

Photon Energy NV

Netherlands | Industrial Goods & Services | MCap EUR 111.3m

15 March 2024

UPDATE



A mixed February; move to FIT in Hungary imminent; BUY

What's it all about?

In February, production at Photon Energy's PV power plants increased by 20% year-on-year, but lagged capacity growth due to a 15% decline in specific yield caused by predominantly cloudy weather. Electricity prices in Europe continued to be under pressure, particularly in Hungary, reaching a new low of EUR 70.00/MWh. This confirms the validity of the return to a feed-in tariff from 1 April, which initially guarantees a price of around EUR 120/MWh. The company is strategically refocusing its business, reviewing projects in Hungary and Australia and selling parts of its pipelines in Poland and Romania. This shift is in line with Photon Energy's adjusted business model, which emphasizes electricity services over production, and supports our BUY rating with a price target of EUR 3.05.

BUY (BUY)

Target price	EUR 3.05 (3.05)
Current price	EUR 1.82
Up/downside	67.8%

 ResearchHub 



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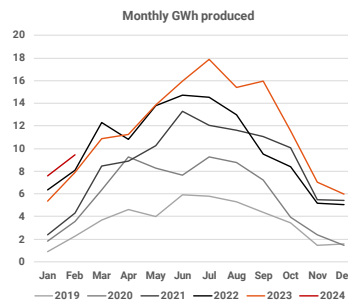
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A mixed February; move to FIT in Hungary imminent; BUY

February not favorable. Photon Energy has published its monthly report for February. Production at proprietary PV power plants increased by 20% yoy, lagging capacity growth (+39% yoy) due to a 15% decline in specific yield. This was due to the predominantly cloudy weather. This reverses the better-than-expected production figures in January. In any case, it should be borne in mind that February historically only accounts for around 5% of Photon Energy's annual production.



Source: Company data, mwb research

High/low 52 weeks 2.95 / 1.82
Price/Book Ratio 1.6x

Prices in Hungary under pressure, returning to FIT. Electricity prices in Europe remained under pressure in February. In Hungary in particular, a further sequential decline of 20% to EUR 70.00 marks a new low since Photon Energy switched to the merchant model in 2022. Against this backdrop, it is encouraging that the company has decided to revert to a feed-in tariff in Hungary from 1 April, which should initially guarantee a price of around EUR 120/MWh and is expected to increase annually by the CPI minus 1PP in local currency (Forint). A bright spot was the price development in Australia, where extreme weather events led to increased demand and price spikes.

Price Trends 02/2024	price (EUR)	price yoy	price mom	share revenues
Czech Rep.	638	-7%	-2%	34%
Slovakia	263	0%	0%	10%
Hungary	70	-50%	-20%	17%
Romania	86	na	-7%	19%
Australia	92	37%	44%	21%

Ticker / Symbols

ISIN NL0010391108
WKN A1T9KW
Bloomberg P7V:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	100.1	1.7	-0.05
	Δ	0.0%	0.0%	na%
2025E	old	114.5	6.6	0.05
	Δ	0.0%	0.0%	0.0%
2026E	old	129.9	11.9	0.15
	Δ	0.0%	0.0%	0.0%

Strategic realignment; BUY. Triggered by the deteriorating market prices in Hungary, Photon Energy is reviewing its business strategy with respect to the Hungarian project pipeline. The pipeline in Australia is also under review. This follows the decision to sell 32 MWp from the Polish pipeline and 54 MWp from the Romanian pipeline, which could result in an additional cash inflow of up to EUR 7m-8m (mwb est.). This is in line with Photon Energy's adjusted business model, which emphasizes electricity services rather than own production, and looks very reasonable given market developments and the stretched balance sheet. We reiterate our BUY rating with a PT of EUR 3.05.

Photon Energy NV	2021	2022	2023	2024E	2025E	2026E
Sales	36.4	94.2	74.4	100.1	114.5	129.9
Growth yoy	28.7%	159.1%	-21.1%	34.6%	14.4%	13.4%
EBITDA	9.6	24.1	5.3	14.2	20.5	28.2
EBIT	-0.9	14.5	-6.6	1.7	6.6	11.9
Net profit	2.0	4.3	1.5	-2.8	2.8	9.1
Net debt (net cash)	89.1	127.3	166.2	171.1	198.2	246.7
Net debt/EBITDA	9.3x	5.3x	31.2x	12.1x	9.7x	8.8x
EPS reported	0.04	0.07	0.02	-0.05	0.05	0.15
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	65.0%	53.1%	54.9%	71.4%	73.9%	75.9%
EBITDA margin	26.4%	25.5%	7.2%	14.2%	17.9%	21.7%
EBIT margin	-2.3%	15.4%	-8.9%	1.7%	5.8%	9.2%
ROCE	-0.4%	6.6%	-2.5%	0.6%	2.2%	3.3%
EV/Sales	5.5x	2.5x	3.7x	2.8x	2.7x	2.8x
EV/EBITDA	20.9x	9.9x	52.2x	19.9x	15.1x	12.7x
EV/EBIT	-235.3x	16.4x	-42.2x	170.1x	46.6x	30.1x
PER	50.5x	26.0x	76.3x	-39.4x	40.1x	12.2x

Source: Company data, mwb research

Key share data

Number of shares: (in m pcs) 61.24
Book value per share: (in EUR) 1.17
Ø trading vol.: (12 months) 79

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.

