

UniDevice AG

Germany | Industrial Goods & Services | MCap EUR 20.5m

24 April 2023

INITIATION



It's not the margin, it's the capital turn – stupid!
Initiate with BUY

BUY (INITIATION)

Target price	EUR 3.50 (none)
Current price	EUR 1.36
Up/downside	156.4%



MAIN AUTHOR

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What's it all about?

We initiate coverage of UniDevice AG with a BUY recommendation and a PT of EUR 3.50 offering significant upside potential. UniDevice is a B2B broker for communication and entertainment electronics with a focus on high-priced smartphones from leading manufacturers such as Apple and Samsung. In this niche, UniDevice acts as an intermediary between the distributors and the wholesalers and retailers of electronic equipment. While margins are typically razor-thin, UniDevice benefits from ultra-fast inventory turnovers, ultimately allowing for a sustainably profitable business and ROCE's typically in the 13% range. This, coupled with a P/E of below 6.5x suggests that UniDevice is a hidden gem, which largely is the result of limited capital market communication. In addition, a dividend yield of ~9% further appeals to the equity story,

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

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UniDevice AG

Germany | Industrial Goods & Services | MCap EUR 20.5m | EV EUR 22.6m

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It's not the margin, it's the capital turn – stupid! Initiate BUY

Does what UniDevice (UDC) is a pioneer B2B broker and arbitrageur in communication and consumer electronics, taking advantage of the different price levels and availability of disintegrated markets. Its focus is on high-priced smartphones from leading manufacturers such as Apple (~90%) or Samsung (~10%). Typical products are iPhones, iPods and other wearables such as the Apple Watch or fitness bands. As an arbitrageur, UDC acts as an intermediary between the distributors and the wholesalers and retailers of electronic devices, covering existing demand gaps on the one hand (retailers) and buying surplus from the distributors on the other.

Quality is based on a broad international network of customers and distributors, as well as knowledge of the mechanics of the markets, such as different pricing, launch strategies and demand patterns. UDC has built strong customer relations based on trust and reliability - something difficult to break for any emerging competition. Combined with ultra-fast inventory turns and cost control, this has resulted in consistently high ROCE around 13%. In addition, risk-optimized operations, such as demand driven purchases, limit the risk of betting on the wrong products at the wrong time. Given that margins are usually razor-thin (e.g. EUR 30 gross profit on a EUR 1.200 iPhone), managing risks and keeping costs under control hence is a key advantage.

Growth The German mobile phone market is a multi-billion-euro market with approx. 21m mobile phones sold each year. Here, arbitrageurs only cover a niche part of the market. UDC for example sells approx. 0.5m mobile phones p.a., translating into a market share of only 2-3%. In our view, shorter release cycles, the trend towards more expensive models and the burgeoning market for wearable devices should ensure significant growth in the coming years. However, we do not see supply/demand as a limiting factor. In contrast, the availability of capital to finance the necessary inventory is a constraint to faster growth. Taking into account UDC's credit facilities and cash generation, we believe that conservative growth rates of 3-5% p.a. are achievable.

Value The beauty of UDC's business model is that none of the above is actually reflected in the current share price. With a rock-solid balance sheet (virtually net debt free) a P/E of ~6.5x and a dividend yield of ~9%, UDC ticks all the boxes for investors who are not deterred by the small size. Hence, we are initiating coverage with a BUY recommendation and a PT of EUR 3.50 – offering an upside potential of >150%.

UniDevice AG	2020	2021	2022P	2023E	2024E	2025E
Sales	404.8	348.0	460.0	483.0	502.3	522.4
<i>Growth yoy</i>	12.9%	-14.0%	32.2%	5.0%	4.0%	4.0%
EBITDA	5.4	4.2	4.7	5.2	5.4	5.6
EBIT	5.1	3.1	4.7	5.2	5.4	5.6
Net profit	3.5	1.7	2.9	3.1	3.4	3.5
Net debt (net cash)	5.9	8.0	2.1	1.6	0.8	0.2
Net debt/EBITDA	1.1x	1.9x	0.4x	0.3x	0.2x	0.0x
EPS reported	0.23	0.11	0.19	0.21	0.23	0.24
DPS	0.12	0.07	0.12	0.12	0.14	0.12
<i>Dividend yield</i>	8.8%	5.1%	8.8%	8.8%	10.3%	8.6%
Gross profit margin	2.6%	2.5%	2.2%	2.3%	2.3%	2.3%
EBITDA margin	1.3%	1.2%	1.0%	1.1%	1.1%	1.1%
EBIT margin	1.3%	0.9%	1.0%	1.1%	1.1%	1.1%
ROCE	15.2%	8.2%	11.8%	12.7%	13.6%	13.5%
EV/EBITDA	4.9x	6.9x	4.8x	4.3x	4.0x	3.7x
EV/EBIT	5.2x	9.3x	4.8x	4.3x	4.0x	3.7x
PER	5.9x	11.9x	7.1x	6.5x	6.0x	5.8x
FCF yield	-23.2%	-14.4%	36.3%	13.0%	14.6%	15.2%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 1.46 / 0.95
Price/Book Ratio 0.9x

Ticker / Symbols

ISIN DE000A11QLU3
WKN A11QLU
Bloomberg UDC:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	483.0	5.2	0.21
	Δ	0.0%	0.0%	0.0%
2024E	old	502.3	5.4	0.23
	Δ	0.0%	0.0%	0.0%
2025E	old	522.4	5.6	0.24
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 15.05
Book value per share: (in EUR) 1.54
Ø trading volume: (12 months) 5,000

Major shareholders

Management & family 57.5%
Employees 13.8%
Free Float 28.7%

Company description

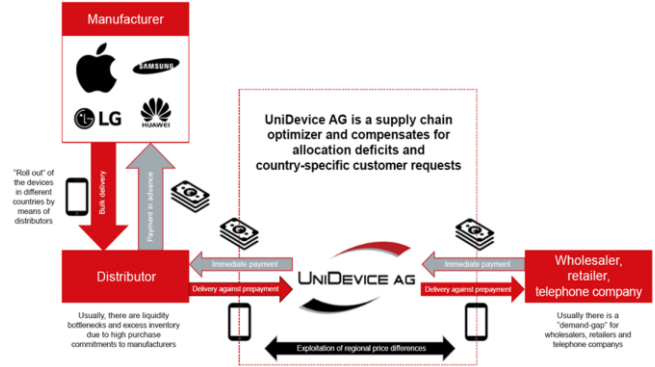
UniDevice AG is an international B2B broker engaged in the wholesale of electronic entertainment and communications equipment. Its product offering includes predominantly Apple and Samsung mobile phones, smart watches and tablets.

