

# SGT German Private Equity

Germany | Financial Services | MCap EUR 84.2m

19 August 2022

UPDATE



## Cancelation of treasury shares completed; Reiterate to BUY

### What's it all about?

On its AGM, SGT German Private Equity (SGF) passed the resolution to cancel the company's treasury shares. This reduces the number of outstanding shares by c. 20% to 49.8m. The free float increases from 16.9% to now 20.7%. We welcome the cancelation of treasury shares as SGF with above EUR 110m in equity (equity ratio of >95%) banks on a rock-solid balance sheet. Coupled with its clear strategic positioning and recurring revenue potential, SGF is an ideal investment for investors seeking exposure to the lucrative private equity segment. We therefore reiterate our BUY rating with unchanged PT of EUR 4.00. Despite the good share price performance recently (since May, the stock is up 40%), SGF is offering significant value and upside potential.

**BUY** (BUY)

<b>Target price</b>	<b>EUR 4.00 (4.00)</b>
Current price	EUR 1.69
Up/downside	136.7%



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## Cancelation of treasury shares completed; Reiterate to BUY

**SGF cancels treasury shares** After having successfully completed the acquisition of the SGT Capital Pte. Ltd (SGTPTE) via a capital increase in kind, SGF's AGM has approved the resolution to cancel the company's treasury shares of in total 11.05m shares. Consequently, the new number of shares will now be 49.8m ultimately increasing SGF's free float from 16.9% previously to now 20.7%. AlsterResearch estimates already reflected the lower number of shares in the EPS and fair value calculation, which is why no model adjustment had to be made. The major shareholder list has been adjusted accordingly.

**Equity exceeds EUR 110m / Equity ratio above 95%** In an earlier announcement, SGF highlighted the fact that as of 30.06.2022 its equity now exceeds EUR 110m (2021: EUR 42.3m). While we assume a positive business development in H1 2022, the steep increase is mainly the result of the capital increase in kind following the acquisition of SGTPTE. Therefore, the company can now rely on a rock-solid balance sheet with an equity ratio above 95%. Also, now being a (private equity) asset manager rather than an asset owner as in the past, turns SGF into a highly profitable and scalable business (EBIT margins between 40-50%, eAR) which relies on recurring and highly predictable fees based on Assets under Management. In total, SGF (via its subsidiaries and JV's) now manages more than USD 800m, finally turning SGF into a truly mid-sized PE firm with a global reach.

**Conclusion / Valuation** With its clear strategic positioning, healthy balance sheet and recurring revenue potential, we view SGF as an ideal investment for investors who seek exposure to the lucrative private equity segment, run by an experienced management team. We therefore reiterate our BUY rating with unchanged PT of EUR 4.00. Despite the good share price performance recently (since announcing the first close in May, the stock has increased by more than 40%), SGF is offering significant value and upside potential. Additional share buybacks and dividend payments further appeal to the equity story.

SGT German Private Equity	2019	2020	2021	2022E	2023E	2024E
Sales	16.4	0.9	12.2	17.9	28.2	30.6
<i>Growth yoy</i>	31.2%	-94.6%	1,279.3%	47.1%	57.8%	8.4%
EBITDA	0.8	-1.2	6.8	10.4	16.9	18.4
EBIT	0.1	-1.3	5.6	8.4	14.9	16.4
Net profit	2.2	-0.6	14.5	16.6	12.3	13.4
Net debt (net cash)	-8.3	-5.9	-4.7	-22.0	-32.8	-49.6
Net debt/EBITDA	-11.1x	4.8x	-0.7x	-2.1x	-1.9x	-2.7x
EPS recurring	0.19	-0.05	0.44	0.33	0.25	0.27
DPS	0.00	0.00	0.02	0.03	0.04	0.04
<i>Dividend yield</i>	0.0%	0.0%	1.2%	2.0%	2.2%	2.4%
Gross profit margin	75.9%	100.0%	80.0%	100.0%	100.0%	100.0%
EBITDA margin	4.6%	-141.4%	55.8%	58.0%	60.0%	60.0%
EBIT margin	0.6%	-142.3%	46.1%	46.8%	52.9%	53.5%
ROCE	0.3%	-4.4%	13.2%	6.3%	10.5%	10.6%
EV/EBITDA	101.1x	-62.7x	11.7x	6.0x	3.0x	1.9x
EV/EBIT	738.5x	-62.4x	14.2x	7.4x	3.4x	2.1x
PER	8.7x	-32.8x	3.9x	5.1x	6.9x	6.3x
FCF yield	-5.2%	-9.7%	-11.9%	21.5%	14.8%	22.1%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 1.85 / 1.10  
**Price/Book Ratio** 1.3x

