

Geratherm Medical AG

Germany | Health Care | MCap EUR 25.2m

19 March 2024

UPDATE



Geratherm applies for short-time work; est./PT down, BUY

What's it all about?

Geratherm has announced that it has applied for short-time work at its Geratal plant because sales of clinical thermometers were below plan due to the mild winter. Clinical thermometers account for between 35% and 40% (mwb est.) of Geratherm's total sales. The company had already reported declining sales in the Healthcare Diagnostics business unit in H1 23 due to increasing competition from Asia. An unusually mild winter is an "unavoidable event" that qualifies as a reason for short-time work if it is expected that the economic situation will improve in the next twelve months to such an extent that a return to full-time work will occur. We have adjusted our estimates to reflect a more cautious outlook for Healthcare Diagnostics, resulting in a new price target of EUR 9.15 (old: EUR 11.30), while maintaining our BUY recommendation.

BUY (BUY)

Target price	EUR 9.15 (11.30)
Current price	EUR 4.62
Up/downside	98.1%

 ResearchHub 



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Geratherm Medical AG

Germany | Health Care | MCap EUR 25.2m | EV EUR 23.5m

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Geratherm applies for short-time work; est./PT down, BUY

Geratherm applies for short-time work in Geratal. In an ad hoc release, Geratherm has announced that sales of clinical thermometers are currently below plan due to the mild winter. As a result, and in order to reduce inventories, Geratherm will apply for short-time work at the Geratal plant from 1 April 2024 to 31 October 2024. The company also announced that it is not yet possible to make a forecast for the full year.

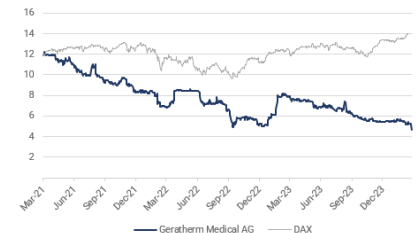
Clinical thermometers are a mainstay of Geratherm. The Geratherm brand is closely associated with clinical thermometers, which are the most important product in the portfolio. Sales are reported in the Healthcare Diagnostics business unit, which contributed 56% of sales in H1 23. We estimate that clinical thermometers account for the majority of these sales, with a share of 35% to 40% of Geratherm's total sales. Already in H1 23, Geratherm reported declining sales in the Healthcare Diagnostics business of -6.8% yoy, citing increasing competition from Asia. The competition, especially from China, most likely has intensified since then.

Background on short-time work. Employers can apply for short-time work if working hours have to be reduced for economic reasons or due to an unavoidable event. However, there are strict limits to the type of economic reasons that can be accepted for short-time work, as it is not an insurance against the general risk of running a business. An unavoidable event is an exceptional, temporary event that has an external impact on the business. Weather conditions that do not correspond to the usual weather pattern are explicitly mentioned as unavoidable events, so that the exceptionally mild winter mentioned by Geratherm falls into this category (even though it did not lead to an exceptionally low incidence of acute respiratory diseases or influenza-like illnesses in Germany). Further prerequisites are that at least one third of the employees in a plant will lose at least 10% of their salary, and it has to be expected that the economic situation will improve in the next twelve months to such an extent that a return to full-time work will occur. When short-time work is introduced, employees reduce their working hours, the employer only pays the reduced working hours and the Federal Labor Office pays the employee between 60% and 67% of the difference to the regular salary.

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Geratherm Medical AG	2020	2021	2022	2023E	2024E	2025E
Sales	27.5	23.9	25.9	25.3	19.8	23.3
<i>Growth yoy</i>	38.4%	-12.8%	8.0%	-2.0%	-22.0%	18.0%
EBITDA	4.3	2.3	4.1	4.6	1.5	4.5
EBIT	3.0	0.6	2.7	3.2	-0.3	2.4
Net profit	2.0	0.1	1.0	1.4	-0.3	1.2
Net debt (net cash)	-0.3	1.9	-1.6	-3.4	-2.3	-4.9
Net debt/EBITDA	-0.1x	0.8x	-0.4x	-0.7x	-1.6x	-1.1x
EPS reported	0.41	0.02	0.19	0.26	-0.05	0.21
DPS	0.28	0.08	0.15	0.21	0.00	0.17
<i>Dividend yield</i>	6.1%	1.7%	3.2%	4.5%	0.0%	3.7%
Gross profit margin	64.1%	65.3%	63.0%	67.5%	62.5%	69.0%
EBITDA margin	15.8%	9.6%	16.0%	18.0%	7.5%	19.5%
EBIT margin	11.1%	2.5%	10.3%	12.5%	-1.5%	10.2%
ROCE	9.6%	2.1%	7.8%	9.4%	-0.9%	7.2%
EV/Sales	0.9x	1.1x	0.9x	0.9x	1.2x	0.9x
EV/EBITDA	5.7x	11.7x	5.7x	4.8x	15.4x	4.5x
EV/EBIT	8.2x	45.9x	8.9x	6.9x	-79.6x	8.5x
PER	11.2x	188.8x	24.6x	17.9x	-86.2x	21.8x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 8.10 / 3.70
Price/Book Ratio 1.1x

Ticker / Symbols

ISIN DE0005495626
WKN 549562
Bloomberg GME:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	25.3	3.2	0.26
	Δ	0.0%	0.0%	0.0%
2024E	old	26.1	3.2	0.29
	Δ	-24.4%	na%	na%
2025E	old	28.2	3.3	0.30
	Δ	-17.4%	-27.0%	-29.3%

Key share data

Number of shares: (in m pcs) 5.45
Book value per share: (in EUR) 4.11
Ø trading vol.: (12 months) 967

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.

