

Photon Energy NV

Netherlands | Utilities | MCap EUR 120.8m

26 January 2024

UPDATE



Polish project development rights partly sold; BUY

What's it all about?

Photon Energy has sold part of its PV project development rights in Poland to INWE Group, a Polish investment company focused on the renewable energy and housing markets. This sale is a small step financially, but opens up the potential for larger transactions in the future - discussions are underway for a larger sales volume. The transaction demonstrates the flexibility of Photon Energy's business model: As the achievable return on PV assets declines and financing conditions become more restrictive, it becomes more attractive for Photon Energy to provide PV services rather than use its own balance sheet to build capacity. We reiterate our BUY recommendation with unchanged estimates and a price target of EUR 3.20.

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

BUY (BUY)

Target price	EUR 3.20 (3.20)
Current price	EUR 1.97
Up/downside	62.3%



MAIN AUTHOR

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Photon Energy NV

Netherlands | Utilities | MCap EUR 120.8m | EV EUR 248.0m

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Polish project development rights partly sold; BUY

Polish project development rights partly sold. As announced last year, Photon Energy is in the process of selling PV projects under development in Poland. The company currently has 20.3 MWp (DC) in advanced development and 16.8 MWp (DC) in early development there. Photon Energy has now announced that the development rights for 2.3 MW (AC) have been sold to INWE Group, a Polish investment company focused on the renewable energy and housing markets. Photon Energy will provide PV development services to bring the projects to the construction-ready stage by Q2 2024. Photon Energy already provides O&M services for other PV power plants owned by INWE Group.

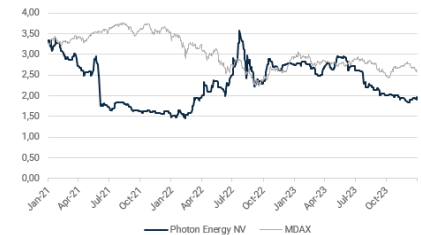
A small, first step. We estimate that the sale of PV development rights in Poland will generate between EUR 20k and EUR 40k per MWp, so the immediate financial impact is rather limited. However, Photon Energy is in advanced discussions with the INWE Group regarding the sale of 11.5 MW (AC) from the Polish project pipeline, which would bring the transaction to a significant scale. We also see an opportunity for Photon Energy to continue to benefit from these projects once construction starts, by providing further services in the areas of technology (component supply) and solutions (EPC), and later O&M.

Too late for 2023 EBITDA guidance. With the release of its Q3 results, Photon Energy had given a revenue guidance of EUR 75-80m for FY23. Management also confirmed that the EBITDA guidance of EUR 10m was still achievable, but only if the sales negotiations for Photon Energy's Polish PV projects were completed in Q4 2023. As this has been pushed into FY24, we maintain our current lower estimate for FY23 EBITDA.

Flexible business model; BUY. The transaction demonstrates the flexibility of Photon Energy's business model: As the achievable return on PV assets declines and financing conditions become more restrictive, it becomes more attractive for Photon Energy to provide PV services instead of using its own balance sheet to build capacity. In any case, Photon Energy's adjusted business model, which emphasizes electricity services rather than generation, is much less capital intensive. We reiterate our BUY rating with a price target of EUR 3.20.

Photon Energy NV	2020	2021	2022	2023E	2024E	2025E
Sales	28.3	36.4	94.2	78.7	107.9	124.1
<i>Growth yoy</i>	-6.3%	28.7%	159.1%	-16.4%	37.1%	15.0%
EBITDA	8.4	9.6	24.1	6.5	15.8	22.7
EBIT	-0.1	-0.9	14.5	-3.5	5.2	10.6
Net profit	2.1	2.0	4.3	0.0	-0.4	8.5
Net debt (net cash)	84.5	89.1	127.3	131.1	145.3	177.2
Net debt/EBITDA	10.0x	9.3x	5.3x	20.3x	9.2x	7.8x
EPS reported	0.04	0.04	0.07	0.00	-0.01	0.14
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%	60.2%	69.8%	72.6%
EBITDA margin	29.9%	26.4%	25.5%	8.2%	14.6%	18.3%
EBIT margin	-0.5%	-2.3%	15.4%	-4.5%	4.8%	8.5%
ROCE	-0.1%	-0.4%	6.6%	-1.6%	2.0%	3.3%
EV/Sales	7.3x	5.8x	2.6x	3.2x	2.5x	2.4x
EV/EBITDA	24.3x	21.9x	10.3x	39.0x	16.9x	13.1x
EV/EBIT	-1,445.8x	-246.3x	17.0x	-71.8x	50.9x	28.1x
PER	48.5x	54.8x	28.2x	5,722.3x	-297.0x	14.2x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 2.95 / 1.83
Price/Book Ratio 2.0x

Ticker / Symbols

ISIN NL0010391108
WKN A1T9KW
Bloomberg P7V:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	78.7	-3.5	0.00
	Δ	0.0%	na%	0.0%
2024E	old	107.9	5.2	-0.01
	Δ	0.0%	0.0%	na%
2025E	old	124.1	10.6	0.14
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 61.24
Book value per share: (in EUR) 0.99
Ø trading volume: (12 months) 120

Major shareholders

Solar Future 35.5%
Solar Power to the People 32.8%
Treasury Shares 2.4%
Free Float 29.3%

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.