**Ticker / Symbols**  
ISIN DE000A1MMEV4  
WKN A1MMEV  
Bloomberg SGF:GR

### Changes in estimates

		Sales	EBIT	EPS
2022E	old	17,9	8,4	0,12
	Δ	0,0%	0,0%	0,0%
2023E	old	28,2	14,9	0,21
	Δ	0,0%	0,0%	0,0%
2024E	old	30,6	16,4	0,23
	Δ	0,0%	0,0%	0,0%

### Key share data

Number of shares: (in m pcs) 49.80  
Book value per share: (in EUR) 1.28  
Ø trading volume: (12 months) 5,000

### Major shareholders

SGT Capital LLC 79.3%  
Free Float 20.7%

### Company description

SGT German Private Equity formerly known as "German Startup Group" via its 100% subsidiary SGT Capital Pte. Ltd, Singapore, is a global alternative investment and private equity asset manager generating sustainable and highly predictable asset management fees. The capital commitments are agreed upon on a long-term basis. In addition, its heritage venture capital portfolio consists of minority stakes in startups, which however will be sold over time.

# Investment case in six charts

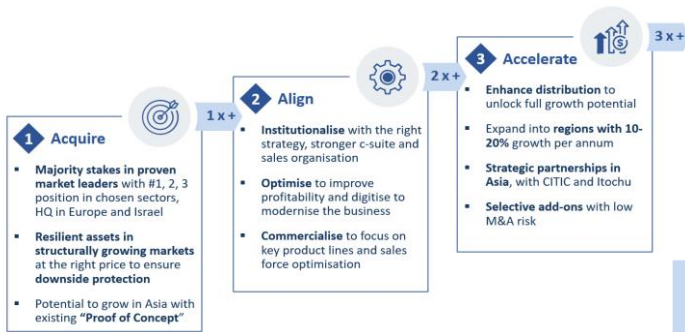
## Products & Services



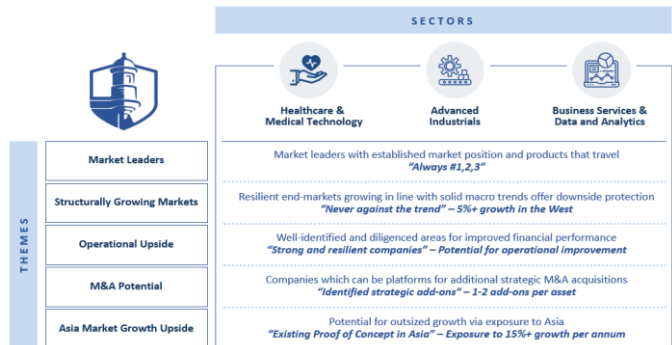
## New corporate structure



## Strategy - PE fund



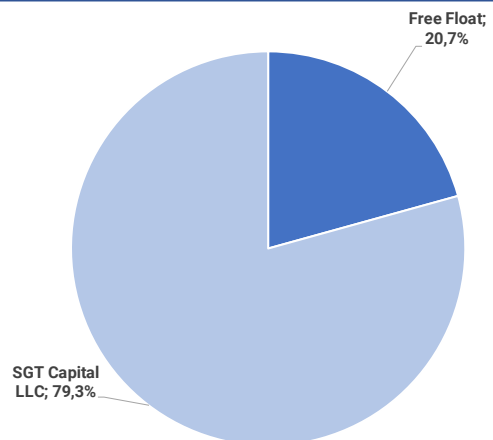
## Themes and Sectors



## Heritage VC portfolio - core holdings



## Major shareholder



Source : Company data; AlsterResearch

# SWOT analysis

## Strengths

- Experienced and high caliber management team with over 100 years of cumulative investment experience.
- Background of market leading private equity, asset management, investment banking, and consulting firms.
- Access to deal flow.
- Network of financing banks, partnering co-investors, institutional clients, portfolio company managers, investment banks and consulting firms.
- Track record of the predecessor fund with > USD 1bn AuM and a return in excess of 2.2x MoM.
- Highly scalable and profitable business with EBIT margins of ~60%

## Weaknesses

- Heritage venture capital value creation highly volatile and therefore less appropriate for a stock market listing
- Complex merger structure that needs capital market education.
- Limited free float.

