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Geratherm Medical AG

Germany | Health Care | MCap EUR 17.1m

30 October 2024

UPDATE

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

BUY (BUY)

Target price	**EUR 7.00** (7.70)
Current price	EUR 3.16
Up/downside	121.5%

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What's it all about?

Geratherm has extended short-time work for its Geratal facility until March 31, 2025, due to ongoing challenges in the clinical thermometer market, a division that has seen sales plummet by 47% yoy in the first half of 2024. Competition from imported thermometers, particularly from China, has hurt the company, as these products often fail to meet EU MDR standards like break resistance, creating market disadvantages for Geratherm. Further extensions of short-time work beyond March 2025 are not feasible under current German labor regulations, as short-time work is limited to 12 months unless the government declares exceptional circumstances, which has not occurred. We update our model to reflect a slower-than-expected recovery in clinical thermometers. This leads to a new price target of EUR 7.00 (old: EUR 7.70) based on our DCF model, which still supports our BUY recommendation.

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

Geratherm extends short-time work in Geratal. In a press release, Geratherm has announced that due to the ongoing difficult market situation for clinical thermometers, short-time work at the Geratal site will be extended until 31 March 2025. The other divisions of the Geratherm Medical Group are not affected by the short-time work. The company had originally applied for short-time work at the Geratal plant from 1 April 2024 to 31 October 2024.

Further extension not possible. In Germany, short-time work can normally be used for a maximum of 12 months, and in exceptional circumstances, such as during the COVID-19 pandemic, for up to 24 months. At present, however, the government has not identified any exceptional circumstances, so the regular rules apply, which limit short-time work to a maximum of 12 months. Consequently, a further extension for Geratherm beyond March 2025 is not possible under the current regulations. 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. The prerequisite is that the economic situation is expected to improve within the next twelve months to such an extent that a return to full-time work is possible.

Unclear future of clinical thermometers. Clinical thermometers are facing increasing competition from China. According to Geratherm, many of the imported certified clinical thermometers do not meet the standards Geratherm has to meet for MDR certification, for example in terms of break resistance. As a result, there appears to be no level playing field and Geratherm is losing market share. In H1 24, the Healthcare Diagnostic division, which mainly consists of clinical thermometers, recorded a significant decline in sales of 47% yoy. Although the company has seen some former customers return to Geratherm's thermometers in the premium segment, conditions in this market are expected to remain challenging and the extension of short-time work implies that there has been no major improvement in H2 so far. Geratherm has announced its intention to shift its focus to the end consumer in order to strengthen the Geratherm brand, but it remains unclear whether this will be sufficient to make clinical thermometers sustainably profitable.

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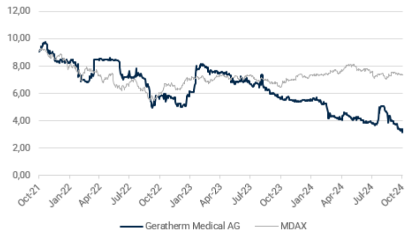
Geratherm Medical AG	2021	2022	2023	2024E	2025E	2026E
Sales	23.9	25.9	21.0	17.8	18.0	19.1
Growth yoy	-12.8%	8.0%	-18.9%	-15.1%	1.0%	6.0%
EBITDA	2.3	4.1	4.6	1.0	2.7	3.1
EBIT	0.6	2.7	2.9	-0.8	0.6	1.3
Net profit	0.1	1.0	1.1	0.3	0.2	0.5
Net debt (net cash)	1.9	-1.6	0.9	-7.0	-9.7	-11.2
Net debt/EBITDA	0.8x	-0.4x	0.2x	-7.2x	-3.6x	-3.6x
EPS reported	0.02	0.19	0.21	0.05	0.03	0.09
DPS	0.12	0.15	0.10	0.03	0.01	0.05
Dividend yield	3.8%	4.7%	3.2%	0.8%	0.5%	1.5%
Gross profit margin	65.3%	63.0%	78.7%	62.5%	64.5%	66.0%
EBITDA margin	9.6%	16.0%	22.1%	5.5%	15.0%	16.5%
EBIT margin	2.5%	10.3%	13.9%	-4.4%	3.1%	6.6%
ROCE	2.1%	7.8%	8.9%	-2.5%	1.8%	3.9%
EV/Sales	0.8x	0.6x	0.9x	0.6x	0.4x	0.3x
EV/EBITDA	8.2x	3.7x	4.1x	10.3x	2.8x	1.9x
EV/EBIT	32.2x	5.8x	6.5x	-12.8x	13.4x	4.7x
PER	129.1x	16.8x	15.4x	59.1x	106.7x	33.8x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks	6.00 / 3.14
Price/Book Ratio	0.8x

Ticker / Symbols

ISIN	DE0005495626
WKN	549562
Bloomberg	GME:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	17.8	-0.8	0.05
	Δ	0.0%	na%	0.0%
2025E	old	18.2	0.8	0.05
	Δ	-1.5%	-28.6%	-43.0%
2026E	old	19.3	1.4	0.11
	Δ	-1.5%	-10.0%	-12.6%

Key share data

Number of shares: (in m pcs)	5.41
Book value per share: (in EUR)	4.13
Ø trading vol.: (12 months)	1,084

Major shareholders

GMF Capital, Frankfurt	38.7%
JotWe GmbH	32.3%
Free Float	28.9%

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.

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Adjusting estimates, PT down, still BUY. We update our model to reflect a slower-than-expected recovery in clinical thermometers. This leads to a new price target of EUR 7.00 (old: EUR 7.70) based on our DCF model, which still supports our BUY recommendation.