Investment case in six charts

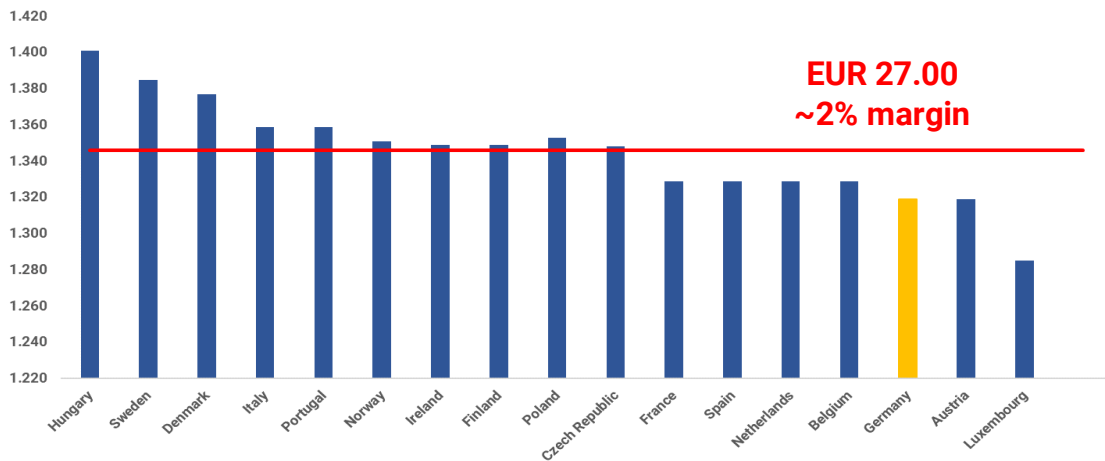
Products & Services



Business model



Arbitrage opportunities - Price discrepancy iPhone X (256GB) - 2017



Advantages of being an intermediate

Strong position as intermediate

Customer

Receives the really popular products...

- in no time,
- at an attractive price,
- in appropriate quantities,
- originally packed.

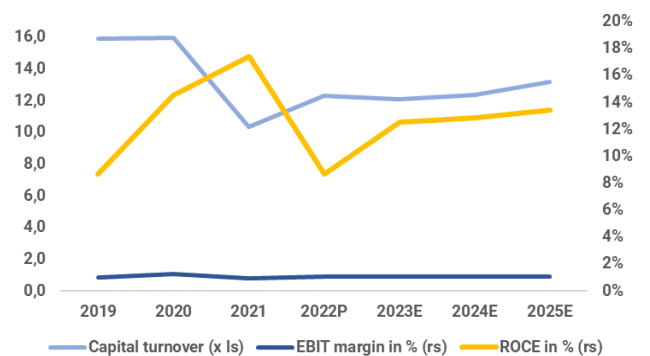
Unlike from the official distributor.

Supplier

Can fulfill his purchase obligation towards the manufacturer...

- receives quickly liquidity,
- reduces storage risk,
- Can market unpopular modely.

Capital turn vs. EBIT margin vs. ROCE



Source: Company data; AlsterResearch

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Company background

Products & services

UniDevice AG is a Berlin-based company that is a pioneer in the international B2B brokerage of communications and consumer electronics. In fact, UniDevice is an arbitrageur taking advantage of the different price levels and availability in disintegrated markets. The company focuses on high-priced and stable-value products such as the Apple iPhones, Samsung smartphones and other wearables such as the Apple Watch or fitness bands.

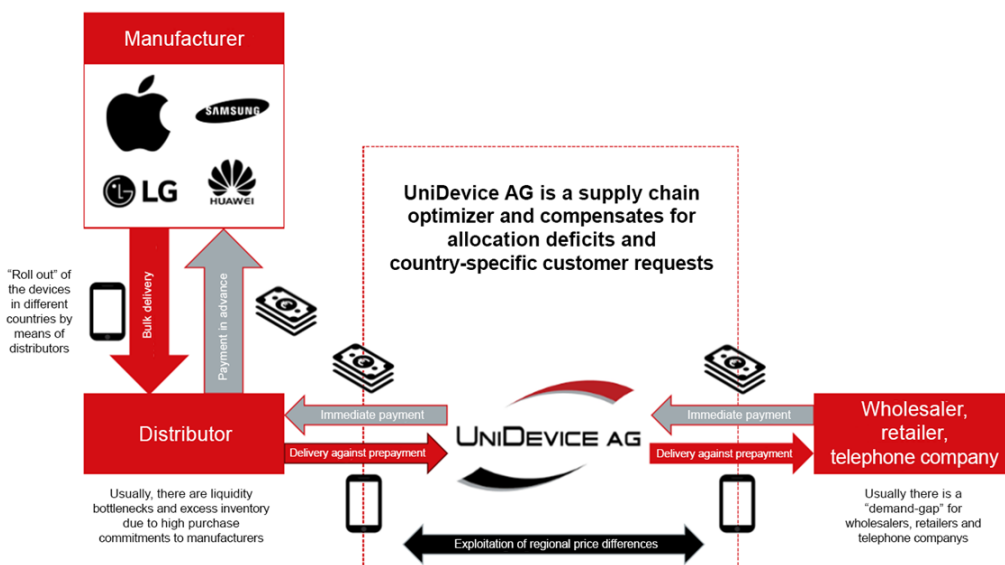
Products & Services



Source: AlsterResearch

In doing so, UniDevice takes advantage of varying availability, customer preferences and prices around the world. Customers include mobile operators, wholesalers and retailers. Risks are minimized through fast stock turnover (usually 3-8 days) and immediate payment. UniDevice aims for cost and availability leadership in specialized segments. The operational business is handled by the wholly-owned subsidiary PPA International AG.

