

Photon Energy NV

Netherlands | Utilities | MCap EUR 147.0m

14 April 2023

UPDATE



March pricing normalizes, strategy update expected

BUY (BUY)

Target price	EUR 4.60 (4.60)
Current price	EUR 2.46
Up/downside	87.4%



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What's it all about?

Photon Energy published its monthly report for March 2023. Production was down 11.6%, missing estimates due to a weather-related low specific performance ratio. Electricity prices continued to normalize in March as a result from a surge in hydro generation and above-average temperatures. Photon Energy will provide a strategy update with the release of its annual report, which we expect to include a more moderate pace of expansion of its proprietary portfolio and an increased focus on grid flexibility services. We reiterate our BUY recommendation with a PT of EUR 4.60.

IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

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Photon Energy NV

Netherlands | Utilities | MCap EUR 147.0m | EV EUR 274.3m

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March pricing normalizes, strategy update expected

Photon Energy publishes March monthly report. Photon Energy has published its monthly report for March 2023. Production in Photon Energy's proprietary photovoltaic power plants was down 11.6% yoy, missing estimates due to a weather-related low specific performance ratio. Capacity increased by 7.8% yoy in March due to newly grid-connected Romanian power plants. In April, Photon Energy also grid-connected three more PV power plants with a combined generation capacity of 6.0 MWp in Romania, bringing the total for the group to 103.6 MWp. With more than 50 MWp in Romania under construction or ready-to-build, significant capacity additions can be expected there for the remainder of the year.

Pricing normalizes. After peaking in mid-2022, electricity prices continued to normalize in March. In Hungary, Photon Energy's most important merchant market, the average revenue per MWh decreased by 25% mom. This was the result of a surge in hydro generation and above-average temperatures in March, which drove electricity prices to their lowest level since August 2021 (source: Balkan Energy). Nevertheless, we are comfortable with our price assumption going forward.

Strategy update with annual report. Photon Energy will provide a strategy update with the release of its annual report. We believe that the recent news flow already provides some indication of the adjustments to be expected. Due to speed bumps in the deployment of PV power plants (lengthy regulatory approvals, component shortages, and especially grid connection bottlenecks), it seems likely that Photon Energy will moderate the pace of expansion of its proprietary portfolio and related operations and maintenance. At the same time, the huge market potential and limited capital requirements of grid flexibility services (DSR and VPP) may make them a more central part of future strategic development.

BUY. A key challenge in decarbonizing the economy is grid management. Following the acquisition of Lerta, Photon Energy is very well positioned to become a key player in solving these problems, as evidenced by the recent DSR contract wins in Poland. The potential there and in other regional markets could be the basis for continued growth and positive news flow. We reiterate our BUY recommendation with a PT of EUR 4.60.

Photon Energy NV	2020	2021	2022	2023E	2024E	2025E
Sales	28.3	36.4	94.2	150.8	171.6	200.0
<i>Growth yoy</i>	-6.3%	28.7%	159.1%	60.0%	13.8%	16.5%
EBITDA	8.4	9.6	24.1	29.9	35.9	52.3
EBIT	-0.1	-0.7	14.5	17.0	20.4	31.6
Net profit*	2.1	2.1	4.3	24.3	19.4	34.5
Net debt (net cash)	84.5	89.1	127.3	147.2	202.4	312.7
Net debt/EBITDA	10.0x	9.3x	5.3x	4.9x	5.6x	6.0x
EPS reported*	0.04	0.04	0.07	0.41	0.32	0.58
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<i>Dividend yield</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	83.6%	65.0%	53.1%	47.9%	54.1%	58.8%
EBITDA margin	29.9%	26.4%	25.5%	19.8%	20.9%	26.1%
EBIT margin	-0.5%	-2.0%	15.4%	11.3%	11.9%	15.8%
ROCE	-0.1%	-0.4%	6.6%	5.6%	4.3%	4.6%
EV/EBITDA	27.4x	24.6x	11.4x	9.8x	9.7x	8.8x
EV/EBIT	-1,630.6x	-332.1x	18.9x	17.3x	17.1x	14.5x
PER	60.3x	63.7x	34.3x	6.0x	7.6x	4.3x
FCF yield	-0.9%	-1.7%	-2.3%	20.0%	-5.2%	-2.6%