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

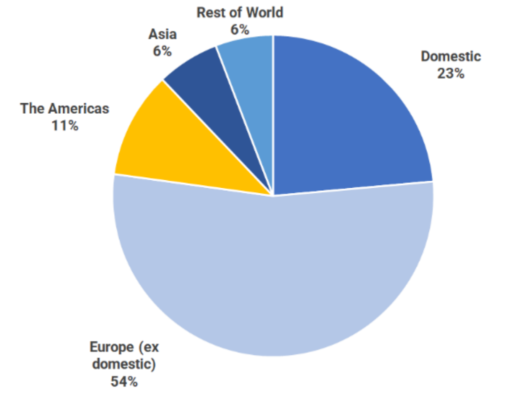
P&L data	H2 2020	H1 2021	H2 2021	H1 2022	H2 2022	H1 2023	H2 2023	H1 2024
Sales	13.6	12.4	11.5	12.3	12.3	11.5	9.5	8.4
yoy growth in %	48.9%	-10.4%	-15.3%	-0.7%	6.7%	-6.7%	-23.1%	-27.2%
Gross profit	9.0	8.4	7.9	8.9	8.4	9.5	7.0	6.1
Gross margin in %	66.0%	67.7%	68.6%	72.0%	68.0%	82.7%	73.8%	73.2%
EBITDA	2.3	1.7	0.5	1.7	1.9	2.5	2.1	0.4
EBITDA margin in %	16.8%	13.9%	4.1%	13.5%	15.3%	22.0%	22.2%	4.9%
EBIT	1.6	1.0	-0.5	1.0	1.0	1.8	1.1	-0.5
EBIT margin in %	11.6%	7.9%	-4.3%	8.0%	8.5%	15.6%	11.9%	-6.0%
EBT	1.3	0.9	-0.6	1.0	0.9	1.8	0.5	-1.2
taxes paid	0.4	0.1	-0.1	0.3	0.3	0.5	0.2	0.2
tax rate in %	32.5%	8.9%	17.5%	26.8%	30.0%	28.2%	28.7%	-18.4%
net profit	1.0	0.6	-0.5	0.8	0.7	0.7	0.4	-1.2
yoy growth in %	na%	-40.3%	na%	27.5%	na%	-10.9%	-41.3%	-275.3%
EPS	**0.20**	**0.13**	**-0.10**	**0.15**	**0.14**	**0.13**	**0.08**	**-0.26**

Source: Company data; mwb research

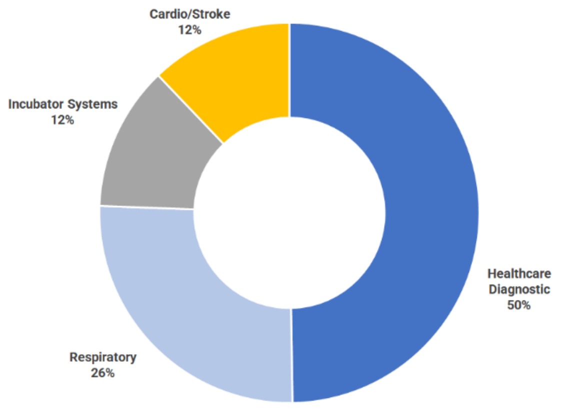
Investment case in six charts

Products & Services

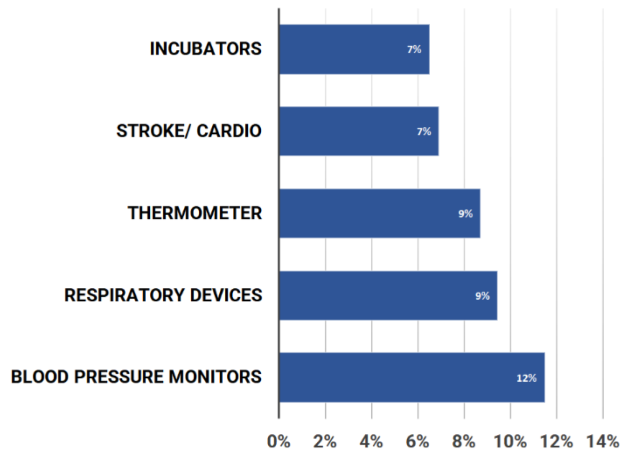
Regional sales split 2023 in %



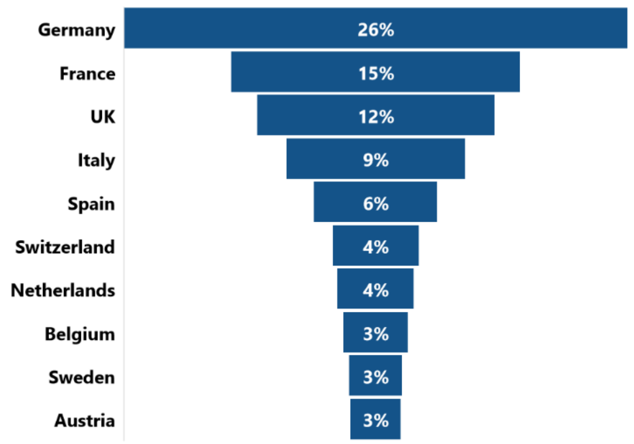
Segmental breakdown 2023 in %



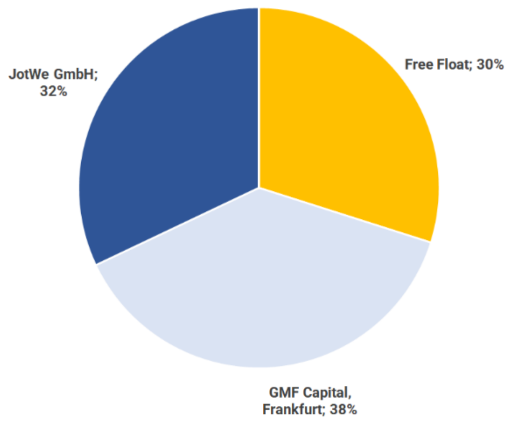
CAGR by product 22E-30E



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
- 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
- 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
- increasing competition from Chinese low-cost suppliers