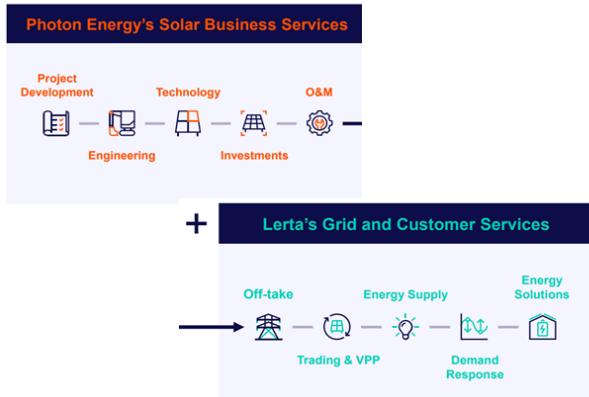
The following table displays the quarterly performance of **Photon Energy NV**:

P&L data	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Sales	9.1	23.2	35.4	26.4	19.3	21.0	19.2	14.9
yoy growth in %	99.9%	135.7%	247.2%	125.3%	111.0%	-9.8%	-45.7%	-43.6%
Gross profit	6.2	14.3	20.3	9.3	6.2	11.9	11.8	10.8
Gross margin in %	67.5%	61.4%	57.4%	35.3%	32.4%	56.9%	61.6%	72.4%
EBITDA	2.0	8.1	12.7	1.2	0.3	2.5	1.9	0.4
EBITDA margin in %	22.2%	35.0%	35.9%	4.6%	1.7%	11.9%	10.0%	2.4%
EBIT	0.5	4.6	9.7	-0.4	-1.6	0.1	-1.0	-4.1
EBIT margin in %	5.8%	20.0%	27.5%	-1.3%	-8.1%	0.5%	-5.4%	-27.3%
EBT	-1.3	2.6	7.3	-2.4	-4.2	-2.8	-4.0	-4.0
taxes paid	-0.1	0.6	1.3	-1.4	0.0	0.5	-1.8	0.8
tax rate in %	10.5%	22.5%	18.1%	58.4%	0.0%	-17.0%	46.0%	-20.0%
net profit	-1.4	2.0	6.0	-3.8	-4.2	-3.3	-2.1	-4.8
yoy growth in %	na%	na%	na%	na%	na%	na%	na%	na%
EPS	-0.03	0.04	0.11	-0.07	-0.08	-0.06	-0.04	-0.08

Source: Company data; mwb research

Investment case in six charts

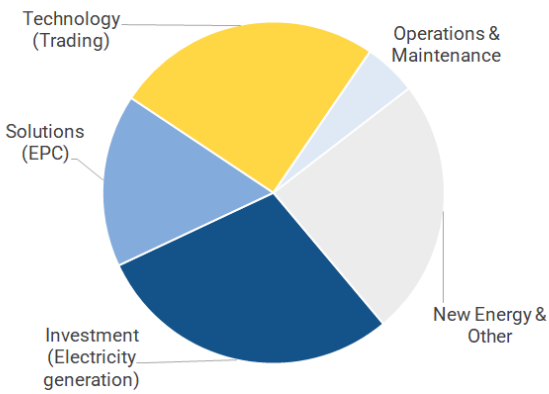
Business Model



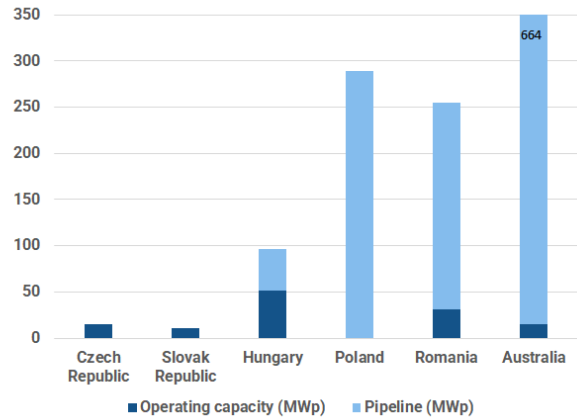
Geographical Presence



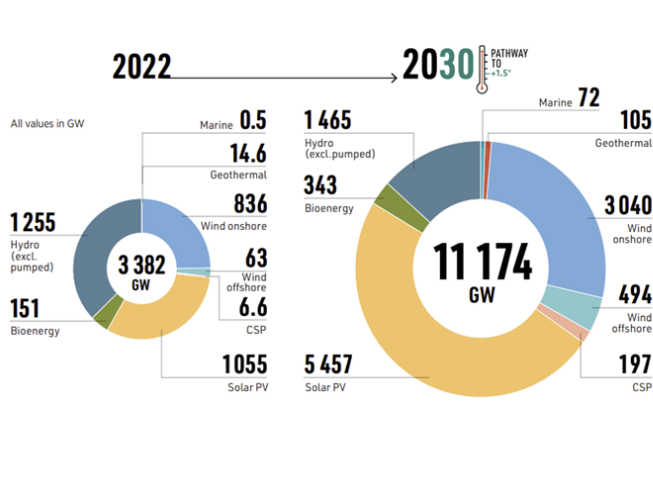
External Revenue Shares (2023)