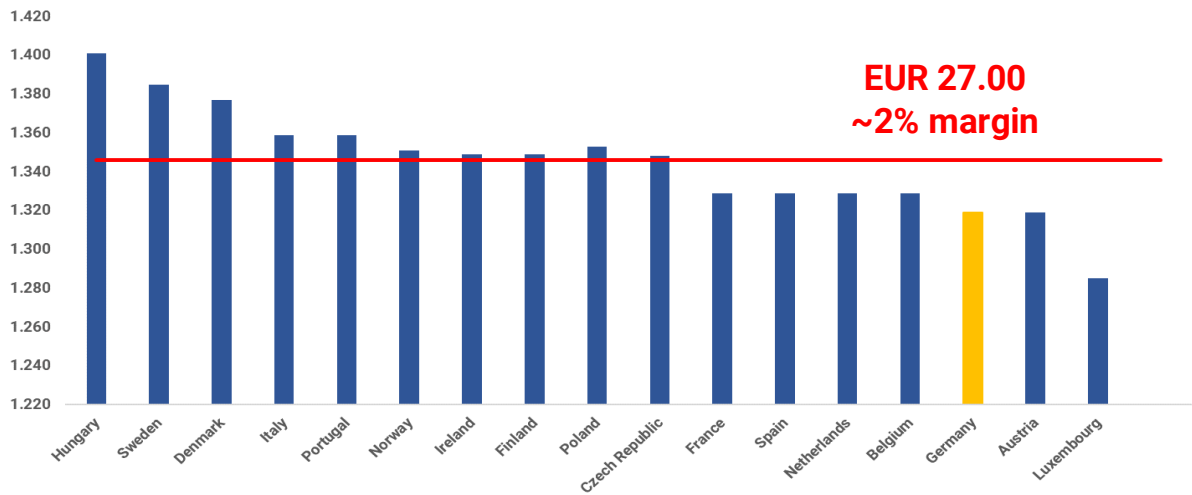
Business model



Source: Company data; AlsterResearch

By definition, the margins for an arbitrageur are relatively thin, especially in markets such as the European Union (EU) where barriers such as import tariffs have already been removed and price transparency is high. However, these markets have remained fragmented over time, with different pricing, release cycles and demand patterns. The chart below illustrates the price differences for the Apple iPhone X (256GB, 2017) across selected EU member states. While the cost of an iPhone in Germany was EUR 1,319, the average selling price in all other markets was EUR 1,346. Therefore, there is an arbitrage opportunity of EUR 27.00 or around 2.0% on average.

Arbitrage opportunities - Price discrepancy iPhone X (256GB) - 2017

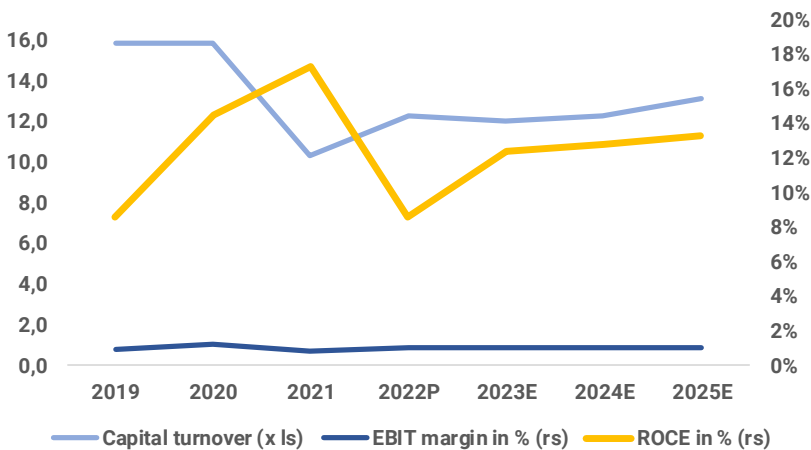


Source: chip.de; AlsterResearch

Despite the low margins, UniDevice manages to generate a reasonable return on capital (ROCE) over the cycle. On average, this has been around 13%, which is well above the company's cost of capital (WACC) of around 8%.

The following chart shows why UniDevice is able to generate shareholder value despite low EBIT margins of "only" 1.1%. This is mainly due to the efficient use of capital, visible in a capital turnover of 13x on average.

Capital turn vs. EBIT margin vs. ROCE



Source: Company data; AlsterResearch

Management



In August 2017, **Dr Christian Pahl, CEO** joined UniDevice AG as sole member of the Management Board and PPA International AG as CEO. He structured the increase of financial resources as well as the capital increase in kind.

Previously, Dr Pahl was the sole member of the Management Board of HAEMATO AG, a listed company in the field of pharmaceutical wholesale (parallel imports), since 2012.

Since 2010, Dr Pahl has also been a member of the Management Board of the listed Berlin-based company MPH Health Care AG, an investment company focusing on pharmaceutical wholesale, aesthetic treatments and real estate.