## Opportunities

- Once capital has been raised, highly predictable sales and earnings streams.
- Stock listing offers access to fresh capital and publicity of being the only German listed PE company.
- Presence in Germany and Singapore could offer unique opportunities to grow.

## Threats

- Costly and time-consuming regulations could become a burden for market participants.
- Fierce competition among PE investors could drive up acquisition multiples and consequently dilute investors' returns.
- Follow-up investment funds depend on future investment success.

# Valuation

## DCF Model

The DCF model results in a **fair value of EUR 4.03 per share**:

**Top-line growth:** We expect SGT German Private Equity to continue benefitting from structural growth. Hence our growth estimates for 2022E-2029E is in the range of 8.7% p.a. The long-term growth rate is set at 1.0%.

**EBIT margins.** In accordance with other PE firms, we are modelling EBIT margin in the 50% range. Given the asset light business model, we keep EBIT margins constant at these levels.

**WACC.** The averaged 1-, 3- and 5-year historical equity beta is calculated as 1.40. Unlevering and correcting for mean reversion yields an asset beta of 1.12. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 11.2%. 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 8.7%.

DCF (EUR m) (except per share data and beta)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal value
NOPAT	6.9	12.3	13.4	12.9	12.2	12.1	12.0	13.3	
Depreciation & amortization	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.0	
Change in working capital	-0.5	-1.8	3.2	-0.1	-0.1	-0.1	-0.1	-0.1	
Chg. in long-term provisions	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Capex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Cash flow	8.3	12.4	18.6	14.8	14.1	14.0	13.9	13.2	172.3
Present value	8.1	11.1	15.3	11.2	9.8	8.9	8.2	7.1	92.9
WACC	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%

DCF per share derived from	
Total present value	172.6
Mid-year adj. total present value	179.9
Net debt / cash at start of year	-4.7
Financial assets	17.6
Provisions and off b/s debt	na
Equity value	202.2
No. of shares outstanding	49.8
<b>Discounted cash flow / share upside/(downside)</b>	<b>4.06 / 140.3%</b>

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2022E-2029E)	8.7%
Terminal value growth (2029E - infinity)	1.0%
Terminal year ROCE	8.5%
Terminal year WACC	8.7%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.40
Unlevered beta (industry or company)	1.12
Target debt / equity	0.5
Relevered beta	1.54
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	11.2%

<b>Share price</b>	<b>1.69</b>
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## Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth					Share of present value	
	1.0%	0.5%	1.0%	1.5%	2.0%	2022E-2025E	2026E-2029E
	2.0%	3.2	3.3	3.4	3.5	3.6	26.4%
1.0%	3.5	3.6	3.7	3.8	3.9	19.7%	
0.0%	3.8	3.9	4.1	4.2	4.4	53.8%	
-1.0%	4.2	4.4	4.5	4.7	5.0		
-2.0%	4.7	4.9	5.2	5.5	5.9		

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 2.74 per share based on 2022E and EUR 6.09 per share on 2026E estimates. **We value SGT German Private Equity halfway 2022E/2023E, which supports the DCF based fair value calculations.**

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	2022E	2023E	2024E	2025E	2026E
<b>EBITDA</b>	<b>10.4</b>	<b>16.9</b>	<b>18.4</b>	<b>18.1</b>	<b>17.6</b>
- 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	3.6	2.7	2.9	3.2	3.4
<b>= Adjusted FCF</b>	<b>6.7</b>	<b>14.3</b>	<b>15.4</b>	<b>14.9</b>	<b>14.2</b>
<b>Actual Market Cap</b>	<b>56.0</b>	<b>56.0</b>	<b>56.0</b>	<b>56.0</b>	<b>56.0</b>
+ Net debt (cash)	-22.0	-32.8	-49.6	-62.3	-74.5
+ 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	17.6	17.6	17.6	17.6	17.6
- Acc. dividend payments	0.7	2.3	4.2	6.2	8.1
<i>EV Reconciliations</i>	-40.2	-52.7	-71.3	-86.1	-100.2
<b>= Actual EV'</b>	<b>15.8</b>	<b>3.3</b>	<b>-15.3</b>	<b>-30.1</b>	<b>-44.2</b>
<b>Adjusted FCF yield</b>	<b>42.7%</b>	<b>430.4%</b>	<b>-100.6%</b>	<b>-49.4%</b>	<b>-32.1%</b>
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%
<b>Fair EV</b>	<b>96.1</b>	<b>203.6</b>	<b>220.2</b>	<b>212.4</b>	<b>202.8</b>
- <i>EV Reconciliations</i>	-40.2	-52.7	-71.3	-86.1	-100.2
<b>Fair Market Cap</b>	<b>136.3</b>	<b>256.3</b>	<b>291.6</b>	<b>298.5</b>	<b>303.0</b>
No. of shares (million)	49.8	49.8	49.8	49.8	49.8
<b>Fair value per share in EUR</b>	<b>2.74</b>	<b>5.15</b>	<b>5.85</b>	<b>5.99</b>	<b>6.09</b>
<b>Premium (-) / discount (+)</b>	<b>62.0%</b>	<b>204.5%</b>	<b>246.4%</b>	<b>254.6%</b>	<b>260.1%</b>