Source: Company data, AlsterResearch; * including OCI



Source: Company data, AlsterResearch

High/low 52 weeks 3.58 / 1.88
Price/Book Ratio 2.4x

Ticker / Symbols

ISIN NL0010391108
WKN A1T9KW
Bloomberg P7V:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	150.8	17.0	0.42
	Δ	0.0%	0.0%	-3.3%
2024E	old	171.6	20.4	0.33
	Δ	0.0%	0.0%	-3.3%
2025E	old	200.0	31.6	0.60
	Δ	0.0%	0.0%	-3.3%

Key share data

Number of shares: (in m pcs) 59.88
Book value per share: (in EUR) 1.01
Ø trading volume: (12 months) 1,000

Major shareholders

Solar Future 36.3%
Solar Power to the People 34.5%
Treasury Shares 2.2%
Lerta founders 5.8%
Free Float 21.2%

Company description

Photon Energy NV is a solar energy and water treatment solutions company based in the Netherlands that covers the entire lifecycle of its technologies. The Company develops projects in Australia, Hungary, Poland and Romania, and provides operations and maintenance services worldwide. The Company has offices in Europe and Australia.

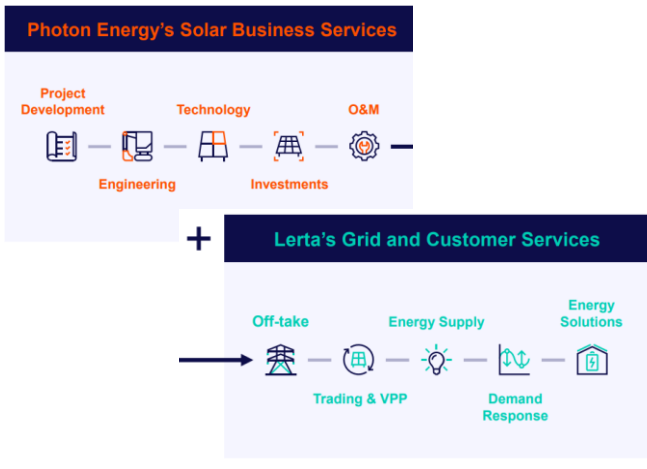
Quarterly performance table

P&L data	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Sales	4.6	9.9	10.2	11.7	9.1	23.2	35.4	26.4
yoy growth in %	-14.0%	10.9%	13.8%	130.3%	99.9%	135.7%	247.2%	125.3%
Gross profit	4.1	7.1	8.1	4.4	6.2	14.3	20.3	9.3
Gross margin in %	88.9%	72.4%	79.0%	37.3%	67.5%	61.4%	57.4%	35.3%
EBITDA	0.2	4.0	4.4	0.9	2.0	8.1	12.7	1.2
EBITDA margin in %	3.7%	40.5%	43.5%	8.0%	22.2%	35.0%	35.9%	4.6%
EBIT	-1.5	1.0	0.4	-1.0	0.5	4.6	9.7	-0.4
EBIT margin in %	-32.3%	9.8%	4.1%	-8.9%	5.8%	20.0%	27.5%	-1.3%
EBT	-3.1	-0.6	-1.1	-1.2	-1.3	2.6	7.3	-2.4
taxes paid	0.1	0.3	0.3	-0.2	-0.1	0.6	1.3	-1.4
tax rate in %	-3.9%	-53.7%	-30.9%	20.0%	10.5%	22.5%	18.1%	58.4%
net profit	-3.1	-0.8	-1.4	-1.0	-1.4	2.0	6.0	-3.8
yoy growth in %	na%	na%	na%	na%	na%	na%	na%	na%
EPS	-0.06	-0.02	-0.03	-0.02	-0.03	0.04	0.11	-0.07

