

Photon Energy NV

Netherlands | Industrial Goods & Services | MCap EUR 106.2m

17 May 2024

UPDATE



Q1: the turnaround is becoming visible; BUY

What's it all about?

Photon Energy's Q1 revenues decreased by approximately 10% yoy to EUR 17.4m, mainly due to an 80% decrease in the PV component trading business and a 27% decrease in IPP portfolio revenues due to lower electricity prices, despite a 24% increase in capacity. However, the New Energy segment recorded a revenue increase of 121%, driven by the capacity market in Poland. EBITDA improved to EUR 0.8m with a margin of 4.5%, supported by a significant contribution from New Energy and a decline in the low-margin trading business. A positive free cash flow of EUR 2.5m and a cash balance of EUR 5.2m, together with EUR 15m new project financing from the EBRD, provide financial flexibility for further development. With an adjusted equity ratio of 27.7%, seasonally stronger quarters ahead and a partial switch to much more attractive feed-in tariffs in Hungary, Photon Energy's financial buffer appears adequate. The company's FY24 guidance is for revenues between EUR 90-100m and EBITDA between EUR 16-18m, the latter higher than our previous estimates. We reiterate our BUY rating with an unchanged price target of EUR 3.05.

BUY (BUY)

Target price	EUR 3.05 (3.05)
Current price	EUR 1.74
Up/downside	75.8%



MAIN AUTHOR

Dr. Oliver Wojahn, CFA

o.wojahn@mwb-research.com

+49 40 309 293-55

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Photon Energy NV

Netherlands | Industrial Goods & Services | MCap EUR 106.2m | EV EUR 273.6m

BUY (BUY)

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Current price
Up/downside

EUR 3.05 (3.05)
EUR 1.74
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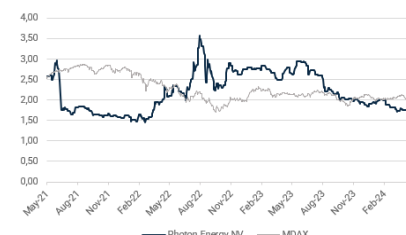
Dr. Oliver Wojahn, CFA
o.wojahn@mwb-research.com
+49 40 309 293-55

Q1: the turnaround is becoming visible; BUY

Q1 revenues dragged down by trading business. Photon Energy has published its Q1 report. Revenues declined by c. 10% yoy to EUR 17.4m, mainly driven by a declining PV component trading business (-80% yoy). In addition, falling energy prices led to a 27% yoy revenue decline in the IPP portfolio, despite a 24% yoy capacity increase. A bright spot was the development of the New Energy segment, where revenues increased by 121% yoy, largely driven by the capacity market in Poland, where Photon Energy is paid for providing flexible loads that can reduce energy consumption on request (DSR). Revenues here follow a reverse seasonality to solar power generation, smoothing overall revenues.

Slight improvement in profitability. EBITDA of EUR 0.8m in the first quarter represents a margin of 4.5%, up 280 bps year-on-year. While there was a negative mix effect due to the lower share of high-margin electricity sales, this was compensated by the decline in the low-margin trading business. The largest contributor to the improvement was New Energy, which added almost EUR 2m to EBITDA yoy. The Engineering segment also showed a significant improvement in profitability, but this is a timing issue in cost recognition and will be reversed in Q2. Excluding this effect, margins would probably have been flat or slightly down.

Positive free cash flow. Photon Energy generated a positive operating cash flow of EUR 4.7m in Q1 (Q1 23; EUR -2.4m), resulting in a positive FCF of EUR 2.5m and a cash balance of EUR 5.2m. Together with the project financing agreement of up to EUR 15m signed with the EBRD this month, this provides the financial flexibility to further develop the solar portfolio in Romania and also the DSR portfolio. The current adjusted equity ratio of 27.7% still provides a buffer towards the bond covenant level of 25%. Given that the next two quarters are seasonally strong in the IPP business and that Photon Energy has switched 35 MWp of the Hungarian portfolio to a feed-in tariff of EUR 119.25 per MWh, well above the average revenue of EUR 69.00 per MWh in Q1, this buffer looks adequate.



Source: Company data, mwb research

High/low 52 weeks 2.95 / 1.72
Price/Book Ratio 1.5x

Ticker / Symbols

ISIN NL0010391108
WKN A1T9KW
Bloomberg P7V:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	100.1	1.7	-0.15
	Δ	-5.0%	102.9%	na%
2025E	old	114.5	6.6	-0.06
	Δ	0.0%	12.4%	na%
2026E	old	129.9	11.9	0.05
	Δ	-0.7%	-0.8%	109.0%

Key share data

Number of shares: (in m pcs) 61.24
Book value per share: (in EUR) 1.14
Ø trading vol.: (12 months) 87

Major shareholders

Solar Future 35.5%
Solar Power to the People 32.8%
Treasury Shares 2.4%
Free Float 25.5%

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.