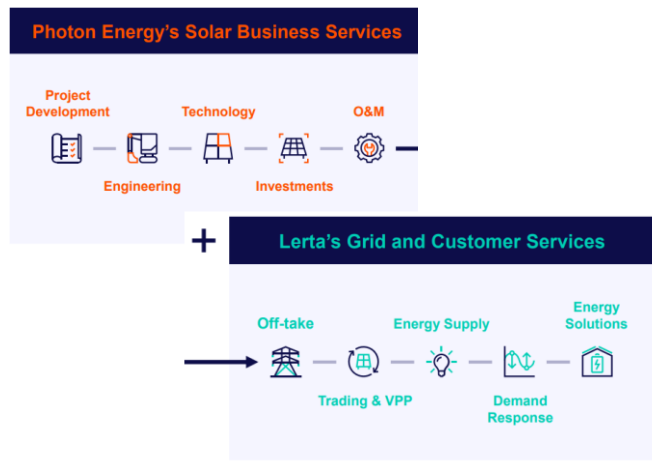
The following table displays the quarterly performance of **Photon Energy NV**:

P&L data	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Sales	11.7	9.1	23.2	35.4	26.4	19.3	21.0	19.2
yoy growth in %	130.3%	99.9%	135.7%	247.2%	125.3%	111.0%	-9.8%	-45.7%
Gross profit	4.4	6.2	14.3	20.3	9.3	6.2	11.9	11.8
Gross margin in %	37.3%	67.5%	61.4%	57.4%	35.3%	32.4%	56.9%	61.6%
EBITDA	0.9	2.0	8.1	12.7	1.2	0.3	2.5	1.9
EBITDA margin in %	8.0%	22.2%	35.0%	35.9%	4.6%	1.7%	11.9%	10.0%
EBIT	-1.0	0.5	4.6	9.7	-0.4	-1.6	0.1	-1.0
EBIT margin in %	-8.9%	5.8%	20.0%	27.5%	-1.3%	-8.1%	0.5%	-5.4%
EBT	-1.2	-1.3	2.6	7.3	-2.4	-4.2	-2.8	-4.0
taxes paid	-0.2	-0.1	0.6	1.3	-1.4	0.0	0.5	-1.8
tax rate in %	20.0%	10.5%	22.5%	18.1%	58.4%	0.0%	-17.0%	46.0%
net profit	-1.0	-1.4	2.0	6.0	-3.8	-4.2	-3.3	-2.1
yoy growth in %	na%	na%	na%	na%	na%	na%	na%	na%
EPS	-0.02	-0.03	0.04	0.11	-0.07	-0.08	-0.06	-0.04

Source: Company data; AlsterResearch

Investment case in six charts

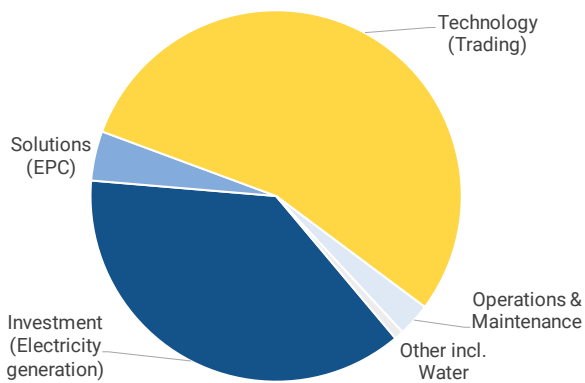
Business Model



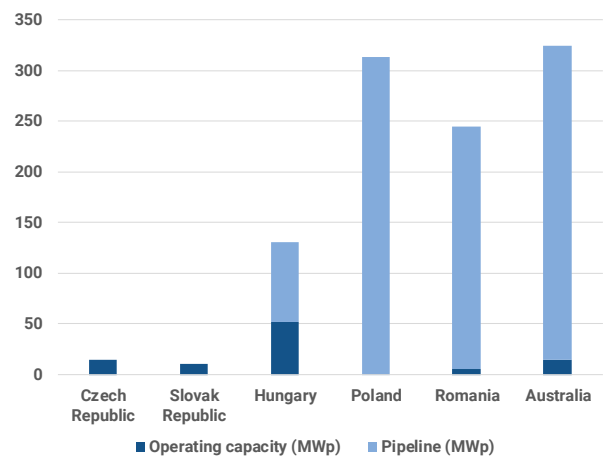
Geographical Presence



External Revenue Shares (2022)