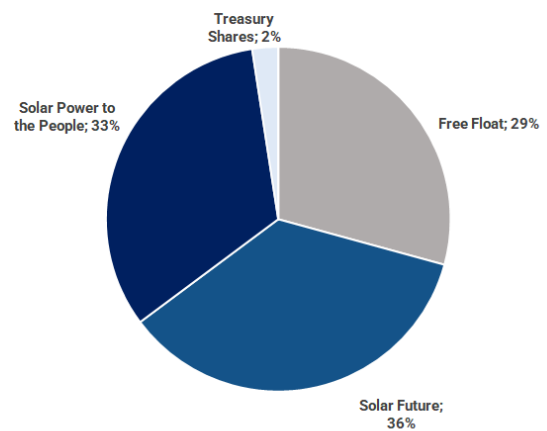
Capacity and pipeline



Fastest growing renewable energy



Major Shareholders



Source: Company data; mwb research; 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 -> 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
- 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
- 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 3.06 per share**:

Top-line growth: We expect Photon Energy NV to grow revenues at a CAGR of 8.9% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 0.6% in 2024E to 7.1% in 2031E.

WACC. Starting point is a historical equity beta of 1.06. Unlevering and correcting for mean reversion yields an asset beta of 0.67. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 9.9%. 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 6.9%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	1.2	5.0	8.9	13.0	15.4	18.0	21.0	22.3	
Depreciation & amortization	12.5	13.8	16.3	17.7	19.0	19.8	19.9	20.4	
Change in working capital	0.4	-3.6	-2.8	-2.6	-2.1	-2.0	-2.5	-1.2	
Chg. in long-term provisions	3.2	-0.1	2.0	1.8	1.5	1.5	1.4	0.5	
Capex	-18.9	-12.1	-29.9	-56.8	-35.3	-34.6	-20.3	-16.6	
Cash flow	-1.5	3.0	-5.5	-26.9	-1.4	2.7	19.5	25.4	531.3
Present value	-1.4	2.6	-4.5	-20.1	-1.0	1.7	11.7	14.1	316.2
WACC	7.7%	7.7%	7.8%	7.9%	7.9%	7.9%	7.9%	7.9%	6.9%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	319.3	Planning horizon avg. revenue growth (2024E-2031E)	8.9%
Mid-year adj. total present value	331.5	Terminal value growth (2031E - infinity)	2.0%
Net debt / cash at start of year	166.2	Terminal year ROCE	7.1%
Financial assets	22.8	Terminal year WACC	6.9%
Provisions and off b/s debt	0.6		
Equity value	187.5	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	1.06
		Unlevered beta (industry or company)	0.67
		Target debt / equity	1.5
		Relevered beta	1.31
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	9.9%

Discounted cash flow / share	
Discounted cash flow / share	3.06
upside/(downside)	68.4%

Share price	
Share price	1.82

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%	0.5	0.8	1.0	1.3	1.6	2024E-2027E	-7.3%
1.0%	1.2	1.5	1.8	2.3	2.7	2028E-2031E	8.3%
0.0%	2.1	2.5	3.1	3.7	4.5	terminal value	99.0%
-1.0%	3.4	4.1	4.9	6.0	7.5		
-2.0%	5.4	6.6	8.2	10.4	13.9		

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 -0.48 per share based on 2024E and EUR 2.30 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	14.2	20.5	28.2	35.0	39.6
- Maintenance capex	10.0	11.1	13.0	14.1	15.2
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	-3.0	-2.4	-2.4	-1.6	0.1
= Adjusted FCF	7.1	11.8	17.5	22.5	24.2
Actual Market Cap	111.3	111.3	111.3	111.3	111.3
+ Net debt (cash)	171.1	198.2	246.7	269.9	285.6
+ 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	22.8	22.8	22.8	22.8	22.8
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	148.3	175.3	223.8	247.0	262.8
= Actual EV'	259.6	286.7	335.2	358.4	374.1
Adjusted FCF yield	2.7%	4.1%	5.2%	6.3%	6.5%
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	118.7	197.2	292.4	375.4	403.9
- <i>EV Reconciliations</i>	148.3	175.3	223.8	247.0	262.8
Fair Market Cap	-29.6	21.8	68.5	128.3	141.1
No. of shares (million)	61.2	61.2	61.2	61.2	61.2
Fair value per share in EUR	-0.48	0.36	1.12	2.10	2.30
Premium (-) / discount (+)	-126.5%	-80.4%	-38.5%	15.3%	26.7%