Source: Company data; AlsterResearch

Investment case in six charts

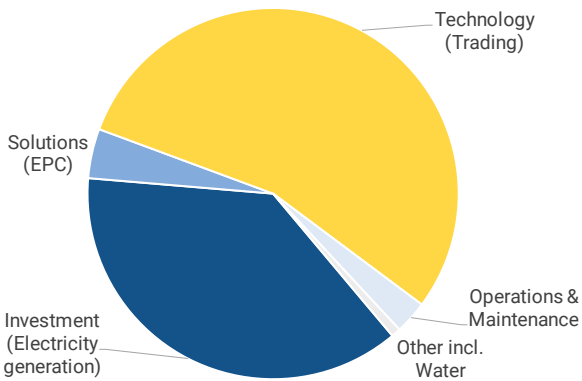
Business Model



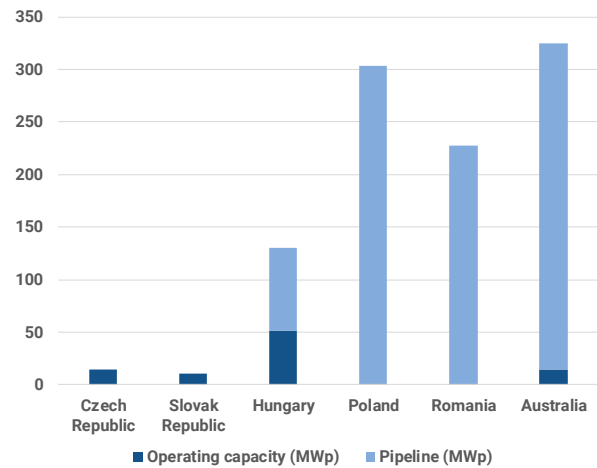
Geographical Presence



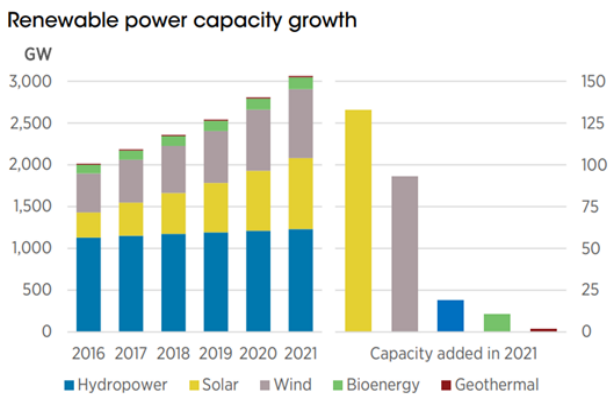
External Revenue Shares (2022)



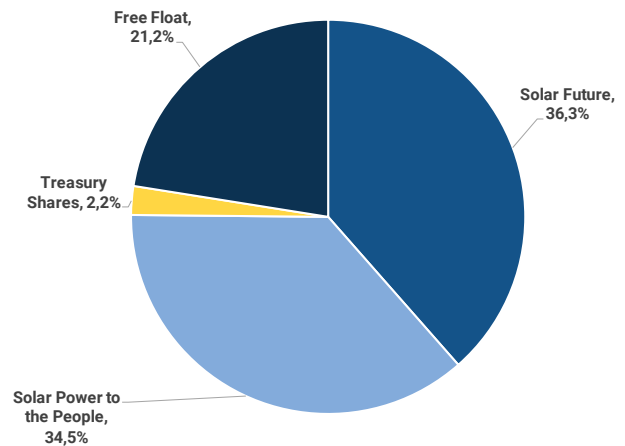
Capacity and pipeline



Fastest growing renewable energy



Major shareholders



Source: Company data; AlsterResearch; IRENA

SWOT analysis

Strengths

- early mover in the PV market with expertise in the whole system life cycle
- unique focus on and understanding of CEE market
- visible growth trajectory with a growing share of recurring revenue
- strong ESG credentials translating into lower cost of capital (-> green bond)
- transparent and detailed reporting and comprehensive capital market communications
- strong management team and high standards of corporate governance

Weaknesses

- still a relatively small player
- high leverage and capital needs to fulfill project pipeline
- strong seasonality in solar business (mitigated by Australian projects)
- analysis of underlying profitability complex due the nature of the business (FX and derivatives effects, strong contribution of OCI, capital gains on resale of projects and high share of internal revenues in business segments)

Opportunities

- fragmented competition in the 1 MWp – 20 MWp PV sweet spot
- solar power finally competitive without subsidies
- access to promising technology (RayGen) via equity participation
- catch up potential in CEE and a well filled project pipeline
- increasing electricity prices combined with a shift to selling electricity at market prices
- high prices for fossil energy and geopolitical tailwinds
- increasing interest in behind-the-meter projects
- increasing share of renewables leads to greater demand for grid flexibility and VPP services
- PFAS water remediation potentially huge market

Threats

- water business line could distract focus
- volatile market prices and supply bottlenecks for solar panels
- large-scale project risk (cost overruns, change in market conditions during development etc.)
- regulatory risks, for example retroactive adjustments to feed-in tariffs or price caps

Valuation

DCF Model

The DCF model results in a **fair value of EUR 4.54 per share**. This includes the equity stakes in Raygen and Lerta only at book value, which could provide further upside.

Top-line growth: We expect Photon Energy NV to grow strongly, driven mostly by investments in electricity generation. Hence our growth estimates for 2022-29E is in the range of 11.9% p.a. The long-term growth rate is set at 2.0%.