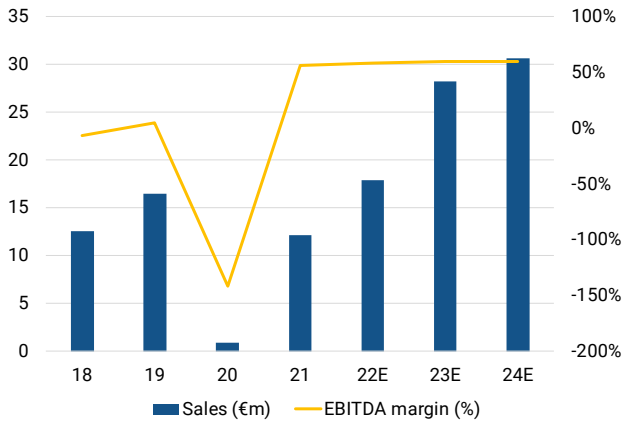
Sensitivity analysis FV					
	5.0%	3.5	6.8	7.6	7.7
<b>Adjusted hurdle rate</b>	6.0%	3.1	5.8	6.6	6.7
	7.0%	2.7	5.1	5.9	6.0
	8.0%	2.5	4.6	5.3	5.5
	9.0%	2.3	4.2	4.9	5.0

Source: Company data; AlsterResearch

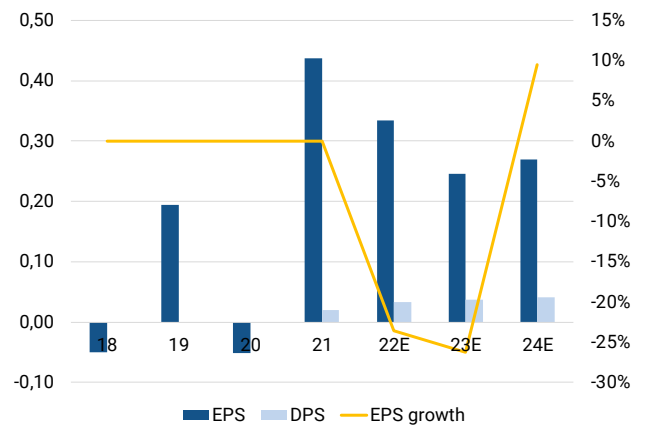
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments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