Valuation

DCF Model

The DCF model results in a **fair value of EUR 7.02 per share**:

Top-line growth: We expect Geratherm Medical AG to grow revenues at a CAGR of 5.3% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from -2.5% in 2024E to 6.9% in 2031E.

WACC. Starting point is a historical equity beta of 0.70. Unlevering and correcting for mean reversion yields an asset beta of 0.87. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 8.6%. With pre-tax cost of borrowing at 5.0%, a tax rate of 30.0% and target debt/equity of 0.4 this results in a long-term WACC of 7.2%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	-0.6	0.3	0.7	0.8	1.0	1.2	1.3	1.5	
Depreciation & amortization	1.8	2.1	1.9	1.8	1.6	1.6	1.5	1.4	
Change in working capital	2.8	1.6	0.1	-0.1	-0.1	-0.1	-0.1	-0.0	
Chg. in long-term provisions	0.2	0.0	0.1	0.1	0.1	0.1	0.1	0.1	
Capex	-1.4	-1.2	-1.0	-1.0	-1.1	-1.1	-1.2	-1.2	
Cash flow	2.7	2.9	1.7	1.6	1.6	1.6	1.7	1.7	33.9
Present value	2.7	2.7	1.5	1.3	1.2	1.1	1.1	1.1	20.6
WACC	7.0%	7.1%	7.0%	7.0%	7.1%	7.1%	7.1%	7.1%	7.2%

DCF per share derived from	
Total present value	33.2
Mid-year adj. total present value	34.4
Net debt / cash at start of year	-3.9
Financial assets	0.6
Provisions and off b/s debt	0.9
Equity value	38.0
No. of shares outstanding	5.4
Discounted cash flow / share	**7.02**
upside/(downside)	**122.1%**
Share price	**3.16**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	5.3%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	6.9%
Terminal year WACC	7.2%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	30.0%
Equity beta	0.70
Unlevered beta (industry or company)	0.87
Target debt / equity	0.4
Relevered beta	1.10
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	8.6%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	5.2	5.3	5.5	5.7	5.9
1.0%	5.7	5.9	6.1	6.4	6.8
0.0%	6.4	6.7	7.0	7.5	8.0
-1.0%	7.3	7.8	8.3	9.1	10.0
-2.0%	8.7	9.4	10.4	11.8	13.8

Share of present value	
2024E-2027E	24.4%
2028E-2031E	13.6%
terminal value	62.0%

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 0.97 per share based on 2024E and EUR 9.46 per share on 2028E 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	2024E	2025E	2026E	2027E	2028E
EBITDA	**1.0**	**2.7**	**3.1**	**3.3**	**3.5**
- Maintenance capex	0.9	0.8	0.7	0.6	0.6
- Minorities	0.1	0.0	0.1	0.2	0.2
- tax expenses	0.2	0.1	0.3	0.5	0.6
= Adjusted FCF	**-0.2**	**1.7**	**2.0**	**2.0**	**2.1**
Actual Market Cap	**17.2**	**17.2**	**17.2**	**17.2**	**17.2**
+ Net debt (cash)	-7.0	-9.7	-11.2	-12.6	-14.0
+ 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	0.5	0.7	0.8	1.0	1.4
EV Reconciliations	-8.2	-11.0	-12.6	-14.3	-16.0
= Actual EV'	**9.0**	**6.2**	**4.6**	**2.9**	**1.2**
Adjusted FCF yield	**-2.0%**	**28.0%**	**43.1%**	**68.9%**	**169.8%**
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	**-3.0**	**29.0**	**33.0**	**33.7**	**35.2**
- EV Reconciliations	-8.2	-11.0	-12.6	-14.3	-16.0
Fair Market Cap	**5.3**	**40.0**	**45.6**	**48.0**	**51.2**
No. of shares (million)	5.4	5.4	5.4	5.4	5.4
Fair value per share in EUR	**0.97**	**7.39**	**8.42**	**8.87**	**9.46**
Premium (-) / discount (+)	**-69.2%**	**133.8%**	**166.5%**	**180.6%**	**199.3%**

Sensitivity analysis FV						
Adjusted hurdle rate	4.0%	0.7	10.1	11.5	12.0	12.7
	5.0%	0.9	8.5	9.6	10.1	10.8
	6.0%	**1.0**	**7.4**	**8.4**	**8.9**	**9.5**
	7.0%	1.1	6.6	7.6	8.0	8.5
	8.0%	1.1	6.0	6.9	7.3	7.8

