

SGT German Private Equity

Germany | Financial Services | MCap EUR 86.6m

9 November 2022

UPDATE



H1 22 with strong jump in earnings; Reiterate to BUY

BUY (BUY)

Target price	EUR 4.00 (4.00)
Current price	EUR 1.74
Up/downside	129.9%

 **ResearchHub** 

What's it all about?

SGT German Private Equity (SGF) – released H1 22 results which confirmed prelim. results from Sept. 28; In a nutshell, EPS jumped significantly to EUR 0.34 per share after a loss of EUR 0.02 a year ago. Recurring EPS, i.e. without the well flagged one off gain from the revaluation of a purchase price liability account for EUR 0.10 and thus came in better than expected and largely reflects the ongoing success in the Asset Management segment. SGF's H1 results are the first “print” of the newly formed SGF, showing resilient and highly predictable earnings streams and much improved balance sheet ratios. EBIT margins north of 50% also point towards the highly profitable nature of the new business. With adjusted estimates we reiterate our BUY rating. PT remains unchanged at EUR 4.00, providing an upside potential of ~130%.

MAIN AUTHOR

Thomas Wissler

t.wissler@alsterresearch.com

+49 40 309 293-58

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

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SGT German Private Equity

Germany | Financial Services | MCap EUR 86.6m | EV EUR 82.0m

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Thomas Wissler
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H1 22 with strong jump in EPS; Reiterate to BUY

Recurring revenues of EUR 9m in H1 22 Driven by the newly consolidated and wholly owned subsidiary SGT Capital Pte. Ltd (SGTPTE), SGF generated revenues of EUR 9m in H1 22 (H1 21: EUR 0). After having acquired the Singapore based private equity company, H1 22 marks the first official “print” of the combined entity. Thus, comparing numbers with the previous period does not allow for any meaningful conclusion but raises confidence that the “Asset Management” segment is indeed as profitable as previously anticipated. In fact, with revenues of EUR 9m in H1, SGF even exceeds its own and AlsterResearch expectations (eAR: EUR 8.5m). SGF is now generating highly predictable and recurring revenues based on assets under management and which exceeds a total volume of more than USD 800m.

Significant jump in earnings EPS increased even disproportionately and arrived at EUR 0.34 per share (previous year EUR -0.02). Of this amount, EUR 0.11 per share result from the ongoing business in the “Asset Management” segment, EUR -0.01 per share from the “Investment” segment (i.e., the former German Startups Group), and EUR 0.24 per share from the revaluation of a purchase price liability of SGT Capital. Hence, recurring EPS account for EUR 0.10 and hence exceeded our more conservative estimates of only EUR 0.07 per share. In fact, operating margins of above 50% reflect the asset light nature of the new business and is in-line with other asset management and PE firms such as Blackrock, Partners Group or EQT.

Reiterate to BUY; PT EUR 4.00 All in all, insights into SGF’s H1 performance raises confidence about the company’s future performance. On a separate note, SGF also announced that it has successfully concluded its previously initiated tender offer upon which the company repurchased 3.5m shares at a price of EUR 2.00. The cash outflow and reduced number of shares have already been reflected in our last update. We therefore reiterate to BUY with unchanged PT of EUR 4.00. SGF still offers significant value and upside potential to our fair value computation, despite the recent good share price performance. *– continued –*



Source: Company data, AlsterResearch

High/low 52 weeks 1.92 / 1.10
Price/Book Ratio 1.4x

Ticker / Symbols

ISIN DE000A1MMEV4
WKN A1MMEV
Bloomberg SGF:GR

Changes in estimates

		Sales	EBIT	EPS
2022E	old	17,9	8,4	0,33
	Δ	-26,1%	-0,8%	14,8%
2023E	old	28,2	14,9	0,25
	Δ	-34,4%	-29,0%	-23,8%
2024E	old	30,6	16,4	0,27
	Δ	-18,6%	-13,3%	-6,9%

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.