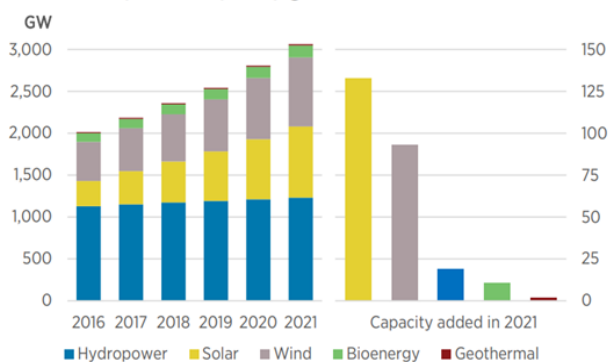


Capacity and pipeline

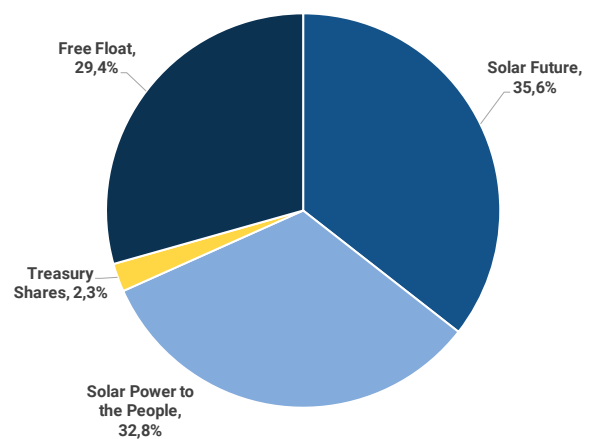


Fastest growing renewable energy

Renewable power capacity growth



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 3.20 per share**:

Top-line growth: We expect Photon Energy NV to grow revenues at a CAGR of 14.2% between 2023E and 2030E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from -1.6% in 2023E to 7.7% in 2030E.

WACC. Starting point is a historical equity beta of 1.01. Unlevering and correcting for mean reversion yields an asset beta of 0.71. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.4%. With pre-tax cost of borrowing at 7.5%, a tax rate of 35.0% and target debt/equity of 1.5 this results in a long-term WACC of 7.1%.

DCF (EURm) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	-2.5	3.7	7.4	11.6	14.7	17.8	20.9	25.4	
Depreciation & amortization	10.0	10.5	12.1	13.7	15.4	17.0	18.6	19.1	
Change in working capital	15.7	-5.8	-4.0	-3.0	-2.6	-2.6	-2.7	-3.4	
Chg. in long-term provisions	3.7	0.4	-0.1	2.1	1.9	1.9	1.9	2.1	
Capex	-23.5	-13.2	-34.1	-42.0	-41.4	-40.9	-40.3	-16.7	
Cash flow	3.5	-4.4	-18.6	-17.5	-12.1	-6.9	-1.6	26.4	529.6
Present value	3.5	-4.1	-16.2	-14.2	-9.0	-4.8	-1.0	15.8	329.4
WACC	7.3%	7.5%	7.6%	7.6%	7.7%	7.7%	7.7%	7.7%	7.1%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	299.4	Planning horizon avg. revenue growth (2023E-2030E)	14.2%
Mid-year adj. total present value	310.5	Terminal value growth (2030E - infinity)	2.0%
Net debt / cash at start of year	127.3	Terminal year ROCE	7.7%
Financial assets	12.8	Terminal year WACC	7.1%
Provisions and off b/s debt	0.0		
Equity value	196.0	Terminal WACC derived from	
No. of shares outstanding	61.2	Cost of borrowing (before taxes)	7.5%
		Long-term tax rate	35.0%
		Equity beta	1.01
		Unlevered beta (industry or company)	0.71
		Target debt / equity	1.5
		Relevered beta	1.40
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	10.4%

Discounted cash flow / share	
Discounted cash flow / share	3.20
upside/(downside)	62.3%

Share price	
Share price	1.97

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%		0.7	0.9	1.2	1.5	1.8	2023E-2026E	-10.4%
1.0%		1.4	1.7	2.0	2.4	2.9	2027E-2030E	0.3%
0.0%		2.2	2.7	3.2	3.8	4.6	terminal value	110.0%
-1.0%		3.5	4.2	5.0	6.1	7.5		
-2.0%		5.4	6.5	8.0	10.0	13.1		

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 -1.01 per share based on 2023E and EUR 3.38 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	6.5	15.8	22.7	30.3	36.4
- Maintenance capex	7.3	7.8	9.0	10.4	11.7
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	-4.2	-2.6	-2.5	-1.8	-1.4
= Adjusted FCF	3.4	10.6	16.2	21.7	26.1
Actual Market Cap	120.8	120.8	120.8	120.8	120.8
+ Net debt (cash)	131.1	145.3	177.2	210.6	240.8
+ 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>	118.3	132.5	164.4	197.8	227.9
= Actual EV'	239.0	253.2	285.2	318.5	348.7
Adjusted FCF yield	1.4%	4.2%	5.7%	6.8%	7.5%
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	1.0%	1.0%	1.0%	1.0%	1.0%
adjusted hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
Fair EV	56.6	177.2	269.5	362.1	434.9
- <i>EV Reconciliations</i>	118.3	132.5	164.4	197.8	227.9
Fair Market Cap	-61.7	44.7	105.0	164.3	207.0
No. of shares (million)	61.2	61.2	61.2	61.2	61.2
Fair value per share in EUR	-1.01	0.73	1.72	2.68	3.38
Premium (-) / discount (+)	-151.1%	-63.0%	-13.0%	36.1%	71.4%