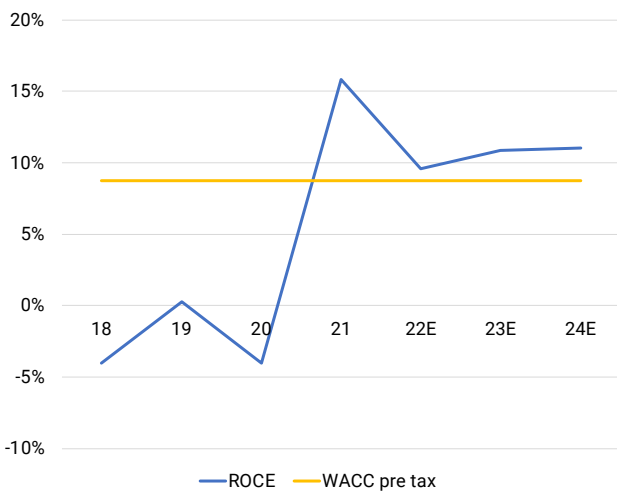
**Sales vs. EBITDA margin development**



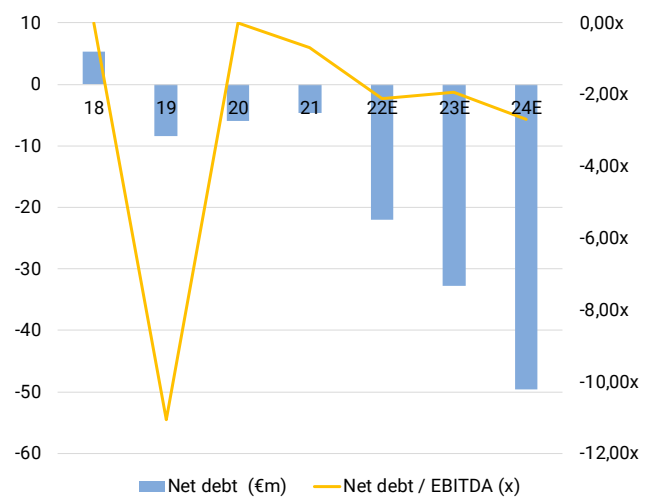
**EPS, DPS in EUR & yoy EPS growth**



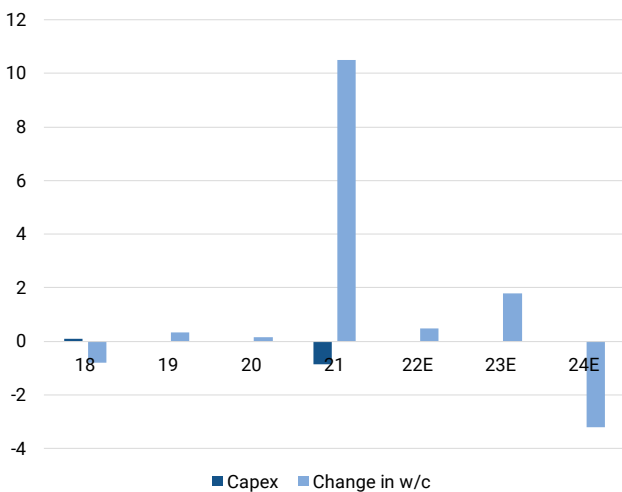
**ROCE vs. WACC (pre tax)**



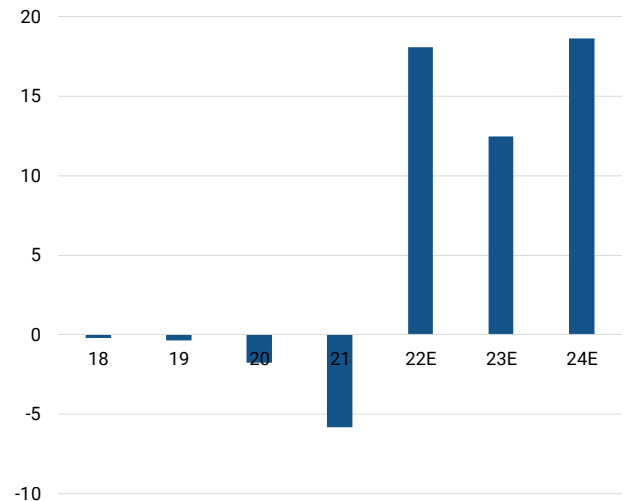
**Net debt and net debt/EBITDA**



**Capex & chgn in w/c requirements in EURm**



**Free Cash Flow in EURm**



Source: Company data; AlsterResearch

## Financials

Profit and loss (EURm)	2019	2020	2021	2022E	2023E	2024E
<b>Net sales</b>	<b>16.4</b>	<b>0.9</b>	<b>12.2</b>	<b>17.9</b>	<b>28.2</b>	<b>30.6</b>
Sales growth	31.2%	-94.6%	1,279.3%	47.1%	57.8%	8.4%
Change in finished goods and work-in-process	0.3	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>16.8</b>	<b>0.9</b>	<b>12.2</b>	<b>17.9</b>	<b>28.2</b>	<b>30.6</b>
Material expenses	4.3	0.0	2.4	0.0	0.0	0.0
<b>Gross profit</b>	<b>12.5</b>	<b>0.9</b>	<b>9.7</b>	<b>17.9</b>	<b>28.2</b>	<b>30.6</b>
Other operating income	1.1	0.1	0.1	0.0	0.0	0.0
Personnel expenses	9.7	0.1	0.4	4.3	6.5	7.0
Other operating expenses	3.2	2.1	2.7	3.2	4.8	5.2
<b>EBITDA</b>	<b>0.8</b>	<b>-1.2</b>	<b>6.8</b>	<b>10.4</b>	<b>16.9</b>	<b>18.4</b>
Depreciation	0.7	0.0	0.0	0.0	0.0	0.0
EBITA	0.1	-1.3	6.8	10.4	16.9	18.4
Amortisation of goodwill and intangible assets	0.0	0.0	1.2	2.0	2.0	2.0
<b>EBIT</b>	<b>0.1</b>	<b>-1.3</b>	<b>5.6</b>	<b>8.4</b>	<b>14.9</b>	<b>16.4</b>
Financial result	3.6	0.4	10.4	11.9	0.0	0.0
Recurring pretax income from continuing operations	3.7	-0.8	16.0	20.3	14.9	16.4
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	3.7	-0.8	16.0	20.3	14.9	16.4
Taxes	0.2	-0.1	2.0	3.6	2.7	2.9
Net income from continuing operations	3.4	-0.7	14.1	16.6	12.3	13.4
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>3.4</b>	<b>-0.7</b>	<b>14.1</b>	<b>16.6</b>	<b>12.3</b>	<b>13.4</b>
Minority interest	-1.2	0.2	0.4	0.0	0.0	0.0
Net profit (reported)	2.2	-0.6	14.5	16.6	12.3	13.4
Average number of shares	11.33	10.74	33.13	49.80	49.80	49.80
<b>EPS reported</b>	<b>0.19</b>	<b>-0.05</b>	<b>0.44</b>	<b>0.33</b>	<b>0.25</b>	<b>0.27</b>

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
<b>Net sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Change in finished goods and work-in-process	2%	0%	0%	0%	0%	0%
<b>Total sales</b>	<b>102%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Material expenses	26%	0%	20%	0%	0%	0%
<b>Gross profit</b>	<b>76%</b>	<b>100%</b>	<b>80%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Other operating income	7%	12%	1%	0%	0%	0%
Personnel expenses	59%	15%	3%	24%	23%	23%