Photon Energy NV	2021	2022	2023	2024E	2025E	2026E
Sales	36.4	94.2	70.6	95.1	114.5	128.9
<i>Growth yoy</i>	28.7%	159.1%	-25.0%	34.6%	20.4%	12.6%
EBITDA	9.6	24.1	6.8	16.0	21.4	27.4
EBIT	-0.9	14.5	-5.2	3.4	7.5	11.8
Net profit	2.0	4.3	-0.5	-1.0	4.0	5.9
Net debt (net cash)	89.1	127.3	166.8	170.8	196.6	223.6
Net debt/EBITDA	9.3x	5.3x	24.4x	10.7x	9.2x	8.2x
EPS reported	0.04	0.07	-0.01	-0.02	0.06	0.10
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	65.0%	53.1%	47.8%	74.6%	73.8%	75.7%
EBITDA margin	26.4%	25.5%	9.7%	16.8%	18.7%	21.2%
EBIT margin	-2.3%	15.4%	-7.4%	3.5%	6.5%	9.2%
ROCE	-0.4%	6.6%	-2.0%	1.2%	2.5%	3.3%
EV/Sales	5.4x	2.5x	3.9x	2.9x	2.6x	2.6x
EV/EBITDA	20.4x	9.7x	40.1x	17.3x	14.1x	12.1x
EV/EBIT	-229.3x	16.1x	-52.7x	82.2x	40.6x	27.9x
PER	48.2x	24.8x	-231.5x	-107.7x	26.8x	18.1x

Source: Company data, mwb research

- continued next page -

Guidance positive on EBITDA, BUY. Photon Energy has issued FY24 guidance of revenues in the range of EUR 90m to EUR 100m and EBITDA of EUR 16m to EUR 18m. The revenue guidance is at the lower end of our previous estimate of EUR 100m, while EBITDA is a positive surprise (previous mwb estimate: EUR 14.2m). We suspect the difference is due to lower assumptions on low-margin trading revenues, partly offset by higher revenues from higher-margin power generation following the partial switch to FIT in Hungary. We are adjusting our estimates to be within the guidance range. This has no significant impact on the valuation and we reiterate our BUY recommendation with a PT of EUR 3.05.

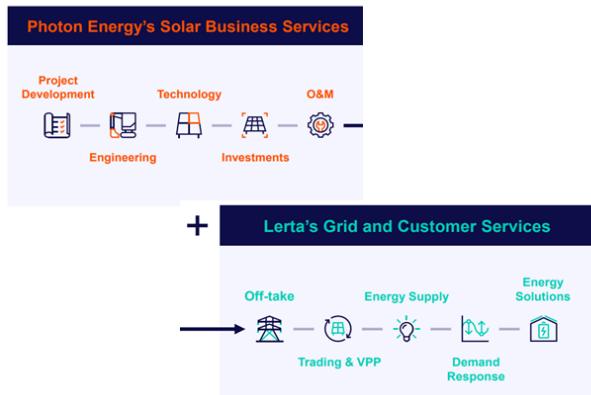
The following table displays the quarterly performance of **Photon Energy NV**:

P&L data	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Sales	23.2	35.4	26.4	19.3	21.0	19.2	14.9	17.4
yoy growth in %	135.7%	247.2%	125.3%	111.0%	-9.8%	-45.7%	-43.6%	-9.9%
Gross profit	14.3	20.3	9.3	6.2	11.9	11.8	10.8	9.3
Gross margin in %	61.4%	57.4%	35.3%	32.4%	56.9%	61.6%	72.4%	53.5%
EBITDA	8.1	12.7	1.2	0.3	2.5	1.9	0.4	0.8
EBITDA margin in %	35.0%	35.9%	4.6%	1.7%	11.9%	10.0%	2.4%	4.5%
EBIT	4.6	9.7	-0.4	-1.6	0.1	-1.0	-4.1	-1.4
EBIT margin in %	20.0%	27.5%	-1.3%	-8.1%	0.5%	-5.4%	-27.3%	-8.2%
EBT	2.6	7.3	-2.4	-4.2	-2.8	-4.0	-4.0	-2.3
taxes paid	0.6	1.3	-1.4	0.0	0.5	-1.8	0.8	-1.0
tax rate in %	22.5%	18.1%	58.4%	0.0%	-17.0%	46.0%	-20.0%	43.0%
net profit	2.0	6.0	-3.8	-4.2	-3.3	-2.1	-4.8	-1.3
yoy growth in %	na%	na%	na%	na%	na%	na%	na%	na%
EPS	0.04	0.11	-0.07	-0.08	-0.06	-0.04	-0.08	-0.02