Adjusting estimates, PT down, still BUY. We update our model to reflect a drop in sales of clinical thermometers in 24E and a slower expected recovery thereafter. Our model still reflects the belief that the challenges related to weather and increased competition are partly of a temporary nature. This leads to a new price target of EUR 9.15 (old: EUR 11.30) based on DCF and still supporting our BUY recommendation.

The following table displays the half-yearly performance of **Geratherm Medical AG**:

P&L data	H2 2019	H1 2020	H2 2020	H1 2021	H2 2021	H1 2022	H2 2022	H1 2023
Sales	9.1	13.8	13.6	12.4	11.5	12.3	12.3	11.5
yoy growth in %	na%	29.4%	48.9%	-10.4%	-15.3%	-0.7%	6.7%	-6.7%
Gross profit	6.4	8.6	9.0	8.4	7.9	8.9	8.4	9.5
Gross margin in %	69.7%	62.1%	66.0%	67.7%	68.6%	72.0%	68.0%	82.7%
EBITDA	0.8	2.1	2.3	1.7	0.5	1.7	1.9	2.5
EBITDA margin in %	9.2%	14.8%	16.8%	13.9%	4.1%	13.5%	15.3%	22.0%
EBIT	0.1	1.5	1.6	1.0	-0.5	1.0	1.0	1.8
EBIT margin in %	1.2%	10.5%	11.6%	7.9%	-4.3%	8.0%	8.5%	15.6%
EBT	0.1	1.4	1.3	0.9	-0.6	1.0	0.9	1.8
taxes paid	0.4	0.4	0.4	0.1	-0.1	0.3	0.3	0.5
tax rate in %	474.6%	27.6%	32.5%	8.9%	17.5%	26.8%	30.0%	28.2%
net profit	-0.0	1.0	1.0	0.6	-0.5	0.8	0.7	0.7
yoy growth in %	na%	83.6%	na%	-40.3%	na%	27.5%	na%	-10.9%
EPS	-0.00	0.21	0.20	0.13	-0.10	0.15	0.14	0.13