Sensitivity analysis FV						
Adjusted hurdle rate	4.0%	-0.5	2.2	3.9	5.6	6.9
	5.0%	-0.8	1.3	2.6	3.9	4.8
	6.0%	-1.0	0.7	1.7	2.7	3.4
	7.0%	-1.1	0.3	1.1	1.8	2.4
	8.0%	-1.2	0.0	0.6	1.2	1.6

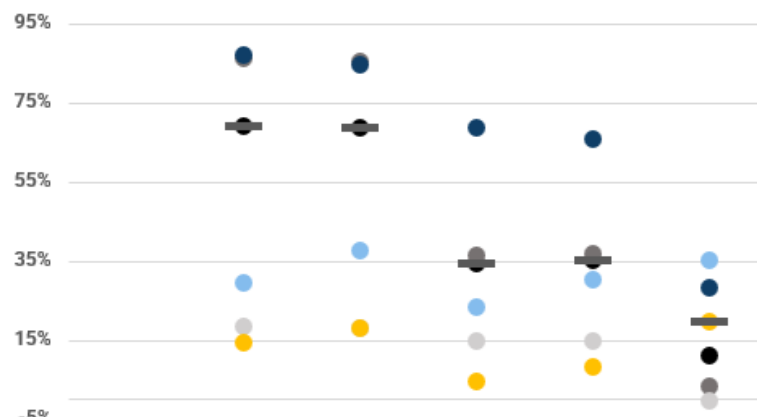
Source: Company data; AlsterResearch

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 7.0%. 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 **Photon Energy NV** 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 Photon Energy NV consists of the stocks displayed in the chart below. As of 26 January 2024 the median market cap of the peer group was EUR 976.5m, compared to EUR 120.8m for Photon Energy NV. In the period under review, the peer group was more profitable than Photon Energy NV. The expectations for sales growth are lower for the peer group than for Photon Energy NV.

Peer Group – Key data



26-Jan-24

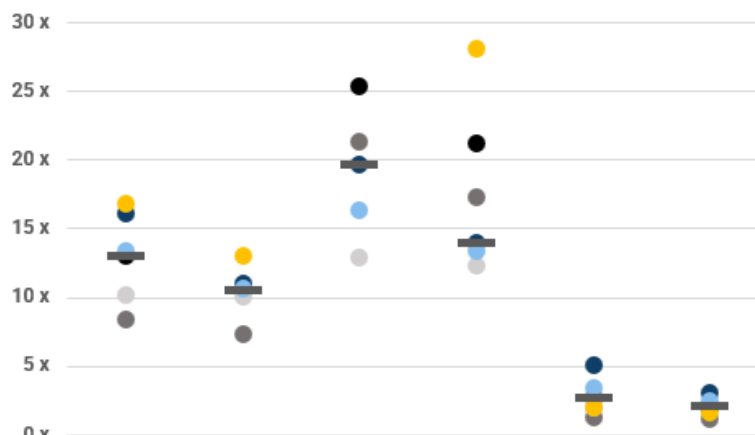
	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
● Encavis AG	2.023	69,3%	68,7%	34,7%	35,6%	11,2%
● 7C Solarparken AG	287	86,6%	85,8%	36,7%	37,1%	3,7%
● ABO Wind AG	402	18,5%	18,2%	15,2%	15,2%	0,0%
● Solaria Energia y Medio Ambiente SA	1.807	87,1%	84,7%	68,8%	65,9%	28,5%
● Greenergy Renovables SA	977	29,6%	37,9%	23,7%	30,4%	35,5%
● Photon Energy NV	121	14,6%	18,3%	4,8%	8,5%	20,0%
– Peer Group Median	977	69,3%	68,7%	34,7%	35,6%	19,8%

Source: Sentieo, AlsterResearch

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/BV 2024 and P/BV 2025.

Applying these to Photon Energy NV results in a range of fair values from EUR 0.01 to EUR 2.12.