Sensitivity analysis FV						
	4.0%	0.5	2.0	3.5	5.2	5.6
Adjusted hurdle rate	5.0%	-0.1	1.0	2.1	3.3	3.6
	6.0%	-0.5	0.4	1.1	2.1	2.3
	7.0%	-0.8	-0.1	0.4	1.2	1.4
	8.0%	-1.0	-0.4	-0.1	0.6	0.7

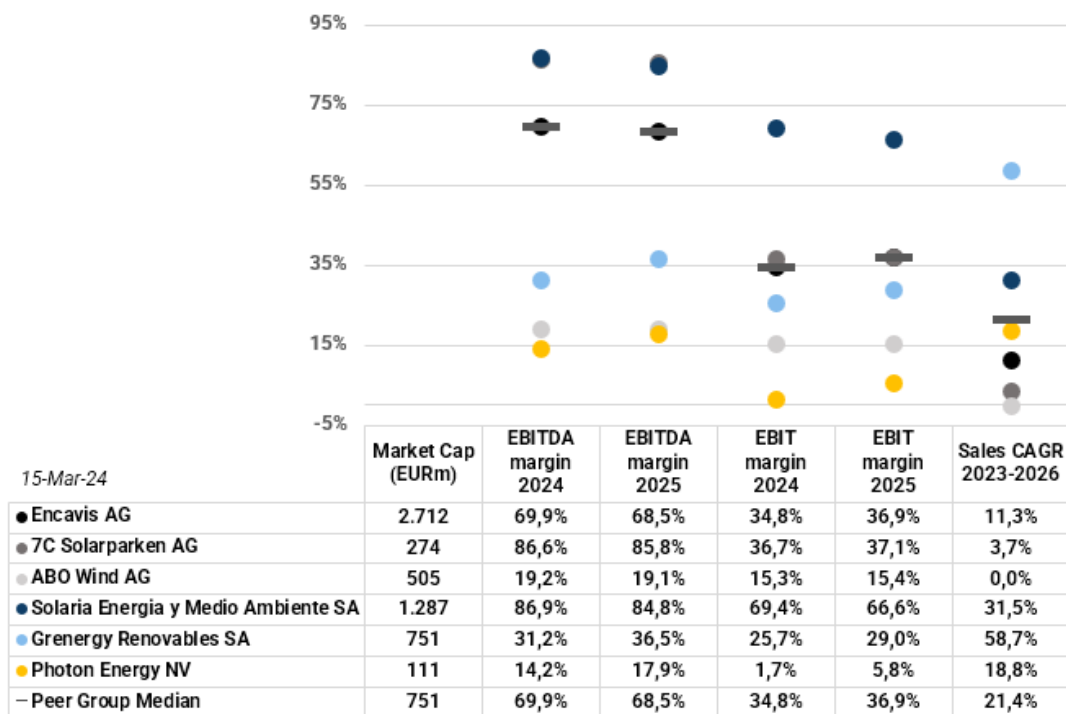
Source: Company data; mwb research

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 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 15 March 2024 the median market cap of the peer group was EUR 751.2m, compared to EUR 111.3m 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 higher for the peer group than for Photon Energy NV.

Peer Group – Key data

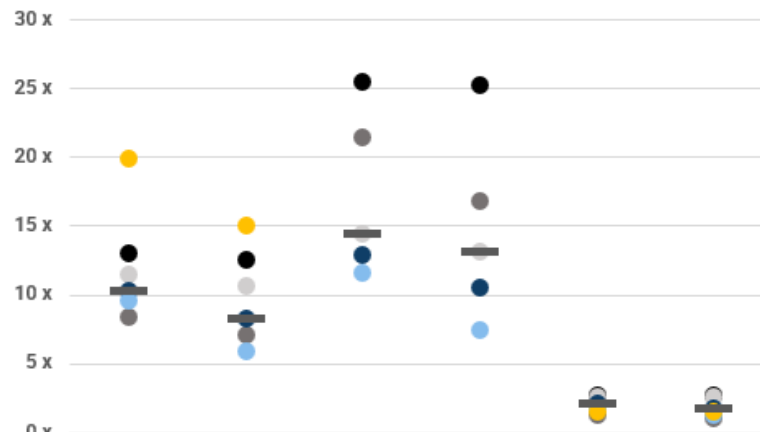


Source: AlphaSense, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 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 0.77.

