

Photon Energy NV

Netherlands | Renewables | MCap EUR 52.4m

17 December 2024

UPDATE



Czech regulatory risks receding; resumption of Spec. BUY

What's it all about?

Photon Energy's November report highlighted a reduction in regulatory risk in the Czech Republic after the parliament approved a revised version of the proposed changes, removing measures that could have been financially damaging to the company. While the revised proposal is not yet law, its impact is expected to be immaterial once enacted. Photon Energy's November production was 9% lower year-on-year due to asset sales in Australia, but generation exceeded expectations due to favorable weather conditions. The average realized electricity price was EUR 142/MWh, up 15% month-on-month but down 13% year-on-year due to unfavorable regulatory changes in Romania. With the risks in the Czech Republic significantly reduced, we resume our Speculative BUY rating with a new price target of EUR 1.40.

Spec. BUY (under review)

Target price	EUR 1.40 <small>(na)</small>
Current price	EUR 0.86
Up/downside	63.6%



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Photon Energy NV

Netherlands | Renewables | MCap EUR 52.4m | EV EUR 219.8m

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Czech regulatory risks receding; resumption of Spec. BUY

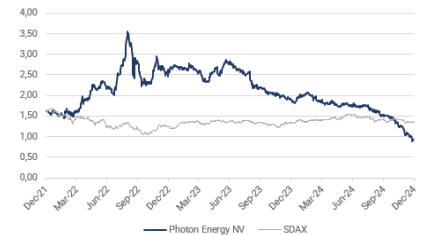
Czech regulatory risks receding. Photon Energy has published its monthly report for November. The most significant update relates to proposed changes to Czech regulation. An initially proposed draft included measures that would have had a significant negative impact on Photon Energy's financials, e.g. a reduction in the overcompensation IRR range and the removal of state support in times of negative electricity prices. These measures have been removed in the revised version approved by Parliament. According to Photon Energy, the revised version would not have a material negative impact on its financial results. The revised proposal has not yet been signed into law, but it appears that the regulatory risks in the Czech Republic have significantly diminished.

November stats solid. In November, production from Photon Energy's own PV power plants fell by 9% yoy, but this was mainly due to the sale of 14.5 MWp of assets in Australia. Otherwise, generation results exceeded expectations due to good weather conditions. The average realized electricity price in November was EUR 142/MWh, up 15% mom but down 13% yoy. The yoy decline is due to unfavorable regulatory changes in Romania, where realized prices halved, with further downside potential once TSOs start deducting negative prices from the final invoice. Photon Energy is taking measures to mitigate the negative impact, but the extent to which this can be achieved is currently unclear.

Resumption of Spec. BUY rating, PT EUR 1.40. Following the publication of the original draft of the proposed regulatory changes in the Czech Republic, we had placed our rating and price target under review. With the revised version, the regulatory risk is now significantly reduced. Consequently, we resume our Spec. BUY rating. The new price target of EUR 1.40 reflects the unfavorable regulatory changes in Romania and the corresponding downgrade of our estimates on 19 November.

Photon Energy NV	2021	2022	2023	2024E	2025E	2026E
Sales	36.4	94.2	70.6	89.6	104.2	114.4
<i>Growth yoy</i>	28.7%	159.1%	-25.0%	26.8%	16.3%	9.8%
EBITDA	9.6	24.1	6.8	9.8	13.9	16.2
EBIT	-0.9	14.5	-5.2	-2.8	1.1	3.4
Net profit	2.0	4.3	-0.5	-6.1	-2.5	-10.9
Net debt (net cash)	89.1	127.3	166.8	176.2	173.7	173.0
Net debt/EBITDA	9.3x	5.3x	24.4x	18.0x	12.5x	10.7x
EPS reported	0.04	0.07	-0.01	-0.10	-0.04	-0.18
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%	73.0%	71.2%	72.6%
EBITDA margin	26.4%	25.5%	9.7%	11.0%	13.3%	14.2%
EBIT margin	-2.3%	15.4%	-7.4%	-3.1%	1.1%	3.0%
ROCE	-0.4%	6.6%	-2.0%	-1.0%	0.4%	1.2%
EV/Sales	3.9x	1.9x	3.1x	2.6x	2.2x	2.0x
EV/EBITDA	14.8x	7.5x	32.2x	23.4x	16.3x	14.0x
EV/EBIT	-166.1x	12.4x	-42.3x	-81.5x	199.7x	66.2x
PER	23.8x	12.2x	-114.2x	-8.6x	-20.6x	-4.8x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 2.08 / 0.84
Price/Book Ratio 0.8x

Ticker / Symbols

ISIN NL0010391108
WKN A1T9KW
Bloomberg P7V:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	89.6	-2.8	-0.10
	Δ	0.0%	na%	na%
2025E	old	104.2	1.1	-0.04
	Δ	0.0%	0.0%	na%
2026E	old	114.4	3.4	-0.18
	Δ	0.0%	0.0%	na%

Key share data

Number of shares: (in m pcs) 61.24
Book value per share: (in EUR) 1.14
Ø trading vol.: (12 months) 15,858

Major shareholders

Solar Future 35.5%
Solar Power to the People 32.2%
Tomala Investments 3.7%
Free Float 26.4%

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.

