

UniDevice AG

Germany | Industrial Goods & Services | MCap EUR 16.2m

14 July 2023

UPDATE



Disappointing H1 '23 results; FY guidance abandoned; PT down

What's it all about?

UniDevice released disappointing H1 results, with Q2 earnings down sharply due to slowing momentum and rising costs. The stock fell nearly 20% yesterday, reflecting investor concerns about the near-term outlook. However, we believe that UniDevices' business is still viable, and that consumer sentiment will eventually improve. Nevertheless, we are a bit more cautious on the cost side as we expect higher costs (especially financing costs) to persist in the longer term. As a result, we are adjusting our estimates to reflect lower margin levels going forward. In essence, the shares of UniDevice still look undervalued with a 1-year forward P/E of 7-8x. We therefore reiterate our BUY rating, albeit with a lower PT of EUR 2.70 (old: EUR 3.60).

BUY (BUY)

Target price	EUR 2.70 (3.60)
Current price	EUR 1.07
Up/downside	151.2%



MAIN AUTHOR

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UniDevice AG

Germany | Industrial Goods & Services | MCap EUR 16.2m | EV EUR 22.8m

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Disappointing H1 '23 results; FY guidance abandoned; PT down

Growth momentum fades in Q2. Ahead of the official schedule, UniDevice released its H1 '23 interim results, which came in disappointing. At first glance, the 10% yoy sales growth in H1 '23 or EUR 192m looked attractive. However, a closer look shows that after a strong start to the year (Q1 sales growth +40% yoy), the growth momentum slowed significantly. In fact, sales declined by around 12% yoy in Q2, which was mainly attributed to subdued consumer demand as inflationary real income losses dampened consumer spending.

Margin squeeze due to rising costs. In addition, UniDevice had to contend with deteriorating gross margins, which declined by 35 bps yoy to 1.69% in H1 '23. It is worth noting that UniDevice as a B2B broker already works on razor thin margins and that any deteriorating effects has a significant impact on the bottom-line. In addition, inflationary increases in transportation and other operating expenses weighed on UniDevice's profitability. As a result, operating profit declined by c. 1/3 yoy to EUR 1m in H1 '23. Finally, UniDevice suffered from rising financing costs. In particular, the variable interest costs (EURIBOR + margin) for the use of bank credit lines increased compared to the same period of the previous year, which virtually wiped out the entire Q2 profit. The net profit for the first half of the year thus came in at EUR 0.46m, effectively half of what was achieved in the same period last year.

Outlook: Management expects the second half of the year to be challenging. High interest rates are likely to continue to be a drag, and real income losses for consumers are expected to persist. On the upside, UniDevices' business tends to be back-end loaded with key shopping events such as Cyber Monday or Black Friday traditionally being sales and earnings driver. As such, a strong second half is still in the cards, but with this meager H1 results, we believe that the company's full-year guidance looks increasingly ambitious. As a result, management is not reiterating its previous guidance, which included at least EUR 500m in sales and a net profit of more than EUR 3m.

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UniDevice AG	2020	2021	2022	2023E	2024E	2025E
Sales	404.8	348.0	460.5	460.5	483.5	507.7
<i>Growth yoy</i>	12.9%	-14.0%	32.3%	0.0%	5.0%	5.0%
EBITDA	5.4	4.2	5.8	3.7	3.7	4.4
EBIT	5.1	3.1	4.7	3.7	3.7	4.4
Net profit	3.5	1.7	2.9	2.0	2.4	2.9
Net debt (net cash)	5.9	8.0	6.6	3.4	3.2	2.8
Net debt/EBITDA	1.1x	1.9x	1.1x	0.9x	0.9x	0.6x
EPS reported	0.23	0.11	0.19	0.14	0.16	0.19
DPS	0.12	0.07	0.12	0.07	0.09	0.10
<i>Dividend yield</i>	11.2%	6.5%	11.2%	6.9%	8.7%	8.9%
Gross profit margin	2.6%	2.5%	2.4%	1.9%	2.0%	2.1%
EBITDA margin	1.3%	1.2%	1.3%	0.8%	0.8%	0.9%
EBIT margin	1.3%	0.9%	1.0%	0.8%	0.8%	0.9%
ROCE	15.2%	8.2%	13.7%	8.9%	9.3%	10.5%
EV/Sales	0.1x	0.1x	0.0x	0.0x	0.0x	0.0x
EV/EBITDA	4.1x	5.8x	3.9x	5.7x	5.6x	4.6x
EV/EBIT	4.3x	7.9x	4.8x	5.7x	5.6x	4.6x
PER	4.6x	9.4x	5.6x	8.0x	6.8x	5.6x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 1.65 / 0.96
Price/Book Ratio 0.7x

Ticker / Symbols

ISIN DE000A11QLU3
WKN A11QLU
Bloomberg UDC:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	502.0	5.4	0.22
	Δ	-8.3%	-31.4%	-38.0%
2024E	old	522.0	5.6	0.24
	Δ	-7.4%	-33.3%	-32.3%
2025E	old	542.9	5.8	0.25
	Δ	-6.5%	-24.0%	-21.9%

Key share data

Number of shares: (in m pcs) 15.05
Book value per share: (in EUR) 1.58
Ø trading volume: (12 months) 8,462

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.