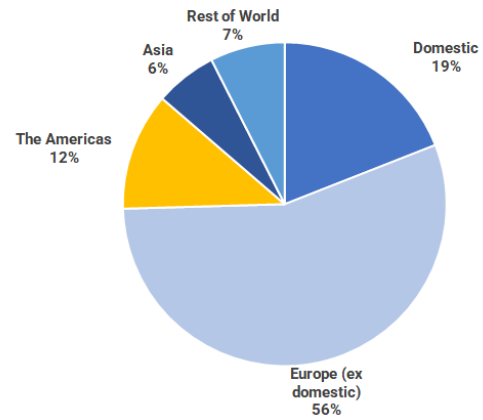
Source: Company data; mwb research

Investment case in six charts

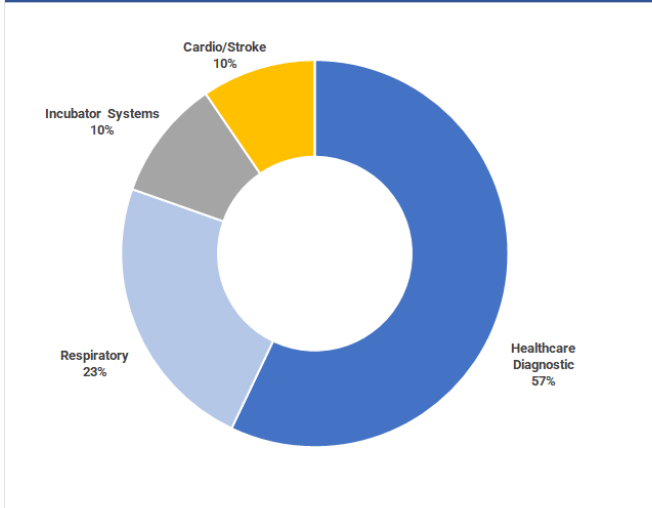
Products & Services



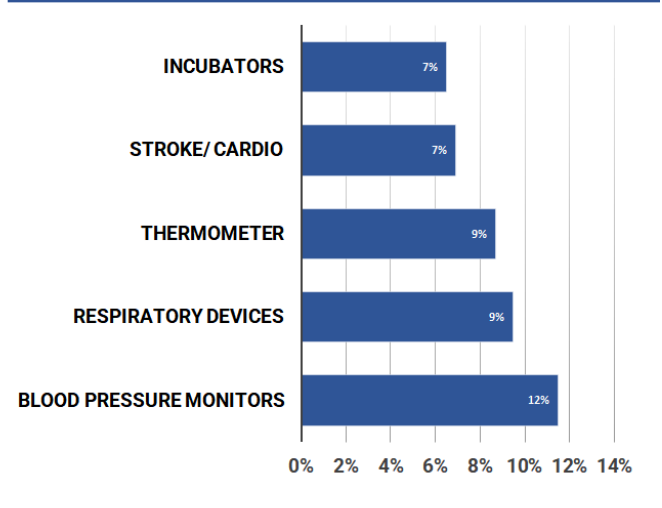
Regional sales split 2022 in %



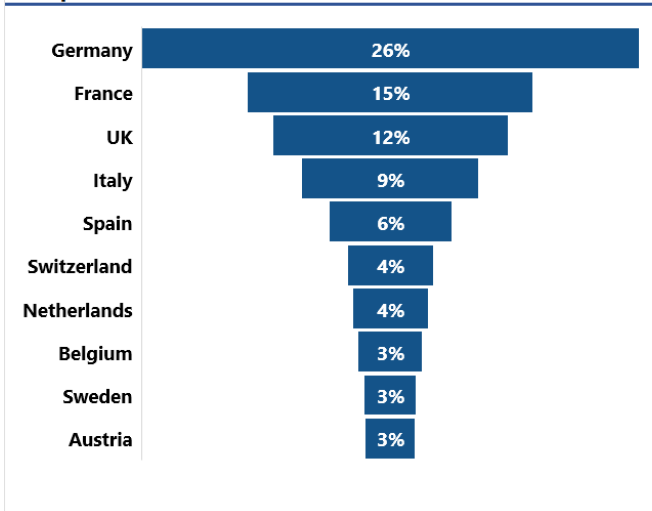
Segmental breakdown 2022 in %



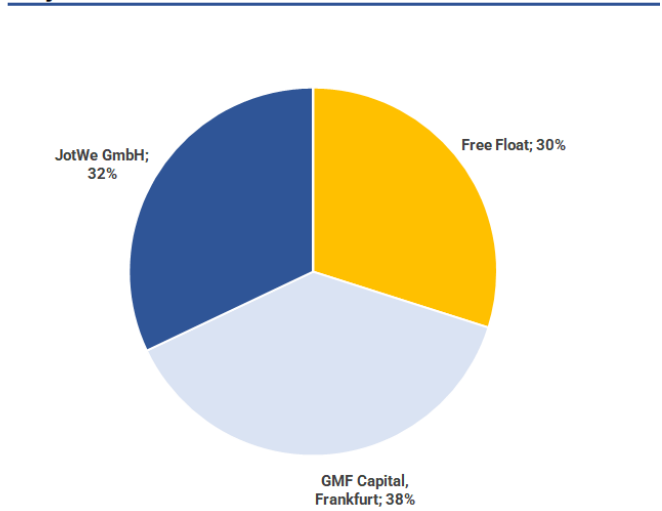
CAGR by product 22E-30E



European medical devices market share



Major Shareholders



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

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 9.16 per share**:

Top-line growth: We expect Geratherm Medical AG to grow revenues at a CAGR of 4.4% between 2023E and 2030E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 9.4% in 2023E to 13.6% in 2030E.

WACC. Starting point is a historical equity beta of 1.00. Unlevering and correcting for mean reversion yields an asset beta of 0.88. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 8.0%. 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 7.3%.

DCF (EURm) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	1.5	-0.1	1.3	1.5	1.8	2.0	2.3	2.4	
Depreciation & amortization	1.4	1.8	2.2	2.1	2.0	1.9	1.8	1.8	
Change in working capital	1.5	0.7	0.3	-0.2	-0.2	-0.2	-0.2	-0.0	
Chg. in long-term provisions	-0.3	-0.5	0.3	0.2	0.2	0.2	0.2	0.2	
Capex	-2.0	-1.6	-1.6	-1.4	-1.4	-1.5	-1.6	-1.7	
Cash flow	2.1	0.3	2.5	2.2	2.3	2.4	2.6	2.7	52.4
Present value	2.2	0.3	2.2	1.8	1.8	1.7	1.7	1.7	32.6
WACC	7.2%	7.2%	7.2%	7.1%	7.1%	7.1%	7.2%	7.2%	7.3%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	46.0	Planning horizon avg. revenue growth (2023E-2030E)	4.4%
Mid-year adj. total present value	47.6	Terminal value growth (2030E - infinity)	2.0%
Net debt / cash at start of year	-1.6	Terminal year ROCE	13.6%
Financial assets	0.6	Terminal year WACC	7.3%
Provisions and off b/s debt	na		
Equity value	49.8	Terminal WACC derived from	
No. of shares outstanding	5.4	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	30.0%
		Equity beta	1.00
		Unlevered beta (industry or company)	0.88
		Target debt / equity	0.2
		Relevered beta	1.00
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	8.0%
Discounted cash flow / share upside/(downside)	9.16 / 98.2%		
Share price	4.62		

Sensitivity analysis DCF							
Change in WACC (%-points)	Long term growth					Share of present value	
	1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%	6.3	6.5	6.8	7.1	7.5	2023E-2026E	14.0%
1.0%	7.1	7.4	7.8	8.3	8.8	2027E-2030E	15.1%
0.0%	8.1	8.6	9.2	9.8	10.7	terminal value	70.9%
-1.0%	9.5	10.3	11.1	12.3	13.7		
-2.0%	11.6	12.8	14.4	16.5	19.5		

Source: mwb research

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 7.97 per share based on 2023E and EUR 11.63 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	4.6	1.5	4.5	4.9	5.3
- Maintenance capex	0.7	0.9	0.8	0.8	0.7
- Minorities	0.6	-0.1	0.3	0.3	0.4
- tax expenses	0.9	-0.2	0.7	0.9	1.1
= Adjusted FCF	2.3	0.8	2.7	2.9	3.1
Actual Market Cap	25.2	25.2	25.2	25.2	25.2
+ Net debt (cash)	-3.4	-2.3	-4.9	-6.3	-7.9
+ 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	0.6	0.6	0.6	0.6	0.6
- Acc. dividend payments	0.8	1.9	1.9	2.9	3.9
<i>EV Reconciliations</i>	-4.8	-4.9	-7.5	-9.8	-12.4
= Actual EV'	20.3	20.3	17.7	15.4	12.7
Adjusted FCF yield	11.4%	4.2%	15.5%	18.9%	24.0%
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	38.6	14.0	45.8	48.3	50.9
- <i>EV Reconciliations</i>	-4.8	-4.9	-7.5	-9.8	-12.4
Fair Market Cap	43.4	18.9	53.3	58.1	63.3
No. of shares (million)	5.4	5.4	5.4	5.4	5.4
Fair value per share in EUR	7.97	3.48	9.78	10.67	11.63
Premium (-) / discount (+)	72.5%	-24.8%	111.7%	131.0%	151.7%