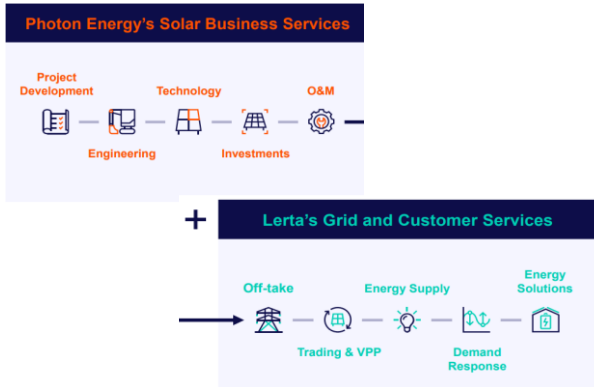
The following table displays the quarterly performance of **Photon Energy NV**:

P&L data	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Sales	26.4	19.3	21.0	19.2	14.9	17.4	23.9	22.9
yoy growth in %	125.3%	111.0%	-9.8%	-45.7%	-43.6%	-9.9%	14.1%	18.9%
Gross profit	9.3	6.2	11.9	11.8	10.8	9.3	15.2	14.7
Gross margin in %	35.3%	32.4%	56.9%	61.6%	72.4%	53.5%	63.4%	64.5%
EBITDA	1.2	0.3	2.5	1.9	0.4	0.8	5.3	3.8
EBITDA margin in %	4.6%	1.7%	11.9%	10.0%	2.4%	4.5%	22.1%	16.6%
EBIT	-0.4	-1.6	0.1	-1.0	-4.1	-1.4	2.3	0.4
EBIT margin in %	-1.3%	-8.1%	0.5%	-5.4%	-27.3%	-8.2%	9.5%	1.7%
EBT	-2.4	-4.2	-2.8	-4.0	-4.0	-2.3	-2.6	-2.5
taxes paid	-1.4	0.0	0.5	-1.8	0.8	-1.0	0.2	0.5
tax rate in %	58.4%	0.0%	-17.0%	46.0%	-20.0%	43.0%	-6.2%	-20.7%
net profit	-3.8	-4.2	-3.3	-2.1	-4.8	-1.3	-2.8	-3.0
yoy growth in %	na%	na%	na%	na%	na%	na%	-14.8%	37.6%
EPS	-0.07	-0.08	-0.06	-0.04	-0.08	-0.02	-0.05	-0.05

Source: Company data; mwb research

Investment case in six charts

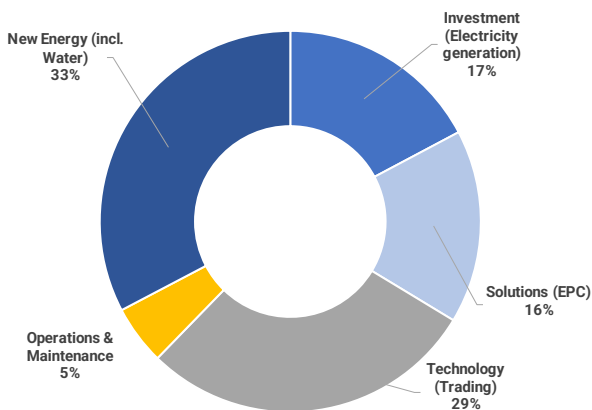
Business Model



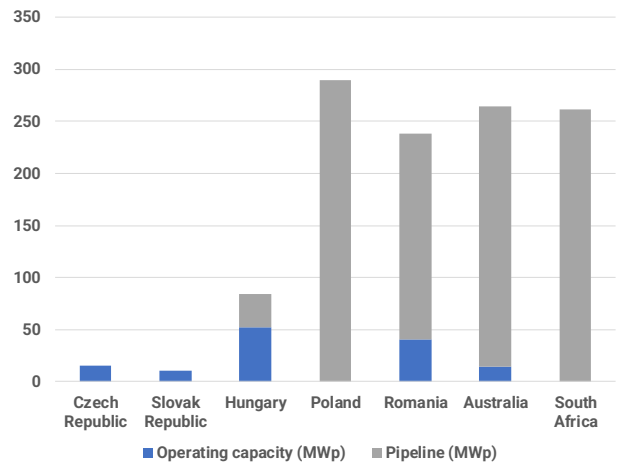
Geographical Presence



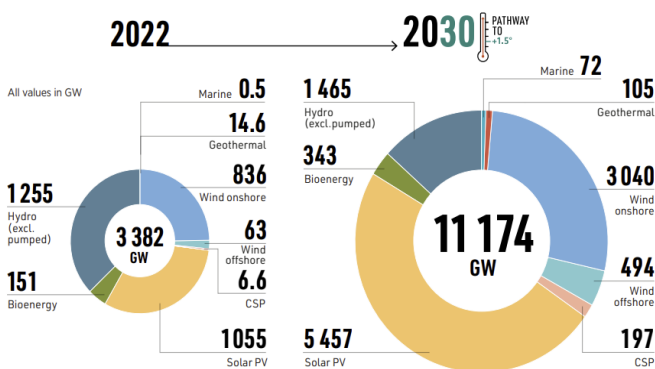
External Revenue Shares (2023)