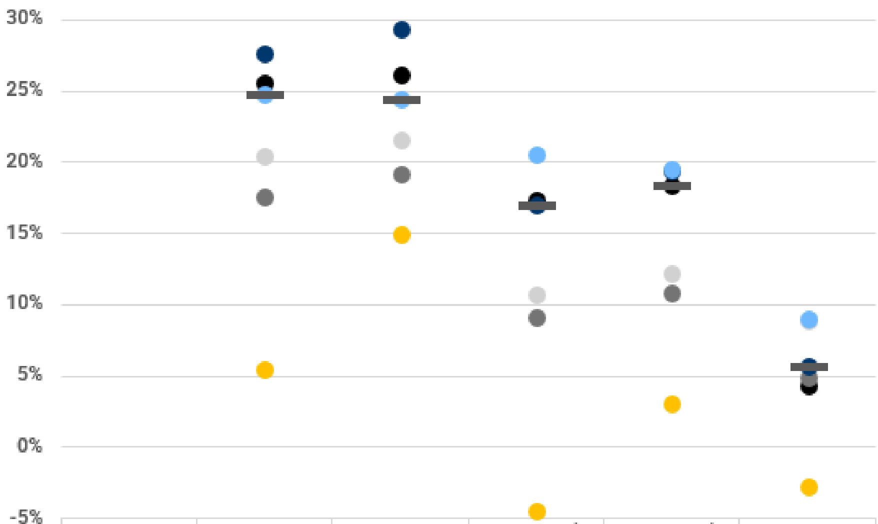
Source: Company data; mwb research

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 30 October 2024 the median market cap of the peer group was EUR 1,712.1m, compared to EUR 17.1m 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



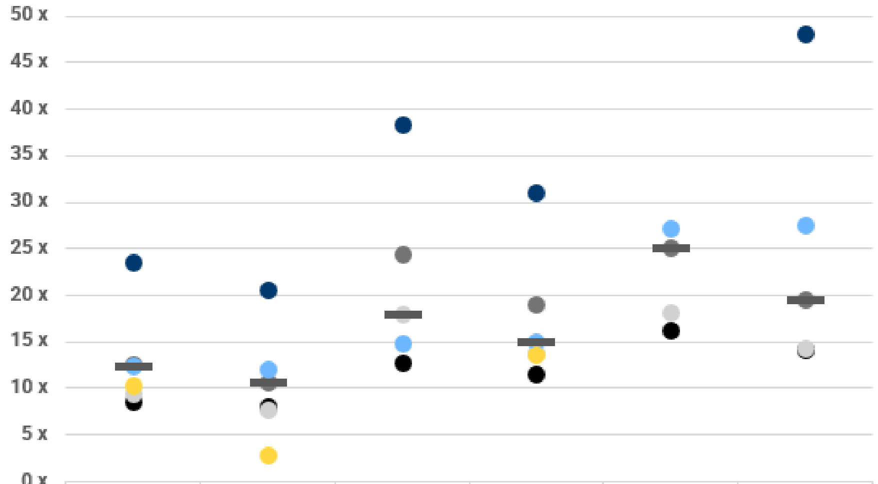
30-Oct-24	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
● Dermapharm Holding SE	1.712	25,5%	26,1%	17,4%	18,3%	4,3%
● STRATEC SE	456	17,6%	19,2%	9,1%	10,8%	4,8%
● Gerresheimer AG	2.801	20,4%	21,6%	10,8%	12,2%	8,9%
● Sartorius AG Pref	16.462	27,6%	29,3%	17,0%	19,4%	5,7%
● Eckert & Ziegler SE	896	24,7%	24,4%	20,6%	19,5%	9,0%
● Geratherm Medical AG	17	5,5%	15,0%	-4,4%	3,1%	-2,7%
– Peer Group Median	1.712	24,7%	24,4%	17,0%	18,3%	5,7%

Source: FactSet, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/EBIT 2024, EV/EBIT 2025, P/E 2024 and P/E 2025.

Applying these to Geratherm Medical AG results in a range of fair values from EUR 5.07 to EUR 6.67.

Peer Group – Multiples and valuation



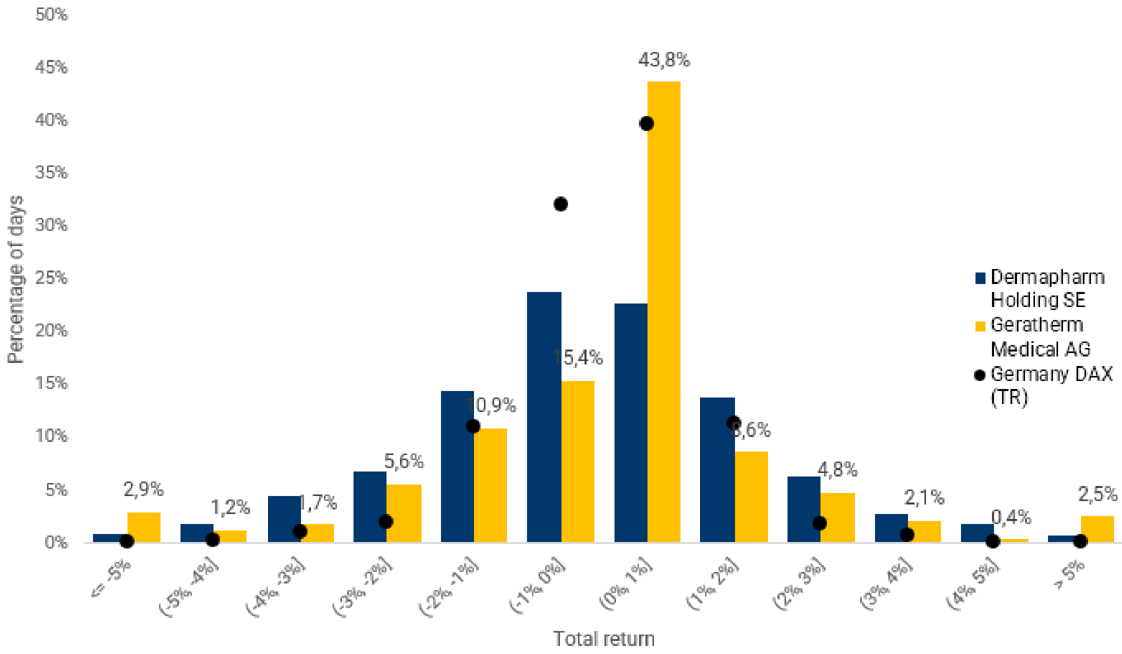
30-Oct-24	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
● Dermapharm Holding SE	8,7x	8,1x	12,7x	11,6x	16,3x	14,1x
● STRATEC SE	12,6x	10,8x	24,4x	19,1x	25,2x	19,6x
● Gerresheimer AG	9,5x	7,8x	18,0x	13,8x	18,1x	14,3x
● Sartorius AG Pref	23,6x	20,6x	38,3x	31,0x	61,2x	48,2x
● Eckert & Ziegler SE	12,4x	12,1x	14,9x	15,1x	27,2x	27,5x
● Geratherm Medical AG	10,4x	2,8x	-12,9x	13,6x	59,1x	106,7x
– Peer Group Median	12,4x	10,8x	18,0x	15,1x	25,2x	19,6x
Fair Value (EUR)	3,55	6,67	-1,32	2,85	1,35	0,58