Cash Flows. We expect Photon Energy to invest into growth over the whole planning period. In the normalized year, we set capex at the level of depreciation, leading to positive cash flows.

WACC. We set the historical equity beta to 0.89, leading to an unlevered beta of 0.65, roughly in line with the average 2017-2021 unlevered industry beta for Green & Renewable Energy in Western Europe. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 9.5%. With pre-tax cost of borrowing at 6.5%, a tax rate of 30.0% and target debt/equity of 1.3 this results in a long-term WACC of 6.7%.

DCF (EUR m) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	11.9	14.3	22.1	32.1	40.5	46.3	51.6	54.6	
Depreciation & amortization	12.9	15.5	20.7	26.9	30.7	34.4	37.1	38.7	
Change in working capital	5.1	-5.1	-6.9	-6.2	-5.3	-4.5	-4.2	-4.3	
Chg. in long-term provisions	18.1	-4.4	0.3	4.4	3.8	3.3	3.0	2.5	
Capex	-58.7	-59.0	-122.2	-149.1	-91.4	-90.5	-61.6	-50.5	
Cash flow	-10.6	-38.8	-86.0	-91.9	-21.7	-11.1	25.8	41.0	895.5
Present value	-10.1	-34.6	-71.6	-71.4	-15.8	-7.5	16.4	24.3	544.1
WACC	6.7%	6.8%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	6.7%

DCF per share derived from	
Total present value	373.7
Mid-year adj. total present value	386.4
Net debt / cash at start of year	127.3
Financial assets	12.8
Provisions and off b/s debt	0.0
Equity value	271.9
No. of shares outstanding	59.9
Discounted cash flow / share upside/(downside)	4.54 85.0%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2022E - 2029E)	11.9%
Terminal value growth (2029E - infinity)	2.0%
Terminal year ROCE	7.4%
Terminal year WACC	6.7%

Terminal WACC derived from	
Cost of borrowing (before taxes)	6.5%
Long-term tax rate	30.0%
Equity beta	0.89
Unlevered beta (industry or company)	0.65
Target debt / equity	1.3
Relevered beta	1.25
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	9.5%

Share price	2.48
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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%		0.2	0.6	1.0	1.5	2.1	2022E - 2025E	-50.3%
1.0%		1.3	1.8	2.4	3.2	4.1	2026E - 2029E	4.7%
0.0%		2.8	3.6	4.5	5.7	7.2	terminal value	145.6%
-1.0%		5.1	6.3	7.9	10.0	12.9		
-2.0%		8.6	10.8	13.9	18.3	25.5		

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 4.27 per share based on 2023E and EUR 12.61 per share on 2027E estimates. Again, the equity stakes in Raygen and Lerta are included only at book value, which could provide further upside.

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	29.9	35.9	52.3	72.7	88.5
- Maintenance capex	9.3	11.5	15.7	20.7	23.8
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	1.1	-0.9	-1.0	0.6	3.0
= Adjusted FCF	19.5	25.4	37.5	51.4	61.6
Actual Market Cap	148.8	148.8	148.8	148.8	148.8
+ Net debt (cash)	147.2	202.4	312.7	435.4	490.6
+ 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	12.8	12.8	12.8	12.8	12.8
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	134.4	189.6	299.9	422.5	477.7
= Actual EV'	283.2	338.4	448.7	571.3	626.5
Adjusted FCF yield	6.9%	7.5%	8.4%	9.0%	9.8%
base hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
ESG adjustment	1.0%	1.0%	1.0%	1.0%	1.0%
adjusted hurdle rate	5.0%	5.0%	5.0%	5.0%	5.0%
Fair EV	390.4	507.2	751.0	1,027.3	1,232.6
- <i>EV Reconciliations</i>	134.4	189.6	299.9	422.5	477.7
Fair Market Cap	256.0	317.6	451.1	604.7	754.9
No. of shares (million)	59.9	59.9	59.9	59.9	59.9
Fair value per share in EUR	4.27	5.30	7.53	10.10	12.61
Premium (-) / discount (+)	74.1%	116.1%	206.9%	311.4%	413.5%