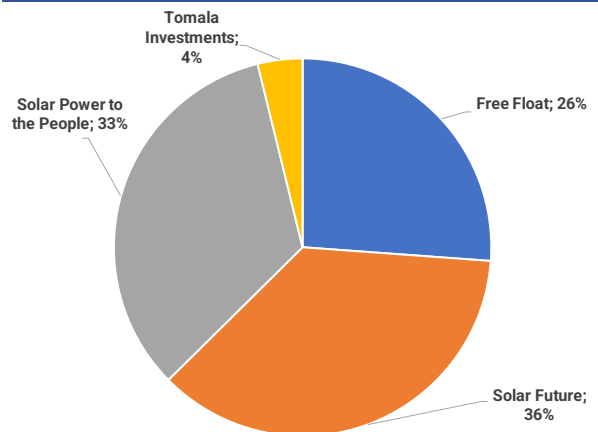
Capacity and Pipeline (H1 2024)



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
- 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
- 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

- 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 1.40 per share**:

Top-line growth: We expect Photon Energy NV to grow revenues at a CAGR of 8.1% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from -1.0% in 2024E to 6.3% in 2031E.

WACC. Starting point is a historical equity beta of 1.06. Unlevering and correcting for mean reversion yields an asset beta of 0.52. 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 25.0% and target debt/equity of 2.0 this results in a long-term WACC of 7.0%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	-2.1	0.9	2.6	3.0	3.4	3.8	4.6	12.3	
Depreciation & amortization	12.6	12.8	12.8	12.8	12.8	12.8	12.8	13.3	
Change in working capital	-4.3	-3.6	-2.6	-2.2	-2.2	-2.3	-2.5	-0.9	
Chg. in long-term provisions	0.6	0.2	1.4	1.2	1.2	1.3	1.4	0.4	
Capex	-12.1	1.7	0.0	0.0	0.0	0.0	-1.1	-13.0	
Cash flow	-5.3	12.0	14.2	14.8	15.2	15.5	15.1	12.1	244.8
Present value	-5.3	11.1	12.3	11.9	11.3	10.8	9.8	7.3	151.8
WACC	7.4%	7.3%	7.4%	7.5%	7.5%	7.5%	7.5%	7.4%	7.0%

DCF per share derived from	
Total present value	220.9
Mid-year adj. total present value	228.9
Net debt / cash at start of year	166.8
Financial assets	24.2
Provisions and off b/s debt	0.6
Equity value	85.7
No. of shares outstanding	61.2
Discounted cash flow / share upside/(downside)	1.40 63.5%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	8.1%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	6.3%
Terminal year WACC	7.0%

Terminal WACC derived from	
Cost of borrowing (before taxes)	7.5%
Long-term tax rate	25.0%
Equity beta	1.06
Unlevered beta (industry or company)	0.52
Target debt / equity	2.0
Relevered beta	1.31
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	9.8%

Share price	0.86
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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	0.3	0.4	0.5	0.7	2024E-2027E	13.6%
1.0%	0.5	0.6	0.8	1.0	1.2	2028E-2031E	17.7%
0.0%	1.0	1.2	1.4	1.7	2.1	terminal value	68.7%
-1.0%	1.6	1.9	2.3	2.8	3.4		
-2.0%	2.5	3.0	3.7	4.7	6.2		

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 -1.47 per share based on 2024E and EUR 0.64 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	9.8	13.9	16.2	16.8	17.3
- Maintenance capex	10.1	10.2	10.2	10.2	10.2
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	-4.0	-2.9	-3.6	-3.9	-4.3
= Adjusted FCF	3.8	6.6	9.6	10.5	11.4
Actual Market Cap	52.4	52.4	52.4	52.4	52.4
+ Net debt (cash)	176.2	173.7	173.0	172.9	174.0
+ Pension provisions	0.7	0.8	0.9	1.0	1.0
+ 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>	152.7	150.4	149.7	149.7	150.9
= Actual EV'	205.1	202.8	202.1	202.1	203.3
Adjusted FCF yield	1.8%	3.2%	4.8%	5.2%	5.6%
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	62.5	109.5	160.0	175.2	190.0
- <i>EV Reconciliations</i>	152.7	150.4	149.7	149.7	150.9
Fair Market Cap	-90.2	-40.8	10.3	25.5	39.1
No. of shares (million)	61.2	61.2	61.2	61.2	61.2
Fair value per share in EUR	-1.47	-0.67	0.17	0.42	0.64
Premium (-) / discount (+)	-272.0%	-177.9%	-80.3%	-51.4%	-25.5%