Conclusion: The results for the first six months of this year are clearly disappointing. While the company is still benefiting from a strong first quarter, the momentum has slowed significantly in Q2, which, coupled with rising costs, has led to a sharp decline in Q2 earnings. Following the announcement, UniDevices' share price fell by nearly 20% yesterday, reflecting that some investors may have lost faith over the short-term outlook. However, we believe that UniDevices' business is still viable, and that consumer sentiment will eventually improve. On the cost side, however, we remain slightly more cautious as we expect higher costs (especially financing costs) to persist in the longer term. As a result, we are adjusting our estimates to reflect the lower margin level. Nevertheless, after yesterday's share price decline, UniDevice is trading at a comfortable 1-year forward P/E of 7-8x, which we believe offers significant upside. We therefore reiterate our BUY rating, albeit with a lower PT of EUR 2.70 (old EUR 3.60).

The following table displays the quarterly performance of **UniDevice AG**:

P&L data	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Sales	71.2	79.8	74.4	100.3	141.9	143.9	104.4	87.9
yoy growth in %	-32.9%	-21.8%	-19.7%	-4.0%	99.4%	80.4%	40.3%	-12.3%
Gross profit	2.2	1.2	0.5	3.1	3.5	3.9	1.7	1.6
Gross margin in %	3.1%	1.5%	0.6%	3.1%	2.5%	2.7%	1.6%	1.8%
EBITDA	1.2	-0.1	-0.3	1.9	1.9	1.3	0.7	0.4
EBITDA margin in %	1.7%	-0.1%	-0.4%	1.9%	1.4%	0.9%	0.7%	0.4%
EBIT	1.1	-0.0	-0.3	1.9	1.9	1.3	0.7	0.3
EBIT margin in %	1.6%	-0.0%	-0.5%	1.9%	1.4%	0.9%	0.7%	0.4%
EBT	1.1	-0.2	-0.4	1.7	1.8	1.0	0.5	0.1
taxes paid	0.2	0.0	0.0	0.3	0.5	0.4	0.2	0.0
tax rate in %	22.2%	-1.0%	-1.3%	18.7%	29.3%	34.8%	29.0%	4.3%
net profit	0.8	-0.2	-0.4	1.4	1.3	0.7	0.4	0.1
yoy growth in %	-35.9%	na%	na%	87.9%	56.0%	na%	na%	-94.1%
EPS	0.05	-0.01	-0.03	0.10	0.09	0.04	0.02	0.01

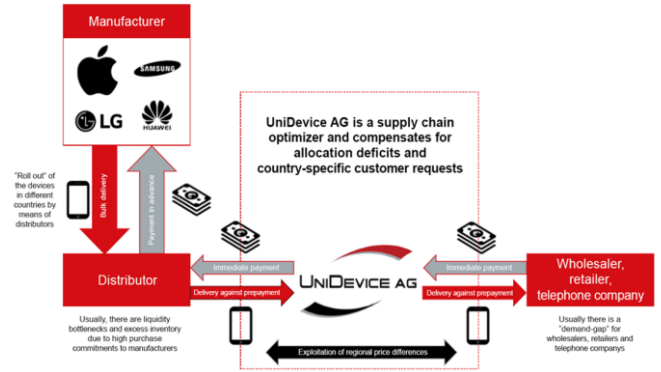
Source: Company data; AlsterResearch

Investment case in six charts

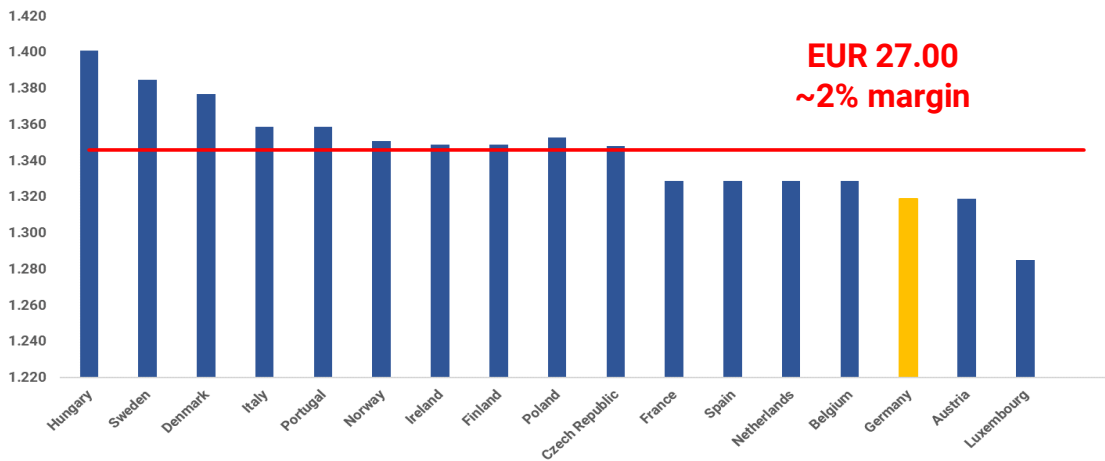
Products & Services



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.