Peer Group – Multiples and valuation



15-Mar-24

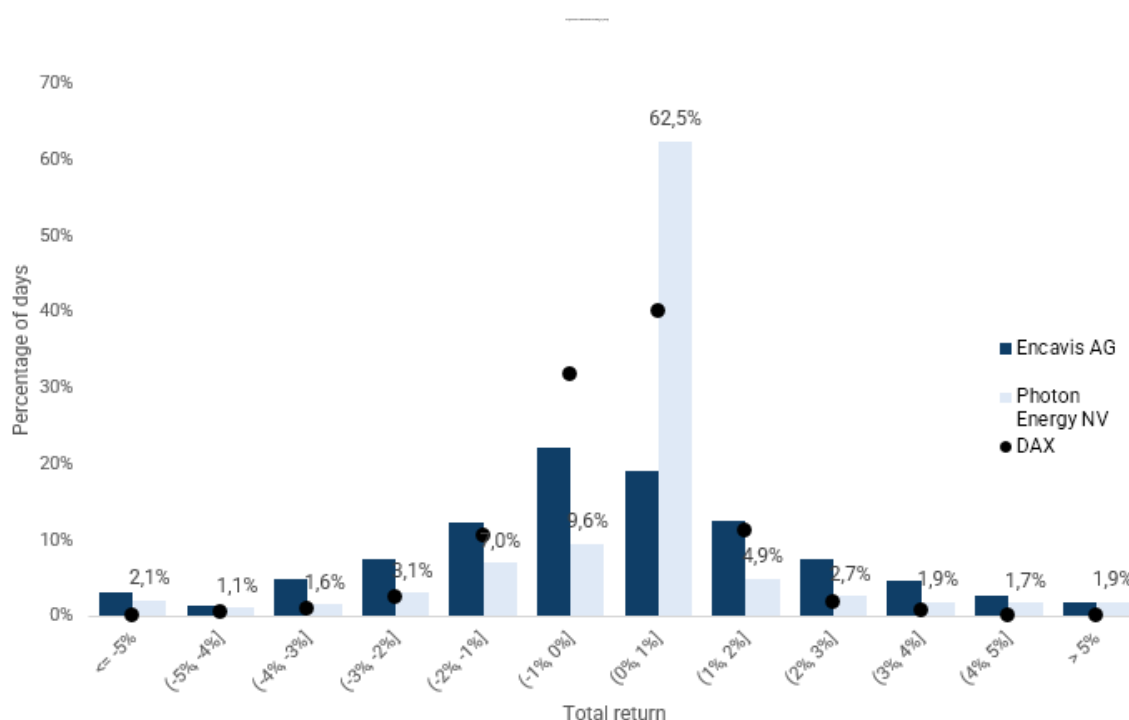
	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/BV 2024	P/BV 2025
● Encavis AG	13,1x	12,6x	25,5x	25,4x	2,8x	2,8x
● 7C Solarparken AG	8,5x	7,2x	21,5x	16,9x	1,3x	1,1x
● ABO Wind AG	11,6x	10,7x	14,6x	13,3x	2,7x	2,7x
● Solaria Energia y Medio Ambiente SA	10,4x	8,3x	13,0x	10,6x	2,2x	1,9x
● Grenergy Renovables SA	9,7x	6,0x	11,7x	7,6x	1,8x	1,4x
● Photon Energy NV	19,9x	15,1x	170,1x	46,6x	1,6x	1,6x
– Peer Group Median	10,4x	8,3x	14,6x	13,3x	2,2x	1,9x
Fair Value (EUR)	-0,39	0,00	-2,40	-1,36	-0,87	0,77

Source: AlphaSense, mwb research

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%.

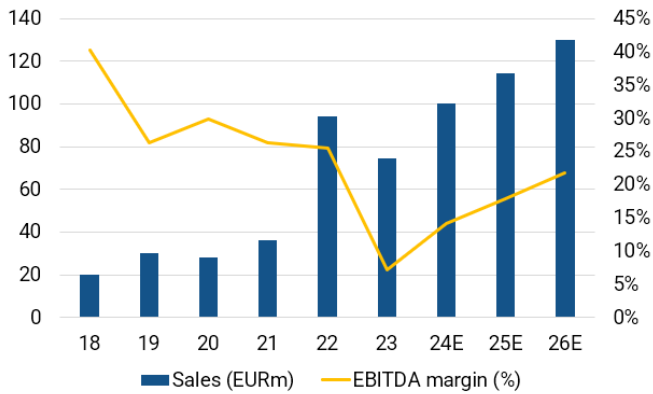
Risk – Daily Returns Distribution (trailing 3 years)