Source: FactSet, 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 Germany DAX (TR). 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 20/08/2024 when the share price increased by 21.4%.

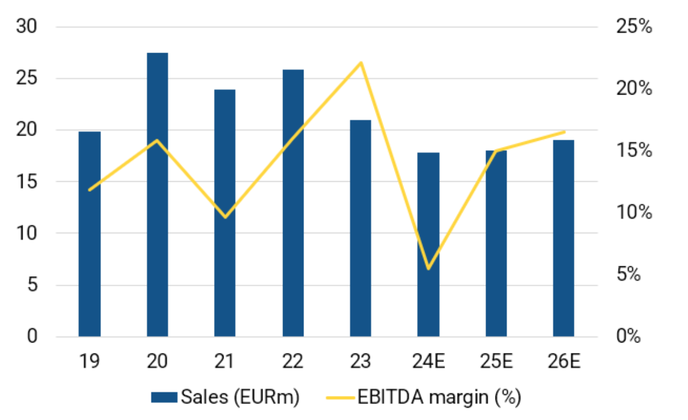
Risk – Daily Returns Distribution (trailing 3 years)



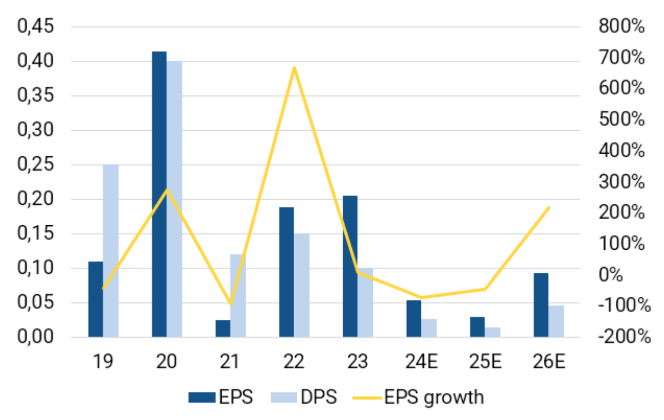
Source: FactSet, mwb research

Financials in six charts

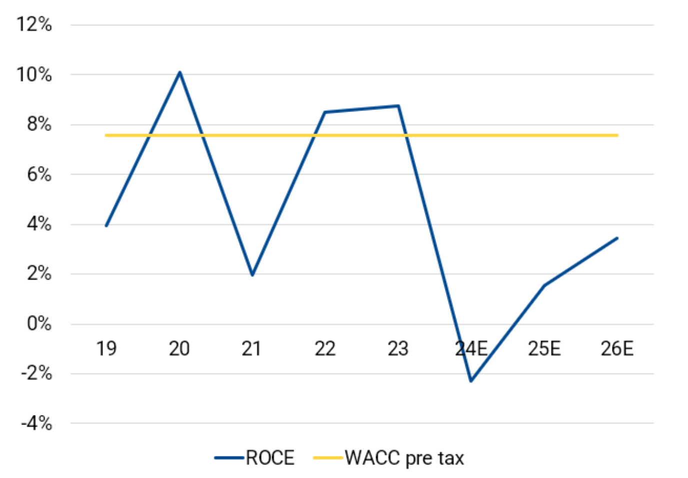
Sales vs. EBITDA margin development



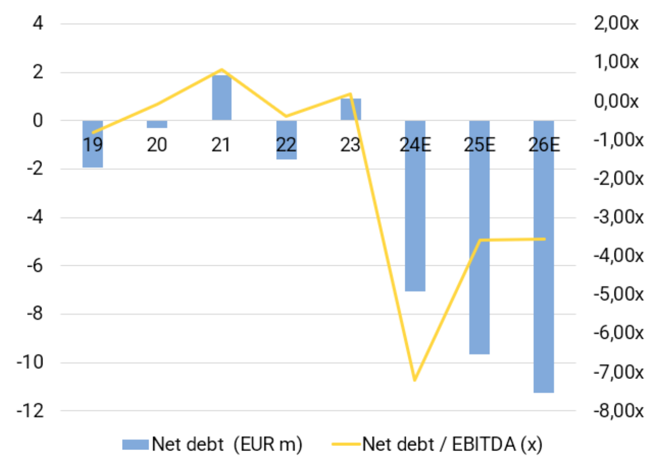
EPS, DPS in EUR & yoy EPS growth



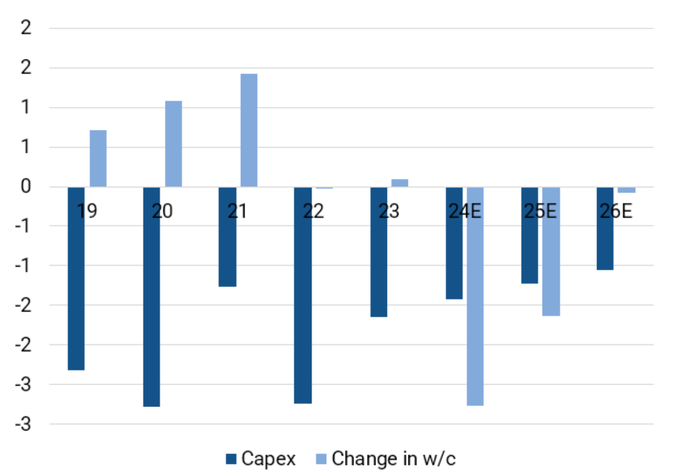
ROCE vs. WACC (pre tax)



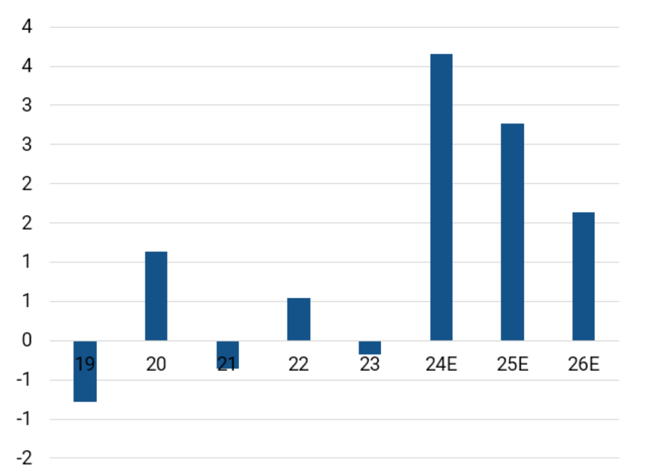
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Net sales	**23.9**	**25.9**	**21.0**	**17.8**	**18.0**	**19.1**
Sales growth	-12.8%	8.0%	-18.9%	-15.1%	1.0%	6.0%
Change in finished goods and work-in-process	1.1	0.1	3.2	0.1	0.1	0.1
Total sales	**25.1**	**26.0**	**24.2**	**17.9**	**18.1**	**19.2**
Material expenses	9.4	9.7	7.7	6.8	6.5	6.6
Gross profit	**15.6**	**16.3**	**16.5**	**11.1**	**11.6**	**12.6**
Other operating income	0.8	1.8	1.6	0.7	0.7	0.8
Personnel expenses	8.8	8.4	8.5	6.8	6.0	6.4
Other operating expenses	5.3	5.5	4.9	4.1	3.6	3.8
EBITDA	**2.3**	**4.1**	**4.6**	**1.0**	**2.7**	**3.1**
Depreciation	1.7	1.5	1.7	1.8	1.6	1.4
EBITA	0.6	2.7	2.9	-0.8	1.1	1.7
Amortisation of goodwill and intangible assets	0.0	0.0	0.0	0.0	0.5	0.5
EBIT	**0.6**	**2.7**	**2.9**	**-0.8**	**0.6**	**1.3**
Financial result	-0.3	-0.9	-0.6	-0.3	-0.3	-0.3
Recurring pretax income from continuing operations	0.3	1.7	2.3	-1.0	0.3	1.0
Extraordinary income/loss	0.0	0.0	0.0	1.6	0.0	0.0