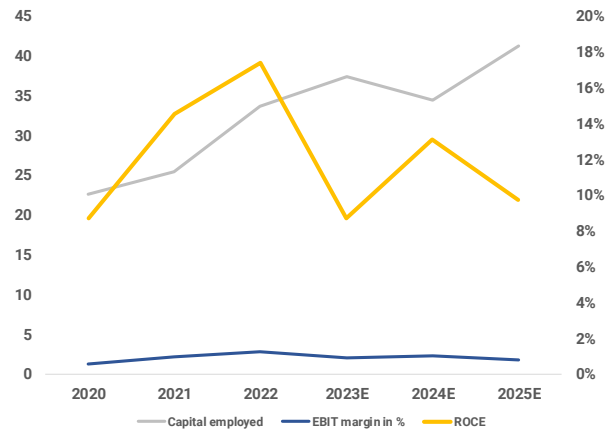
Unlike from the official distributor.

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

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

Valuation

DCF Model

The DCF model results in a **fair value of EUR 2.69 per share**:

Top-line growth: We expect UniDevice AG to grow revenues at a CAGR of 4.3% between 2023E and 2030E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 8.9% in 2023E to 12.2% in 2030E.

WACC. Starting point is a historical equity beta of 1.35. 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	2.6	2.6	3.1	3.6	3.7	3.9	4.0	4.2	
Depreciation & amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in working capital	-1.9	-1.0	-1.1	-0.9	-1.0	-1.0	-1.0	-1.1	
Chg. in long-term provisions	5.4	0.5	0.5	0.4	0.4	0.4	0.5	0.5	
Capex	-0.5	-0.5	-0.5	-0.5	-0.5	-0.6	-0.6	-0.6	
Cash flow	5.6	1.5	2.0	2.6	2.6	2.7	2.9	3.0	49.8
Present value	5.4	1.4	1.6	2.0	1.9	1.8	1.7	1.7	27.9
WACC	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	8.0%	8.0%	8.1%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	45.3	Planning horizon avg. revenue growth (2023E-2030E)	4.3%
Mid-year adj. total present value	47.1	Terminal value growth (2030E - infinity)	2.0%
Net debt / cash at start of year	6.6	Terminal year ROCE	12.2%
Financial assets	0.0	Terminal year WACC	8.1%
Provisions and off b/s debt	1.4		
Equity value	40.5	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	1.35
		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	
Discounted cash flow / share	2.69
upside/(downside)	150.4%

Share price	
Share price	1.07

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%		1.8	1.9	2.0	2.1	2.2	2023E-2026E	22.8%
1.0%		2.1	2.2	2.3	2.4	2.6	2027E-2030E	15.7%
0.0%		2.4	2.5	2.7	2.9	3.1	terminal value	61.5%
-1.0%		2.8	3.0	3.3	3.5	3.9		
-2.0%		3.4	3.7	4.1	4.6	5.2		

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 2.47 per share based on 2023E and EUR 3.91 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	3.7	3.7	4.4	5.1	5.3
- 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	0.9	1.0	1.2	1.5	1.5
= Adjusted FCF	2.8	2.7	3.2	3.7	3.8
Actual Market Cap	16.2	16.2	16.2	16.2	16.2
+ Net debt (cash)	3.4	3.2	2.8	1.9	1.1
+ Pension provisions	1.4	1.5	1.5	1.6	1.6
+ 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	2.9	4.3	5.8	7.5
<i>EV Reconciliations</i>	3.0	1.7	0.0	-2.3	-4.8
= Actual EV'	19.1	17.9	16.2	13.9	11.4
Adjusted FCF yield	14.7%	15.1%	19.7%	26.4%	33.2%
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	40.2	38.5	45.5	52.2	54.0
- <i>EV Reconciliations</i>	3.0	1.7	0.0	-2.3	-4.8
Fair Market Cap	37.2	36.8	45.5	54.6	58.8
No. of shares (million)	15.1	15.1	15.1	15.1	15.1
Fair value per share in EUR	2.47	2.45	3.02	3.63	3.91
Premium (-) / discount (+)	130.0%	127.6%	181.0%	237.3%	263.5%

Sensitivity analysis FV						
Adjusted hurdle rate	5.0%	3.5	3.5	4.2	5.0	5.3
	6.0%	2.9	2.9	3.5	4.2	4.5
	7.0%	2.5	2.4	3.0	3.6	3.9
	8.0%	2.1	2.1	2.6	3.2	3.5
	9.0%	1.9	1.9	2.3	2.9	3.1