SGT German Private Equity	2019	2020	2021	2022E	2023E	2024E
Sales	16.4	0.9	12.2	13.2	18.5	24.9
<i>Growth yoy</i>	31.2%	-94.6%	1,279.3%	8.7%	40.3%	34.4%
EBITDA	0.8	-1.2	6.8	10.3	12.6	16.2
EBIT	0.1	-1.3	5.6	8.3	10.6	14.2
Net profit	2.2	-0.6	14.5	19.1	9.3	12.5
Net debt (net cash)	-8.3	-5.9	-4.7	-14.4	-24.7	-36.7
Net debt/EBITDA	-11.1x	4.8x	-0.7x	-1.4x	-2.0x	-2.3x
EPS recurring	0.19	-0.05	0.44	0.38	0.19	0.25
DPS	0.00	0.00	0.02	0.04	0.03	0.04
<i>Dividend yield</i>	0.0%	0.0%	1.1%	2.2%	1.6%	2.2%
Gross profit margin	75.9%	100.0%	80.0%	100.0%	100.0%	100.0%
EBITDA margin	4.6%	-141.4%	55.8%	78.0%	68.0%	65.0%
EBIT margin	0.6%	-142.3%	46.1%	62.9%	57.2%	57.0%
ROCE	0.3%	-4.4%	13.2%	6.8%	8.2%	10.1%
EV/EBITDA	104.4x	-64.7x	12.1x	7.0x	4.9x	3.1x
EV/EBIT	762.6x	-64.4x	14.6x	8.7x	5.8x	3.5x
PER	8.9x	-33.8x	4.0x	4.5x	9.3x	6.9x
FCF yield	-5.1%	-9.4%	-11.6%	12.2%	14.1%	15.5%

Source: Company data, AlsterResearch

Model adjustments. We have made three major changes to our estimates. Due to uncertain macroeconomic conditions, we are cautiously model a less steep increase in AuMs going forward, resulting into 18-30% lower overall sales assumptions (22-24E). At the same time, H1 22 results have proven the highly profitable nature of SGF's business model, which is why we increase our margin expectations going forward and which brings our margins expectations closer to our conducted peer group. Finally, H1 22 has shown higher one-off gains than previously anticipated. In sum, these changes lead to the changes in our EPS forecasts as seen in the "changes in estimates" table above. Since our long-term forecasts remain largely unchanged, there is virtually no impact on our PT.

Half year performance table

P&L data	1H2019	2H2019	1H2020	2H2020	1H2021	2H2021	1H2022
Sales	8,7	13,5	1,0	1,4	2,9	11,1	7,1
yoy growth in %	-6,5%	35,4%	-88,4%	-89,9%	185,8%	716,8%	146,2%
Gross profit	7,8	10,5	1,0	1,4	2,9	8,7	7,1
Gross margin in %	88,7%	78,0%	100,0%	100,0%	100,0%	78,1%	100,0%
EBITDA	1,5	3,4	-0,1	-1,0	0,6	6,2	6,3
EBITDA margin in %	16,9%	25,0%	-7,4%	-76,6%	21,9%	55,5%	88,7%
EBIT	1,0	3,2	-0,1	-1,0	-0,4	6,0	5,7
EBIT margin in %	11,3%	23,8%	-7,8%	-76,8%	-14,0%	54,2%	80,0%
EBT	0,7	2,9	-0,3	-0,5	-0,3	16,4	17,6
taxes paid	0,3	0,0	-0,1	0,0	-0,1	2,1	1,2
tax rate in %	38,2%	-1,3%	40,3%	-4,0%	39,9%	12,8%	6,7%
net profit	0,2	2,8	-0,2	-0,6	-0,2	14,3	16,5
yoy growth in %	-88,6%	na	na	na	na	na	na
EPS	0,02	0,25	-0,02	-0,05	-0,02	0,26	0,34

Source: Company data; Sales incl. losses from financial investments and services received

By segments

Asset Management

The asset management segments contains the recently acquired and newly consolidated subsidiary SGT Capital Pte. Ltd (SGTPTE). Revenues in this segments derived at EUR 9m (previous year EUR 0) and are mainly the results of Assets under Management of SGTPTE's private equity funds and a joint venture with an international financial services provider headquartered in Asia. AuMs currently exceed a total volume of more than USD 800m. In July, SGTPTE announced the first closing of its first PE transaction by acquiring Utimaco a global platform provider of Cybersecurity and Compliance solutions and services.

Investment

The investment segment houses the heritage VC portfolio of the "old" German Startups Group. At the end of H1 22, SGF held investments in 13 minority participations. Approx. 78% of the value however stems from three core holdings, namely AuctionTech, remerge and the stock listed Mister Spex.