Sensitivity analysis FV						
	4.0%	-1.0	0.2	1.5	1.8	2.2
Adjusted hurdle rate	5.0%	-1.3	-0.3	0.7	1.0	1.3
	6.0%	-1.5	-0.7	0.2	0.4	0.6
	7.0%	-1.6	-0.9	-0.2	0.0	0.2
	8.0%	-1.7	-1.1	-0.5	-0.3	-0.1

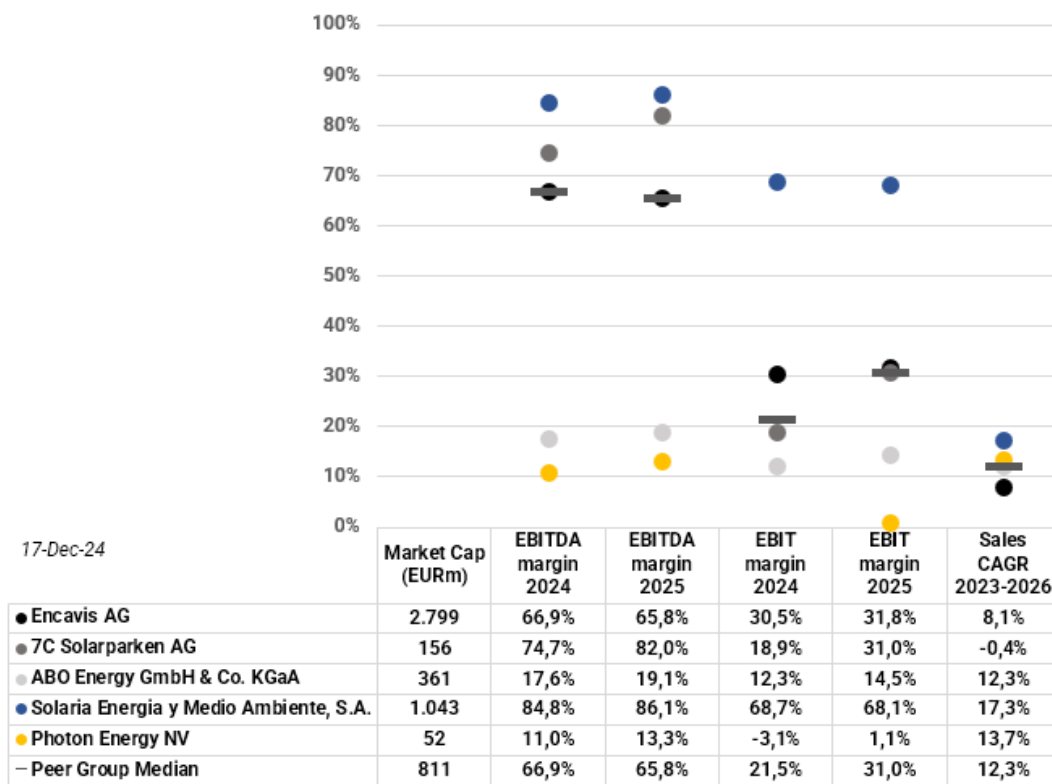
Source: Company data; mwb research

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 December 2024 the median market cap of the peer group was EUR 811.5m, compared to EUR 52.4m 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