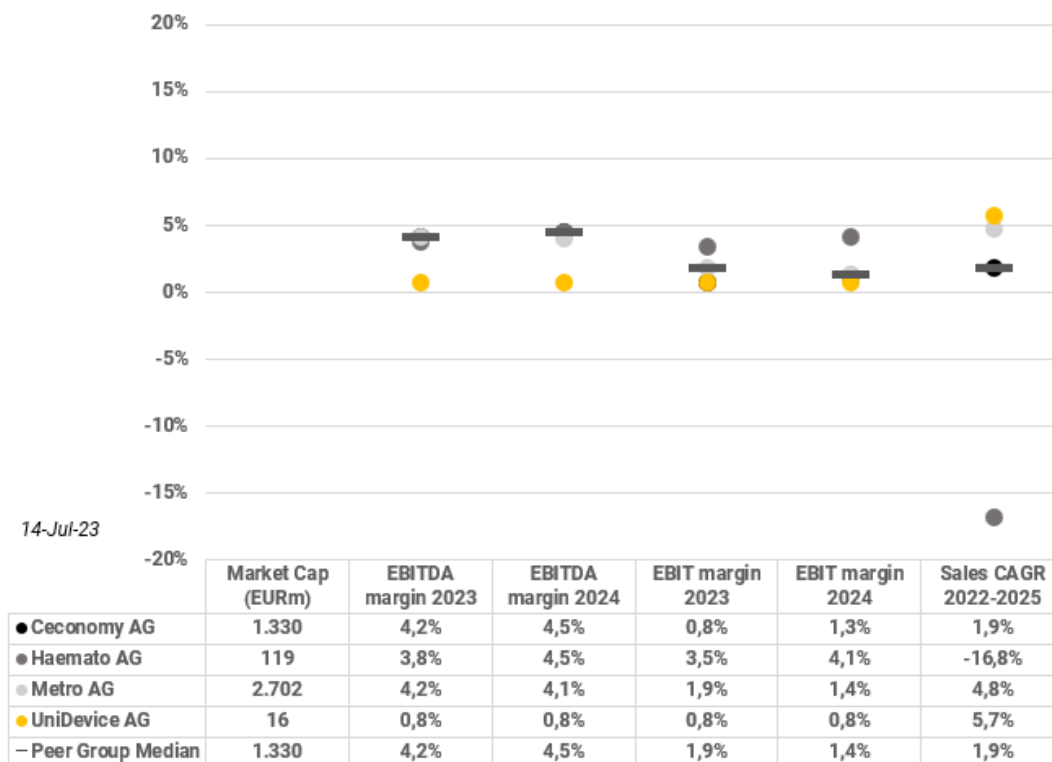
Source: Company data; AlsterResearch

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Peer group analysis

A peer group or comparable company (“comps”) analysis is a methodology that calculates a company’s relative value – how much it should be worth based on how it compares to other similar companies. Given that **UniDevice AG** 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 UniDevice AG consists of the stocks displayed in the below. As of 14 July 2023 the median market cap of the peer group was EUR 1,330.5m, compared to EUR 16.2m for UniDevice AG. In the period under review, the peer group was more profitable than UniDevice AG. The expectations for sales growth are lower for the peer group than for UniDevice AG.