SGF has also taken a longer-term stake of EUR 1.3m in one of the co-investment funds managed by SGTPTE, which in turn holds the stake in the above mentioned Utimaco.

As per 30.06.22, financial assets were value at EUR 16.3m, down c. EUR 1m vs. last year's period which mainly reflect asset disposal as well as revaluations of fair values.

Investment case in six charts

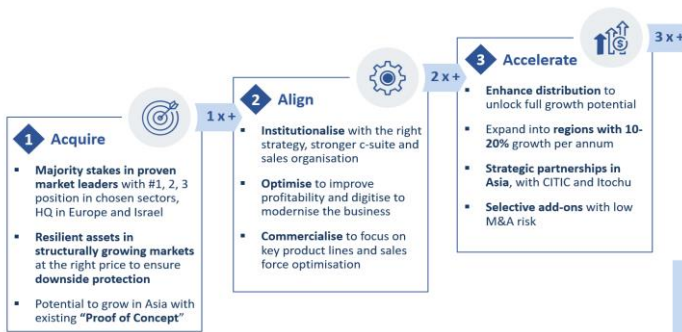
Products & Services



New corporate structure



Strategy - PE fund



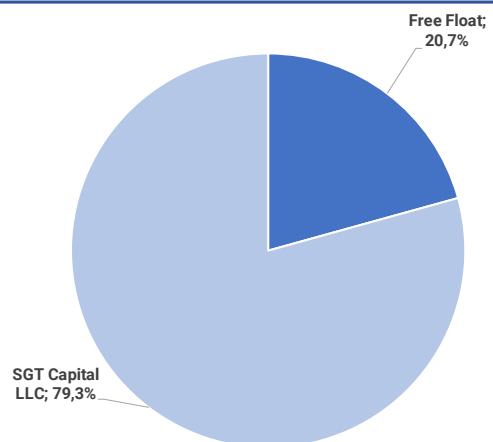
Themes and Sectors



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 3.97 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 10.3% p.a. The long-term growth rate is set at 2.0%.

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 1.30. 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 (EUR m) (except per share data and beta)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal value
NOPAT	7.5	9.3	12.5	10.6	10.0	10.0	9.9	11.2	
Depreciation & amortization	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.0	
Change in working capital	1.4	0.9	-1.1	-0.1	-0.1	-0.1	-0.1	-0.1	
Chg. in long-term provisions	-11.9	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	-1.1	12.2	13.4	12.5	12.0	11.9	11.8	11.1	186.9
Present value	-1.1	11.2	11.4	9.8	8.7	8.0	7.3	6.4	107.3
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.1%

DCF per share derived from	
Total present value	169.0
Mid-year adj. total present value	175.7
Net debt / cash at start of year	-4.7
Financial assets	17.6
Provisions and off b/s debt	0.0
Equity value	197.9
No. of shares outstanding	49.8
Discounted cash flow / share upside/(downside)	3.97 128.4%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2022E-2029E)	10.3%
Terminal value growth (2029E - infinity)	2.0%
Terminal year ROCE	8.0%
Terminal year WACC	8.1%

Terminal WACC derived from	
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%

Share price	1.74
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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
	2.8	2.9	3.0	3.1	3.2	18.5%	18.0%
2.0%	2.8	2.9	3.0	3.1	3.2	18.5%	18.0%
1.0%	3.1	3.2	3.3	3.4	3.5	18.5%	18.0%
0.0%	3.4	3.5	3.6	3.8	4.0	18.5%	18.0%
-1.0%	3.8	3.9	4.1	4.4	4.6	18.5%	18.0%
-2.0%	4.3	4.5	4.8	5.2	5.6	18.5%	18.0%
						terminal value	63.5%