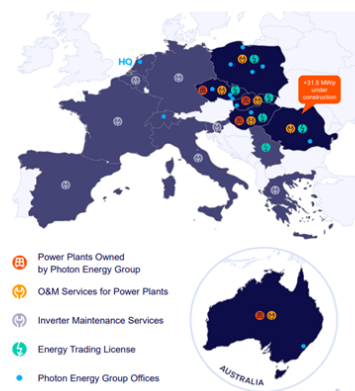
Source: Company data; mwb research

Investment case in six charts

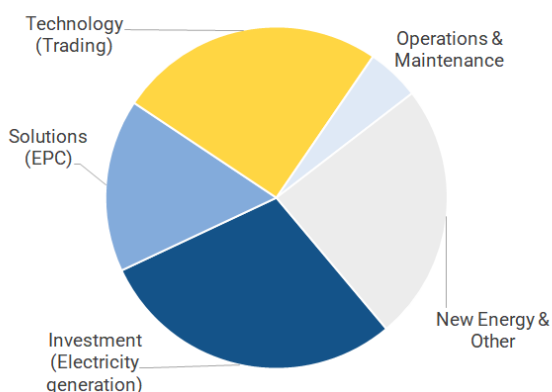
Business Model



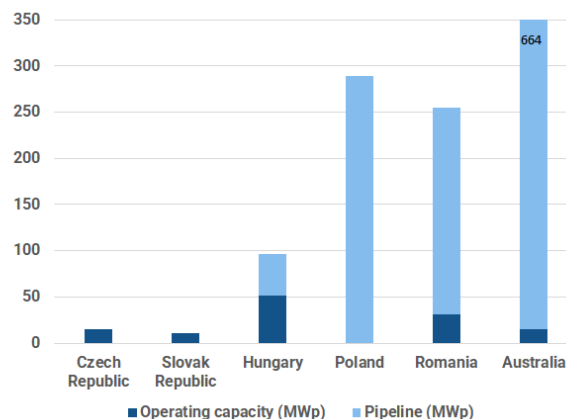
Geographical Presence



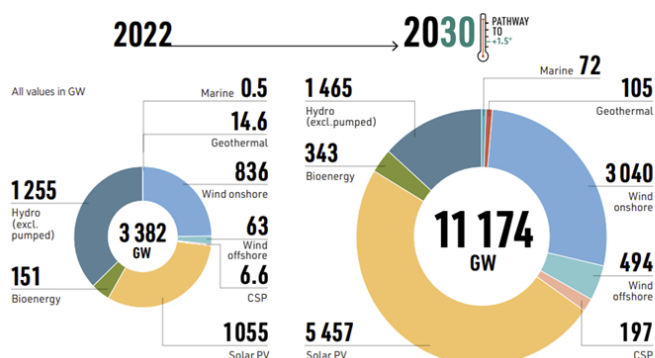
External Revenue Shares (2023)



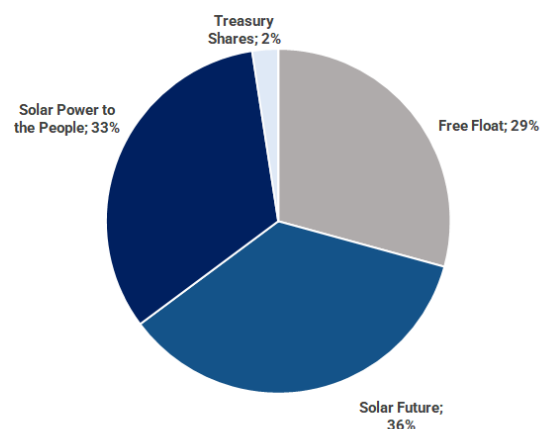
Capacity and pipeline



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 3.05 per share**:

Top-line growth: We expect Photon Energy NV to grow revenues at a CAGR of 9.5% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 1.2% 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 0.66. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 9.8%. 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	2.5	5.6	8.9	12.4	14.8	17.5	20.5	22.0	
Depreciation & amortization	12.6	14.0	15.5	16.9	18.3	19.1	19.2	19.7	
Change in working capital	1.9	-4.4	-2.6	-2.4	-2.1	-2.0	-2.5	-1.2	
Chg. in long-term provisions	0.7	0.6	1.9	1.7	1.5	1.5	1.4	0.5	
Capex	-18.9	-12.1	-29.9	-35.2	-35.3	-34.6	-20.3	-17.1	
Cash flow	-1.2	3.7	-6.3	-6.6	-2.8	1.4	18.3	23.9	501.2
Present value	-1.1	3.3	-5.1	-5.0	-1.9	0.9	11.0	13.4	302.3
WACC	7.7%	7.7%	7.8%	7.9%	7.9%	7.9%	7.9%	7.9%	6.9%

DCF per share derived from	
Total present value	317.8
Mid-year adj. total present value	329.8
Net debt / cash at start of year	166.8
Financial assets	24.2
Provisions and off b/s debt	0.6
Equity value	186.6
No. of shares outstanding	61.2
Discounted cash flow / share	3.05
upside/(downside)	75.7%

Share price	1.74
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DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	9.5%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	7.1%
Terminal year WACC	6.9%

Terminal WACC derived from	
Cost of borrowing (before taxes)	7.5%
Long-term tax rate	35.0%
Equity beta	1.06
Unlevered beta (industry or company)	0.66
Target debt / equity	1.5
Relevered beta	1.30
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	9.8%

Sensitivity analysis DCF

		Long term growth					Share of present value	
		1.0%	1.5%	2.0%	2.5%	3.0%		
Change in WACC (%-points)	2.0%	0.6	0.8	1.1	1.3	1.6	2024E-2027E	-2.5%
	1.0%	1.3	1.5	1.9	2.3	2.7	2028E-2031E	7.4%
	0.0%	2.1	2.5	3.0	3.7	4.4	terminal value	95.1%
	-1.0%	3.4	4.0	4.8	5.9	7.4		
	-2.0%	5.3	6.4	7.9	10.1	13.5		

Source: mwb research

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR -0.15 per share based on 2024E and EUR 2.43 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	16.0	21.4	27.4	33.5	38.1
- Maintenance capex	10.1	11.2	12.4	13.5	14.6
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	-2.3	-2.0	-2.2	-1.6	0.1
= Adjusted FCF	8.2	12.3	17.1	21.6	23.3
Actual Market Cap	106.2	106.2	106.2	106.2	106.2
+ Net debt (cash)	170.8	196.6	223.6	247.5	264.1
+ 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	24.2	24.2	24.2	24.2	24.2
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	146.6	172.4	199.4	223.4	239.9
= Actual EV'	252.9	278.6	305.7	329.6	346.1
Adjusted FCF yield	3.3%	4.4%	5.6%	6.5%	6.7%
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	137.3	204.7	285.6	359.3	388.5
- <i>EV Reconciliations</i>	146.6	172.4	199.4	223.4	239.9
Fair Market Cap	-9.3	32.3	86.1	135.9	148.6
No. of shares (million)	61.2	61.2	61.2	61.2	61.2
Fair value per share in EUR	-0.15	0.53	1.41	2.22	2.43
Premium (-) / discount (+)	-108.7%	-69.6%	-18.9%	27.9%	39.9%