Sensitivity analysis FV						
Adjusted hurdle rate	4.0%	11.5	4.8	14.0	15.1	16.3
	5.0%	9.4	4.0	11.5	12.4	13.5
	6.0%	8.0	3.5	9.8	10.7	11.6
	7.0%	7.0	3.1	8.6	9.4	10.3
	8.0%	6.2	2.8	7.7	8.5	9.3

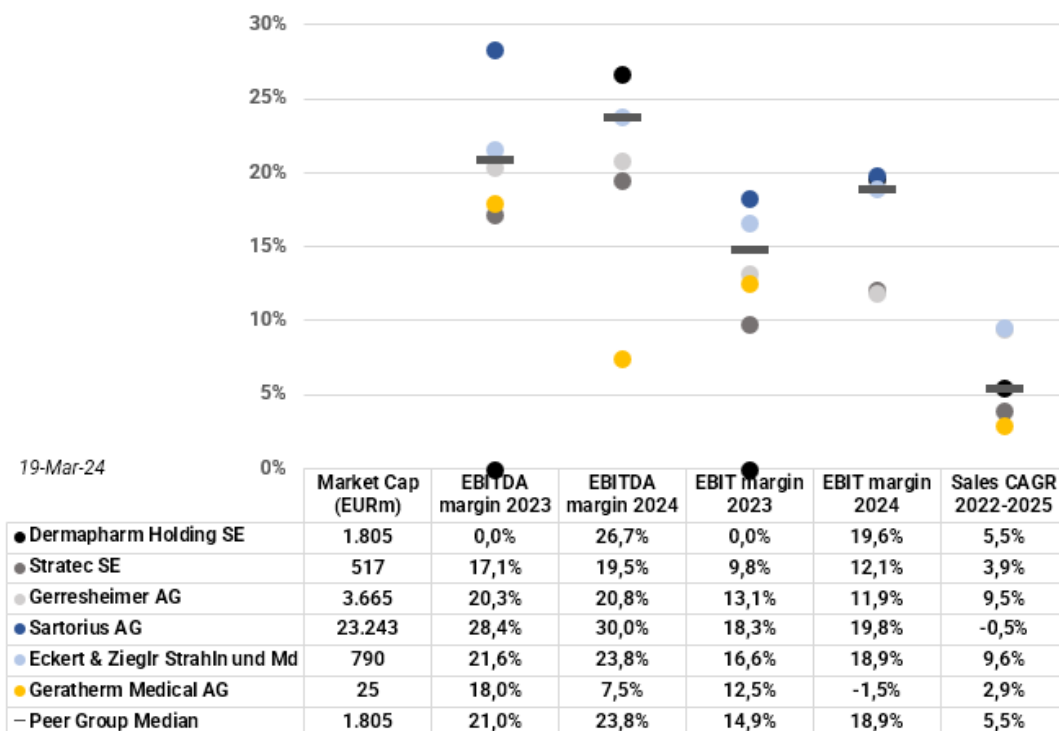
Source: Company data; mwb research

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. 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.**

Peer group analysis

A peer group or comparable company (“comps”) analysis is a methodology that calculates a company’s relative value – how much it should be worth based on how it compares to other similar companies. Given that **Geratherm Medical AG** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. The peer group of Geratherm Medical AG consists of the stocks displayed in the chart below. As of 19 March 2024 the median market cap of the peer group was EUR 1,804.7m, compared to EUR 25.2m for Geratherm Medical AG. In the period under review, the peer group was more profitable than Geratherm Medical AG. The expectations for sales growth are higher for the peer group than for Geratherm Medical AG.

Peer Group – Key data

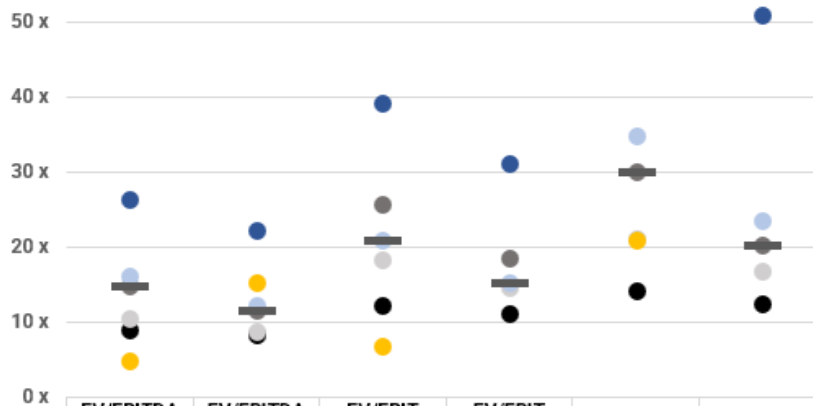


Source: AlphaSense, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2023, EV/EBITDA 2024, EV/EBIT 2023, EV/EBIT 2024, P/E 2023 and P/E 2024.