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 3.00 per share based on 2022E and EUR 5.11 per share on 2026E estimates. **We value SGT German Private Equity on 2023 estimates and 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
EBITDA	10.3	12.6	16.2	15.2	14.9
- 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	2.1	1.3	1.7	2.6	2.8
= Adjusted FCF	8.2	11.3	14.5	12.6	12.0
Actual Market Cap	86.6	86.6	86.6	86.6	86.6
+ Net debt (cash)	-14.4	-24.7	-36.7	-47.3	-57.7
+ 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	2.6	4.0	5.8	7.4
<i>EV Reconciliations</i>	-32.7	-44.9	-58.3	-70.8	-82.7
= Actual EV'	54.0	41.8	28.4	15.9	3.9
Adjusted FCF yield	15.2%	27.1%	51.1%	79.2%	306.7%
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	116.9	161.9	207.0	179.7	172.0
- <i>EV Reconciliations</i>	-32.7	-44.9	-58.3	-70.8	-82.7
Fair Market Cap	149.6	206.7	265.3	250.5	254.7
No. of shares (million)	49.8	49.8	49.8	49.8	49.8
Fair value per share in EUR	3.00	4.15	5.33	5.03	5.11
Premium (-) / discount (+)	72.6%	138.6%	206.2%	189.1%	193.9%

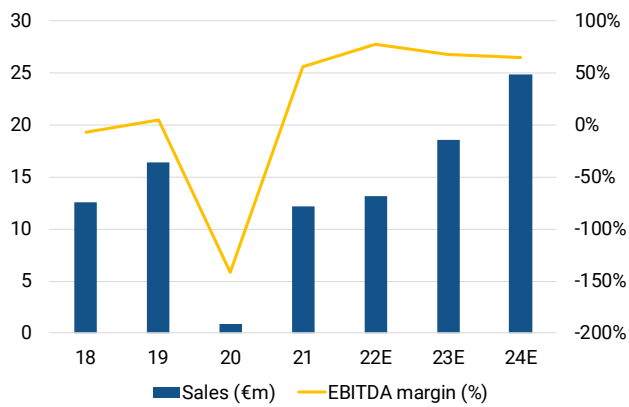
Sensitivity analysis FV						
Adjusted hurdle rate	5.0%	3.9	5.5	7.0	6.5	6.5
	6.0%	3.4	4.7	6.0	5.6	5.7
	7.0%	3.0	4.2	5.3	5.0	5.1
	8.0%	2.7	3.7	4.8	4.6	4.7
	9.0%	2.5	3.4	4.4	4.2	4.3

Source: Company data; AlsterResearch

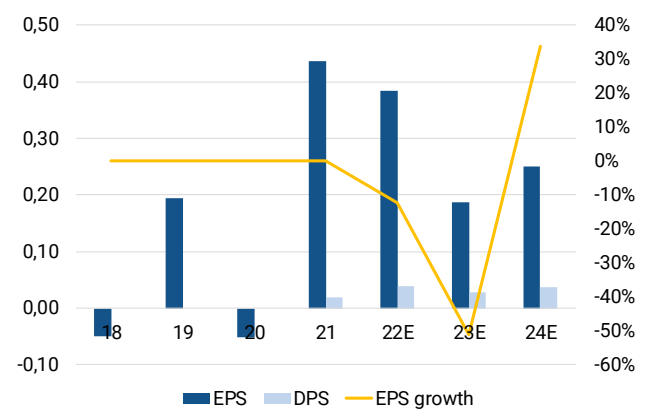
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments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