Earnings before taxes	0.3	1.7	2.3	0.6	0.3	1.0
Taxes	-0.0	0.7	0.7	0.2	0.1	0.3
Net income from continuing operations	0.3	1.1	1.7	0.4	0.2	0.6
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**0.3**	**1.1**	**1.7**	**0.4**	**0.2**	**0.6**
Minority interest	-0.2	-0.1	-0.6	-0.1	-0.0	-0.1
Net profit (reported)	0.1	1.0	1.1	0.3	0.2	0.5
Average number of shares	4.95	5.45	5.41	5.41	5.41	5.41
EPS reported	**0.02**	**0.19**	**0.21**	**0.05**	**0.03**	**0.09**

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Net sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Change in finished goods and work-in-process	5%	1%	15%	0%	0%	1%
Total sales	**105%**	**101%**	**115%**	**100%**	**100%**	**100%**
Material expenses	39%	37%	37%	38%	36%	35%
Gross profit	**65%**	**63%**	**79%**	**63%**	**64%**	**66%**
Other operating income	3%	7%	7%	4%	4%	4%
Personnel expenses	37%	33%	41%	38%	34%	34%
Other operating expenses	22%	21%	24%	23%	20%	20%
EBITDA	**10%**	**16%**	**22%**	**5%**	**15%**	**17%**
Depreciation	7%	6%	8%	10%	9%	7%
EBITA	2%	10%	14%	-4%	6%	9%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	3%	3%
EBIT	**2%**	**10%**	**14%**	**-4%**	**3%**	**7%**
Financial result	-1%	-4%	-3%	-1%	-1%	-2%
Recurring pretax income from continuing operations	1%	7%	11%	-6%	2%	5%
Extraordinary income/loss	0%	0%	0%	9%	0%	0%
Earnings before taxes	1%	7%	11%	3%	2%	5%
Taxes	-0%	3%	3%	1%	1%	2%
Net income from continuing operations	1%	4%	8%	2%	1%	3%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**1%**	**4%**	**8%**	**2%**	**1%**	**3%**
Minority interest	-1%	-0%	-3%	-0%	-0%	-1%
Net profit (reported)	**1%**	**4%**	**5%**	**2%**	**1%**	**3%**