Sensitivity analysis FV						
Adjusted hurdle rate	4.0%	1.0	2.2	3.7	5.2	5.6
	5.0%	0.3	1.2	2.3	3.4	3.7
	6.0%	-0.2	0.5	1.4	2.2	2.4
	7.0%	-0.5	0.0	0.7	1.4	1.5
	8.0%	-0.7	-0.3	0.2	0.8	0.8

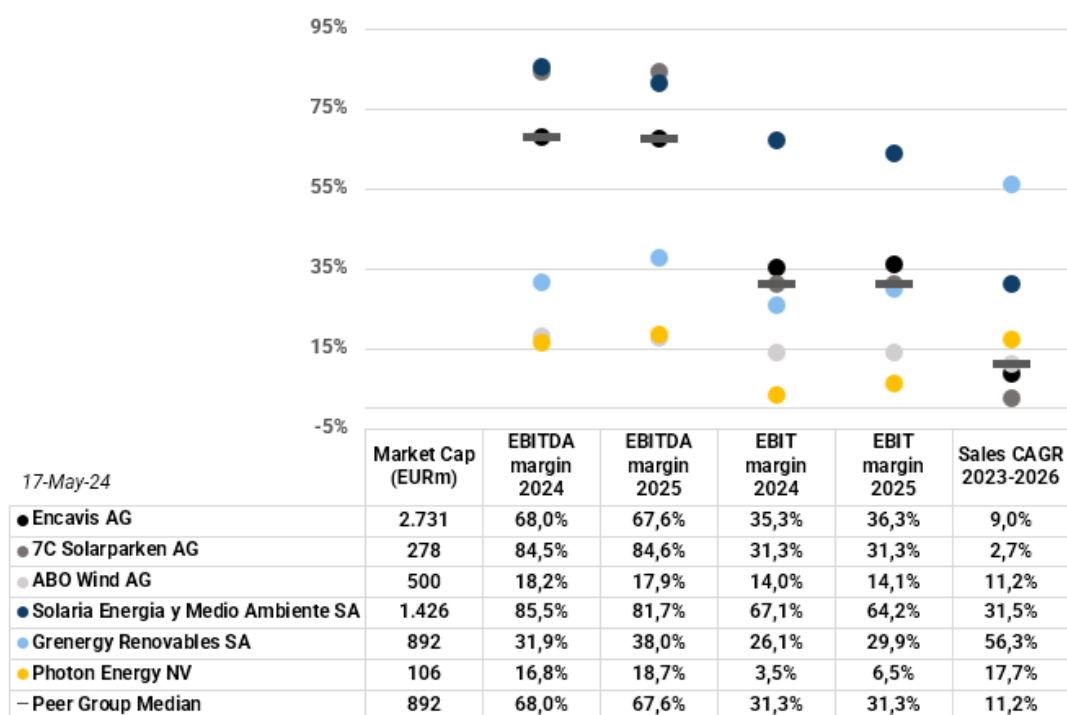
Source: Company data; mwb research

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 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 17 May 2024 the median market cap of the peer group was EUR 892.3m, compared to EUR 106.2m 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

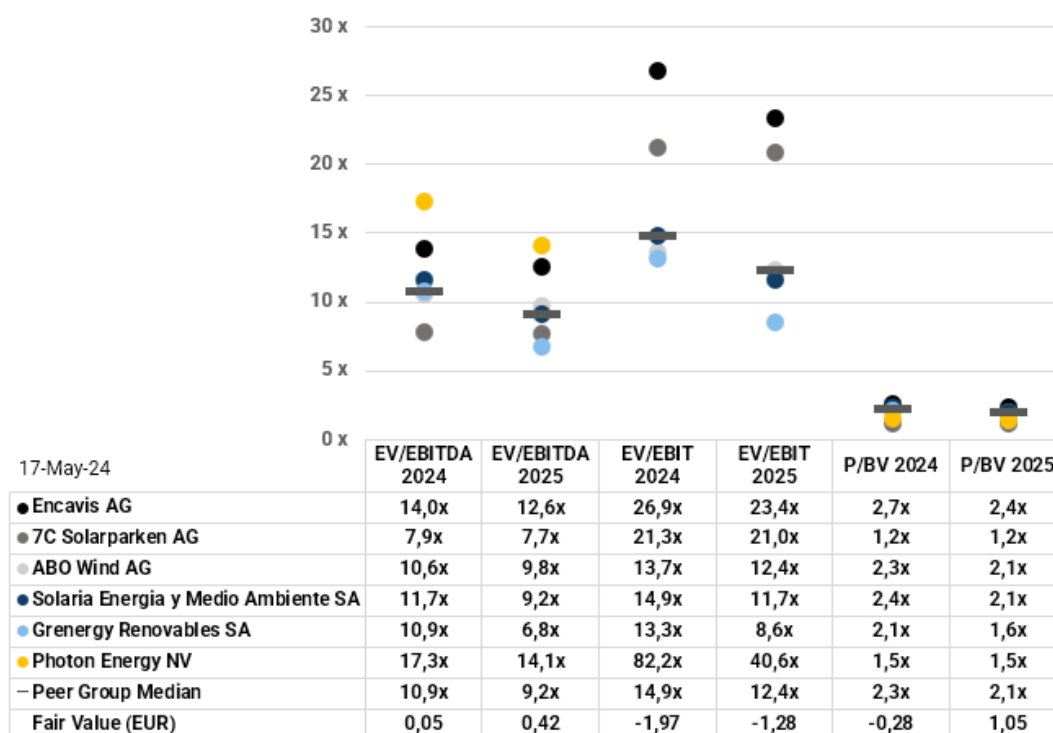


Source: AlphaSense, mwb research

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 1.05.