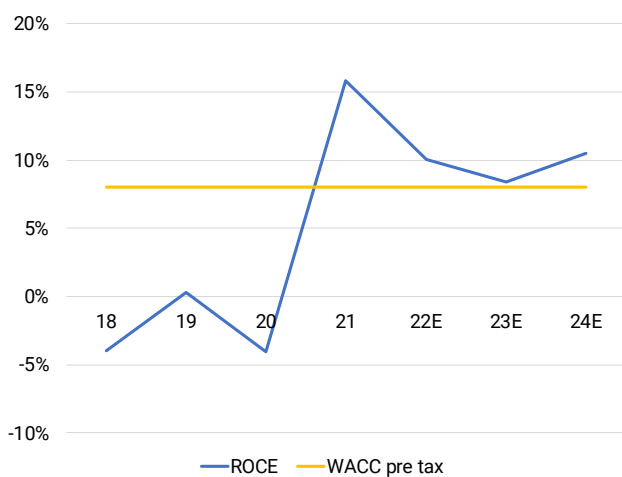
Sales vs. EBITDA margin development



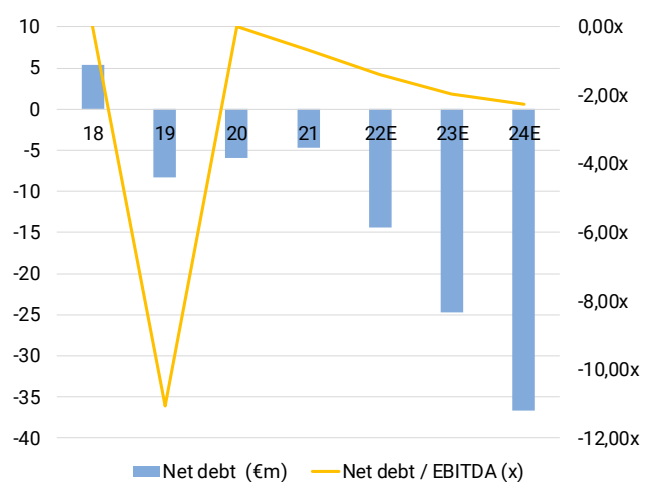
EPS, DPS in EUR & yoy EPS growth



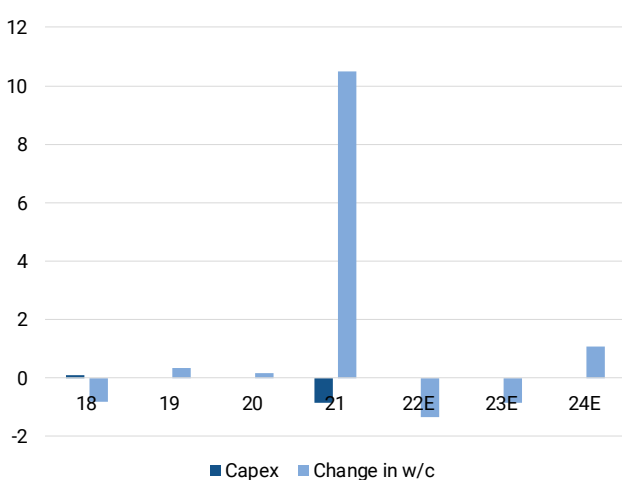
ROCE vs. WACC (pre tax)



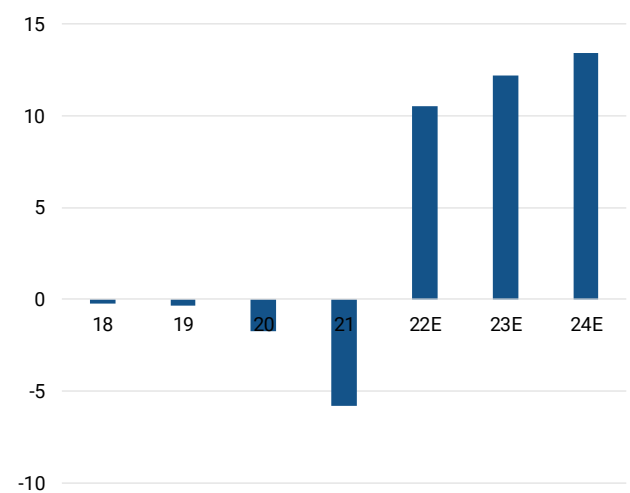
Net debt and net debt/EBITDA



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
Net sales	16.4	0.9	12.2	13.2	18.5	24.9
Sales growth	31.2%	-94.6%	1,279.3%	8.7%	40.3%	34.4%
Change in finished goods and work-in-process	0.3	0.0	0.0	0.0	0.0	0.0
Total sales	16.8	0.9	12.2	13.2	18.5	24.9
Material expenses	4.3	0.0	2.4	0.0	0.0	0.0
Gross profit	12.5	0.9	9.7	13.2	18.5	24.9
Other operating income	1.1	0.1	0.1	0.5	0.0	0.0
Personnel expenses	9.7	0.1	0.4	1.7	3.2	5.0
Other operating expenses	3.2	2.1	2.7	1.7	2.8	3.7
EBITDA	0.8	-1.2	6.8	10.3	12.6	16.2
Depreciation	0.7	0.0	0.0	0.0	0.0	0.0
EBITA	0.1	-1.3	6.8	10.3	12.6	16.2
Amortisation of goodwill and intangible assets	0.0	0.0	1.2	2.0	2.0	2.0
EBIT	0.1	-1.3	5.6	8.3	10.6	14.2
Financial result	3.6	0.4	10.4	12.9	0.0	0.0
Recurring pretax income from continuing operations	3.7	-0.8	16.0	21.2	10.6	14.2
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	3.7	-0.8	16.0	21.2	10.6	14.2
Taxes	0.2	-0.1	2.0	2.1	1.3	1.7
Net income from continuing operations	3.4	-0.7	14.1	19.1	9.3	12.5
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	3.4	-0.7	14.1	19.1	9.3	12.5
Minority interest	-1.2	0.2	0.4	0.0	0.0	0.0
Net profit (reported)	2.2	-0.6	14.5	19.1	9.3	12.5
Average number of shares	11.33	10.74	33.13	49.80	49.80	49.80
EPS reported	0.19	-0.05	0.44	0.38	0.19	0.25