Applying these to Geratherm Medical AG results in a range of fair values from EUR 5.07 to EUR 13.00.

Peer Group – Multiples and valuation



19-Mar-24

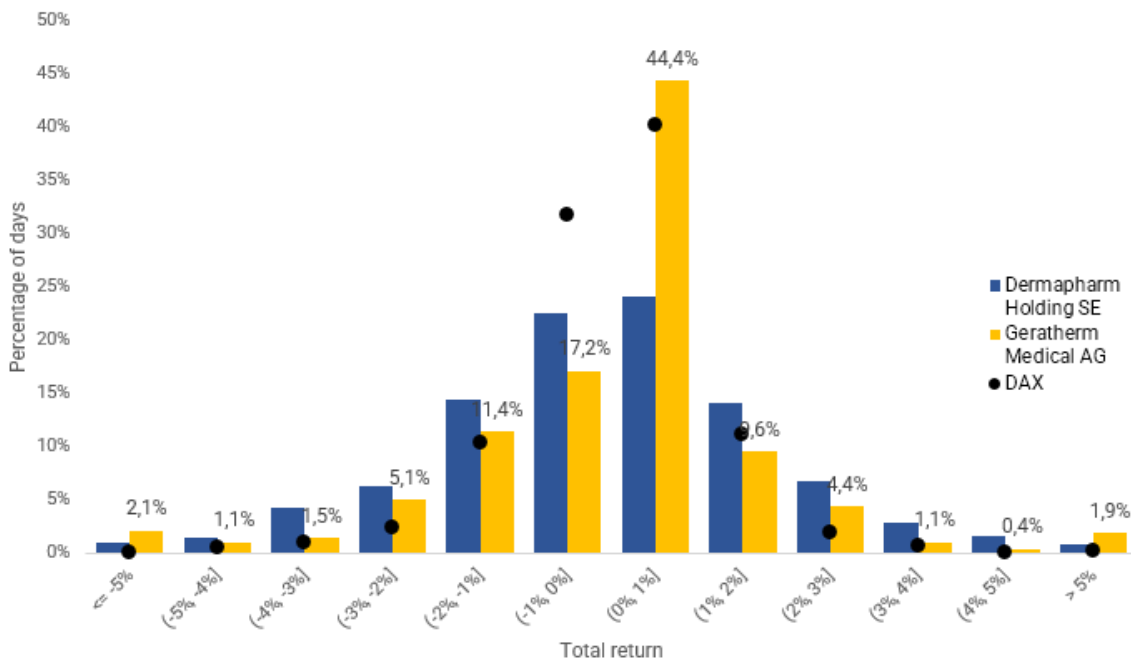
	EV/EBITDA 2023	EV/EBITDA 2024	EV/EBIT 2023	EV/EBIT 2024	P/E 2023	P/E 2024
● Dermapharm Holding SE	9,0x	8,4x	12,2x	11,1x	14,1x	12,5x
● Stratec SE	14,8x	11,6x	25,8x	18,6x	30,2x	20,2x
● Gerresheimer AG	10,4x	8,8x	18,3x	14,6x	21,2x	16,8x
● Sartorius AG	26,5x	22,3x	39,2x	31,2x	66,4x	51,0x
● Eckert & Ziegler Strahl und Md	16,1x	12,2x	20,9x	15,3x	34,9x	23,7x
● Geratherm Medical AG	4,8x	15,4x	6,9x	-79,6x	20,9x	-86,2x
– Peer Group Median	14,8x	11,6x	20,9x	15,3x	30,2x	20,2x
Fair Value (EUR)	13,00	3,79	12,78	-0,18	7,78	-1,09

Source: AlphaSense, mwb research

Risk

The chart displays the **distribution of daily returns of Geratherm Medical AG** over the last 3 years, compared to the same distribution for Dermapharm Holding SE. We have also included the distribution for the index DAX. The distribution gives a better understanding of risk than measures like volatility, which assume that log returns are normally distributed. In reality, they are skewed (down moves are larger) and have fat tails (large moves occur more often than predicted). Also, volatility treats up and down moves the same, while investors are more worried about down moves. For Geratherm Medical AG, the worst day during the past 3 years was 24/02/2022 with a share price decline of -12.2%. The best day was 14/04/2022 when the share price increased by 13.1%.

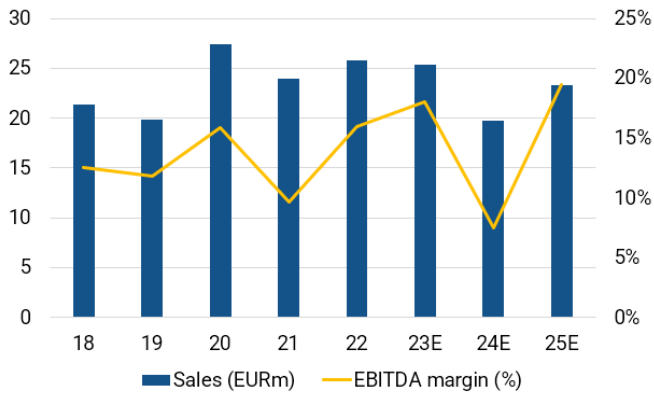
Risk – Daily Returns Distribution (trailing 3 years)