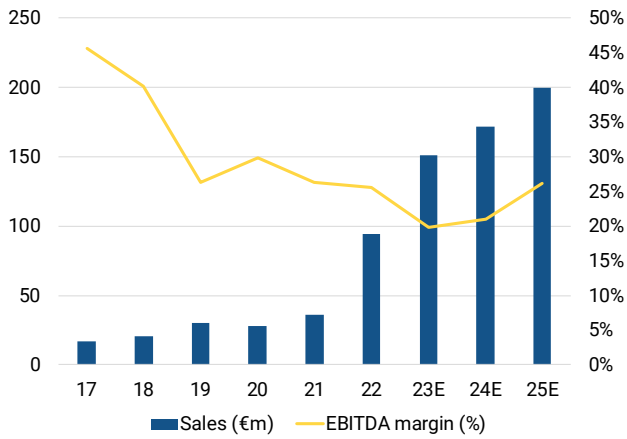
Sensitivity analysis FV						
Adjusted hurdle rate	3.0%	8.6	11.0	15.9	21.5	26.3
	4.0%	5.9	7.4	10.7	14.4	17.8
	5.0%	4.3	5.3	7.5	10.1	12.6
	6.0%	3.2	3.9	5.4	7.2	9.2
	7.0%	2.4	2.9	3.9	5.2	6.7

Source: Company data; AlsterResearch

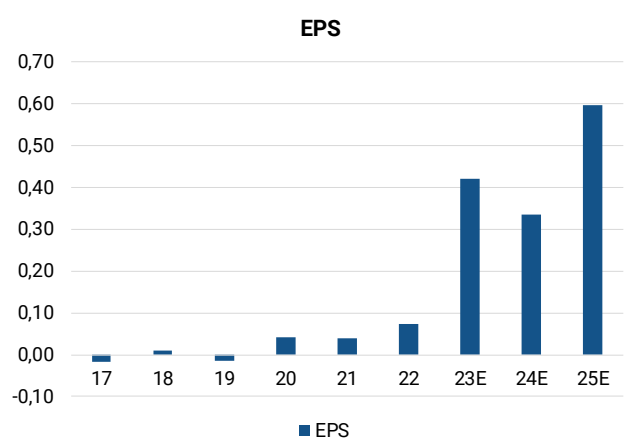
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments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