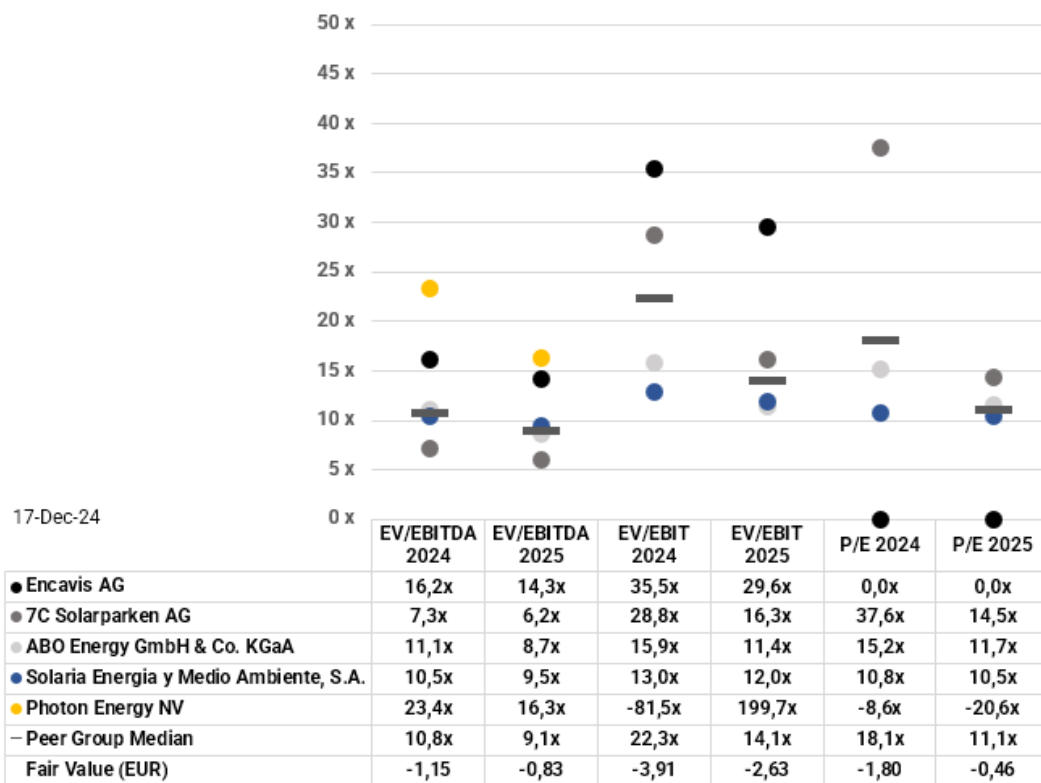


Source: FactSet, mwb research

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

Applying these to Photon Energy NV results in a range of fair values from EUR 0.01 to EUR -0.46.

Peer Group – Multiples and valuation

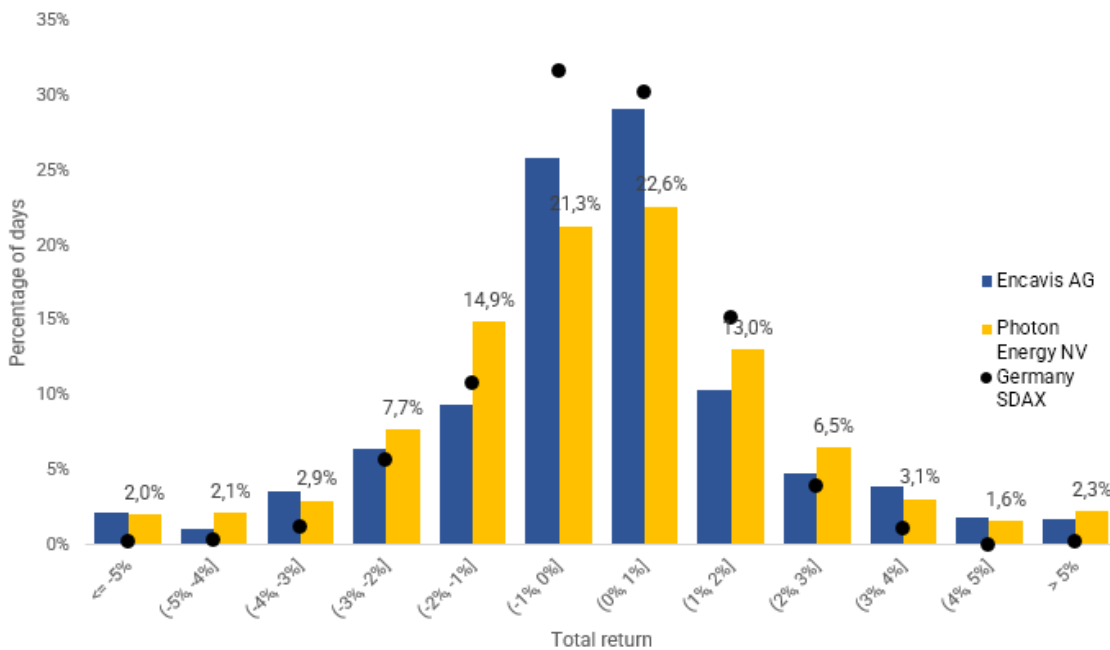


Source: FactSet, mwb research

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 Germany SDAX. 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 02/09/2022 with a share price decline of -13.1%. The best day was 07/09/2022 when the share price increased by 14.1%.

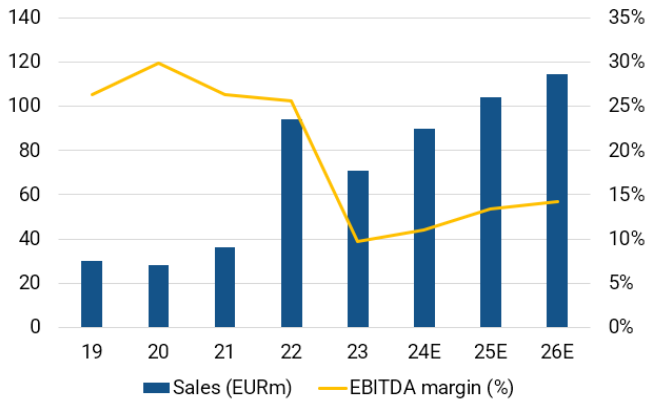
Risk – Daily Returns Distribution (trailing 3 years)