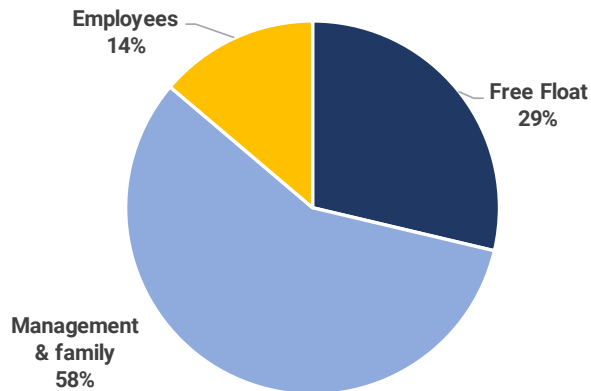
The Supervisory Board of UniDevice AG is formed by:

- Christoph Jakob (Chairman of the Supervisory Board)
- Regine Siebert (Deputy Chairman of the Supervisory Board)
- Dr. Ing. Arno Schimpf (Member of the Supervisory Board)

Shareholders

UniDevice's share count has been stable over the years. In total, there are 15.05m shares outstanding. The company went public in 2018 and is listed on the m:access at the Munich stock exchange as well as at the Open Market of the Frankfurt stock exchange. The approximate shareholding looks as following

Major shareholders



Source: Company data; AlsterResearch

SWOT analysis

Strengths

- Reliable network of distributors, wholesalers and retailers of electronic devices
- In-depth know-how about disintegrated markets with regards to pricing, launch strategies and demand patterns
- Ultra-fast inventory turn of 3-8 days
- Stellar growth track record of CAGR sales growth of 21% (2016-2022) and even 32% CAGR EBIT growth
- Slim corporate structure with only 22 employees at two locations (Berlin and Kassel)
- Consistent high ROCEs

Weaknesses

- Relatively small market share compared to the entire market
- Dependency on a few key customers, which makes it vulnerable to changes in their demand or preferences

Opportunities

- Expansion of business into other product categories such as wearable devices could allow for additional growth
- Trend towards higher valued phones could drive earnings
- 5G will act as a catalyst for continued strong mobile device demand
- Increased credit lines could allow for more business

Threats

- Thin margins leave little room for errors
- Rising financing costs could carve out a larger part of the already low margin
- Faster or unpredictable release cycles of new electronic equipment could lead to price erosions and hence write downs on receivables

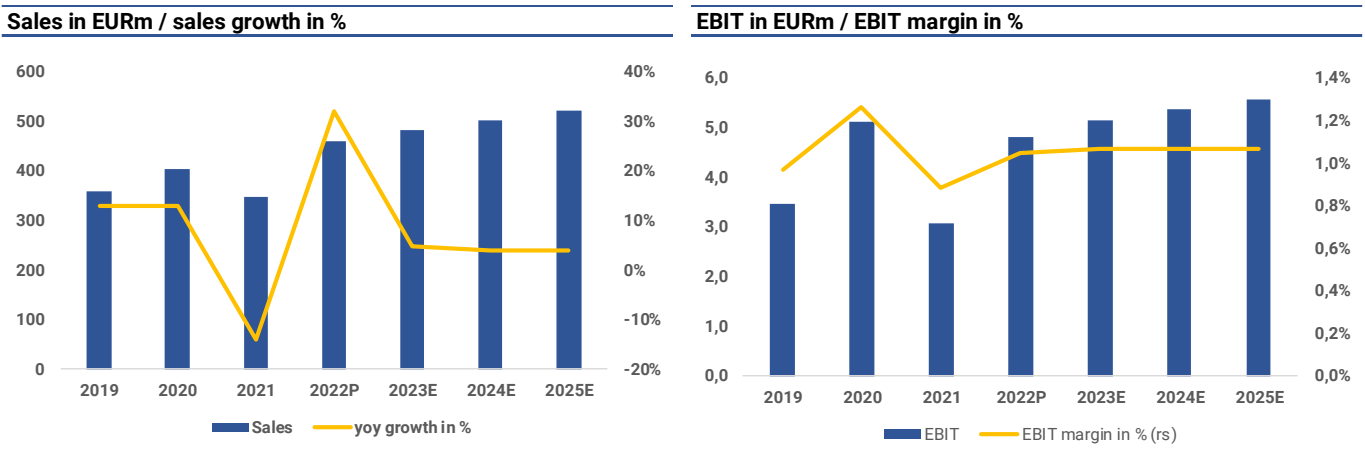
Growth

UniDevice has experienced significant top- and bottom-line growth in the past. In fact, sales grew with a CAGR of 21% (2016-2022). The operating profit (EBIT) even outgrew the top-line with a 32% CAGR in the same period.

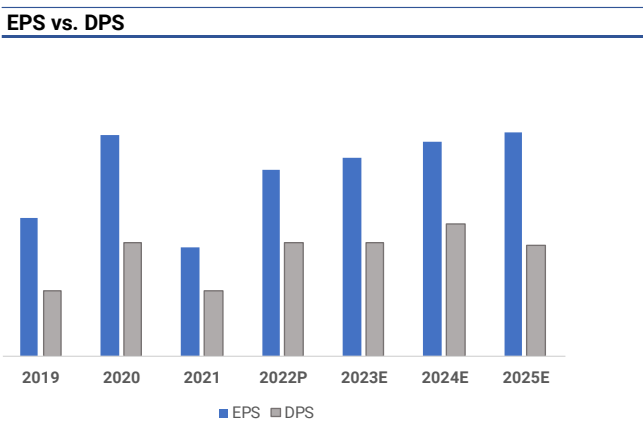
In our view, the main growth drivers are

- Increasing mobile phone penetration in European countries. The number of sold mobile phones in Europe has been growing at a rate of 2.3% between 2017 and 2020
- 5G will act as a catalyst for continued strong replacement demand
- Substantial growth of average price per unit. Apple for example has cracked the barrier of EUR 1,000 with its iPhone X
- Faster release cycles – currently consumers tend to purchase a new phone every ~2-3 years
- Vibrant growth of wearable device market such as Bluetooth headsets, fitness bracelets, smart watches, body cams or fitness trackers
- Introduction of new product categories such as Apple glasses in 23/24

Going forward, we expect UniDevice to benefit nicely from the above-mentioned growth levers. Nonetheless, going forward, we are forecasting only moderate sales and earnings growth. Whilst we believe that there is ample opportunity to grow, we see a limiting factor for even higher growth rates due to credit facilities constraints. If the company were to secure higher credit lines, we believe that UniDevice could even outgrow our conservative growth expectations of CAGR sales growth of 4.3% (22-25E) and 5% EBIT growth.