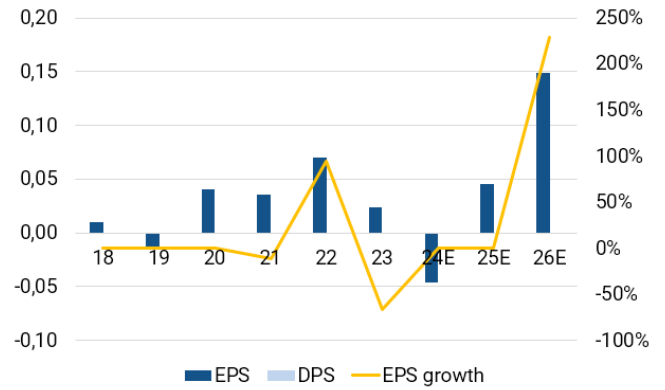
Source: AlphaSense, mwb research

Financials in six charts

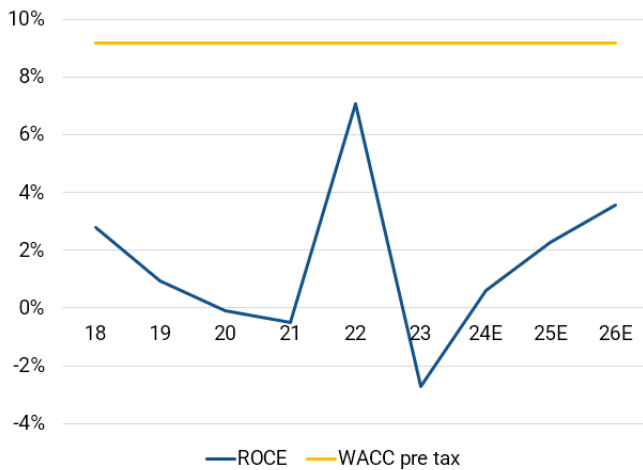
Sales vs. EBITDA margin development



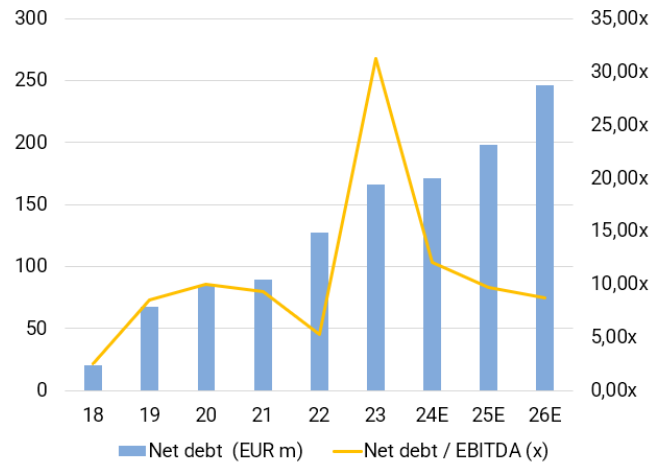
EPS, DPS in EUR & yoy EPS growth



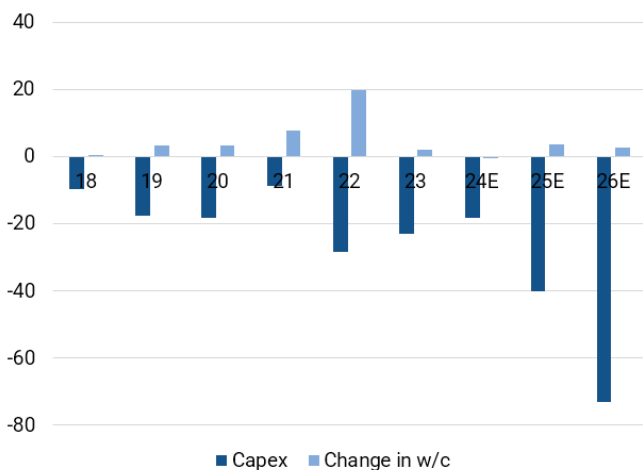
ROCE vs. WACC (pre tax)



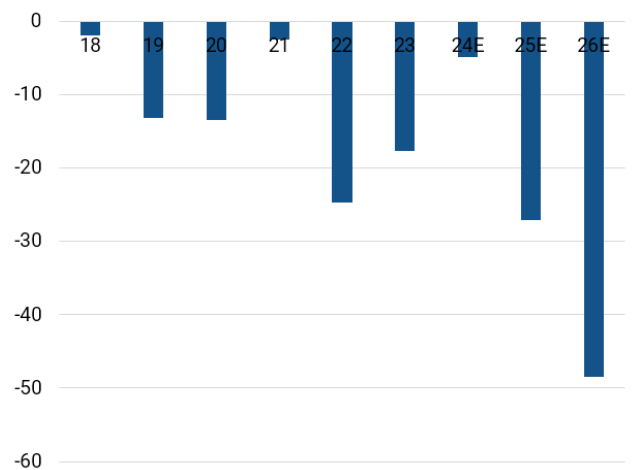
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Net sales	36.4	94.2	74.4	100.1	114.5	129.9
Sales growth	28.7%	159.1%	-21.1%	34.6%	14.4%	13.4%
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	36.4	94.2	74.4	100.1	114.5	129.9
Material expenses	12.7	44.1	33.6	28.7	29.9	31.3
Gross profit	23.6	50.1	40.8	71.4	84.6	98.6
Other operating income	0.6	0.6	0.7	1.0	1.1	1.3
Personnel expenses	6.7	9.5	18.7	38.2	44.6	54.8
Other operating expenses	7.7	17.0	17.5	20.0	20.6	16.9
EBITDA	9.6	24.1	5.3	14.2	20.5	28.2
Depreciation	10.7	9.0	11.9	12.5	13.8	16.3
EBITA	-1.1	15.1	-6.6	1.7	6.6	11.9
Amortisation of goodwill and intangible assets	-0.2	0.6	0.0	0.0	0.0	0.0
EBIT	-0.9	14.5	-6.6	1.7	6.6	11.9
Financial result	-5.2	-8.3	-8.4	-13.5	-16.3	-21.4
Recurring pretax income from continuing operations	-6.1	6.2	-15.0	-11.8	-9.7	-9.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-6.1	6.2	-15.0	-11.8	-9.7	-9.5
Taxes	0.5	3.5	-0.6	-3.0	-2.4	-2.4
Net income from continuing operations	-6.6	2.8	-14.4	-8.9	-7.3	-7.1
Result from discontinued operations (net of tax)	8.5	1.5	15.9	6.0	10.1	16.3
Net income	2.0	4.3	1.5	-2.8	2.8	9.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	2.0	4.3	1.5	-2.8	2.8	9.1
Average number of shares	54.36	61.24	61.24	61.24	61.24	61.24
EPS reported	0.04	0.07	0.02	-0.05	0.05	0.15