Peer Group – Key data

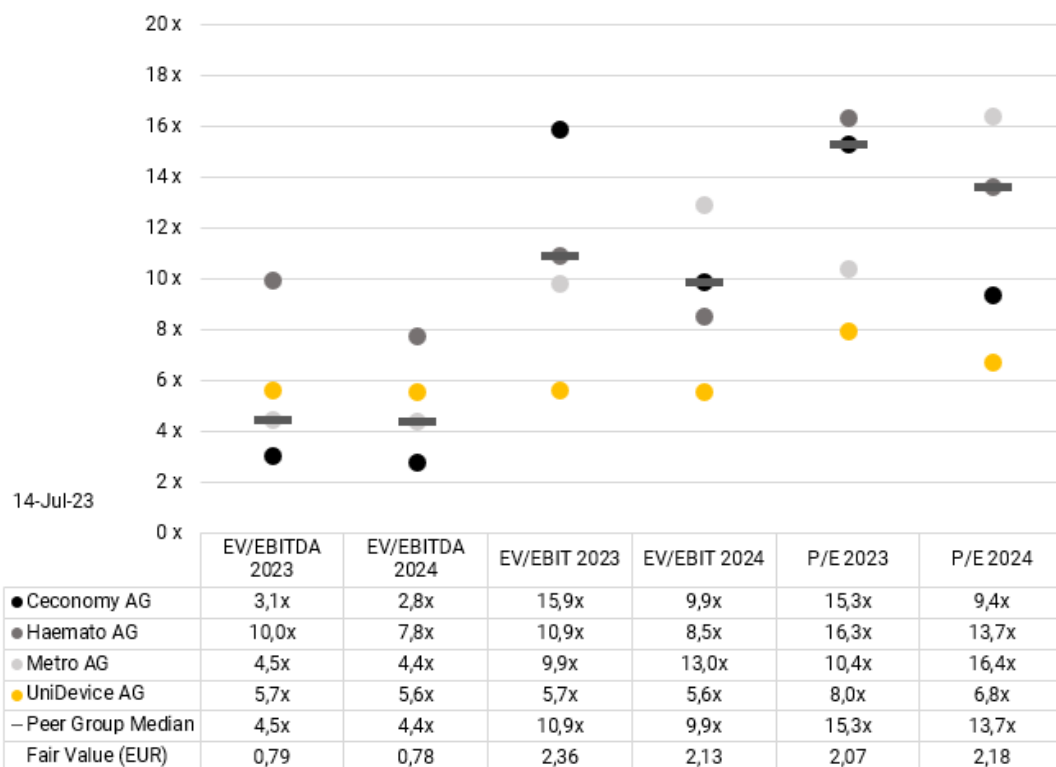


Source: Sentieo, AlsterResearch

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2023, EV/EBITDA 2024, EV/EBIT 2023, EV/EBIT 2024, P/E 2023 and P/E 2024.

Applying these to UniDevice AG results in a range of fair values from EUR 0.78 to EUR 2.36.

Peer Group – Multiples and valuation



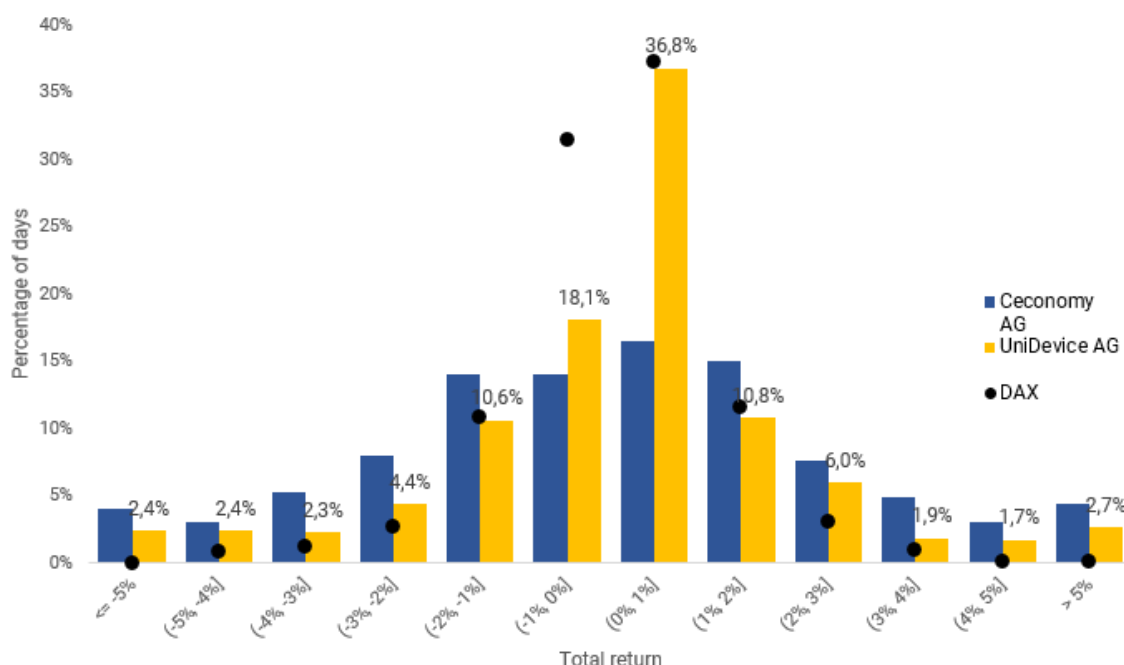
Source: Sentio, AlsterResearch

Risk

The chart displays the **distribution of daily returns of UniDevice AG** over the last 3 years, compared to the same distribution for Ceconomy 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 UniDevice AG, the worst day during the past 3 years was 29. Oct. 2021 with a share price decline of -16.0%. The best day was 28. June 2022 when the share price increased by 14.6%.

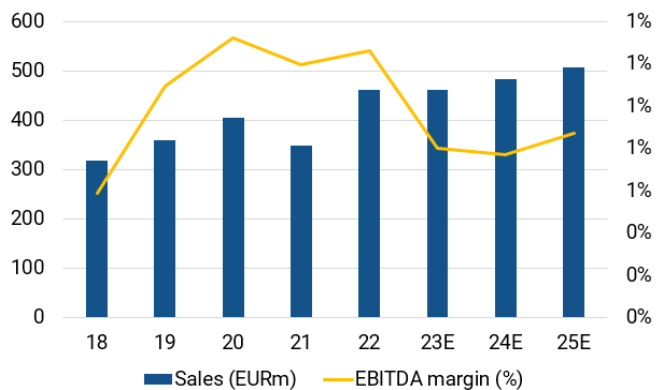
Risk – Daily Returns Distribution (trailing 3 years)