Source: Company data; AlsterResearch



Source: Company data; AlsterResearch

The following table displays the quarterly performance of UniDevice

P&L data	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Sales	92.1	105.0	71.2	79.8	74.4	100.3	141.9	143.4
yoy growth in %	-10.3%	12.2%	-34.7%	-19.9%	-19.2%	-4.5%	99.4%	79.8%
Gross profit	2.3	3.1	2.2	1.2	0.5	3.1	3.5	3.0
Gross margin in %	2.5%	3.0%	3.1%	1.5%	0.6%	3.1%	2.5%	2.1%
EBITDA	1.3	1.3	1.2	-0.1	-0.3	1.9	1.9	1.2
EBITDA margin in %	1.4%	1.2%	1.7%	-0.1%	-0.4%	1.9%	1.4%	0.9%
EBIT	1.3	1.2	1.1	-0.0	-0.3	1.9	1.9	1.3
EBIT margin in %	1.4%	1.2%	1.6%	-0.0%	-0.5%	1.9%	1.4%	0.9%
EBT	1.2	1.0	1.1	-0.2	-0.4	1.7	1.8	1.1
taxes paid	0.3	0.3	0.2	0.0	0.0	0.3	0.5	0.4
tax rate in %	25.1%	28.5%	22.2%	-1.0%	-1.3%	18.7%	29.3%	40.1%
net profit	0.9	0.7	0.8	-0.2	-0.4	1.4	1.3	0.7
yoy growth in %	30.7%	-21.0%	-35.9%	na%	na%	87.9%	56.0%	na%
EPS	0.06	0.05	0.05	-0.01	-0.03	0.10	0.09	0.04

Source: Company data; AlsterResearch

Valuation

DCF Model

The DCF model results in a **fair value of EUR 3.45 per share**:

Top-line growth: We expect UniDevice AG to grow revenues at a CAGR of 3.3% between 2023E and 2030E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 12.7% in 2023E to 14.0% in 2030E.

WACC. Starting point is a historical equity beta of 1.30. Unlevering and correcting for mean reversion yields an asset beta of 1.00. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.3%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 0.5 this results in a long-term WACC of 8.1%.

DCF (EURm) (except per share data and beta)	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal value
NOPAT	3.5	3.6	3.7	3.9	4.0	4.1	4.2	4.5	
Depreciation & amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in working capital	-0.9	-0.7	-0.8	-0.6	-0.6	-0.6	-0.6	-0.7	
Chg. in long-term provisions	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
Capex	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5	
Cash flow	2.6	2.8	2.9	3.1	3.2	3.3	3.4	3.7	61.8
Present value	2.5	2.5	2.4	2.3	2.2	2.1	2.0	2.0	34.0
WACC	7.8%	7.9%	7.9%	7.9%	7.9%	8.0%	8.0%	8.0%	8.1%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	52.0	Planning horizon avg. revenue growth (2023E-2030E)	3.3%
Mid-year adj. total present value	54.1	Terminal value growth (2030E - infinity)	2.0%
Net debt / cash at start of year	2.1	Terminal year ROCE	14.0%
Financial assets	0.0	Terminal year WACC	8.1%
Provisions and off b/s debt	na		
Equity value	52.0	Terminal WACC derived from	
No. of shares outstanding	15.1	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	25.0%
		Equity beta	1.30
		Unlevered beta (industry or company)	1.00
		Target debt / equity	0.5
		Relevered beta	1.38
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	10.3%

Discounted cash flow / share	3.45
upside/(downside)	153.1%

Share price	1.36
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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%		2.4	2.5	2.6	2.7	2.8	2023E-2026E	18.5%
1.0%		2.7	2.8	3.0	3.1	3.3	2027E-2030E	16.2%
0.0%		3.1	3.3	3.5	3.7	3.9	terminal value	65.3%
-1.0%		3.6	3.9	4.1	4.5	4.9		
-2.0%		4.4	4.7	5.2	5.8	6.5		

Source: AlsterResearch

FCF Yield Model

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

The adjusted Free Cash Flow Yield results in a fair value between EUR 3.45 per share based on 2023E and EUR 4.59 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	5.2	5.4	5.6	5.8	5.9
- Maintenance capex	0.0	0.0	0.0	0.0	0.0
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	1.5	1.7	1.7	1.8	1.9
= Adjusted FCF	3.6	3.7	3.8	3.9	4.0
Actual Market Cap	20.5	20.5	20.5	20.5	20.5
+ Net debt (cash)	1.6	0.8	0.2	-0.9	-2.2
+ 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	0.0	0.0	0.0	0.0	0.0
- Acc. dividend payments	1.8	3.6	5.7	7.5	9.3
<i>EV Reconciliations</i>	-0.2	-2.8	-5.5	-8.5	-11.5
= Actual EV'	20.3	17.7	15.0	12.1	9.0
Adjusted FCF yield	17.8%	20.9%	25.6%	32.6%	44.7%
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	51.7	52.9	54.9	56.2	57.6
- <i>EV Reconciliations</i>	-0.2	-2.8	-5.5	-8.5	-11.5
Fair Market Cap	51.9	55.7	60.4	64.7	69.1
No. of shares (million)	15.1	15.1	15.1	15.1	15.1
Fair value per share in EUR	3.45	3.70	4.02	4.30	4.59
Premium (-) / discount (+)	152.8%	170.9%	194.1%	214.9%	236.5%