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (exl. Goodwill)	**4.1**	**4.1**	**4.6**	**5.0**	**4.8**	**4.6**
Goodwill	0.1	0.1	0.0	0.0	0.0	0.0
Property, plant and equipment	8.8	10.0	9.5	8.8	8.0	7.4
Financial assets	0.7	0.6	0.6	0.6	0.6	0.6
FIXED ASSETS	**13.7**	**14.8**	**14.7**	**14.4**	**13.4**	**12.6**
Inventories	7.7	7.8	9.5	6.1	4.9	4.9
Accounts receivable	3.2	3.8	1.8	2.9	2.5	2.6
Other current assets	0.0	1.6	2.0	2.0	2.0	2.0
Liquid assets	6.5	10.9	7.7	14.7	17.3	18.6
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	1.5	0.2	0.1	0.2	0.2	0.2
CURRENT ASSETS	**18.9**	**24.3**	**21.1**	**25.9**	**26.8**	**28.3**
TOTAL ASSETS	**32.6**	**39.2**	**35.9**	**40.3**	**40.3**	**40.9**
SHAREHOLDERS EQUITY	**18.0**	**22.4**	**22.3**	**22.2**	**22.2**	**22.8**
MINORITY INTEREST	0.1	-0.1	0.3	0.3	0.3	0.3
Long-term debt	8.3	5.8	5.4	6.0	6.0	6.0
Provisions for pensions and similar obligations	0.0	0.0	0.9	0.0	0.0	0.0
Other provisions	2.0	2.5	0.4	1.5	1.5	1.6
Non-current liabilities	**10.4**	**8.3**	**6.7**	**7.5**	**7.5**	**7.6**
short-term liabilities to banks	0.0	3.5	3.2	1.7	1.6	1.4
Accounts payable	1.4	1.5	0.8	1.1	1.1	1.1
Advance payments received on orders	0.0	0.8	0.1	0.9	0.9	1.0
Other liabilities (incl. from lease and rental contracts)	2.4	2.0	1.6	0.9	0.9	1.0
Deferred taxes	0.0	0.1	0.0	0.0	0.0	0.0
Deferred income	0.3	0.7	0.6	0.9	0.9	1.0
Current liabilities	**4.1**	**8.6**	**6.5**	**5.5**	**5.4**	**5.4**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**32.6**	**39.2**	**35.9**	**35.5**	**35.4**	**36.0**

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	**12%**	**11%**	**13%**	**12%**	**12%**	**11%**
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	27%	25%	26%	22%	20%	18%
Financial assets	2%	2%	2%	2%	2%	2%
FIXED ASSETS	**42%**	**38%**	**41%**	**36%**	**33%**	**31%**
Inventories	24%	20%	26%	15%	12%	12%
Accounts receivable	10%	10%	5%	7%	6%	6%
Other current assets	0%	4%	6%	5%	5%	5%
Liquid assets	20%	28%	22%	37%	43%	46%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	5%	1%	0%	0%	0%	0%
CURRENT ASSETS	**58%**	**62%**	**59%**	**64%**	**67%**	**69%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**55%**	**57%**	**62%**	**55%**	**55%**	**56%**
MINORITY INTEREST	0%	-0%	1%	1%	1%	1%
Long-term debt	26%	15%	15%	15%	15%	15%
Provisions for pensions and similar obligations	0%	0%	2%	0%	0%	0%
Other provisions	6%	6%	1%	4%	4%	4%
Non-current liabilities	**32%**	**21%**	**19%**	**19%**	**19%**	**19%**
short-term liabilities to banks	0%	9%	9%	4%	4%	3%
Accounts payable	4%	4%	2%	3%	3%	3%
Advance payments received on orders	0%	2%	0%	2%	2%	2%
Other liabilities (incl. from lease and rental contracts)	7%	5%	5%	2%	2%	2%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	1%	2%	2%	2%	2%	2%
Current liabilities	**13%**	**22%**	**18%**	**14%**	**13%**	**13%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**100%**	**88%**	**88%**	**88%**