Peer Group – Multiples and valuation



26-Jan-24

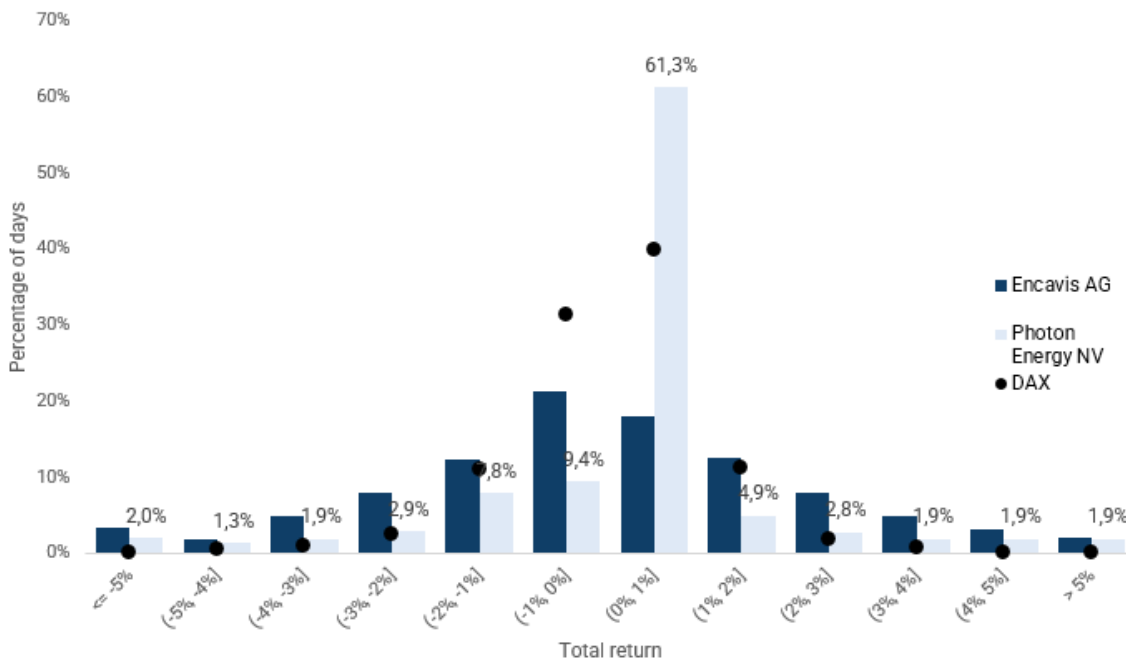
	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/BV 2024	P/BV 2025
● Encavis AG	13,1x	10,6x	25,5x	21,3x	2,8x	2,1x
● 7C Solarparken AG	8,5x	7,4x	21,4x	17,3x	1,3x	1,2x
● ABO Wind AG	10,3x	10,1x	13,0x	12,4x	2,1x	2,1x
● Solaria Energia y Medio Ambiente SA	16,2x	11,1x	19,8x	14,1x	5,1x	3,1x
● Grenergy Renovables SA	13,4x	10,7x	16,4x	13,4x	3,4x	2,6x
● Photon Energy NV	16,9x	13,1x	50,9x	28,1x	2,0x	1,8x
– Peer Group Median	13,1x	10,6x	19,8x	14,1x	2,8x	2,1x
Fair Value (EUR)	1,00	1,57	-0,69	0,07	-0,15	2,12

Source: Sentieo, AlsterResearch

Risk

The chart displays the **distribution of daily returns of Photon Energy NV** over the last 3 years, compared to the same distribution for Encavis AG. 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 Photon Energy NV, the worst day during the past 3 years was 30/06/2021 with a share price decline of -29.6%. The best day was 04/05/2022 when the share price increased by 14.1%.

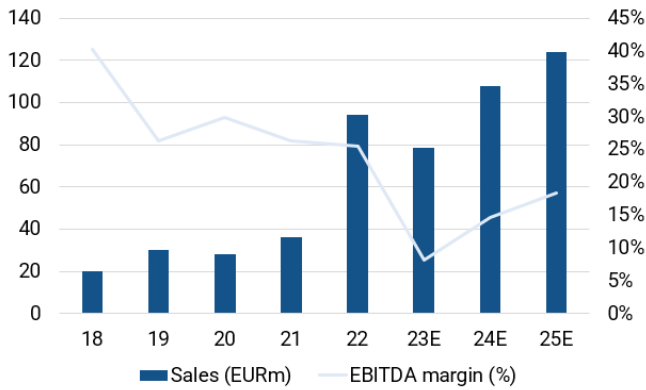
Risk – Daily Returns Distribution (trailing 3 years)