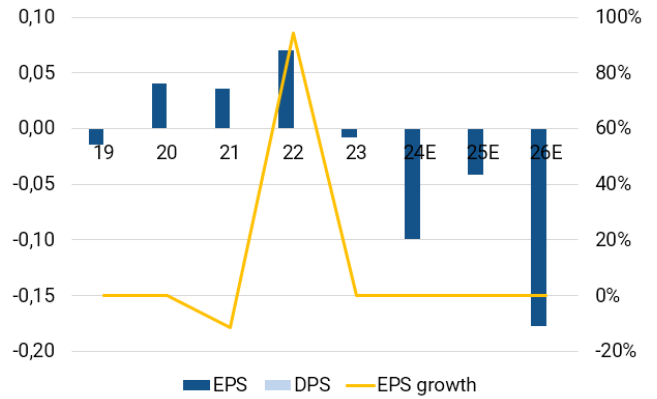
Source: FactSet, mwb research

Financials in six charts

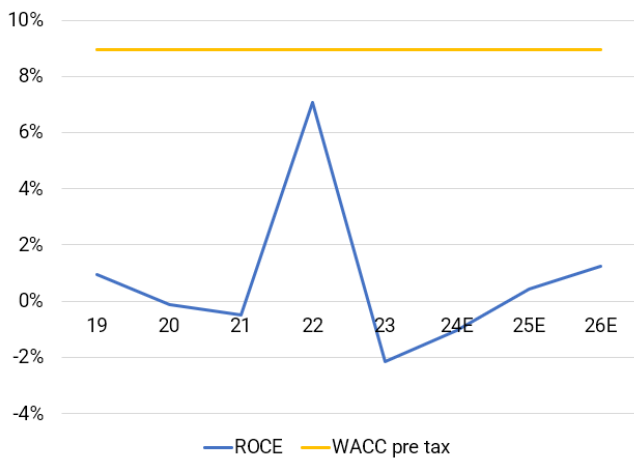
Sales vs. EBITDA margin development



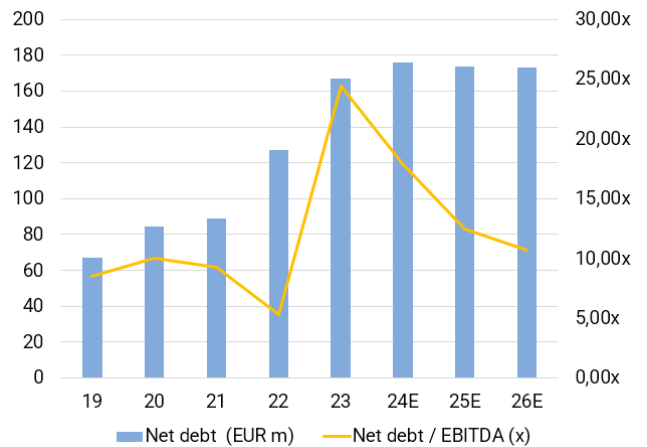
EPS, DPS in EUR & yoy EPS growth



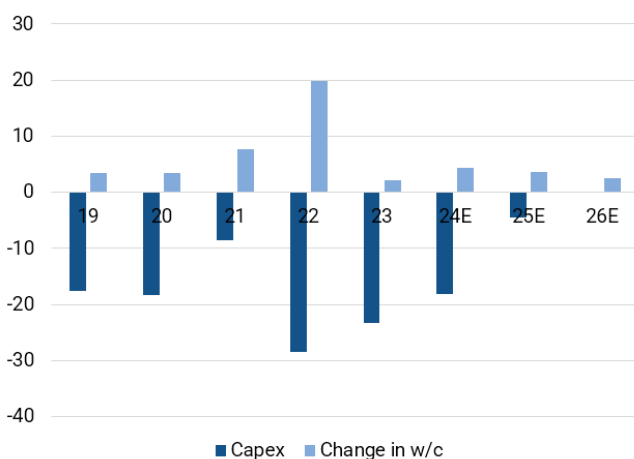
ROCE vs. WACC (pre tax)