Peer Group – Multiples and valuation

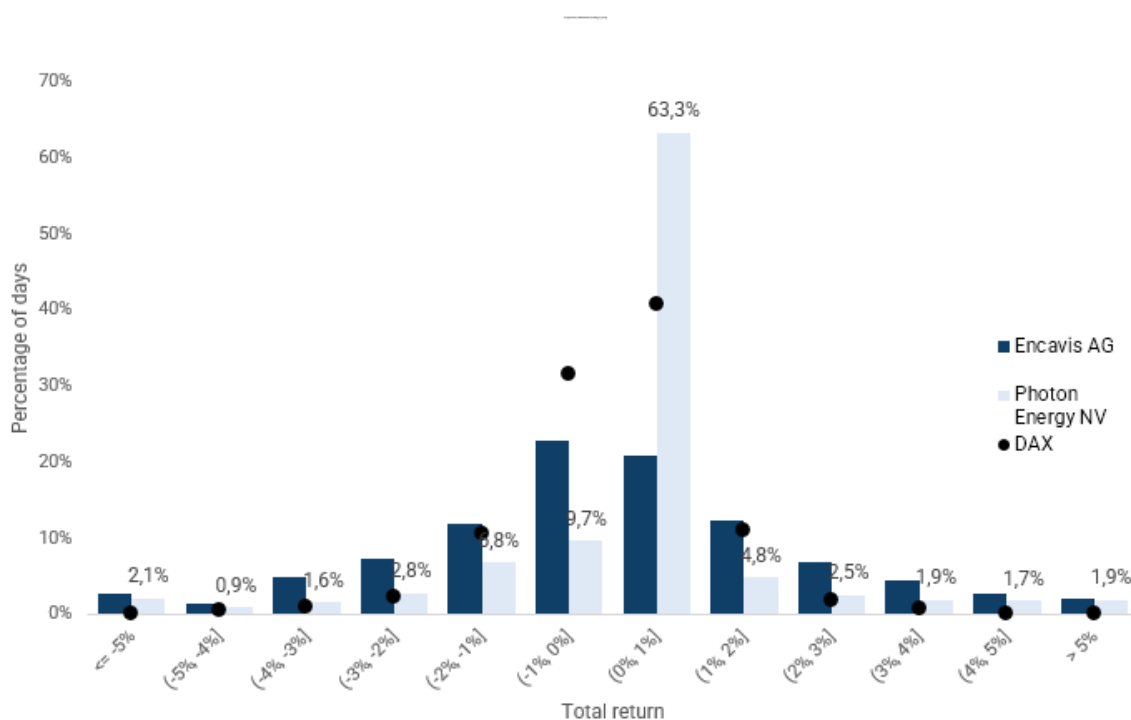


Source: AlphaSense, mwb research

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%.

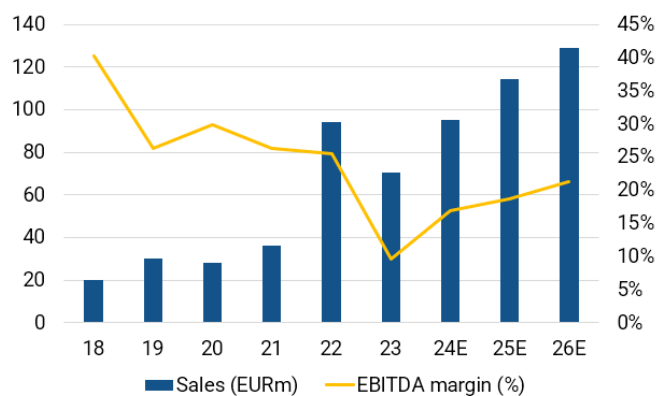
Risk – Daily Returns Distribution (trailing 3 years)