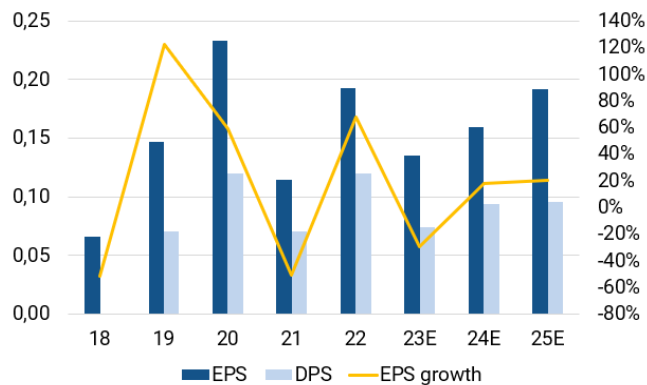
Source: Sentieo, AlsterResearch

Financials in six charts

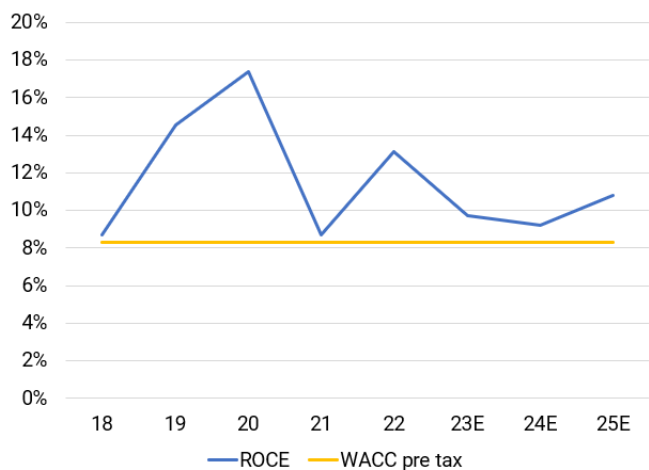
Sales vs. EBITDA margin development



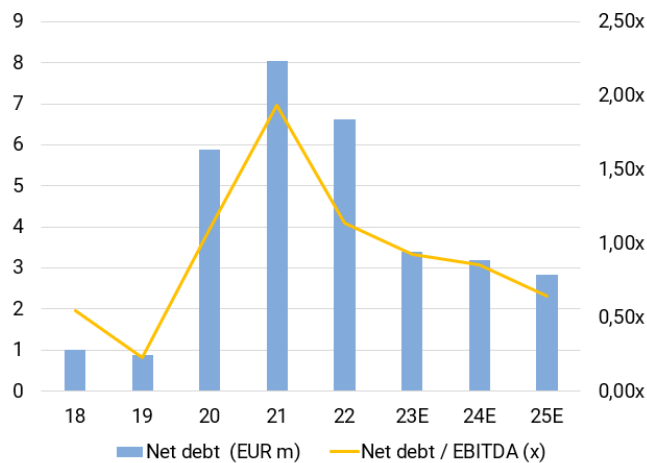
EPS, DPS in EUR & yoy EPS growth



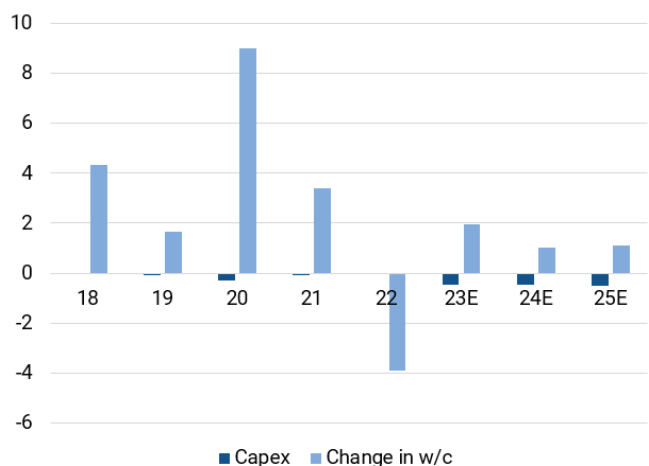
ROCE vs. WACC (pre tax)



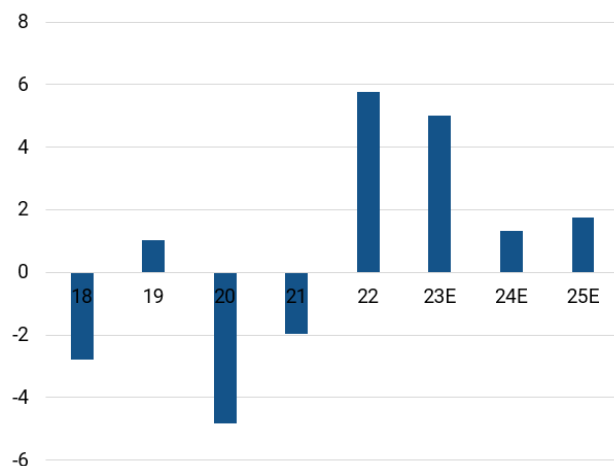
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