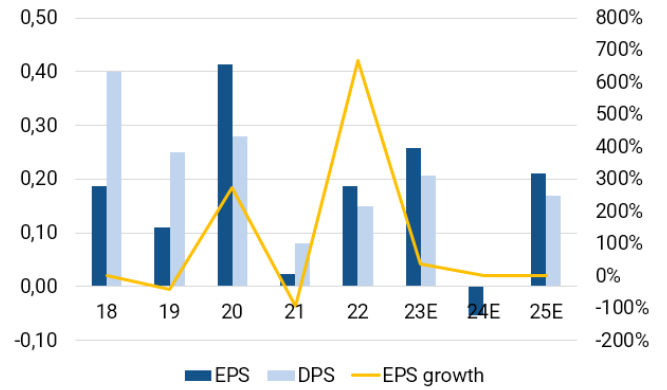
Source: AlphaSense, mwb research

Financials in six charts

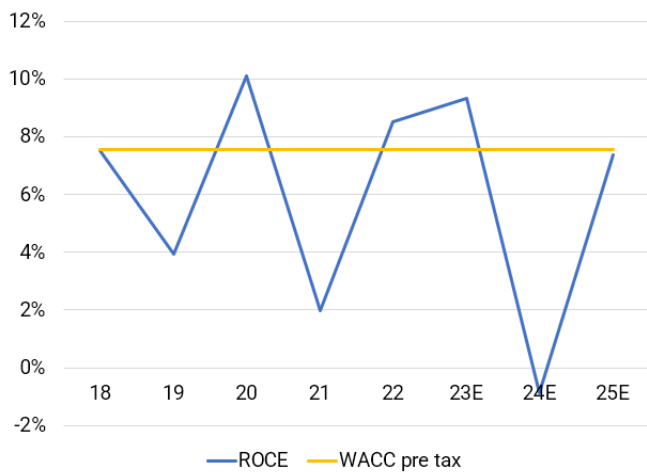
Sales vs. EBITDA margin development



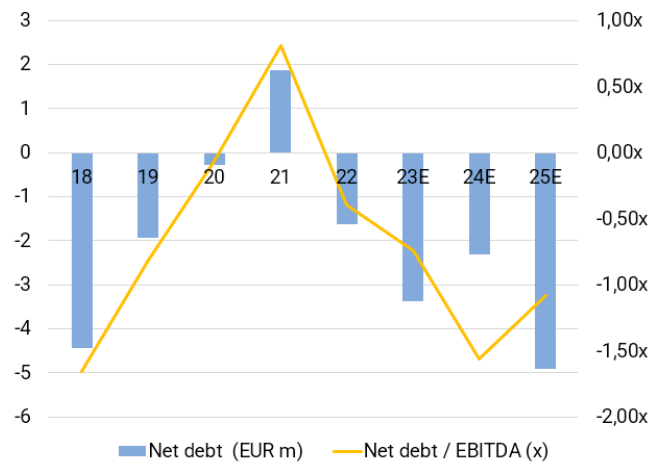
EPS, DPS in EUR & yoy EPS growth



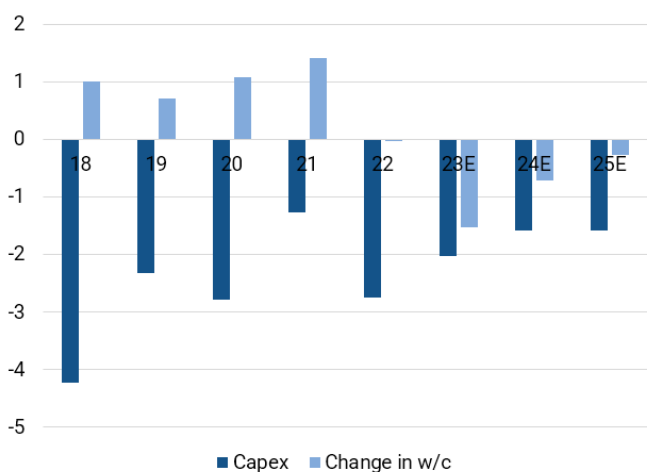
ROCE vs. WACC (pre tax)



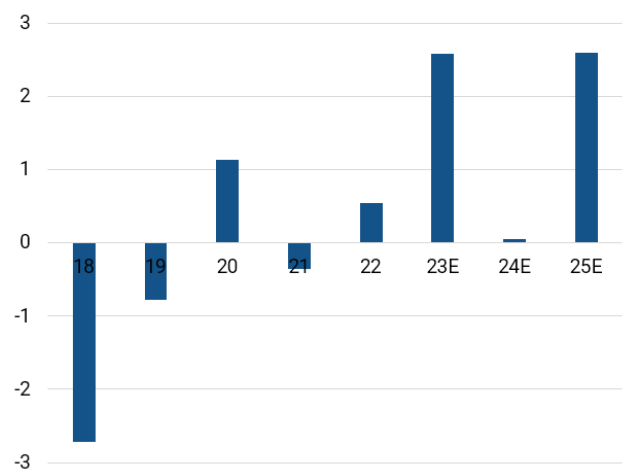
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2020	2021	2022	2023E	2024E	2025E
Net sales	27.5	23.9	25.9	25.3	19.8	23.3
Sales growth	38.4%	-12.8%	8.0%	-2.0%	-22.0%	18.0%
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	25.5	19.9	23.4
Material expenses	9.4	9.4	9.7	8.4	7.5	7.3
Gross profit	17.6	15.6	16.3	17.1	12.3	16.1
Other operating income	0.7	0.8	1.8	1.0	0.8	0.9
Personnel expenses	8.5	8.8	8.4	8.5	7.1	7.8
Other operating expenses	5.5	5.3	5.5	5.1	4.5	4.7
EBITDA	4.3	2.3	4.1	4.6	1.5	4.5
Depreciation	1.3	1.7	1.5	1.4	1.8	1.7
EBITA	3.0	0.6	2.7	3.2	-0.3	2.9
Amortisation of goodwill and intangible assets	0.0	0.0	0.0	0.0	0.0	0.5
EBIT	3.0	0.6	2.7	3.2	-0.3	2.4
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	3.0	-0.5	2.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	2.7	0.3	1.7	3.0	-0.5	2.1
Taxes	0.8	-0.0	0.7	0.9	-0.2	0.7
Net income from continuing operations	1.9	0.3	1.1	2.0	-0.4	1.4
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	2.0	-0.4	1.4
Minority interest	0.1	-0.2	-0.1	-0.6	0.1	-0.3
Net profit (reported)	2.0	0.1	1.0	1.4	-0.3	1.2
Average number of shares	4.95	4.95	5.45	5.45	5.45	5.45
EPS reported	0.41	0.02	0.19	0.26	-0.05	0.21