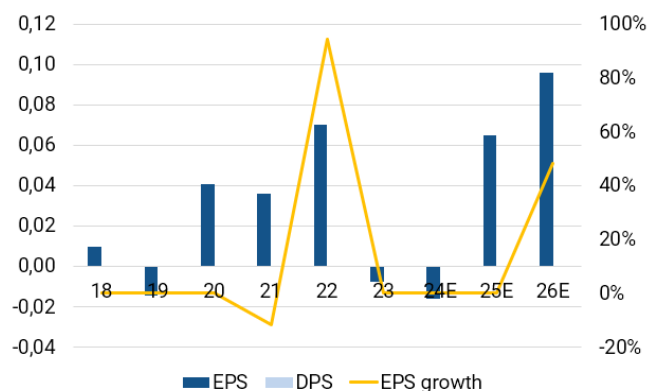
Source: AlphaSense, mwb research

Financials in six charts

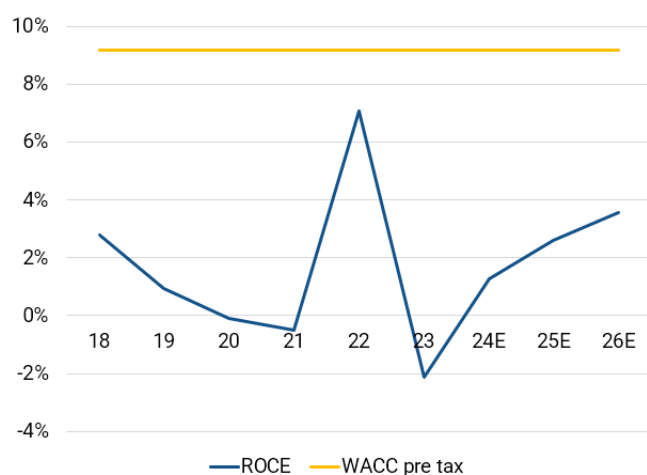
Sales vs. EBITDA margin development



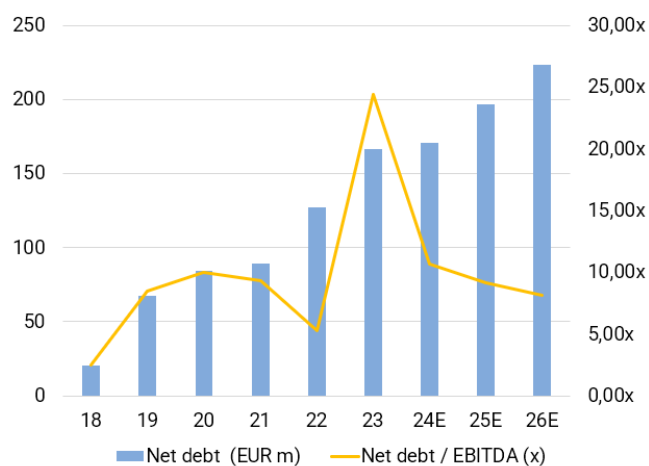
EPS, DPS in EUR & yoy EPS growth



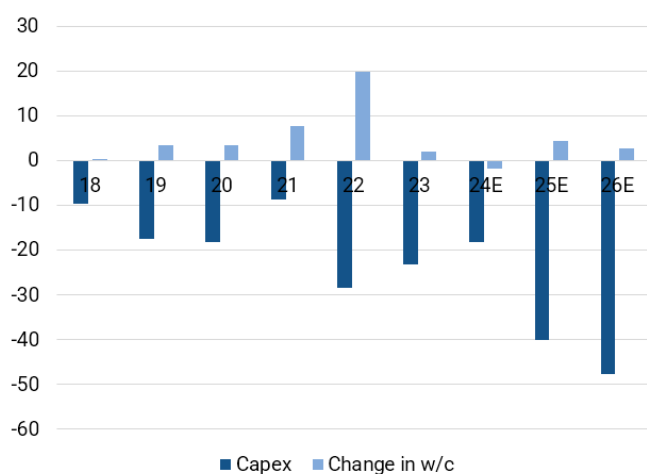
ROCE vs. WACC (pre tax)



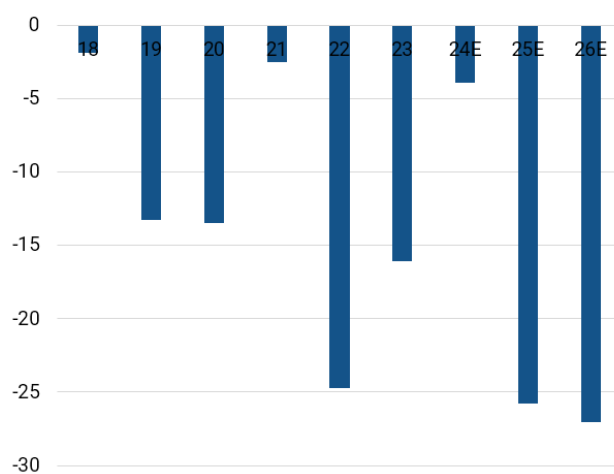
Net debt and net debt/EBITDA



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	70.6	95.1	114.5	128.9
Sales growth	28.7%	159.1%	-25.0%	34.6%	20.4%	12.6%
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	70.6	95.1	114.5	128.9
Material expenses	12.7	44.1	36.9	24.2	30.0	31.3
Gross profit	23.6	50.1	33.8	70.9	84.6	97.6
Other operating income	0.6	0.6	4.1	5.5	6.6	7.4
Personnel expenses	6.7	9.5	18.5	41.4	49.1	60.9
Other operating expenses	7.7	17.0	12.5	19.0	20.6	16.8
EBITDA	9.6	24.1	6.8	16.0	21.4	27.4
Depreciation	10.7	9.0	12.0	12.6	14.0	15.5
EBITA	-1.1	15.1	-5.2	3.4	7.5	11.8
Amortisation of goodwill and intangible assets	-0.2	0.6	0.0	0.0	0.0	0.0
EBIT	-0.9	14.5	-5.2	3.4	7.5	11.8
Financial result	-5.2	-8.3	-11.1	-12.8	-15.6	-20.7
Recurring pretax income from continuing operations	-6.1	6.2	-16.3	-9.4	-8.1	-8.8
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-6.1	6.2	-16.3	-9.4	-8.1	-8.8
Taxes	0.5	3.5	-0.6	-2.3	-2.0	-2.2
Net income from continuing operations	-6.6	2.8	-15.8	-7.0	-6.1	-6.6
Result from discontinued operations (net of tax)	8.5	1.5	15.3	6.0	10.1	12.5
Net income	2.0	4.3	-0.5	-1.0	4.0	5.9
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	2.0	4.3	-0.5	-1.0	4.0	5.9
Average number of shares	54.36	61.24	61.24	61.24	61.24	61.24
EPS reported	0.04	0.07	-0.01	-0.02	0.06	0.10