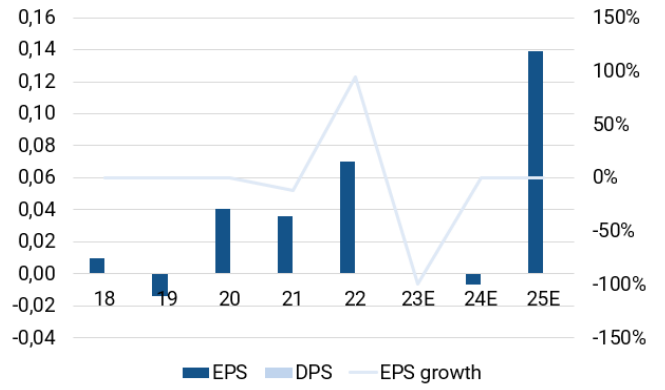
Source: Sentio, AlsterResearch

Financials in six charts

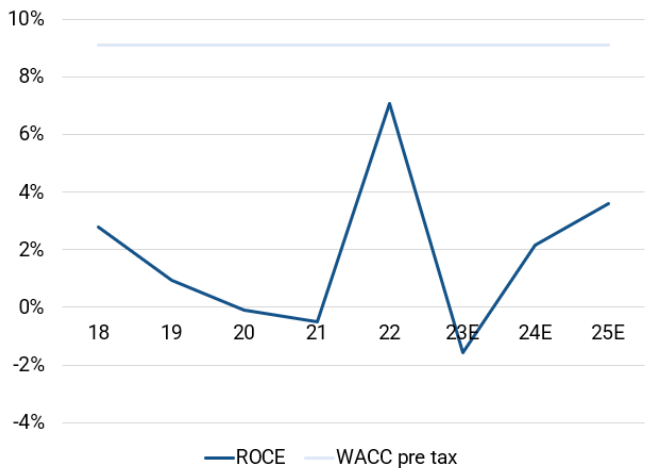
Sales vs. EBITDA margin development



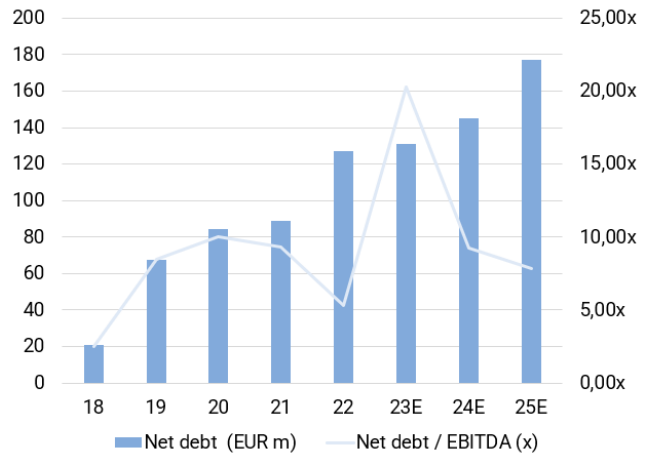
EPS, DPS in EUR & yoy EPS growth



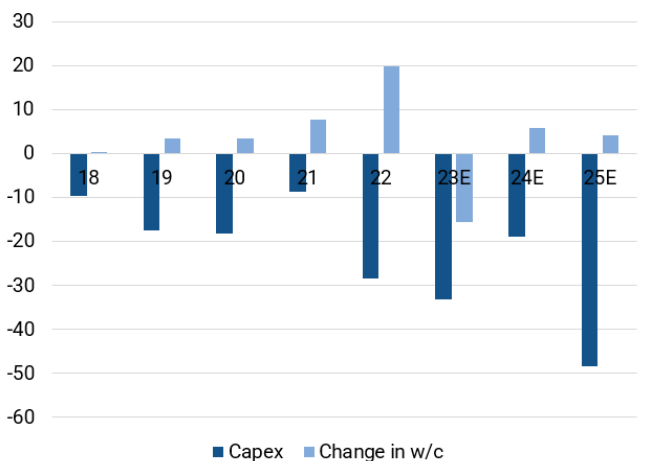
ROCE vs. WACC (pre tax)



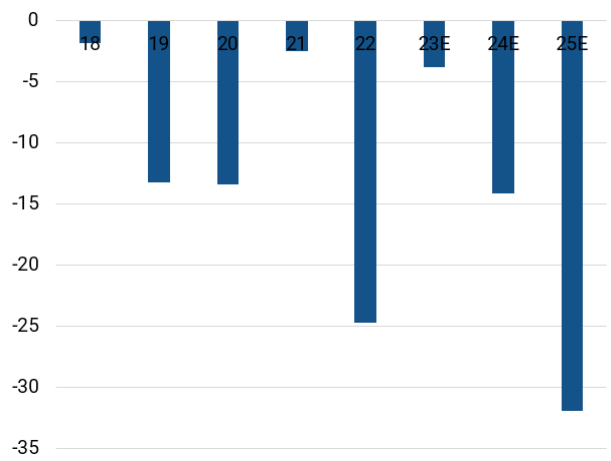
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data, AlsterResearch