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	0.3	1.1	1.7	0.4	0.2	0.6
Depreciation of fixed assets (incl. leases)	1.7	1.5	1.7	1.8	1.6	1.4
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	0.5	0.5
Others	0.3	0.7	-1.8	0.2	0.0	0.1
Cash flow from operations before changes in w/c	2.3	3.3	1.6	2.3	2.4	2.6
Increase/decrease in inventory	-1.2	-0.1	0.0	3.4	1.2	0.0
Increase/decrease in accounts receivable	-0.1	-0.6	0.0	-1.1	0.5	-0.1
Increase/decrease in accounts payable	0.0	0.1	0.0	0.3	-0.0	0.0
Increase/decrease in other w/c positions	-0.1	0.6	0.0	0.2	0.0	0.2
Increase/decrease in working capital	-1.4	0.0	-0.1	2.8	1.6	0.1
Cash flow from operating activities	**0.9**	**3.3**	**1.5**	**5.1**	**4.0**	**2.7**
CAPEX	-1.3	-2.7	-1.6	-1.4	-1.2	-1.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	1.3	2.0	-0.4	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	4.8	0.0	0.0
Cash flow from investing activities	**0.0**	**-0.8**	**-2.1**	**3.4**	**-1.2**	**-1.0**
Cash flow before financing	0.9	2.5	-0.6	8.5	2.8	1.6
Increase/decrease in debt position	-1.5	0.8	-1.9	-1.0	-0.1	-0.2
Purchase of own shares	0.0	0.0	-0.2	0.0	0.0	0.0
Capital measures	0.0	4.2	0.0	0.0	0.0	0.0
Dividends paid	-2.0	-0.7	-0.8	-0.5	-0.1	-0.1
Others	-0.0	-0.0	-0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	-0.0	0.0	0.0	0.0
Cash flow from financing activities	**-3.5**	**4.4**	**-3.0**	**-1.5**	**-0.2**	**-0.3**
Increase/decrease in liquid assets	-2.6	6.9	-3.6	7.0	2.5	1.4
Liquid assets at end of period	**2.1**	**9.0**	**4.8**	**11.8**	**14.3**	**15.7**

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	5.2	4.9	4.9	4.2	4.2	4.5
Europe (ex domestic)	13.6	14.3	11.2	9.5	9.6	10.2
The Americas	2.0	3.0	2.2	1.9	1.9	2.0
Asia	1.0	1.6	1.3	1.1	1.1	1.2
Rest of World	2.1	1.9	1.2	1.0	1.0	1.1
Total sales	**23.9**	**25.9**	**21.0**	**17.8**	**18.0**	**19.1**

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	21.8%	19.0%	23.6%	23.6%	23.6%	23.6%
Europe (ex domestic)	57.0%	55.5%	53.6%	53.6%	53.6%	53.6%
The Americas	8.4%	11.8%	10.7%	10.7%	10.7%	10.7%
Asia	4.0%	6.2%	6.3%	6.3%	6.3%	6.3%
Rest of World	8.6%	7.5%	5.8%	5.8%	5.8%	5.8%
Total sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported	0.02	0.19	0.21	0.05	0.03	0.09
Cash flow per share	0.19	0.60	0.27	0.78	0.59	0.37
Book value per share	3.63	4.11	4.13	4.09	4.10	4.21
Dividend per share	0.12	0.15	0.10	0.03	0.01	0.05
Valuation						
P/E	129.1x	16.8x	15.4x	59.1x	106.7x	33.8x
P/CF	17.1x	5.2x	11.6x	4.1x	5.4x	8.6x
P/BV	0.9x	0.8x	0.8x	0.8x	0.8x	0.8x
Dividend yield (%)	3.8%	4.7%	3.2%	0.8%	0.5%	1.5%
FCF yield (%)	5.9%	19.1%	8.6%	24.5%	18.5%	11.6%
EV/Sales	0.8x	0.6x	0.9x	0.6x	0.4x	0.3x
EV/EBITDA	8.2x	3.7x	4.1x	10.3x	2.8x	1.9x
EV/EBIT	32.2x	5.8x	6.5x	-12.8x	13.4x	4.7x
Income statement (EURm)						
Sales	23.9	25.9	21.0	17.8	18.0	19.1
yoy chg in %	-12.8%	8.0%	-18.9%	-15.1%	1.0%	6.0%
Gross profit	15.6	16.3	16.5	11.1	11.6	12.6
Gross margin in %	65.3%	63.0%	78.7%	62.5%	64.5%	66.0%
EBITDA	2.3	4.1	4.6	1.0	2.7	3.1
EBITDA margin in %	9.6%	16.0%	22.1%	5.5%	15.0%	16.5%
EBIT	0.6	2.7	2.9	-0.8	0.6	1.3
EBIT margin in %	2.5%	10.3%	13.9%	-4.4%	3.1%	6.6%
Net profit	0.1	1.0	1.1	0.3	0.2	0.5
Cash flow statement (EURm)						
CF from operations	0.9	3.3	1.5	5.1	4.0	2.7
Capex	-1.3	-2.7	-1.6	-1.4	-1.2	-1.0
Maintenance Capex	0.0	0.0	0.0	0.9	0.8	0.7
Free cash flow	-0.4	0.5	-0.2	3.7	2.8	1.6
Balance sheet (EURm)						
Intangible assets	4.2	4.2	4.6	5.0	4.8	4.6
Tangible assets	8.8	10.0	9.5	8.8	8.0	7.4
Shareholders' equity	18.0	22.4	22.3	22.2	22.2	22.8
Pension provisions	0.0	0.0	0.9	0.0	0.0	0.0
Liabilities and provisions	10.4	11.7	10.0	9.2	9.1	9.0
Net financial debt	1.9	-1.6	0.9	-7.0	-9.7	-11.2
w/c requirements	9.5	9.3	10.3	7.0	5.4	5.4
Ratios						
ROE	1.8%	4.8%	7.5%	1.6%	0.9%	2.8%
ROCE	2.1%	7.8%	8.9%	-2.5%	1.8%	3.9%
Net gearing	10.4%	-7.2%	4.1%	-31.8%	-43.5%	-49.3%
Net debt / EBITDA	0.8x	-0.4x	0.2x	-7.2x	-3.6x	-3.6x

Source: Company data; mwb research

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7. Major Sources of Information Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. mwb research AG has checked the information for plausibility but not for accuracy or completeness.

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10. Miscellaneous According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published free of charge under https:// www.mwb.-research.com..

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