Other operating expenses	19%	239%	22%	18%	17%	17%
<b>EBITDA</b>	<b>5%</b>	<b>-141%</b>	<b>56%</b>	<b>58%</b>	<b>60%</b>	<b>60%</b>
Depreciation	4%	1%	0%	0%	0%	0%
EBITA	1%	-142%	56%	58%	60%	60%
Amortisation of goodwill and intangible assets	0%	0%	10%	11%	7%	7%
<b>EBIT</b>	<b>1%</b>	<b>-142%</b>	<b>46%</b>	<b>47%</b>	<b>53%</b>	<b>53%</b>
Financial result	22%	48%	86%	67%	0%	0%
Recurring pretax income from continuing operations	22%	-94%	132%	113%	53%	53%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	22%	-94%	132%	113%	53%	53%
Taxes	1%	-10%	16%	20%	10%	10%
Net income from continuing operations	21%	-84%	116%	93%	43%	44%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>21%</b>	<b>-84%</b>	<b>116%</b>	<b>93%</b>	<b>43%</b>	<b>44%</b>
Minority interest	-7%	21%	3%	0%	0%	0%
<b>Net profit (reported)</b>	<b>13%</b>	<b>-63%</b>	<b>119%</b>	<b>93%</b>	<b>43%</b>	<b>44%</b>

Source: Company data; AlsterResearch



Balance sheet (EURm)	2019	2020	2021	2022E	2023E	2024E
<b>Intangible assets (excl. Goodwill)</b>	<b>0.1</b>	<b>0.1</b>	<b>10.4</b>	<b>12.0</b>	<b>10.0</b>	<b>8.0</b>
Goodwill	0.0	0.0	72.2	72.2	72.2	72.2
Property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	22.4	22.2	17.6	17.6	17.6	17.6
<b>FIXED ASSETS</b>	<b>22.5</b>	<b>22.3</b>	<b>100.2</b>	<b>101.8</b>	<b>99.8</b>	<b>97.8</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.0	0.0	11.0	9.8	11.6	8.4
Other current assets	0.0	0.4	0.1	0.1	0.1	0.1
Liquid assets	11.5	5.9	4.8	22.0	32.8	49.6
Deferred taxes	0.0	0.0	0.1	0.1	0.1	0.1
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>11.5</b>	<b>6.3</b>	<b>16.1</b>	<b>32.0</b>	<b>44.6</b>	<b>58.2</b>
<b>TOTAL ASSETS</b>	<b>34.0</b>	<b>28.6</b>	<b>116.3</b>	<b>133.8</b>	<b>144.4</b>	<b>156.0</b>
<b>SHAREHOLDERS EQUITY</b>	<b>30.1</b>	<b>28.2</b>	<b>42.3</b>	<b>132.0</b>	<b>142.5</b>	<b>154.1</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	2.9	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.5	0.0	0.0	0.0	0.0	0.0
Other provisions	0.0	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>3.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
short-term liabilities to banks	0.2	0.0	0.2	0.0	0.0	0.0
Accounts payable	0.2	0.2	0.7	0.0	0.0	0.0
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)	0.0	0.0	70.2	0.0	0.0	0.0
Deferred taxes	0.2	0.1	1.9	1.9	1.9	1.9
Deferred income	0.0	0.0	1.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>0.6</b>	<b>0.3</b>	<b>73.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>34.0</b>	<b>28.6</b>	<b>116.3</b>	<b>133.8</b>	<b>144.4</b>	<b>156.0</b>