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%	101%
Material expenses	34%	39%	37%	33%	38%	32%
Gross profit	64%	65%	63%	68%	63%	69%
Other operating income	3%	3%	7%	4%	4%	4%
Personnel expenses	31%	37%	33%	34%	36%	34%
Other operating expenses	20%	22%	21%	20%	23%	20%
EBITDA	16%	10%	16%	18%	8%	20%
Depreciation	5%	7%	6%	6%	9%	7%
EBITA	11%	2%	10%	12%	-1%	12%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	2%
EBIT	11%	2%	10%	12%	-1%	10%
Financial result	-1%	-1%	-4%	-1%	-1%	-1%
Recurring pretax income from continuing operations	10%	1%	7%	12%	-3%	9%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	10%	1%	7%	12%	-3%	9%
Taxes	3%	-0%	3%	4%	-1%	3%
Net income from continuing operations	7%	1%	4%	8%	-2%	6%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	7%	1%	4%	8%	-2%	6%
Minority interest	1%	-1%	-0%	-2%	0%	-1%
Net profit (reported)	7%	1%	4%	6%	-1%	5%

Source: Company data; mwb research

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	3.1	4.1	4.1	4.6	5.0	4.9
Goodwill	0.0	0.1	0.1	0.1	0.1	0.1
Property, plant and equipment	9.7	8.8	10.0	10.1	9.5	9.0
Financial assets	1.8	0.7	0.6	0.6	0.6	0.6
FIXED ASSETS	14.6	13.7	14.8	15.5	15.3	14.7
Inventories	7.3	7.7	7.8	6.6	5.8	5.6
Accounts receivable	3.2	3.2	3.8	3.6	2.8	3.2
Other current assets	0.2	0.0	1.6	1.6	1.6	1.6
Liquid assets	10.3	6.5	10.9	11.4	10.0	12.5
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.4	1.5	0.2	0.3	0.2	0.2
CURRENT ASSETS	21.4	18.9	24.3	23.5	20.4	23.2
TOTAL ASSETS	36.0	32.6	39.2	38.9	35.7	37.9
SHAREHOLDERS EQUITY	20.3	18.0	22.4	23.6	22.1	23.5
MINORITY INTEREST	-0.4	0.1	-0.1	-0.1	-0.1	-0.1
Long-term debt	6.5	8.3	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	2.0	2.5	2.2	1.7	2.0
Non-current liabilities	8.2	10.4	8.3	8.2	7.7	8.0
short-term liabilities to banks	3.5	0.0	3.5	2.0	1.7	1.6
Accounts payable	1.5	1.4	1.5	1.4	1.2	1.2
Advance payments received on orders	0.9	0.0	0.8	1.3	1.0	1.2
Other liabilities (incl. from lease and rental contracts)	0.8	2.4	2.0	1.3	1.0	1.2
Deferred taxes	0.1	0.0	0.1	0.1	0.1	0.1
Deferred income	1.1	0.3	0.7	1.3	1.0	1.2
Current liabilities	7.8	4.1	8.6	7.3	6.0	6.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	36.0	32.6	39.2	38.9	35.7	37.9