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	2%	0%	0%	0%	0%	0%
Total sales	102%	100%	100%	100%	100%	100%
Material expenses	26%	0%	20%	0%	0%	0%
Gross profit	76%	100%	80%	100%	100%	100%
Other operating income	7%	12%	1%	4%	0%	0%
Personnel expenses	59%	15%	3%	13%	17%	20%
Other operating expenses	19%	239%	22%	13%	15%	15%
EBITDA	5%	-141%	56%	78%	68%	65%
Depreciation	4%	1%	0%	0%	0%	0%
EBITA	1%	-142%	56%	78%	68%	65%
Amortisation of goodwill and intangible assets	0%	0%	10%	15%	11%	8%
EBIT	1%	-142%	46%	63%	57%	57%
Financial result	22%	48%	86%	98%	0%	0%
Recurring pretax income from continuing operations	22%	-94%	132%	161%	57%	57%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	22%	-94%	132%	161%	57%	57%
Taxes	1%	-10%	16%	16%	7%	7%
Net income from continuing operations	21%	-84%	116%	144%	50%	50%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	21%	-84%	116%	144%	50%	50%
Minority interest	-7%	21%	3%	0%	0%	0%
Net profit (reported)	13%	-63%	119%	144%	50%	50%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	0.1	0.1	10.4	12.0	10.0	8.0
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
FIXED ASSETS	22.5	22.3	100.2	101.8	99.8	97.8
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.0	0.0	11.0	8.0	7.1	8.2
Other current assets	0.0	0.4	0.1	0.1	0.1	0.1
Liquid assets	11.5	5.9	4.8	14.4	24.7	36.7
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
CURRENT ASSETS	11.5	6.3	16.1	22.6	32.0	45.1
TOTAL ASSETS	34.0	28.6	116.3	124.4	131.9	142.9
SHAREHOLDERS EQUITY	30.1	28.2	42.3	122.6	130.0	141.1
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
Non-current liabilities	3.4	0.0	0.0	0.0	0.0	0.0
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
Current liabilities	0.6	0.3	73.9	1.9	1.9	1.9
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	34.0	28.6	116.3	124.4	131.9	142.9

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	0%	0%	9%	10%	8%	6%
Goodwill	0%	0%	62%	58%	55%	51%
Property, plant and equipment	0%	0%	0%	0%	0%	0%
Financial assets	66%	78%	15%	14%	13%	12%
FIXED ASSETS	66%	78%	86%	82%	76%	68%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	0%	0%	9%	6%	5%	6%
Other current assets	0%	1%	0%	0%	0%	0%
Liquid assets	34%	21%	4%	12%	19%	26%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	34%	22%	14%	18%	24%	32%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	88%	99%	36%	98%	99%	99%
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%
Non-current liabilities	10%	0%	0%	0%	0%	0%
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%	2%	1%	1%
Deferred income	0%	0%	1%	0%	0%	0%
Current liabilities	2%	1%	64%	2%	1%	1%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	3.4	-0.7	14.1	19.1	9.3	12.5
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	-11.9	0.0	0.0
Cash flow from operations before changes in w/c	-0.0	-1.6	3.8	9.2	11.3	14.5
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	3.0	0.9	-1.1
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	1.4	0.9	-1.1
Cash flow from operating activities	-0.4	-1.8	-6.7	10.5	12.2	13.4
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
Cash flow from investing activities	8.3	2.1	5.6	-117.3	0.0	0.0
Cash flow before financing	7.9	0.3	-1.1	-106.8	12.2	13.4
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	-1.9	-1.4
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
Cash flow from financing activities	-3.4	-4.6	0.0	116.3	-1.9	-1.4
Increase/decrease in liquid assets	4.5	-4.3	-1.1	9.6	10.3	12.0
Liquid assets at end of period	4.9	0.5	0.4	9.9	20.2	32.2