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%	52%	25%	26%	24%
Gross profit	65%	53%	48%	75%	74%	76%
Other operating income	2%	1%	6%	6%	6%	6%
Personnel expenses	19%	10%	26%	44%	43%	47%
Other operating expenses	21%	18%	18%	20%	18%	13%
EBITDA	26%	26%	10%	17%	19%	21%
Depreciation	29%	10%	17%	13%	12%	12%
EBITA	-3%	16%	-7%	4%	7%	9%
Amortisation of goodwill and intangible assets	-1%	1%	0%	0%	0%	0%
EBIT	-2%	15%	-7%	4%	7%	9%
Financial result	-14%	-9%	-16%	-13%	-14%	-16%
Recurring pretax income from continuing operations	-17%	7%	-23%	-10%	-7%	-7%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-17%	7%	-23%	-10%	-7%	-7%
Taxes	1%	4%	-1%	-2%	-2%	-2%
Net income from continuing operations	-18%	3%	-22%	-7%	-5%	-5%
Result from discontinued operations (net of tax)	23%	2%	22%	6%	9%	10%
Net income	5%	5%	-1%	-1%	3%	5%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	5%	5%	-1%	-1%	3%	5%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (exl. Goodwill)	0.8	13.0	8.1	8.1	8.1	8.1
Goodwill	0.0	0.0	15.3	15.3	15.3	15.3
Property, plant and equipment	127.5	145.3	177.5	183.0	209.0	241.2
Financial assets	14.1	12.8	24.2	24.2	24.2	24.2
FIXED ASSETS	142.5	171.2	225.0	230.5	256.5	288.7
Inventories	2.2	15.8	14.1	5.3	6.6	6.9
Accounts receivable	9.1	27.8	17.0	23.4	28.2	31.8
Other current assets	2.9	3.2	7.1	7.1	7.1	7.1
Liquid assets	39.4	21.4	13.0	19.2	18.4	41.4
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	52.4	55.8	61.3	88.2
TOTAL ASSETS	196.6	240.2	277.4	286.4	317.8	376.9
SHAREHOLDERS EQUITY	51.7	60.7	69.8	68.8	72.7	78.6
MINORITY INTEREST	-0.1	-0.2	-0.3	-0.3	-0.3	-0.3
Long-term debt	100.0	138.2	164.8	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	13.0	14.3	14.9	16.8
Non-current liabilities	111.1	150.2	178.3	189.3	214.9	266.8
short-term liabilities to banks	28.5	10.4	15.0	15.0	15.0	15.0
Accounts payable	2.3	12.4	14.6	6.0	7.4	7.7
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)	3.2	4.4	0.0	7.6	8.0	9.0
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	29.6	28.6	30.4	31.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	196.6	240.2	277.4	286.4	317.8	376.9

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	0%	5%	3%	3%	3%	2%
Goodwill	0%	0%	6%	5%	5%	4%
Property, plant and equipment	65%	60%	64%	64%	66%	64%
Financial assets	7%	5%	9%	8%	8%	6%
FIXED ASSETS	72%	71%	81%	81%	81%	77%
Inventories	1%	7%	5%	2%	2%	2%
Accounts receivable	5%	12%	6%	8%	9%	8%
Other current assets	1%	1%	3%	2%	2%	2%
Liquid assets	20%	9%	5%	7%	6%	11%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	28%	29%	19%	19%	19%	23%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	26%	25%	25%	24%	23%	21%
MINORITY INTEREST	-0%	-0%	-0%	-0%	-0%	-0%
Long-term debt	51%	58%	59%	61%	63%	66%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	6%	5%	5%	5%	5%	4%
Non-current liabilities	57%	63%	64%	66%	68%	71%
short-term liabilities to banks	14%	4%	5%	5%	5%	4%
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%	11%	10%	10%	8%
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	-16.3	-1.0	4.0	5.9
Depreciation of fixed assets (incl. leases)	10.7	8.9	11.9	12.6	14.0	15.5
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	13.7	0.7	0.6	1.9
Cash flow from operations before changes in w/c	13.7	23.6	9.3	12.3	18.5	23.3
Increase/decrease in inventory	-1.2	-13.4	5.9	8.8	-1.3	-0.3
Increase/decrease in accounts receivable	-1.6	-10.9	1.5	-6.5	-4.8	-3.6
Increase/decrease in accounts payable	-2.4	5.0	-4.0	-8.6	1.4	0.3
Increase/decrease in other w/c positions	-2.5	-0.5	-5.4	8.1	0.3	0.9
Increase/decrease in working capital	-7.6	-19.9	-2.1	1.9	-4.4	-2.6
Cash flow from operating activities	6.1	3.7	7.2	14.2	14.2	20.7
CAPEX	-8.6	-28.4	-23.3	-18.1	-40.0	-47.7
Payments for acquisitions	0.0	-6.2	-3.4	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	-26.7	-18.1	-40.0	-47.7
Cash flow before financing	-8.1	-30.6	-19.5	-3.9	-25.8	-27.0
Increase/decrease in debt position	29.8	18.0	14.1	10.2	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	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	22.9	9.3	14.1	10.2	25.0	50.0
Increase/decrease in liquid assets	14.8	-21.2	-5.4	6.3	-0.8	23.0
Liquid assets at end of period	32.5	11.3	5.8	12.1	11.3	34.3