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	0%	0%	0%	0%	0%	0%
Total sales	100%	100%	100%	100%	100%	100%
Material expenses	35%	47%	45%	29%	26%	24%
Gross profit	65%	53%	55%	71%	74%	76%
Other operating income	2%	1%	1%	1%	1%	1%
Personnel expenses	19%	10%	25%	38%	39%	42%
Other operating expenses	21%	18%	24%	20%	18%	13%
EBITDA	26%	26%	7%	14%	18%	22%
Depreciation	29%	10%	16%	12%	12%	13%
EBITA	-3%	16%	-9%	2%	6%	9%
Amortisation of goodwill and intangible assets	-1%	1%	0%	0%	0%	0%
EBIT	-2%	15%	-9%	2%	6%	9%
Financial result	-14%	-9%	-11%	-13%	-14%	-16%
Recurring pretax income from continuing operations	-17%	7%	-20%	-12%	-8%	-7%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-17%	7%	-20%	-12%	-8%	-7%
Taxes	1%	4%	-1%	-3%	-2%	-2%
Net income from continuing operations	-18%	3%	-19%	-9%	-6%	-5%
Result from discontinued operations (net of tax)	23%	2%	21%	6%	9%	13%
Net income	5%	5%	2%	-3%	2%	7%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	5%	5%	2%	-3%	2%	7%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	0.8	13.0	7.9	7.9	7.9	7.9
Goodwill	0.0	0.0	15.4	15.4	15.4	15.4
Property, plant and equipment	127.5	145.3	179.6	185.2	211.3	268.1
Financial assets	14.1	12.8	22.8	22.8	22.8	22.8
FIXED ASSETS	142.5	171.2	225.8	231.4	257.5	314.3
Inventories	2.2	15.8	14.1	6.3	6.6	6.9
Accounts receivable	9.1	27.8	17.0	24.7	28.2	32.0
Other current assets	2.9	3.2	6.6	6.6	6.6	6.6
Liquid assets	39.4	21.4	13.0	21.8	19.7	21.2
Deferred taxes	0.3	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.3	0.9	1.3	0.8	0.9	1.0
CURRENT ASSETS	54.2	69.1	51.9	60.1	62.0	67.7
TOTAL ASSETS	196.6	240.2	277.7	291.5	319.5	382.0
SHAREHOLDERS EQUITY	51.7	60.7	71.7	68.9	71.6	80.7
MINORITY INTEREST	-0.1	-0.2	-0.3	-0.3	-0.3	-0.3
Long-term debt	100.0	138.2	161.4	175.0	200.0	250.0
Provisions for pensions and similar obligations	0.0	0.0	0.6	0.0	0.0	0.0
Other provisions	11.1	12.0	11.3	15.0	14.9	16.9
Non-current liabilities	111.1	150.2	173.2	190.0	214.9	266.9
short-term liabilities to banks	28.5	10.4	17.8	17.8	17.8	17.8
Accounts payable	2.3	12.4	14.5	7.1	7.4	7.7
Advance payments received on orders	0.0	0.0	0.7	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	3.2	4.4	0.0	8.0	8.0	9.1
Deferred taxes	0.0	2.3	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	34.0	29.5	33.0	32.9	33.2	34.6
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	196.6	240.2	277.7	291.5	319.5	382.0