Profit and loss (EURm)	2020	2021	2022	2023E	2024E	2025E
Net sales	404.8	348.0	460.5	460.5	483.5	507.7
Sales growth	12.9%	-14.0%	32.3%	0.0%	5.0%	5.0%
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	460.5	460.5	483.5	507.7
Material expenses	394.3	339.2	449.5	451.8	473.9	497.1
Gross profit	10.5	8.9	11.0	8.7	9.7	10.7
Other operating income	0.4	0.3	1.8	1.1	0.5	0.5
Personnel expenses	2.3	1.5	2.1	2.0	2.1	2.2
Other operating expenses	3.2	3.5	4.9	4.1	4.4	4.6
EBITDA	5.4	4.2	5.8	3.7	3.7	4.4
Depreciation	0.2	1.1	1.1	0.0	0.0	0.0
EBITA	5.1	3.1	4.7	3.7	3.7	4.4
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	3.7	3.7	4.4
Financial result	-0.5	-0.5	-0.6	-0.8	-0.3	-0.3
Recurring pretax income from continuing operations	4.7	2.6	4.1	2.9	3.4	4.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	4.7	2.6	4.1	2.9	3.4	4.1
Taxes	1.2	0.8	1.2	0.9	1.0	1.2
Net income from continuing operations	3.5	1.7	2.9	2.0	2.4	2.9
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	2.0	2.4	2.9
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	3.5	1.7	2.9	2.0	2.4	2.9
Average number of shares	15.05	15.05	15.05	15.05	15.05	15.05
EPS reported	0.23	0.11	0.19	0.14	0.16	0.19

Profit and loss (common size)	2020	2021	2022	2023E	2024E	2025E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	0%	0%	0%	0%	0%	0%
Total sales	100%	100%	100%	100%	100%	100%
Material expenses	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%	0%	0%	1%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	1%	0%	1%	0%	0%	1%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	1%	0%	1%	0%	0%	1%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	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	0.2	0.6	1.1	1.6
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	15.3	15.2	15.1	15.6	16.1	16.6
Inventories	12.4	15.9	11.5	13.6	14.3	15.0
Accounts receivable	5.8	3.7	6.5	6.3	6.6	7.0
Other current assets	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets	0.9	1.6	0.3	4.6	1.8	2.2
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	2.5	9.3	6.8	6.9	7.3	7.6
CURRENT ASSETS	21.6	30.5	25.1	31.4	30.0	31.7
TOTAL ASSETS	36.8	45.6	40.2	47.0	46.1	48.3
SHAREHOLDERS EQUITY	20.8	21.3	23.7	24.0	25.2	26.7
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	3.4	3.6	3.5	2.0	5.0	5.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	1.4	1.5	1.5
Other provisions	6.2	6.5	3.8	7.8	8.2	8.6
Non-current liabilities	9.6	10.1	7.4	11.2	14.7	15.2
short-term liabilities to banks	3.3	6.1	3.3	6.0	0.0	0.0
Accounts payable	0.8	0.6	0.5	1.2	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	5.3	4.6	4.8	5.1
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	9.1	11.8	6.1	6.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	36.8	45.6	40.2	47.0	46.1	48.3

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	0%	0%	0%	0%	0%	0%
Goodwill	41%	33%	37%	32%	32%	31%
Property, plant and equipment	1%	0%	0%	1%	2%	3%
Financial assets	0%	0%	0%	0%	0%	0%
FIXED ASSETS	41%	33%	38%	33%	35%	34%
Inventories	34%	35%	29%	29%	31%	31%
Accounts receivable	16%	8%	16%	13%	14%	14%
Other current assets	0%	0%	0%	0%	0%	0%
Liquid assets	2%	3%	1%	10%	4%	4%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	7%	20%	17%	15%	16%	16%
CURRENT ASSETS	59%	67%	62%	67%	65%	66%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	56%	47%	59%	51%	55%	55%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	9%	8%	9%	4%	11%	10%
Provisions for pensions and similar obligations	0%	0%	0%	3%	3%	3%
Other provisions	17%	14%	10%	17%	18%	18%
Non-current liabilities	26%	22%	18%	24%	32%	31%
short-term liabilities to banks	9%	13%	8%	13%	0%	0%
Accounts payable	2%	1%	1%	3%	3%	3%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	6%	17%	13%	10%	10%	11%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	18%	31%	23%	25%	13%	13%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	3.5	1.7	2.9	2.0	2.4	2.9
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	-1.0	5.4	0.5	0.5
Cash flow from operations before changes in w/c	4.4	1.5	1.9	7.4	2.9	3.4
Increase/decrease in inventory	-10.7	-3.6	4.5	-2.1	-0.7	-0.7
Increase/decrease in accounts receivable	1.5	2.2	-2.8	0.2	-0.3	-0.3
Increase/decrease in accounts payable	0.4	-0.2	-0.1	0.8	0.1	0.1
Increase/decrease in other w/c positions	-0.2	-1.8	2.4	-0.8	-0.1	-0.1
Increase/decrease in working capital	-9.0	-3.4	3.9	-1.9	-1.0	-1.1
Cash flow from operating activities	-4.5	-1.9	5.8	5.5	1.8	2.3
CAPEX	-0.3	-0.1	-0.1	-0.5	-0.5	-0.5
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	-0.1	-0.5	-0.5	-0.5
Cash flow before financing	-5.4	-2.0	5.8	5.0	1.3	1.8
Increase/decrease in debt position	4.5	2.9	-2.7	1.1	-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	-1.1	-1.4
Others	1.4	-0.2	-3.3	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	-7.1	-0.7	-4.1	-1.4
Increase/decrease in liquid assets	-0.5	-1.1	-1.3	4.3	-2.8	0.4
Liquid assets at end of period	0.9	1.6	0.3	4.6	1.8	2.2