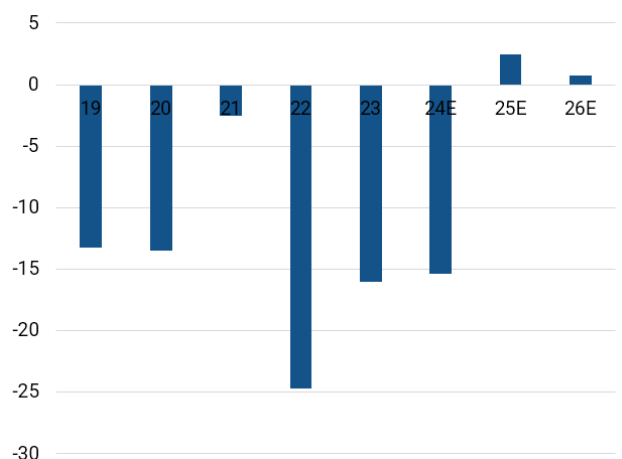
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Net sales	36.4	94.2	70.6	89.6	104.2	114.4
Sales growth	28.7%	159.1%	-25.0%	26.8%	16.3%	9.8%
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	89.6	104.2	114.4
Material expenses	12.7	44.1	36.9	24.2	30.0	31.3
Gross profit	23.6	50.1	33.8	65.4	74.2	83.1
Other operating income	0.6	0.6	4.1	5.1	5.9	6.5
Personnel expenses	6.7	9.5	18.5	42.8	47.5	58.5
Other operating expenses	7.7	17.0	12.5	17.9	18.8	14.9
EBITDA	9.6	24.1	6.8	9.8	13.9	16.2
Depreciation	10.7	9.0	12.0	12.6	12.8	12.8
EBITA	-1.1	15.1	-5.2	-2.8	1.1	3.4
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	-2.8	1.1	3.4
Financial result	-5.2	-8.3	-11.1	-13.4	-12.7	-17.9
Recurring pretax income from continuing operations	-6.1	6.2	-16.3	-16.2	-11.5	-14.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-6.1	6.2	-16.3	-16.2	-11.5	-14.5
Taxes	0.5	3.5	-0.6	-4.0	-2.9	-3.6
Net income from continuing operations	-6.6	2.8	-15.8	-12.1	-8.6	-10.9
Result from discontinued operations (net of tax)	8.5	1.5	15.3	6.0	6.1	0.0
Net income	2.0	4.3	-0.5	-6.1	-2.5	-10.9
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	2.0	4.3	-0.5	-6.1	-2.5	-10.9
Average number of shares	54.36	61.24	61.24	61.24	61.24	61.24
EPS reported	0.04	0.07	-0.01	-0.10	-0.04	-0.18

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%	27%	29%	27%
Gross profit	65%	53%	48%	73%	71%	73%
Other operating income	2%	1%	6%	6%	6%	6%
Personnel expenses	19%	10%	26%	48%	46%	51%
Other operating expenses	21%	18%	18%	20%	18%	13%
EBITDA	26%	26%	10%	11%	13%	14%
Depreciation	29%	10%	17%	14%	12%	11%
EBITA	-3%	16%	-7%	-3%	1%	3%
Amortisation of goodwill and intangible assets	-1%	1%	0%	0%	0%	0%
EBIT	-2%	15%	-7%	-3%	1%	3%
Financial result	-14%	-9%	-16%	-15%	-12%	-16%
Recurring pretax income from continuing operations	-17%	7%	-23%	-18%	-11%	-13%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-17%	7%	-23%	-18%	-11%	-13%
Taxes	1%	4%	-1%	-5%	-3%	-3%
Net income from continuing operations	-18%	3%	-22%	-14%	-8%	-10%
Result from discontinued operations (net of tax)	23%	2%	22%	7%	6%	0%
Net income	5%	5%	-1%	-7%	-2%	-10%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	5%	5%	-1%	-7%	-2%	-10%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. 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	174.7	161.9
Financial assets	14.1	12.8	24.2	24.2	24.2	24.2
FIXED ASSETS	142.5	171.2	225.0	230.5	222.2	209.4
Inventories	2.2	15.8	14.1	5.3	6.6	6.9
Accounts receivable	9.1	27.8	17.0	22.1	25.7	28.2
Other current assets	2.9	3.2	7.1	7.1	7.1	7.1
Liquid assets	39.4	21.4	13.0	13.8	6.3	37.0
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	0.7	0.8	0.9
CURRENT ASSETS	54.2	69.1	52.4	49.0	46.5	80.1
TOTAL ASSETS	196.6	240.2	277.4	279.5	268.7	289.5
SHAREHOLDERS EQUITY	51.7	60.7	69.8	69.7	67.2	56.3
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	165.0	195.0
Provisions for pensions and similar obligations	0.0	0.0	0.6	0.7	0.8	0.9
Other provisions	11.1	12.0	13.0	13.4	13.5	14.9
Non-current liabilities	111.1	150.2	178.3	189.1	179.4	210.8
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	0.0	0.0	0.0
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	21.0	22.4	22.7
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	196.6	240.2	277.4	279.5	268.7	289.5