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	0%	5%	3%	3%	2%	2%
Goodwill	0%	0%	6%	5%	5%	4%
Property, plant and equipment	65%	60%	65%	64%	66%	70%
Financial assets	7%	5%	8%	8%	7%	6%
FIXED ASSETS	72%	71%	81%	79%	81%	82%
Inventories	1%	7%	5%	2%	2%	2%
Accounts receivable	5%	12%	6%	8%	9%	8%
Other current assets	1%	1%	2%	2%	2%	2%
Liquid assets	20%	9%	5%	7%	6%	6%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	28%	29%	19%	21%	19%	18%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	26%	25%	26%	24%	22%	21%
MINORITY INTEREST	-0%	-0%	-0%	-0%	-0%	-0%
Long-term debt	51%	58%	58%	60%	63%	65%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	6%	5%	4%	5%	5%	4%
Non-current liabilities	57%	63%	62%	65%	67%	70%
short-term liabilities to banks	14%	4%	6%	6%	6%	5%
Accounts payable	1%	5%	5%	2%	2%	2%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	2%	2%	0%	3%	3%	2%
Deferred taxes	0%	1%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	17%	12%	12%	11%	10%	9%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	-5.9	6.2	-15.0	-2.8	2.8	9.1
Depreciation of fixed assets (incl. leases)	10.7	8.9	11.9	12.5	13.8	16.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.7	0.0	0.0	0.0	0.0
Others	9.0	7.8	10.3	3.2	-0.1	2.0
Cash flow from operations before changes in w/c	13.7	23.6	7.2	12.9	16.5	27.4
Increase/decrease in inventory	-1.2	-13.4	5.9	7.8	-0.3	-0.3
Increase/decrease in accounts receivable	-1.6	-10.9	1.5	-7.7	-3.5	-3.8
Increase/decrease in accounts payable	-2.4	5.0	-4.0	-7.5	0.3	0.3
Increase/decrease in other w/c positions	-2.5	-0.5	-5.4	7.8	-0.1	1.0
Increase/decrease in working capital	-7.6	-19.9	-2.1	0.4	-3.6	-2.8
Cash flow from operating activities	6.1	3.7	5.1	13.3	12.9	24.6
CAPEX	-8.6	-28.4	-22.9	-18.1	-40.0	-73.1
Payments for acquisitions	0.0	-6.2	-2.4	0.0	0.0	0.0
Financial investments	-5.6	0.4	0.0	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	-14.2	-34.3	-25.3	-18.1	-40.0	-73.1
Cash flow before financing	-8.1	-30.6	-20.1	-4.8	-27.1	-48.5
Increase/decrease in debt position	29.8	18.0	22.9	13.6	25.0	50.0
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	-6.9	-8.7	-8.2	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	22.9	9.3	14.7	13.6	25.0	50.0
Increase/decrease in liquid assets	14.8	-21.2	-5.4	8.8	-2.1	1.5
Liquid assets at end of period	32.5	11.3	5.8	14.6	12.5	14.0

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0
Europe (ex domestic)	29.3	89.1	72.7	98.0	111.8	125.1
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	7.1	5.1	1.7	2.1	2.7	4.7
Total sales	36.4	94.2	74.4	100.1	114.5	129.9

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Europe (ex domestic)	80.6%	94.6%	97.7%	97.9%	97.7%	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%	5.4%	2.3%	2.1%	2.3%	3.6%
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	0.04	0.07	0.02	-0.05	0.05	0.15
Cash flow per share	-0.04	-0.06	-0.07	0.05	0.03	0.19
Book value per share	0.95	0.99	1.17	1.12	1.17	1.32
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	50.5x	26.0x	76.3x	-39.4x	40.1x	12.2x
P/CF	-40.8x	-32.4x	-25.4x	33.8x	62.2x	9.6x
P/BV	1.9x	1.8x	1.6x	1.6x	1.6x	1.4x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-2.4%	-3.1%	-3.9%	3.0%	1.6%	10.4%
EV/Sales	5.5x	2.5x	3.7x	2.8x	2.7x	2.8x
EV/EBITDA	20.9x	9.9x	52.2x	19.9x	15.1x	12.7x
EV/EBIT	-235.3x	16.4x	-42.2x	170.1x	46.6x	30.1x
Income statement (EURm)						
Sales	36.4	94.2	74.4	100.1	114.5	129.9
yoy chg in %	28.7%	159.1%	-21.1%	34.6%	14.4%	13.4%
Gross profit	23.6	50.1	40.8	71.4	84.6	98.6
Gross margin in %	65.0%	53.1%	54.9%	71.4%	73.9%	75.9%
EBITDA	9.6	24.1	5.3	14.2	20.5	28.2
EBITDA margin in %	26.4%	25.5%	7.2%	14.2%	17.9%	21.7%
EBIT	-0.9	14.5	-6.6	1.7	6.6	11.9
EBIT margin in %	-2.3%	15.4%	-8.9%	1.7%	5.8%	9.2%
Net profit	2.0	4.3	1.5	-2.8	2.8	9.1
Cash flow statement (EURm)						
CF from operations	6.1	3.7	5.1	13.3	12.9	24.6
Capex	-8.6	-28.4	-22.9	-18.1	-40.0	-73.1
Maintenance Capex	8.5	7.2	9.5	10.0	11.1	13.0
Free cash flow	-2.5	-24.7	-17.7	-4.8	-27.1	-48.5
Balance sheet (EURm)						
Intangible assets	0.8	13.0	23.4	23.4	23.4	23.4
Tangible assets	127.5	145.3	179.6	185.2	211.3	268.1
Shareholders' equity	51.7	60.7	71.7	68.9	71.6	80.7
Pension provisions	0.0	0.0	0.6	0.0	0.0	0.0
Liabilities and provisions	139.6	160.6	191.0	207.8	232.7	284.7
Net financial debt	89.1	127.3	166.2	171.1	198.2	246.7
w/c requirements	9.0	31.2	15.9	23.9	27.4	31.2
Ratios						
ROE	3.8%	7.0%	2.0%	-4.1%	3.9%	11.3%
ROCE	-0.4%	6.6%	-2.5%	0.6%	2.2%	3.3%
Net gearing	172.4%	209.6%	231.9%	248.4%	276.6%	305.5%
Net debt / EBITDA	9.3x	5.3x	31.2x	12.1x	9.7x	8.8x

Source: Company data; mwb research

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