Sensitivity analysis FV

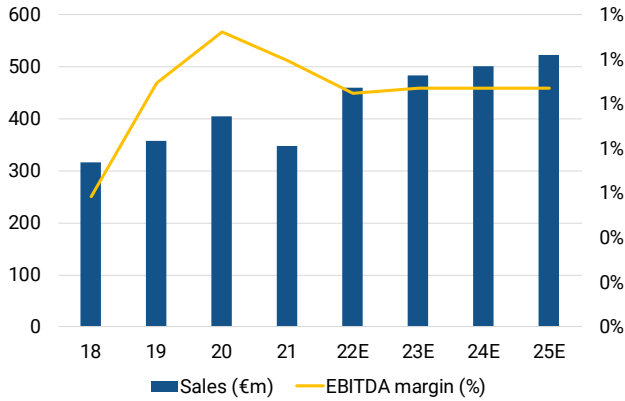
	5.0%	4.8	5.1	5.5	5.8	6.1
Adjusted hurdle rate	6.0%	4.0	4.3	4.6	4.9	5.2
	7.0%	3.5	3.7	4.0	4.3	4.6
	8.0%	3.0	3.3	3.6	3.8	4.1
	9.0%	2.7	2.9	3.2	3.5	3.7

Source: Company data; AlsterResearch

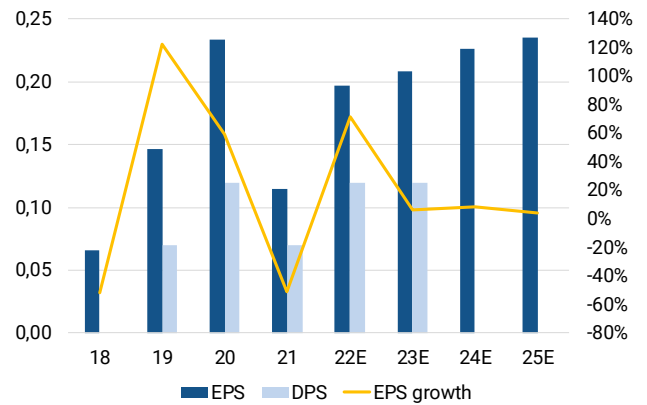
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments 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.**

Financials in six charts

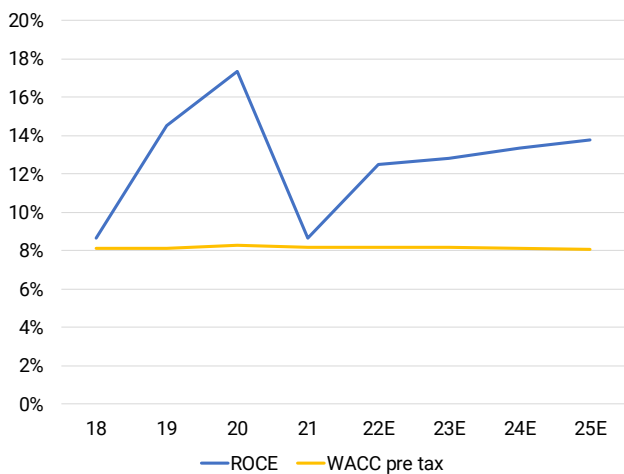
Sales vs. EBITDA margin development



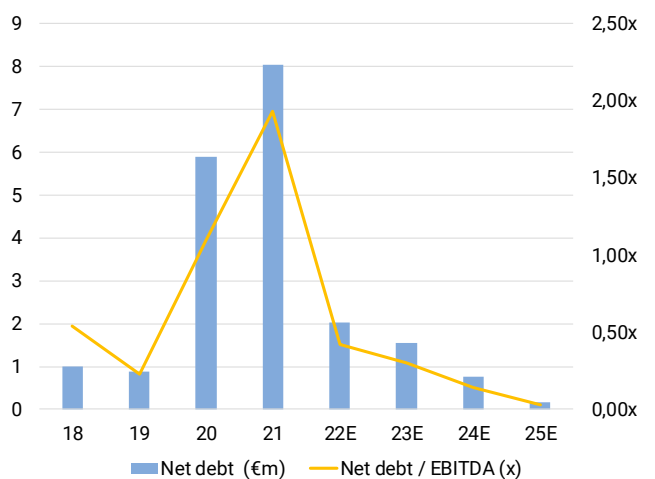
EPS, DPS in EUR & yoy EPS growth



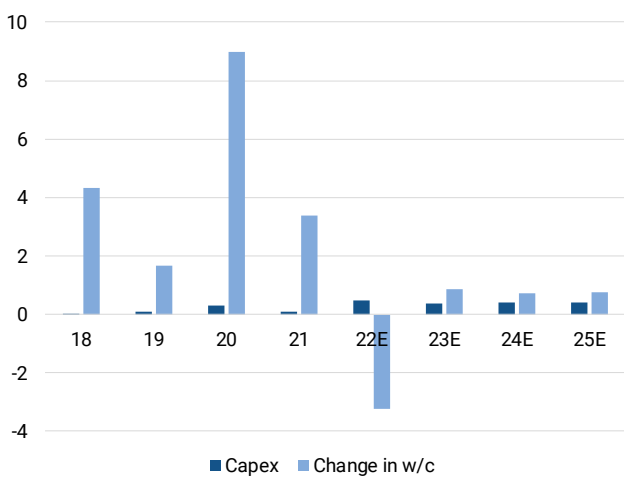
ROCE vs. WACC (pre tax)