Financials

Profit and loss (EURm)	2020	2021	2022	2023E	2024E	2025E
Net sales	28.3	36.4	94.2	78.7	107.9	124.1
Sales growth	-6.3%	28.7%	159.1%	-16.4%	37.1%	15.0%
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	78.7	107.9	124.1
Material expenses	4.6	12.7	44.1	31.4	32.6	34.0
Gross profit	23.6	23.6	50.1	47.4	75.3	90.0
Other operating income	0.4	0.6	0.6	0.8	1.1	1.2
Personnel expenses	5.8	6.7	9.5	26.0	39.1	46.2
Other operating expenses	9.7	7.7	17.0	15.7	21.6	22.3
EBITDA	8.4	9.6	24.1	6.5	15.8	22.7
Depreciation	8.3	10.7	9.0	9.1	9.7	11.3
EBITA	0.1	-1.1	15.1	-2.6	6.1	11.4
Amortisation of goodwill and intangible assets	0.3	-0.2	0.6	0.9	0.8	0.8
EBIT	-0.1	-0.9	14.5	-3.5	5.2	10.6
Financial result	-6.4	-5.2	-8.3	-10.4	-13.9	-19.0
Recurring pretax income from continuing operations	-6.5	-6.1	6.2	-13.9	-8.7	-8.4
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-6.5	-6.1	6.2	-13.9	-8.7	-8.4
Taxes	2.2	0.5	3.5	-4.2	-2.6	-2.5
Net income from continuing operations	-8.7	-6.6	2.8	-9.8	-6.1	-5.9
Result from discontinued operations (net of tax)	10.8	8.5	1.5	9.8	5.7	14.4
Net income	2.1	2.0	4.3	0.0	-0.4	8.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	2.1	2.0	4.3	0.0	-0.4	8.5
Average number of shares	51.20	54.36	61.24	61.24	61.24	61.24
EPS reported	0.04	0.04	0.07	0.00	-0.01	0.14

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%	40%	30%	27%
Gross profit	84%	65%	53%	60%	70%	73%
Other operating income	1%	2%	1%	1%	1%	1%
Personnel expenses	21%	19%	10%	33%	36%	37%
Other operating expenses	34%	21%	18%	20%	20%	18%
EBITDA	30%	26%	26%	8%	15%	18%
Depreciation	29%	29%	10%	12%	9%	9%
EBITA	0%	-3%	16%	-3%	6%	9%
Amortisation of goodwill and intangible assets	1%	-1%	1%	1%	1%	1%
EBIT	-1%	-2%	15%	-4%	5%	9%
Financial result	-23%	-14%	-9%	-13%	-13%	-15%
Recurring pretax income from continuing operations	-23%	-17%	7%	-18%	-8%	-7%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-23%	-17%	7%	-18%	-8%	-7%
Taxes	8%	1%	4%	-5%	-2%	-2%
Net income from continuing operations	-31%	-18%	3%	-12%	-6%	-5%
Result from discontinued operations (net of tax)	38%	23%	2%	12%	5%	12%
Net income	7%	5%	5%	0%	-0%	7%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	7%	5%	5%	0%	-0%	7%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (exl. Goodwill)	1.3	0.8	13.0	12.1	11.3	10.5
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	126.3	127.5	145.3	169.5	178.7	215.9
Financial assets	7.5	14.1	12.8	12.8	12.8	12.8
FIXED ASSETS	135.1	142.5	171.2	194.4	202.8	239.2
Inventories	1.0	2.2	15.8	6.9	7.1	7.5
Accounts receivable	6.1	9.1	27.8	19.4	26.6	30.6
Other current assets	2.2	2.9	3.2	3.2	3.2	3.2
Liquid assets	14.3	39.4	21.4	13.9	39.7	62.8
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	0.6	0.9	1.0
CURRENT ASSETS	23.9	54.2	69.1	44.0	77.5	105.0
TOTAL ASSETS	158.9	196.6	240.2	238.4	280.3	344.2
SHAREHOLDERS EQUITY	40.2	51.7	60.7	60.7	60.3	68.9
MINORITY INTEREST	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2
Long-term debt	92.8	100.0	138.2	135.0	175.0	230.0
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	15.7	16.2	16.1
Non-current liabilities	103.6	111.1	150.2	150.7	191.2	246.1
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	7.7	8.0	8.4
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	7.1	8.6	8.7
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	27.2	29.0	29.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	158.9	196.6	240.2	238.4	280.3	344.2