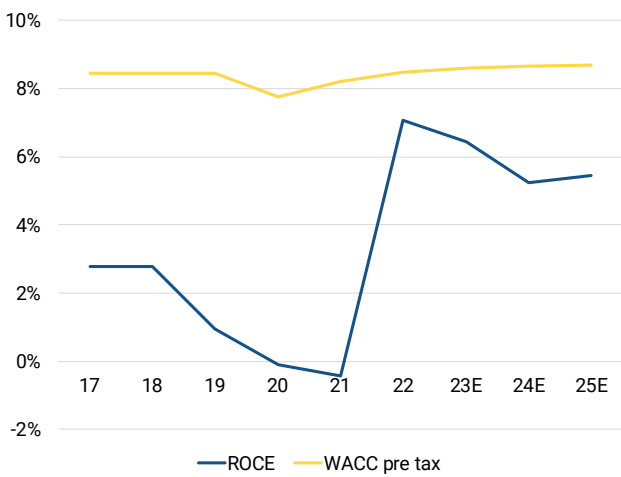
Sales vs. EBITDA margin development



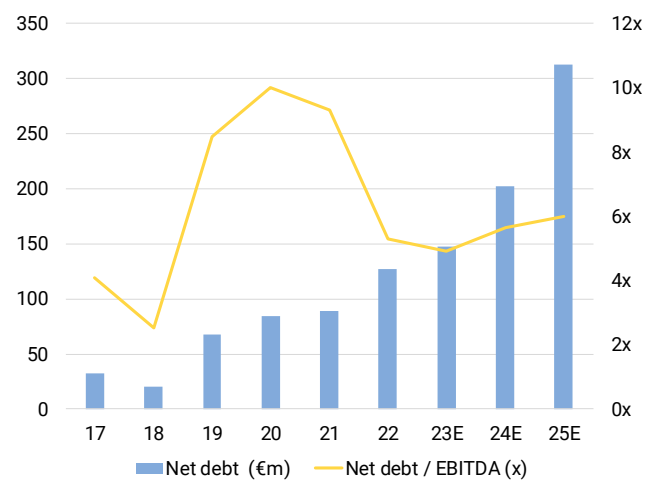
EPS, DPS in EUR & yoy EPS growth



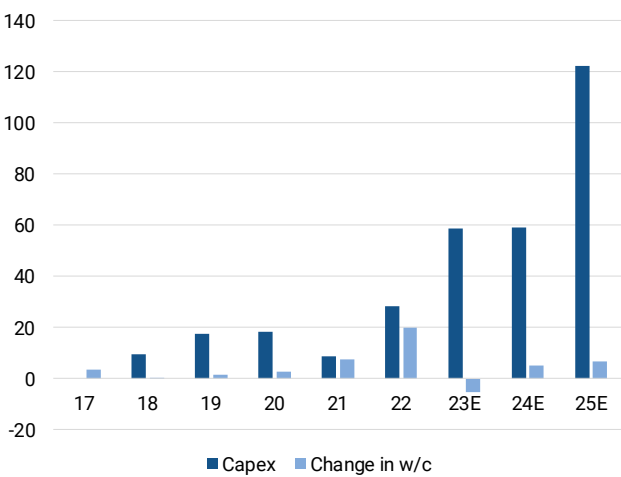
ROCE vs. WACC (pre tax)



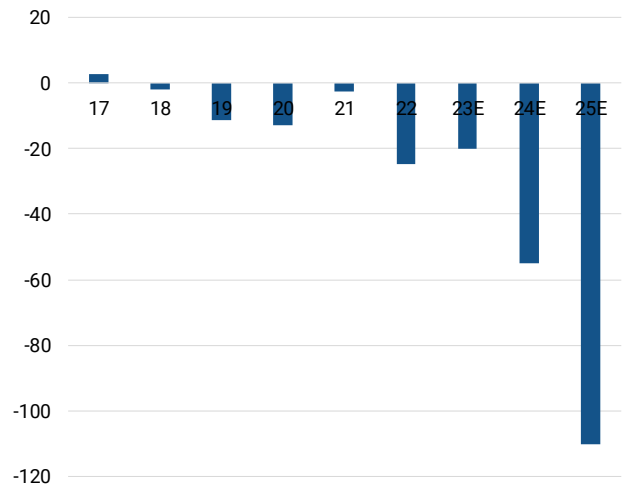
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

Profit and loss (EUR m)	2020	2021	2022	2023E	2024E	2025E
Net sales	28.3	36.4	94.2	150.8	171.6	200.0
Sales growth	-6.3%	28.7%	159.1%	60.0%	13.8%	16.5%
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	28.3	36.4	94.2	150.8	171.6	200.0
Material expenses	4.6	12.7	44.1	78.5	78.7	82.5
Gross profit	23.6	23.6	50.1	72.3	92.9	117.5
Other operating income	0.4	0.6	0.6	1.5	1.7	2.0
Personnel expenses	5.8	6.7	9.5	19.7	33.0	39.2
Other operating expenses	9.7	7.7	17.0	24.1	25.7	28.0
EBITDA	8.4	9.6	24.1	29.9	35.9	52.3
Depreciation	8.3	10.7	9.0	11.6	14.3	19.6
EBITA	0.1	-0.9	15.1	18.3	21.6	32.7
Amortisation of goodwill and intangible assets	0.3	-0.2	0.6	1.3	1.2	1.1
EBIT	-0.1	-0.7	14.5	17.0	20.4	31.6
Financial result	-6.4	-5.2	-8.3	-13.3	-23.4	-34.8
Recurring pretax income from continuing operations	-6.5	-5.9	6.2	3.6	-3.0	-3.2
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-6.5	-5.9	6.2	3.6	-3.0	-3.2
Taxes	2.2	0.5	3.5	1.1	-0.9	-1.0
Net income from continuing operations	-8.7	-6.4	2.8	2.5	-2.1	-2.2
Result from discontinued operations (net of tax)	10.8	8.5	1.5	21.8	21.5	36.8
Net income	2.1	2.1	4.3	24.3	19.4	34.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	2.1	2.1	4.3	24.3	19.4	34.5
Average number of shares	51.20	54.36	59.88	59.88	59.88	59.88
EPS reported	0.04	0.04	0.07	0.41	0.32	0.58