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
<b>Intangible assets (excl. Goodwill)</b>	<b>0%</b>	<b>0%</b>	<b>9%</b>	<b>9%</b>	<b>7%</b>	<b>5%</b>
Goodwill	0%	0%	62%	54%	50%	46%
Property, plant and equipment	0%	0%	0%	0%	0%	0%
Financial assets	66%	78%	15%	13%	12%	11%
<b>FIXED ASSETS</b>	<b>66%</b>	<b>78%</b>	<b>86%</b>	<b>76%</b>	<b>69%</b>	<b>63%</b>
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	0%	0%	9%	7%	8%	5%
Other current assets	0%	1%	0%	0%	0%	0%
Liquid assets	34%	21%	4%	16%	23%	32%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
<b>CURRENT ASSETS</b>	<b>34%</b>	<b>22%</b>	<b>14%</b>	<b>24%</b>	<b>31%</b>	<b>37%</b>
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>88%</b>	<b>99%</b>	<b>36%</b>	<b>99%</b>	<b>99%</b>	<b>99%</b>
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	9%	0%	0%	0%	0%	0%
Provisions for pensions and similar obligations	1%	0%	0%	0%	0%	0%
Other provisions	0%	0%	0%	0%	0%	0%
<b>Non-current liabilities</b>	<b>10%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
short-term liabilities to banks	1%	0%	0%	0%	0%	0%
Accounts payable	0%	1%	1%	0%	0%	0%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	0%	0%	60%	0%	0%	0%
Deferred taxes	1%	0%	2%	1%	1%	1%
Deferred income	0%	0%	1%	0%	0%	0%
<b>Current liabilities</b>	<b>2%</b>	<b>1%</b>	<b>64%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	3.4	-0.7	14.1	16.6	12.3	13.4
Depreciation of fixed assets (incl. leases)	0.0	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	0.7	0.0	1.2	2.0	2.0	2.0
Others	-4.1	-0.9	-11.4	-0.0	0.0	0.0
Cash flow from operations before changes in w/c	-0.0	-1.6	3.8	18.6	14.3	15.4
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-3.8	-0.0	-11.0	1.2	-1.8	3.2
Increase/decrease in accounts payable	3.6	0.0	0.5	-0.7	0.0	0.0
Increase/decrease in other w/c positions	-0.1	-0.1	0.0	-1.0	0.0	0.0
Increase/decrease in working capital	-0.3	-0.2	-10.5	-0.5	-1.8	3.2
<b>Cash flow from operating activities</b>	<b>-0.4</b>	<b>-1.8</b>	<b>-6.7</b>	<b>18.1</b>	<b>12.4</b>	<b>18.6</b>
CAPEX	0.0	0.0	0.8	0.0	0.0	0.0
Payments for acquisitions	0.0	-0.0	0.0	-117.3	0.0	0.0
Financial investments	8.3	-9.2	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	11.3	4.8	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>8.3</b>	<b>2.1</b>	<b>5.6</b>	<b>-117.3</b>	<b>0.0</b>	<b>0.0</b>
Cash flow before financing	7.9	0.3	-1.1	-99.2	12.4	18.6
Increase/decrease in debt position	-2.1	-3.3	0.0	-0.2	0.0	0.0
Purchase of own shares	-1.4	-1.1	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	117.2	0.0	0.0
Dividends paid	0.0	0.0	0.0	-0.7	-1.7	-1.8
Others	0.0	-0.3	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
<b>Cash flow from financing activities</b>	<b>-3.4</b>	<b>-4.6</b>	<b>0.0</b>	<b>116.3</b>	<b>-1.7</b>	<b>-1.8</b>
Increase/decrease in liquid assets	4.5	-4.3	-1.1	17.1	10.8	16.8
<b>Liquid assets at end of period</b>	<b>4.9</b>	<b>0.5</b>	<b>0.4</b>	<b>17.5</b>	<b>28.3</b>	<b>45.1</b>