Source: Company data; AlsterResearch

Regional sales split (EURm)	2019	2020	2021	2022E	2023E	2024E
Domestic	16.4	0.9	12.2	13.2	18.5	24.9
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
Total sales	16.4	0.9	12.2	13.2	18.5	24.9

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%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Ratios	2019	2020	2021	2022E	2023E	2024E
Per share data						
Earnings per share reported	0.19	-0.05	0.44	0.38	0.19	0.25
Cash flow per share	-0.09	-0.16	-0.20	0.21	0.24	0.27
Book value per share	2.65	2.63	1.28	2.46	2.61	2.83
Dividend per share	0.00	0.00	0.02	0.04	0.03	0.04
Valuation						
P/E	8.9x	-33.8x	4.0x	4.5x	9.3x	6.9x
P/CF	-19.6x	-10.6x	-8.6x	8.2x	7.1x	6.5x
P/BV	0.7x	0.7x	1.4x	0.7x	0.7x	0.6x
Dividend yield (%)	0.0%	0.0%	1.1%	2.2%	1.6%	2.2%
FCF yield (%)	-5.1%	-9.4%	-11.6%	12.2%	14.1%	15.5%
EV/Sales	4.8x	91.6x	6.7x	5.5x	3.3x	2.0x
EV/EBITDA	104.4x	-64.7x	12.1x	7.0x	4.9x	3.1x
EV/EBIT	762.6x	-64.4x	14.6x	8.7x	5.8x	3.5x
Income statement (EURm)						
Sales	16.4	0.9	12.2	13.2	18.5	24.9
yoy chg in %	31.2%	-94.6%	1,279.3%	8.7%	40.3%	34.4%
Gross profit	12.5	0.9	9.7	13.2	18.5	24.9
Gross margin in %	75.9%	100.0%	80.0%	100.0%	100.0%	100.0%
EBITDA	0.8	-1.2	6.8	10.3	12.6	16.2
EBITDA margin in %	4.6%	-141.4%	55.8%	78.0%	68.0%	65.0%
EBIT	0.1	-1.3	5.6	8.3	10.6	14.2
EBIT margin in %	0.6%	-142.3%	46.1%	62.9%	57.2%	57.0%
Net profit	2.2	-0.6	14.5	19.1	9.3	12.5
Cash flow statement (EURm)						
CF from operations	-0.4	-1.8	-6.7	10.5	12.2	13.4
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	10.5	12.2	13.4
Balance sheet (EURm)						
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	122.6	130.0	141.1
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	-14.4	-24.7	-36.7
w/c requirements	-0.1	-0.2	10.3	8.0	7.1	8.2
Ratios						
ROE	11.4%	-2.6%	33.3%	15.6%	7.2%	8.9%
ROCE	0.3%	-4.4%	13.2%	6.8%	8.2%	10.1%
Net gearing	-27.7%	-21.0%	-11.0%	-11.8%	-19.0%	-26.0%
Net debt / EBITDA	-11.1x	4.8x	-0.7x	-1.4x	-2.0x	-2.3x

Source: Company data; AlsterResearch

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Contacts

SRH AlsterResearch AG
Himmelstr. 9
22299 Hamburg

Tel: +49 40 309 293-52
E-Mail: info@alsterresearch.com

Sales

MARKUS KÖNIG-WEISS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: mkw@alsterresearch.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-53
E-Mail: h.gabert@alsterresearch.com

mwb fairtrade Wertpapierhandelsbank AG
Rottenbacher Straße 28
82166 Gräfelfing

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

Our research can be found under

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-52
E-Mail: h.hof@alsterresearch.com

LEVENT YILMAZ
Senior Analyst
Tel: +49 40 309 293-52
E-Mail: l.yilmaz@alsterresearch.com

KATHARINA SCHLÖTER
Analyst
Tel: +49 40 309 293-52
E-Mail: k.schloeter@alsterresearch.com

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

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

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-56
E-Mail: a.zienkowicz@alsterresearch.com

Equity Capital Markets / Trading

KAI JORDAN
Member of the Board
Tel: +49 40 36 0995-22
E-Mail: kjordan@mwbfairtrade.com

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

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



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