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	0%	0%	0%	0%	0%	0%
Total sales	100%	100%	100%	100%	100%	100%
Material expenses	16%	35%	47%	52%	46%	41%
Gross profit	84%	65%	53%	48%	54%	59%
Other operating income	1%	2%	1%	1%	1%	1%
Personnel expenses	21%	19%	10%	13%	19%	20%
Other operating expenses	34%	21%	18%	16%	15%	14%
EBITDA	30%	26%	26%	20%	21%	26%
Depreciation	29%	29%	10%	8%	8%	10%
EBITA	0%	-3%	16%	12%	13%	16%
Amortisation of goodwill and intangible assets	1%	-1%	1%	1%	1%	1%
EBIT	-1%	-2%	15%	11%	12%	16%
Financial result	-23%	-14%	-9%	-9%	-14%	-17%
Recurring pretax income from continuing operations	-23%	-16%	7%	2%	-2%	-2%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-23%	-16%	7%	2%	-2%	-2%
Taxes	8%	1%	4%	1%	-1%	-0%
Net income from continuing operations	-31%	-18%	3%	2%	-1%	-1%
Result from discontinued operations (net of tax)	38%	23%	2%	14%	13%	18%
Net income	7%	6%	5%	16%	11%	17%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	7%	6%	5%	16%	11%	17%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	1.3	0.8	13.0	11.7	10.5	9.5
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	126.3	127.5	145.3	214.2	280.3	419.6
Financial assets	7.5	14.1	12.8	12.8	12.8	12.8
FIXED ASSETS	135.1	142.5	171.2	238.7	303.7	442.0
Inventories	1.0	2.2	15.8	17.2	17.2	18.1
Accounts receivable	6.1	9.1	27.8	37.2	42.3	49.3
Other current assets	2.2	2.9	3.2	3.2	3.2	3.2
Liquid assets	14.3	39.4	21.4	42.8	142.6	207.3
Deferred taxes	0.0	0.3	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.3	0.3	0.9	1.2	1.4	1.6
CURRENT ASSETS	23.9	54.2	69.1	101.6	206.7	279.5
TOTAL ASSETS	158.9	196.6	240.2	340.3	510.4	721.4
SHAREHOLDERS EQUITY	40.2	51.7	60.7	85.1	104.4	139.0
MINORITY INTEREST	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2
Long-term debt	92.8	100.0	138.2	180.0	335.0	510.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	10.8	11.1	12.0	30.2	25.7	26.0
Non-current liabilities	103.6	111.1	150.2	210.2	360.7	536.0
short-term liabilities to banks	6.0	28.5	10.4	10.0	10.0	10.0
Accounts payable	3.7	2.3	12.4	19.4	19.4	20.3
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	4.9	3.2	4.4	13.6	13.7	14.0
Deferred taxes	0.6	0.0	2.3	2.3	2.3	2.3
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	15.2	34.0	29.5	45.3	45.5	46.7
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	158.9	196.6	240.2	340.3	510.4	721.4

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	1%	0%	5%	3%	2%	1%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	80%	65%	60%	63%	55%	58%
Financial assets	5%	7%	5%	4%	3%	2%
FIXED ASSETS	85%	72%	71%	70%	59%	61%
Inventories	1%	1%	7%	5%	3%	3%
Accounts receivable	4%	5%	12%	11%	8%	7%
Other current assets	1%	1%	1%	1%	1%	0%
Liquid assets	9%	20%	9%	13%	28%	29%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	15%	28%	29%	30%	41%	39%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	25%	26%	25%	25%	20%	19%
MINORITY INTEREST	-0%	-0%	-0%	-0%	-0%	-0%
Long-term debt	58%	51%	58%	53%	66%	71%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	7%	6%	5%	9%	5%	4%
Non-current liabilities	65%	57%	63%	62%	71%	74%
short-term liabilities to banks	4%	14%	4%	3%	2%	1%
Accounts payable	2%	1%	5%	6%	4%	3%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	3%	2%	2%	4%	3%	2%
Deferred taxes	0%	0%	1%	1%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	10%	17%	12%	13%	9%	6%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	-6.5	-5.9	6.2	2.5	-2.1	-2.2
Depreciation of fixed assets (incl. leases)	8.3	10.7	9.0	11.6	14.3	19.6
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.7	1.3	1.2	1.1
Others	6.4	9.0	7.8	18.1	-4.4	0.3
Cash flow from operations before changes in w/c	8.2	13.7	23.7	33.6	9.0	18.7
Increase/decrease in inventory	0.1	-1.2	-13.4	-1.4	-0.0	-0.8
Increase/decrease in accounts receivable	-1.1	-1.5	-10.9	-9.4	-5.1	-7.0
Increase/decrease in accounts payable	-1.6	-2.4	5.0	7.0	0.1	0.9
Increase/decrease in other w/c positions	-0.1	-2.5	-0.5	8.9	-0.0	0.0
Increase/decrease in working capital	-2.6	-7.5	-19.9	5.1	-5.1	-6.9
Cash flow from operating activities	5.6	6.2	3.7	38.7	3.8	11.9
CAPEX	-18.3	-8.6	-28.4	-58.7	-59.0	-122.2
Payments for acquisitions	-0.0	-4.3	-6.2	0.0	0.0	0.0
Financial investments	-1.9	-2.8	0.4	0.0	0.0	0.0
Income from asset disposals	0.0	1.6	0.0	0.0	0.0	0.0
Cash flow from investing activities	-20.2	-14.2	-34.3	-58.7	-59.0	-122.2
Cash flow before financing	-14.6	-8.0	-30.6	-20.0	-55.1	-110.3
Increase/decrease in debt position	18.6	28.9	18.0	41.4	155.0	175.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.2	7.8	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-6.7	-6.1	-8.7	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	12.1	30.6	9.3	41.4	155.0	175.0
Increase/decrease in liquid assets	-2.5	22.6	-21.2	21.4	99.9	64.7
Liquid assets at end of period	9.9	32.5	11.3	32.7	132.5	197.2