Source: Company data; AlsterResearch

Regional sales split (EURm)	2019	2020	2021	2022E	2023E	2024E
Domestic	16.4	0.9	12.2	17.9	28.2	30.6
Europe (ex domestic)	0.0	0.0	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>16.4</b>	<b>0.9</b>	<b>12.2</b>	<b>17.9</b>	<b>28.2</b>	<b>30.6</b>

Regional sales split (common size)	2019	2020	2021	2022E	2023E	2024E
Domestic	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Europe (ex domestic)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Ratios	2019	2020	2021	2022E	2023E	2024E
<b>Per share data</b>						
Earnings per share reported	0.19	-0.05	0.44	0.33	0.25	0.27
Cash flow per share	-0.09	-0.16	-0.20	0.36	0.25	0.37
Book value per share	2.65	2.63	1.28	2.65	2.86	3.09
Dividend per share	0.00	0.00	0.02	0.03	0.04	0.04
<b>Valuation</b>						
P/E	8.7x	-32.8x	3.9x	5.1x	6.9x	6.3x
P/CF	-19.1x	-10.3x	-8.4x	4.7x	6.8x	4.5x
P/BV	0.6x	0.6x	1.3x	0.6x	0.6x	0.5x
Dividend yield (%)	0.0%	0.0%	1.2%	2.0%	2.2%	2.4%
FCF yield (%)	-5.2%	-9.7%	-11.9%	21.5%	14.8%	22.1%
EV/Sales	4.6x	88.7x	6.5x	3.5x	1.8x	1.1x
EV/EBITDA	101.1x	-62.7x	11.7x	6.0x	3.0x	1.9x
EV/EBIT	738.5x	-62.4x	14.2x	7.4x	3.4x	2.1x
<b>Income statement (EURm)</b>						
Sales	16.4	0.9	12.2	17.9	28.2	30.6
yoy chg in %	31.2%	-94.6%	1,279.3%	47.1%	57.8%	8.4%
Gross profit	12.5	0.9	9.7	17.9	28.2	30.6
Gross margin in %	75.9%	100.0%	80.0%	100.0%	100.0%	100.0%
EBITDA	0.8	-1.2	6.8	10.4	16.9	18.4
EBITDA margin in %	4.6%	-141.4%	55.8%	58.0%	60.0%	60.0%
EBIT	0.1	-1.3	5.6	8.4	14.9	16.4
EBIT margin in %	0.6%	-142.3%	46.1%	46.8%	52.9%	53.5%
Net profit	2.2	-0.6	14.5	16.6	12.3	13.4
<b>Cash flow statement (EURm)</b>						
CF from operations	-0.4	-1.8	-6.7	18.1	12.4	18.6
Capex	0.0	0.0	0.8	0.0	0.0	0.0
Maintenance Capex	0.7	0.0	0.0	0.0	0.0	0.0
Free cash flow	-0.4	-1.8	-5.8	18.1	12.4	18.6
<b>Balance sheet (EURm)</b>						
Intangible assets	0.1	0.1	82.6	84.2	82.2	80.2
Tangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	30.1	28.2	42.3	132.0	142.5	154.1
Pension provisions	0.5	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	3.6	0.0	0.2	0.0	0.0	0.0
Net financial debt	-8.3	-5.9	-4.7	-22.0	-32.8	-49.6
w/c requirements	-0.1	-0.2	10.3	9.8	11.6	8.4
<b>Ratios</b>						
ROE	11.4%	-2.6%	33.3%	12.6%	8.6%	8.7%
ROCE	0.3%	-4.4%	13.2%	6.3%	10.5%	10.6%
Net gearing	-27.7%	-21.0%	-11.0%	-16.7%	-23.0%	-32.2%
Net debt / EBITDA	-11.1x	4.8x	-0.7x	-2.1x	-1.9x	-2.7x

Source: Company data; AlsterResearch

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