m)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (exl. Goodwill)	3.1	4.1	4.1	4.7	5.2	5.2
Goodwill	0.0	0.1	0.1	0.1	0.1	0.1
Property, plant and equipment	9.7	9.3	10.0	10.2	10.1	9.8
Financial assets	1.8	1.5	0.6	0.6	0.6	0.6
FIXED ASSETS	14.6	14.9	14.8	15.6	16.0	15.7
Inventories	7.3	8.5	7.8	7.7	7.5	7.8
Accounts receivable	3.2	3.2	3.8	3.8	3.9	4.1
Other current assets	0.2	1.0	1.6	1.6	1.6	1.6
Liquid assets	10.3	6.5	10.9	10.1	10.4	11.2
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.4	0.4	0.2	0.3	0.3	0.3
CURRENT ASSETS	21.4	19.6	24.3	23.6	23.7	25.1
TOTAL ASSETS	36.0	34.6	39.2	39.1	39.6	40.8
SHAREHOLDERS EQUITY	20.3	18.5	22.4	23.3	23.9	24.6
MINORITY INTEREST	-0.4	0.1	-0.1	-0.1	-0.1	-0.1
Long-term debt	6.5	5.7	5.8	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	1.7	1.8	2.5	2.3	2.3	2.5
Non-current liabilities	8.2	7.5	8.3	8.3	8.3	8.5
short-term liabilities to banks	3.5	3.1	3.5	2.0	1.7	1.6
Accounts payable	1.5	1.4	1.5	1.5	1.5	1.6
Advance payments received on orders	0.9	1.8	0.8	1.3	1.4	1.5
Other liabilities (incl. from lease and rental contracts)	0.8	0.9	2.0	1.3	1.4	1.5
Deferred taxes	0.1	0.0	0.1	0.1	0.1	0.1
Deferred income	1.1	1.2	0.7	1.3	1.4	1.5
Current liabilities	7.8	8.4	8.6	7.7	7.5	7.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	36.0	34.6	39.2	39.1	39.6	40.8

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025
Intangible assets (excl. Goodwill)	9%	12%	11%	12%	13%	13
Goodwill	2.7785140840100405e- 8%	0%	0%	0%	0%	0
Property, plant and equipment	27%	27%	25%	26%	25%	24
Financial assets	5%	4%	2%	2%	2%	2
FIXED ASSETS	41%	43%	38%	40%	40%	39
Inventories	20%	25%	20%	20%	19%	19
Accounts receivable	9%	9%	10%	10%	10%	10
Other current assets	1%	3%	4%	4%	4%	4
Liquid assets	29%	19%	28%	26%	26%	28
Deferred taxes	0%	0%	0%	0%	0%	0
Deferred charges and prepaid expenses	1%	1%	1%	1%	1%	1
CURRENT ASSETS	59%	57%	62%	60%	60%	61
TOTAL ASSETS	100%	100%	100%	100%	100%	100
SHAREHOLDERS EQUITY	56%	54%	57%	60%	60%	60
MINORITY INTEREST	-1%	0%	-0%	-0%	-0%	-0
Long-term debt	18%	17%	15%	15%	15%	15
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0
Other provisions	5%	5%	6%	6%	6%	6
Non-current liabilities	23%	22%	21%	21%	21%	21
short-term liabilities to banks	10%	9%	9%	5%	4%	4
Accounts payable	4%	4%	4%	4%	4%	4
Advance payments received on orders	2%	5%	2%	3%	3%	4
Other liabilities (incl. from lease and rental contracts)	2%	2%	5%	3%	3%	4
Deferred taxes	0%	0%	0%	0%	0%	C
Deferred income	3%	4%	2%	3%	3%	4
Current liabilities	22%	24%	22%	20%	19%	19
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100





Cash flow statement (EUR m)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	1.9	0.3	1.1	1.7	1.8	1.9
Depreciation of fixed assets (incl. leases)	1.3	1.7	1.5	1.4	1.8	1.8
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	0.5
Others	1.8	0.3	0.7	-0.2	0.1	0.2
Cash flow from operations before changes in w/c	5.0	2.3	3.3	2.9	3.7	4.3
Increase/decrease in inventory	0.6	-1.2	0.7	0.1	0.2	-0.3
Increase/decrease in accounts receivable	-0.8	-0.1	-0.6	-0.0	-0.0	-0.2
Increase/decrease in accounts payable	0.0	0.0	0.1	0.0	-0.0	0.1
Increase/decrease in other w/c positions	-0.9	-0.1	-0.7	0.5	0.1	0.3
Increase/decrease in working capital	-1.1	-1.4	-0.5	0.5	0.3	-0.1
Cash flow from operating activities	3.9	0.9	2.8	3.4	3.9	4.2
CAPEX	-2.8	-1.3	-2.7	-2.1	-2.2	-2.0
Payments for acquisitions	-0.2	0.0	0.0	0.0	0.0	0.0
Financial investments	-0.8	1.3	2.0	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	-3.8	0.0	-0.8	-2.1	-2.2	-2.0
Cash flow before financing	0.1	0.9	2.0	1.3	1.7	2.2
Increase/decrease in debt position	1.9	-1.5	8.0	-1.3	-0.3	-0.1
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	4.0	0.0	0.0	0.0
Dividends paid	-1.2	-2.0	-0.7	-0.8	-1.2	-1.2
Others	0.0	-0.0	0.2	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.1	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	0.6	-3.5	4.4	-2.1	-1.5	-1.3
Increase/decrease in liquid assets	0.7	-2.6	6.4	-0.8	0.3	0.8
Liquid assets at end of period	4.9	2.1	8.5	7.8	8.0	8.9