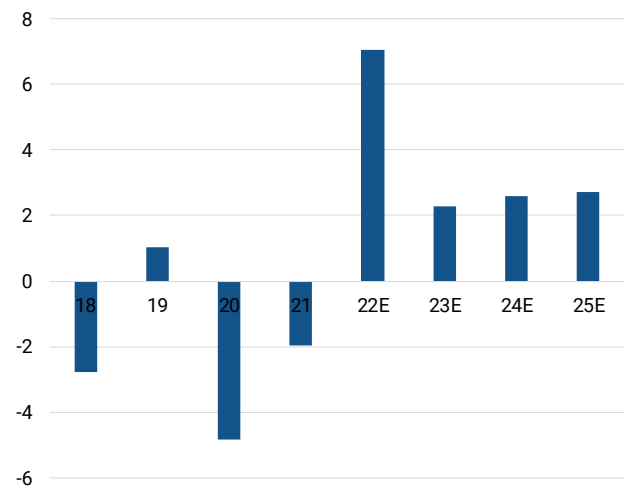
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

Profit and loss (EURm)	2020	2021	2022P	2023E	2024E	2025E
Net sales	404.8	348.0	460.0	483.0	502.3	522.4
Sales growth	12.9%	-14.0%	32.2%	5.0%	4.0%	4.0%
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	404.8	348.0	460.0	483.0	502.3	522.4
Material expenses	394.3	339.2	449.9	471.9	490.8	510.4
Gross profit	10.5	8.9	10.1	11.1	11.6	12.0
Other operating income	0.4	0.3	0.5	0.5	0.5	0.5
Personnel expenses	2.3	1.5	2.2	2.1	2.2	2.2
Other operating expenses	3.2	3.5	3.7	4.3	4.5	4.7
EBITDA	5.4	4.2	4.7	5.2	5.4	5.6
Depreciation	0.2	1.1	0.0	0.0	0.0	0.0
EBITA	5.1	3.1	4.7	5.2	5.4	5.6
Amortisation of goodwill and intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	5.1	3.1	4.7	5.2	5.4	5.6
Financial result	-0.5	-0.5	-0.5	-0.5	-0.3	-0.3
Recurring pretax income from continuing operations	4.7	2.6	4.2	4.7	5.1	5.3
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	4.7	2.6	4.2	4.7	5.1	5.3
Taxes	1.2	0.8	1.3	1.5	1.7	1.7
Net income from continuing operations	3.5	1.7	2.9	3.1	3.4	3.5
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	3.5	1.7	2.9	3.1	3.4	3.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	3.5	1.7	2.9	3.1	3.4	3.5
Average number of shares	15.05	15.05	15.05	15.05	15.05	15.05
EPS reported	0.23	0.11	0.19	0.21	0.23	0.24

Profit and loss (common size)	2020	2021	2022P	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	97%	97%	98%	98%	98%	98%
Gross profit	3%	3%	2%	2%	2%	2%
Other operating income	0%	0%	0%	0%	0%	0%
Personnel expenses	1%	0%	0%	0%	0%	0%
Other operating expenses	1%	1%	1%	1%	1%	1%
EBITDA	1%	1%	1%	1%	1%	1%
Depreciation	0%	0%	0%	0%	0%	0%
EBITA	1%	1%	1%	1%	1%	1%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	1%	1%	1%	1%	1%	1%
Financial result	-0%	-0%	-0%	-0%	-0%	-0%
Recurring pretax income from continuing operations	1%	1%	1%	1%	1%	1%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	1%	1%	1%	1%	1%	1%
Taxes	0%	0%	0%	0%	0%	0%
Net income from continuing operations	1%	0%	1%	1%	1%	1%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	1%	0%	1%	1%	1%	1%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	1%	0%	1%	1%	1%	1%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022P	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill	14.9	14.9	14.9	14.9	14.9	14.9
Property, plant and equipment	0.3	0.2	0.7	1.1	1.5	1.9
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	15.3	15.2	15.6	16.0	16.4	16.9
Inventories	12.4	15.9	12.3	12.9	13.4	14.0
Accounts receivable	5.8	3.7	6.3	6.6	6.9	7.2
Other current assets	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets	0.9	1.6	6.9	6.4	4.2	4.8
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	2.5	9.3	4.6	4.8	5.0	5.2
CURRENT ASSETS	21.6	30.5	30.1	30.8	29.5	31.1
TOTAL ASSETS	36.8	45.6	45.8	46.8	46.0	48.0
SHAREHOLDERS EQUITY	20.8	21.3	23.1	24.5	26.1	27.5
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	3.4	3.6	3.0	2.0	5.0	5.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	6.2	6.5	7.8	8.2	8.5	8.9
Non-current liabilities	9.6	10.1	10.8	10.2	13.5	13.9
short-term liabilities to banks	3.3	6.1	6.0	6.0	0.0	0.0
Accounts payable	0.8	0.6	1.2	1.3	1.3	1.4
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)	2.3	7.6	4.6	4.8	5.0	5.2
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	6.5	14.3	11.8	12.1	6.4	6.6
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	36.8	45.6	45.8	46.8	46.0	48.0