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	9%	12%	11%	12%	14%	13%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	27%	27%	25%	26%	27%	24%
Financial assets	5%	2%	2%	2%	2%	2%
FIXED ASSETS	41%	42%	38%	40%	43%	39%
Inventories	20%	24%	20%	17%	16%	15%
Accounts receivable	9%	10%	10%	9%	8%	8%
Other current assets	1%	0%	4%	4%	5%	4%
Liquid assets	29%	20%	28%	29%	28%	33%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	1%	5%	1%	1%	1%	1%
CURRENT ASSETS	59%	58%	62%	60%	57%	61%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	56%	55%	57%	61%	62%	62%
MINORITY INTEREST	-1%	0%	-0%	-0%	-0%	-0%
Long-term debt	18%	26%	15%	15%	17%	16%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	5%	6%	6%	6%	5%	5%
Non-current liabilities	23%	32%	21%	21%	22%	21%
short-term liabilities to banks	10%	0%	9%	5%	5%	4%
Accounts payable	4%	4%	4%	4%	3%	3%
Advance payments received on orders	2%	0%	2%	3%	3%	3%
Other liabilities (incl. from lease and rental contracts)	2%	7%	5%	3%	3%	3%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	3%	1%	2%	3%	3%	3%
Current liabilities	22%	13%	22%	19%	17%	17%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	1.9	0.3	1.1	2.0	-0.4	1.4
Depreciation of fixed assets (incl. leases)	1.3	1.7	1.5	1.4	1.8	1.7
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	-0.3	-0.5	0.3
Cash flow from operations before changes in w/c	5.0	2.3	3.3	3.1	0.9	3.9
Increase/decrease in inventory	0.6	-1.2	-0.1	1.2	0.8	0.2
Increase/decrease in accounts receivable	-0.8	-0.1	-0.6	0.1	0.9	-0.4
Increase/decrease in accounts payable	0.0	0.0	0.1	-0.1	-0.1	-0.0
Increase/decrease in other w/c positions	-0.9	-0.1	0.6	0.3	-0.8	0.5
Increase/decrease in working capital	-1.1	-1.4	0.0	1.5	0.7	0.3
Cash flow from operating activities	3.9	0.9	3.3	4.6	1.6	4.2
CAPEX	-2.8	-1.3	-2.7	-2.0	-1.6	-1.6
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	-2.0	-1.6	-1.6
Cash flow before financing	0.1	0.9	2.5	2.6	0.1	2.6
Increase/decrease in debt position	1.9	-1.5	0.8	-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	4.2	0.0	0.0	0.0
Dividends paid	-1.2	-2.0	-0.7	-0.8	-1.1	0.0
Others	0.0	-0.0	-0.0	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	-1.4	-0.1
Increase/decrease in liquid assets	0.7	-2.6	6.9	0.5	-1.4	2.5
Liquid assets at end of period	4.9	2.1	9.0	9.5	8.2	10.6

Source: Company data; mwb research

Regional sales split (EURm)	2020	2021	2022	2023E	2024E	2025E
Domestic	4.9	5.2	4.9	4.8	3.8	4.4
Europe (ex domestic)	16.4	13.6	14.3	14.1	11.0	12.9
The Americas	3.2	2.0	3.0	3.0	2.3	2.7
Asia	1.9	1.0	1.6	1.6	1.2	1.4
Rest of World	1.0	2.1	1.9	1.9	1.5	1.7
Total sales	27.5	23.9	25.9	25.3	19.8	23.3

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; mwb research

Ratios	2020	2021	2022	2023E	2024E	2025E
Per share data						
Earnings per share reported	0.41	0.02	0.19	0.26	-0.05	0.21
Cash flow per share	0.79	0.19	0.60	0.72	0.14	0.61
Book value per share	4.10	3.63	4.11	4.33	4.06	4.32
Dividend per share	0.28	0.08	0.15	0.21	0.00	0.17
Valuation						
P/E	11.2x	188.8x	24.6x	17.9x	-86.2x	21.8x
P/CF	5.8x	24.9x	7.7x	6.4x	33.4x	7.5x
P/BV	1.1x	1.3x	1.1x	1.1x	1.1x	1.1x
Dividend yield (%)	6.1%	1.7%	3.2%	4.5%	0.0%	3.7%
FCF yield (%)	17.1%	4.0%	13.1%	15.5%	3.0%	13.3%
EV/Sales	0.9x	1.1x	0.9x	0.9x	1.2x	0.9x
EV/EBITDA	5.7x	11.7x	5.7x	4.8x	15.4x	4.5x
EV/EBIT	8.2x	45.9x	8.9x	6.9x	-79.6x	8.5x
Income statement (EURm)						
Sales	27.5	23.9	25.9	25.3	19.8	23.3
yoy chg in %	38.4%	-12.8%	8.0%	-2.0%	-22.0%	18.0%
Gross profit	17.6	15.6	16.3	17.1	12.3	16.1
Gross margin in %	64.1%	65.3%	63.0%	67.5%	62.5%	69.0%
EBITDA	4.3	2.3	4.1	4.6	1.5	4.5
EBITDA margin in %	15.8%	9.6%	16.0%	18.0%	7.5%	19.5%
EBIT	3.0	0.6	2.7	3.2	-0.3	2.4
EBIT margin in %	11.1%	2.5%	10.3%	12.5%	-1.5%	10.2%
Net profit	2.0	0.1	1.0	1.4	-0.3	1.2
Cash flow statement (EURm)						
CF from operations	3.9	0.9	3.3	4.6	1.6	4.2
Capex	-2.8	-1.3	-2.7	-2.0	-1.6	-1.6
Maintenance Capex	0.0	0.0	0.0	0.7	0.9	0.8
Free cash flow	1.1	-0.4	0.5	2.6	0.1	2.6
Balance sheet (EURm)						
Intangible assets	3.1	4.2	4.2	4.7	5.1	5.0
Tangible assets	9.7	8.8	10.0	10.1	9.5	9.0
Shareholders' equity	20.3	18.0	22.4	23.6	22.1	23.5
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	11.7	10.4	11.7	10.2	9.4	9.6
Net financial debt	-0.3	1.9	-1.6	-3.4	-2.3	-4.9
w/c requirements	8.1	9.5	9.3	7.6	6.4	6.4
Ratios						
ROE	9.4%	1.8%	4.8%	8.5%	-1.7%	6.1%
ROCE	9.6%	2.1%	7.8%	9.4%	-0.9%	7.2%
Net gearing	-1.4%	10.4%	-7.2%	-14.4%	-10.5%	-20.8%
Net debt / EBITDA	-0.1x	0.8x	-0.4x	-0.7x	-1.6x	-1.1x

Source: Company data; mwb research

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