Source: Company data; AlsterResearch

Regional sales split (EURm)	2020	2021	2022	2023E	2024E	2025E
Domestic	124.0	108.9	56.0	56.0	58.8	61.7
Europe (ex domestic)	225.0	198.3	186.0	186.0	195.3	205.1
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	55.8	40.8	218.0	218.0	228.9	240.3
Total sales	404.8	348.0	460.5	460.5	483.5	507.7

Regional sales split (common size)	2020	2021	2022	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%	47.3%	47.3%	47.3%	47.3%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Ratios	2020	2021	2022	2023E	2024E	2025E
Per share data						
Earnings per share reported	0.23	0.11	0.19	0.14	0.16	0.19
Cash flow per share	-0.30	-0.13	0.39	0.36	0.12	0.15
Book value per share	1.38	1.41	1.58	1.59	1.68	1.78
Dividend per share	0.12	0.07	0.12	0.07	0.09	0.10
Valuation						
P/E	4.6x	9.4x	5.6x	8.0x	6.8x	5.6x
P/CF	-3.6x	-8.6x	2.8x	3.0x	8.9x	7.1x
P/BV	0.8x	0.8x	0.7x	0.7x	0.6x	0.6x
Dividend yield (%)	11.2%	6.5%	11.2%	6.9%	8.7%	8.9%
FCF yield (%)	-28.1%	-11.6%	36.0%	33.8%	11.3%	14.1%
EV/Sales	0.1x	0.1x	0.0x	0.0x	0.0x	0.0x
EV/EBITDA	4.1x	5.8x	3.9x	5.7x	5.6x	4.6x
EV/EBIT	4.3x	7.9x	4.8x	5.7x	5.6x	4.6x
Income statement (EURm)						
Sales	404.8	348.0	460.5	460.5	483.5	507.7
yoy chg in %	12.9%	-14.0%	32.3%	0.0%	5.0%	5.0%
Gross profit	10.5	8.9	11.0	8.7	9.7	10.7
Gross margin in %	2.6%	2.5%	2.4%	1.9%	2.0%	2.1%
EBITDA	5.4	4.2	5.8	3.7	3.7	4.4
EBITDA margin in %	1.3%	1.2%	1.3%	0.8%	0.8%	0.9%
EBIT	5.1	3.1	4.7	3.7	3.7	4.4
EBIT margin in %	1.3%	0.9%	1.0%	0.8%	0.8%	0.9%
Net profit	3.5	1.7	2.9	2.0	2.4	2.9
Cash flow statement (EURm)						
CF from operations	-4.5	-1.9	5.8	5.5	1.8	2.3
Capex	-0.3	-0.1	-0.1	-0.5	-0.5	-0.5
Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	-4.8	-2.0	5.8	5.0	1.3	1.8
Balance sheet (EURm)						
Intangible assets	15.0	14.9	14.9	14.9	14.9	14.9
Tangible assets	0.3	0.2	0.2	0.6	1.1	1.6
Shareholders' equity	20.8	21.3	23.7	24.0	25.2	26.7
Pension provisions	0.0	0.0	0.0	1.4	1.5	1.5
Liabilities and provisions	12.9	16.1	10.7	17.2	14.7	15.2
Net financial debt	5.9	8.0	6.6	3.4	3.2	2.8
w/c requirements	17.4	19.0	17.5	18.7	19.6	20.6
Ratios						
ROE	16.9%	8.1%	12.2%	8.5%	9.5%	10.8%
ROCE	15.2%	8.2%	13.7%	8.9%	9.3%	10.5%
Net gearing	28.3%	37.8%	27.8%	14.2%	12.6%	10.6%
Net debt / EBITDA	1.1x	1.9x	1.1x	0.9x	0.9x	0.6x

Source: Company data; AlsterResearch

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