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	1%	0%	5%	5%	4%	3%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	80%	65%	60%	71%	64%	63%
Financial assets	5%	7%	5%	5%	5%	4%
FIXED ASSETS	85%	72%	71%	82%	72%	69%
Inventories	1%	1%	7%	3%	3%	2%
Accounts receivable	4%	5%	12%	8%	9%	9%
Other current assets	1%	1%	1%	1%	1%	1%
Liquid assets	9%	20%	9%	6%	14%	18%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	15%	28%	29%	18%	28%	31%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	25%	26%	25%	25%	22%	20%
MINORITY INTEREST	-0%	-0%	-0%	-0%	-0%	-0%
Long-term debt	58%	51%	58%	57%	62%	67%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	7%	6%	5%	7%	6%	5%
Non-current liabilities	65%	57%	63%	63%	68%	72%
short-term liabilities to banks	4%	14%	4%	4%	4%	3%
Accounts payable	2%	1%	5%	3%	3%	2%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	3%	2%	2%	3%	3%	3%
Deferred taxes	0%	0%	1%	1%	1%	1%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	10%	17%	12%	11%	10%	9%
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	0.0	-0.4	8.5
Depreciation of fixed assets (incl. leases)	8.3	10.7	8.9	9.1	9.7	11.3
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	0.9	0.8	0.8
Others	6.4	9.0	7.8	3.7	0.4	-0.1
Cash flow from operations before changes in w/c	8.2	13.7	23.6	13.7	10.6	20.6
Increase/decrease in inventory	0.1	-1.2	-13.4	9.0	-0.3	-0.3
Increase/decrease in accounts receivable	-1.8	-1.6	-10.9	8.3	-7.2	-4.0
Increase/decrease in accounts payable	-1.6	-2.4	5.0	-4.7	0.3	0.4
Increase/decrease in other w/c positions	-0.1	-2.5	-0.5	3.0	1.3	-0.1
Increase/decrease in working capital	-3.3	-7.6	-19.9	15.7	-5.8	-4.0
Cash flow from operating activities	4.8	6.1	3.7	29.4	4.7	16.5
CAPEX	-18.3	-8.6	-28.4	-33.2	-18.9	-48.5
Payments for acquisitions	-0.0	0.0	-6.2	0.0	0.0	0.0
Financial investments	-1.9	-5.6	0.4	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	-20.2	-14.2	-34.3	-33.2	-18.9	-48.5
Cash flow before financing	-15.3	-8.1	-30.6	-3.8	-14.2	-31.9
Increase/decrease in debt position	18.6	29.8	18.0	-3.6	40.0	55.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-6.7	-6.9	-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	11.9	22.9	9.3	-3.6	40.0	55.0
Increase/decrease in liquid assets	-3.4	14.8	-21.2	-7.5	25.8	23.1
Liquid assets at end of period	9.9	32.5	11.3	3.8	29.6	52.7

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	76.2	103.3	119.6
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	2.5	4.6	4.4
Total sales	28.3	36.4	94.2	78.7	107.9	124.1

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%	96.8%	95.7%	96.4%
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	19.4%	19.4%	5.4%	3.2%	4.3%	3.6%
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	0.00	-0.01	0.14
Cash flow per share	-0.04	-0.04	-0.06	0.36	-0.05	0.12
Book value per share	0.79	0.95	0.99	0.99	0.99	1.12
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	48.5x	54.8x	28.2x	5,722.3x	-297.0x	14.2x
P/CF	-55.9x	-44.3x	-35.2x	5.5x	-39.9x	16.1x
P/BV	2.5x	2.1x	2.0x	2.0x	2.0x	1.8x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-1.8%	-2.3%	-2.8%	18.3%	-2.5%	6.2%
EV/Sales	7.3x	5.8x	2.6x	3.2x	2.5x	2.4x
EV/EBITDA	24.3x	21.9x	10.3x	39.0x	16.9x	13.1x
EV/EBIT	-1,445.8x	-246.3x	17.0x	-71.8x	50.9x	28.1x
Income statement (EURm)						
Sales	28.3	36.4	94.2	78.7	107.9	124.1
yoy chg in %	-6.3%	28.7%	159.1%	-16.4%	37.1%	15.0%
Gross profit	23.6	23.6	50.1	47.4	75.3	90.0
Gross margin in %	83.6%	65.0%	53.1%	60.2%	69.8%	72.6%
EBITDA	8.4	9.6	24.1	6.5	15.8	22.7
EBITDA margin in %	29.9%	26.4%	25.5%	8.2%	14.6%	18.3%
EBIT	-0.1	-0.9	14.5	-3.5	5.2	10.6
EBIT margin in %	-0.5%	-2.3%	15.4%	-4.5%	4.8%	8.5%
Net profit	2.1	2.0	4.3	0.0	-0.4	8.5
Cash flow statement (EURm)						
CF from operations	4.8	6.1	3.7	29.4	4.7	16.5
Capex	-18.3	-8.6	-28.4	-33.2	-18.9	-48.5
Maintenance Capex	6.6	8.5	7.2	7.3	7.8	9.0
Free cash flow	-13.5	-2.5	-24.7	-3.8	-14.2	-31.9
Balance sheet (EURm)						
Intangible assets	1.3	0.8	13.0	12.1	11.3	10.5
Tangible assets	126.3	127.5	145.3	169.5	178.7	215.9
Shareholders' equity	40.2	51.7	60.7	60.7	60.3	68.9
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	109.6	139.6	160.6	160.7	201.2	256.1
Net financial debt	84.5	89.1	127.3	131.1	145.3	177.2
w/c requirements	3.5	9.0	31.2	18.6	25.7	29.7
Ratios						
ROE	5.2%	3.8%	7.0%	0.0%	-0.7%	12.4%
ROCE	-0.1%	-0.4%	6.6%	-1.6%	2.0%	3.3%
Net gearing	210.3%	172.4%	209.6%	215.9%	240.8%	257.4%
Net debt / EBITDA	10.0x	9.3x	5.3x	20.3x	9.2x	7.8x

Source: Company data; AlsterResearch

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