Balance sheet (common size)	2020	2021	2022P	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	0%	0%	0%	0%	0%	0%
Goodwill	41%	33%	33%	32%	33%	31%
Property, plant and equipment	1%	0%	1%	2%	3%	4%
Financial assets	0%	0%	0%	0%	0%	0%
FIXED ASSETS	41%	33%	34%	34%	36%	35%
Inventories	34%	35%	27%	28%	29%	29%
Accounts receivable	16%	8%	14%	14%	15%	15%
Other current assets	0%	0%	0%	0%	0%	0%
Liquid assets	2%	3%	15%	14%	9%	10%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	7%	20%	10%	10%	11%	11%
CURRENT ASSETS	59%	67%	66%	66%	64%	65%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	56%	47%	51%	52%	57%	57%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	9%	8%	7%	4%	11%	10%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	17%	14%	17%	18%	19%	19%
Non-current liabilities	26%	22%	24%	22%	29%	29%
short-term liabilities to banks	9%	13%	13%	13%	0%	0%
Accounts payable	2%	1%	3%	3%	3%	3%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	6%	17%	10%	10%	11%	11%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	18%	31%	26%	26%	14%	14%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2020	2021	2022P	2023E	2024E	2025E
Net profit/loss	3.5	1.7	2.9	3.1	3.4	3.5
Depreciation of fixed assets (incl. leases)	0.1	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.8	-0.2	1.3	0.4	0.3	0.3
Cash flow from operations before changes in w/c	4.4	1.5	4.2	3.5	3.7	3.9
Increase/decrease in inventory	-10.7	-3.6	3.6	-0.6	-0.5	-0.5
Increase/decrease in accounts receivable	1.5	2.2	-2.6	-0.3	-0.3	-0.3
Increase/decrease in accounts payable	0.4	-0.2	0.6	0.1	0.1	0.1
Increase/decrease in other w/c positions	-0.2	-1.8	1.6	0.0	0.0	0.0
Increase/decrease in working capital	-9.0	-3.4	3.2	-0.9	-0.7	-0.8
Cash flow from operating activities	-4.5	-1.9	7.5	2.7	3.0	3.1
CAPEX	-0.3	-0.1	-0.5	-0.4	-0.4	-0.4
Payments for acquisitions	-0.6	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	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	-0.8	-0.1	-0.5	-0.4	-0.4	-0.4
Cash flow before financing	-5.4	-2.0	7.0	2.3	2.6	2.7
Increase/decrease in debt position	4.5	2.9	-0.6	-1.0	-3.0	0.0
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	-1.1	-1.8	-1.1	-1.8	-1.8	-2.1
Others	1.4	-0.2	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	4.9	0.9	-1.7	-2.8	-4.8	-2.1
Increase/decrease in liquid assets	-0.5	-1.1	5.3	-0.5	-2.2	0.6
Liquid assets at end of period	0.9	1.6	6.9	6.4	4.2	4.8

Source: Company data; AlsterResearch

Regional sales split (EURm)	2020	2021	2022P	2023E	2024E	2025E
Domestic	124.0	108.9	56.0	58.8	61.2	63.6
Europe (ex domestic)	225.0	198.3	186.0	195.3	203.1	211.2
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	55.8	40.8	218.0	228.9	238.1	247.6
Total sales	404.8	348.0	460.0	483.0	502.3	522.4

Regional sales split (common size)	2020	2021	2022P	2023E	2024E	2025E
Domestic	30.6%	31.3%	12.2%	12.2%	12.2%	12.2%
Europe (ex domestic)	55.6%	57.0%	40.4%	40.4%	40.4%	40.4%
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	13.8%	11.7%	47.4%	47.4%	47.4%	47.4%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Ratios	2020	2021	2022P	2023E	2024E	2025E
Per share data						
Earnings per share reported	0.23	0.11	0.19	0.21	0.23	0.24
Cash flow per share	-0.32	-0.20	0.50	0.18	0.20	0.21
Book value per share	1.38	1.41	1.54	1.63	1.73	1.83
Dividend per share	0.12	0.07	0.12	0.12	0.14	0.12
Valuation						
P/E	5.9x	11.9x	7.1x	6.5x	6.0x	5.8x
P/CF	-4.3x	-6.9x	2.8x	7.7x	6.9x	6.6x
P/BV	1.0x	1.0x	0.9x	0.8x	0.8x	0.7x
Dividend yield (%)	8.8%	5.1%	8.8%	8.8%	10.3%	8.6%
FCF yield (%)	-23.2%	-14.4%	36.3%	13.0%	14.6%	15.2%
EV/Sales	0.1x	0.1x	0.0x	0.0x	0.0x	0.0x
EV/EBITDA	4.9x	6.9x	4.8x	4.3x	4.0x	3.7x
EV/EBIT	5.2x	9.3x	4.8x	4.3x	4.0x	3.7x
Income statement (EURm)						
Sales	404.8	348.0	460.0	483.0	502.3	522.4
yoy chg in %	12.9%	-14.0%	32.2%	5.0%	4.0%	4.0%
Gross profit	10.5	8.9	10.1	11.1	11.6	12.0
Gross margin in %	2.6%	2.5%	2.2%	2.3%	2.3%	2.3%
EBITDA	5.4	4.2	4.7	5.2	5.4	5.6
EBITDA margin in %	1.3%	1.2%	1.0%	1.1%	1.1%	1.1%
EBIT	5.1	3.1	4.7	5.2	5.4	5.6
EBIT margin in %	1.3%	0.9%	1.0%	1.1%	1.1%	1.1%
Net profit	3.5	1.7	2.9	3.1	3.4	3.5
Cash flow statement (EURm)						
CF from operations	-4.5	-1.9	7.5	2.7	3.0	3.1
Capex	-0.3	-0.1	-0.5	-0.4	-0.4	-0.4
Maintenance Capex	0.2	1.1	0.0	0.0	0.0	0.0
Free cash flow	-4.8	-2.0	7.0	2.3	2.6	2.7
Balance sheet (EURm)						
Intangible assets	15.0	14.9	14.9	14.9	14.9	14.9
Tangible assets	0.3	0.2	0.7	1.1	1.5	1.9
Shareholders' equity	20.8	21.3	23.1	24.5	26.1	27.5
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	12.9	16.1	16.8	16.2	13.5	13.9
Net financial debt	5.9	8.0	2.1	1.6	0.8	0.2
w/c requirements	17.4	19.0	17.4	18.3	19.0	19.7
Ratios						
ROE	16.9%	8.1%	12.5%	12.8%	13.1%	12.9%
ROCE	15.2%	8.2%	11.8%	12.7%	13.6%	13.5%
Net gearing	28.3%	37.8%	9.1%	6.6%	3.2%	0.8%
Net debt / EBITDA	1.1x	1.9x	0.4x	0.3x	0.2x	0.0x

Source: Company data; AlsterResearch

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