Regional sales split (EURm)	2020	2021	2022	2023E	2024E	2025E
Domestic	4.9	5.2	4.9	5.1	5.2	5.7
Europe (ex domestic)	16.4	13.6	14.3	14.8	15.3	16.5
The Americas	3.2	2.0	3.0	3.1	3.2	3.5
Asia	1.9	1.0	1.6	1.7	1.7	1.8
Rest of World	1.0	2.1	1.9	2.0	2.1	2.2
Total sales	27.5	23.9	25.9	26.6	27.5	29.7

Regional sales split (common size)	2020	2021	2022	2023E	2024E	2025E
Domestic	18.0%	21.8%	19.0%	19.0%	19.0%	19.0%
Europe (ex domestic)	59.7%	57.0%	55.5%	55.5%	55.5%	55.5%
The Americas	11.5%	8.4%	11.8%	11.8%	11.8%	11.8%
Asia	7.1%	4.0%	6.2%	6.2%	6.2%	6.2%
Rest of World	3.7%	8.6%	7.5%	7.5%	7.5%	7.5%
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	0.41	0.02	0.19	0.27	0.28	0.29
Cash flow per share	0.66	0.01	0.38	0.50	0.56	0.61
Book value per share	4.10	3.74	4.11	4.28	4.40	4.51
Dividend per share	0.28	0.08	0.15	0.22	0.23	0.23
Valuation						
P/E	16.8x	284.0x	37.0x	25.8x	24.7x	23.9x
P/CF	10.5x	576.7x	18.5x	13.8x	12.4x	11.4x
P/BV	1.7x	1.9x	1.7x	1.6x	1.6x	1.5x
Dividend yield (%)	4.0%	1.2%	2.2%	3.1%	3.2%	3.3%
FCF yield (%)	9.5%	0.2%	5.4%	7.2%	8.0%	8.8%
EV/Sales	1.4x	1.7x	1.4x	1.3x	1.3x	1.2x
EV/EBITDA	8.6x	17.5x	8.8x	8.4x	7.3x	6.3x
EV/EBIT	12.4x	68.4x	13.6x	12.5x	11.6x	11.0x
Income statement (EURm)						
Sales	27.5	23.9	25.9	26.6	27.5	29.7
yoy chg in %	38.4%	-12.8%	8.0%	3.0%	3.2%	8.0%
Gross profit	17.6	15.6	16.3	17.4	18.4	20.1
Gross margin in %	64.1%	65.3%	63.0%	65.5%	67.0%	67.7%
EBITDA	4.3	2.3	4.1	4.3	4.8	5.4
EBITDA margin in %	15.8%	9.6%	16.0%	16.0%	17.5%	18.2%
EBIT	3.0	0.6	2.7	2.9	3.0	3.1
EBIT margin in %	11.1%	2.5%	10.3%	10.7%	11.0%	10.5%
Net profit	2.0	0.1	1.0	1.5	1.5	1.6
Cash flow statement (EURm)						
CF from operations	3.9	0.9	2.8	3.4	3.9	4.2
Capex	-2.8	-1.3	-2.7	-2.1	-2.2	-2.0
Maintenance Capex	0.7	0.9	0.7	0.7	0.9	0.9
Free cash flow	1.1	-0.4	0.0	1.3	1.7	2.2
Balance sheet (EURm)						
Intangible assets	3.1	4.2	4.2	4.7	5.3	5.3
Tangible assets	9.7	9.3	10.0	10.2	10.1	9.8
Shareholders' equity	20.3	18.5	22.4	23.3	23.9	24.6
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	11.7	10.6	11.7	10.3	10.0	10.1
Net financial debt	-0.3	2.4	-1.6	-2.1	-2.7	-3.6
w/c requirements	8.1	8.5	9.3	8.7	8.5	8.8
Ratios						
ROE	9.4%	1.8%	4.8%	7.4%	7.5%	7.6%
ROCE	9.6%	2.0%	7.8%	8.6%	8.9%	9.0%
Net gearing	-1.4%	12.9%	-7.2%	-9.1%	-11.2%	-14.8%
Net debt / EBITDA	-0.1x	1.0x	-0.4x	-0.5x	-0.6x	-0.7x
Source: Company data: AlsterResearch			<u> </u>	* * *		





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