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	0%	5%	3%	3%	3%	3%
Goodwill	0%	0%	6%	5%	6%	5%
Property, plant and equipment	65%	60%	64%	65%	65%	56%
Financial assets	7%	5%	9%	9%	9%	8%
FIXED ASSETS	72%	71%	81%	82%	83%	72%
Inventories	1%	7%	5%	2%	2%	2%
Accounts receivable	5%	12%	6%	8%	10%	10%
Other current assets	1%	1%	3%	3%	3%	2%
Liquid assets	20%	9%	5%	5%	2%	13%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	28%	29%	19%	18%	17%	28%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	26%	25%	25%	25%	25%	19%
MINORITY INTEREST	-0%	-0%	-0%	-0%	-0%	-0%
Long-term debt	51%	58%	59%	63%	61%	67%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	6%	5%	5%	5%	5%	5%
Non-current liabilities	57%	63%	64%	68%	67%	73%
short-term liabilities to banks	14%	4%	5%	5%	6%	5%
Accounts payable	1%	5%	5%	2%	3%	3%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	2%	2%	0%	0%	0%	0%
Deferred taxes	0%	1%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	17%	12%	11%	8%	8%	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	-6.1	-2.5	-10.9
Depreciation of fixed assets (incl. leases)	10.7	8.9	11.9	12.6	12.8	12.8
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	0.6	0.2	1.4
Cash flow from operations before changes in w/c	13.7	23.6	9.3	7.1	10.5	3.3
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	-5.1	-3.6	-2.5
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	0.6	-0.1	-0.1
Increase/decrease in working capital	-7.6	-19.9	-2.1	-4.3	-3.6	-2.6
Cash flow from operating activities	6.1	3.7	7.2	2.8	6.9	0.7
CAPEX	-8.6	-28.4	-23.3	-18.1	-4.4	0.0
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	6.0	0.0	0.0
Cash flow from investing activities	-14.2	-34.3	-26.7	-12.2	-4.4	0.0
Cash flow before financing	-8.1	-30.6	-19.5	-9.4	2.5	0.7
Increase/decrease in debt position	29.8	18.0	14.1	10.2	-10.0	30.0
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	-10.0	30.0
Increase/decrease in liquid assets	14.8	-21.2	-5.4	0.8	-7.5	30.7
Liquid assets at end of period	32.5	11.3	5.8	6.7	-0.9	29.9

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	87.4	101.7	111.6
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	7.1	5.1	1.7	2.2	2.5	2.8
Total sales	36.4	94.2	70.6	89.6	104.2	114.4

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%	97.6%	97.6%	97.6%
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	19.4%	5.4%	2.4%	2.4%	2.4%	2.4%
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	-0.10	-0.04	-0.18
Cash flow per share	0.11	0.06	0.12	-0.12	-0.05	-0.15
Book value per share	0.95	0.99	1.14	1.14	1.10	0.92
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	23.8x	12.2x	-114.2x	-8.6x	-20.6x	-4.8x
P/CF	7.6x	14.1x	7.3x	-7.2x	-15.8x	-5.5x
P/BV	0.9x	0.9x	0.8x	0.8x	0.8x	0.9x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	13.1%	7.1%	13.8%	-13.9%	-6.3%	-18.1%
EV/Sales	3.9x	1.9x	3.1x	2.6x	2.2x	2.0x
EV/EBITDA	14.8x	7.5x	32.2x	23.4x	16.3x	14.0x
EV/EBIT	-166.1x	12.4x	-42.3x	-81.5x	199.7x	66.2x
Income statement (EURm)						
Sales	36.4	94.2	70.6	89.6	104.2	114.4
yoy chg in %	28.7%	159.1%	-25.0%	26.8%	16.3%	9.8%
Gross profit	23.6	50.1	33.8	65.4	74.2	83.1
Gross margin in %	65.0%	53.1%	47.8%	73.0%	71.2%	72.6%
EBITDA	9.6	24.1	6.8	9.8	13.9	16.2
EBITDA margin in %	26.4%	25.5%	9.7%	11.0%	13.3%	14.2%
EBIT	-0.9	14.5	-5.2	-2.8	1.1	3.4
EBIT margin in %	-2.3%	15.4%	-7.4%	-3.1%	1.1%	3.0%
Net profit	2.0	4.3	-0.5	-6.1	-2.5	-10.9
Cash flow statement (EURm)						
CF from operations	6.1	3.7	7.2	2.8	6.9	0.7
Capex	-8.6	-28.4	-23.3	-18.1	-4.4	0.0
Maintenance Capex	0.0	0.0	0.0	10.1	10.2	10.2
Free cash flow	-2.5	-24.7	-16.1	-15.4	2.5	0.7
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	174.7	161.9
Shareholders' equity	51.7	60.7	69.8	69.7	67.2	56.3
Pension provisions	0.0	0.0	0.6	0.7	0.8	0.9
Liabilities and provisions	139.6	160.6	193.4	204.2	194.4	225.8
Net financial debt	89.1	127.3	166.8	176.2	173.7	173.0
w/c requirements	9.0	31.2	16.5	21.4	24.9	27.4
Ratios						
ROE	3.8%	7.0%	-0.7%	-8.7%	-3.8%	-19.3%
ROCE	-0.4%	6.6%	-2.0%	-1.0%	0.4%	1.2%
Net gearing	172.4%	209.6%	239.1%	252.8%	258.7%	307.4%
Net debt / EBITDA	9.3x	5.3x	24.4x	18.0x	12.5x	10.7x

Source: Company data; mwb research

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