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	68.9	93.0	111.9	125.2
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	3.8
Total sales	36.4	94.2	70.6	95.1	114.5	128.9

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%	97.6%	97.8%	97.7%	97.1%
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	19.4%	5.4%	2.4%	2.2%	2.3%	2.9%
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	-0.01	-0.02	0.06	0.10
Cash flow per share	-0.04	-0.06	-0.04	0.07	0.05	0.13
Book value per share	0.95	0.99	1.14	1.12	1.19	1.28
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	48.2x	24.8x	-231.5x	-107.7x	26.8x	18.1x
P/CF	-39.0x	-30.9x	-44.2x	25.9x	35.4x	12.9x
P/BV	1.8x	1.7x	1.5x	1.5x	1.5x	1.4x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-2.6%	-3.2%	-2.3%	3.9%	2.8%	7.7%
EV/Sales	5.4x	2.5x	3.9x	2.9x	2.6x	2.6x
EV/EBITDA	20.4x	9.7x	40.1x	17.3x	14.1x	12.1x
EV/EBIT	-229.3x	16.1x	-52.7x	82.2x	40.6x	27.9x
Income statement (EURm)						
Sales	36.4	94.2	70.6	95.1	114.5	128.9
yoy chg in %	28.7%	159.1%	-25.0%	34.6%	20.4%	12.6%
Gross profit	23.6	50.1	33.8	70.9	84.6	97.6
Gross margin in %	65.0%	53.1%	47.8%	74.6%	73.8%	75.7%
EBITDA	9.6	24.1	6.8	16.0	21.4	27.4
EBITDA margin in %	26.4%	25.5%	9.7%	16.8%	18.7%	21.2%
EBIT	-0.9	14.5	-5.2	3.4	7.5	11.8
EBIT margin in %	-2.3%	15.4%	-7.4%	3.5%	6.5%	9.2%
Net profit	2.0	4.3	-0.5	-1.0	4.0	5.9
Cash flow statement (EURm)						
CF from operations	6.1	3.7	7.2	14.2	14.2	20.7
Capex	-8.6	-28.4	-23.3	-18.1	-40.0	-47.7
Maintenance Capex	8.5	7.2	9.6	10.1	11.2	12.4
Free cash flow	-2.5	-24.7	-16.1	-3.9	-25.8	-27.0
Balance sheet (EURm)						
Intangible assets	0.8	13.0	23.3	23.3	23.3	23.3
Tangible assets	127.5	145.3	177.5	183.0	209.0	241.2
Shareholders' equity	51.7	60.7	69.8	68.8	72.7	78.6
Pension provisions	0.0	0.0	0.6	0.0	0.0	0.0
Liabilities and provisions	139.6	160.6	193.4	204.3	229.9	281.8
Net financial debt	89.1	127.3	166.8	170.8	196.6	223.6
w/c requirements	9.0	31.2	16.5	22.8	27.4	30.9
Ratios						
ROE	3.8%	7.0%	-0.7%	-1.4%	5.4%	7.5%
ROCE	-0.4%	6.6%	-2.0%	1.2%	2.5%	3.3%
Net gearing	172.4%	209.6%	239.1%	248.3%	270.2%	284.4%
Net debt / EBITDA	9.3x	5.3x	24.4x	10.7x	9.2x	8.2x

Source: Company data; mwb research

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Contacts

mwb research AG
Mittelweg 142
20148 Hamburg
Germany

Tel.: +49 40 309 293-52
Email: contact@mwb-research.com
Website: www.mwb-research.com
Research: www.research-hub.de

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-53
E-Mail: h.hof@mwb-research.com

LEON MÜHLENBRUCH
Analyst
Tel: +49 40 309 293-57
E-Mail: l.muehlenbruch@mwb-research.com

ABED JARAD
Junior Analyst
Tel: +49 40 309 293-54
E-Mail: a.jarad@mwb-research.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-58
E-Mail: t.wissler@mwb-research.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-55
E-Mail: o.wojahn@mwb-research.com

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-56
E-Mail: a.zienkowitz@mwb-research.com

Sales

HOLGER NASS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: h.nass@mwb-research.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-52
E-Mail: h.gabert@mwb-research.com

mwb fairtrade
Wertpapierhandelsbank AG
Rottenbucher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
Website: www.mwbfairtrade.com
E-Mail: info@mwbfairtrade.com

Sales / Designated Sponsoring / Corporate Finance

ALEXANDER DEUSS
Institutional Sales
Tel: +49 40 36 0995-22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995-23
E-Mail: sguenon@mwbfairtrade.com

JAN NEYNABER
Institutional Sales
Tel: +49 69 1387-1255
E-Mail: jneynaber@mwbfairtrade.com

DIRK WEYERHÄUSER
Corporate Finance
Tel: +49 69 1387-1250
E-Mail: dweyerhaeuser@mwbfairtrade.com

Locations

HAMBURG (Research)
Mittelweg 142
20148 Hamburg
+49 40 309 293-52

HAMBURG (Corporates & Markets)
Kleine Johannisstraße 4
20457 Hamburg
+49 40 360 995-0

FRANKFURT A.M.
Unterlindau 29
60323 Frankfurt am Main
+49 40 360 995-22

MUNICH
Rottenbucher Str. 28
82166 Gräfelfing
+49 89-85852-0

BERLIN
Kurfürstendamm 151
10709 Berlin

HANNOVER
An der Börse 2
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