Source: Company data; AlsterResearch

Regional sales split (EURm)	2020	2021	2022	2023E	2024E	2025E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0
Europe (ex domestic)	22.8	29.3	89.1	147.1	167.0	193.4
The Americas	0.0	0.0	0.0	0.0	0.0	0.0
Asia	0.0	0.0	0.0	0.0	0.0	0.0
Rest of World	5.5	7.1	5.1	3.6	4.6	6.6
Total sales	28.3	36.4	94.2	150.8	171.6	200.0

Regional sales split (common size)	2020	2021	2022	2023E	2024E	2025E
Domestic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Europe (ex domestic)	80.6%	80.6%	94.6%	97.6%	97.3%	96.7%
The Americas	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	19.4%	19.4%	5.4%	2.4%	2.7%	3.3%
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	0.04	0.04	0.07	0.41	0.32	0.58
Cash flow per share	-0.02	-0.04	-0.06	0.49	-0.13	-0.06
Book value per share	0.79	0.95	1.01	1.42	1.74	2.32
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	60.3x	63.7x	34.3x	6.0x	7.6x	4.3x
P/CF	-115.7x	-57.6x	-42.9x	5.0x	-19.3x	-38.2x
P/BV	3.1x	2.6x	2.4x	1.7x	1.4x	1.1x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-0.9%	-1.7%	-2.3%	20.0%	-5.2%	-2.6%
EV/Sales	8.2x	6.5x	2.9x	2.0x	2.0x	2.3x
EV/EBITDA	27.4x	24.6x	11.4x	9.8x	9.7x	8.8x
EV/EBIT	-1,630.6x	-332.1x	18.9x	17.3x	17.1x	14.5x
Income statement (EURm)						
Sales	28.3	36.4	94.2	150.8	171.6	200.0
yoy chg in %	-6.3%	28.7%	159.1%	60.0%	13.8%	16.5%
Gross profit	23.6	23.6	50.1	72.3	92.9	117.5
Gross margin in %	83.6%	65.0%	53.1%	47.9%	54.1%	58.8%
EBITDA	8.4	9.6	24.1	29.9	35.9	52.3
EBITDA margin in %	29.9%	26.4%	25.5%	19.8%	20.9%	26.1%
EBIT	-0.1	-0.7	14.5	17.0	20.4	31.6
EBIT margin in %	-0.5%	-2.0%	15.4%	11.3%	11.9%	15.8%
Net profit	2.1	2.1	4.3	24.3	19.4	34.5
Cash flow statement (EURm)						
CF from operations	5.6	6.2	3.7	38.7	3.8	11.9
Capex	-18.3	-8.6	-28.4	-58.7	-59.0	-122.2
Maintenance Capex	6.6	8.5	7.2	9.3	11.5	15.7
Free cash flow	-12.7	-2.4	-24.7	-20.0	-55.1	-110.3
Balance sheet (EURm)						
Intangible assets	1.3	0.8	13.0	11.7	10.5	9.5
Tangible assets	126.3	127.5	145.3	214.2	280.3	419.6
Shareholders' equity	40.2	51.7	60.7	85.1	104.4	139.0
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	109.6	139.6	160.6	220.2	370.7	546.0
Net financial debt	84.5	89.1	127.3	147.2	202.4	312.7
w/c requirements	3.5	9.0	31.2	35.0	40.2	47.1
Ratios						
ROE	5.2%	4.1%	7.0%	28.6%	18.6%	24.8%
ROCE	-0.1%	-0.4%	6.6%	5.6%	4.3%	4.6%
Net gearing	210.3%	172.4%	209.6%	173.1%	193.8%	225.1%
Net debt / EBITDA	10.0x	9.3x	5.3x	4.9x	5.6x	6.0x

Source: Company data; AlsterResearch

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