

Multitude SE

Finland | Financial Services | MCap EUR 76.6m

16 March 2022

UPDATE



MULTITUDE

Well on track and promising outlook FY22 –
Remains a BUY

What's it all about?

Multitude (formerly known as Ferratum Oyj.) released FY21 figures, which proved that the company is well on track to implement its new strategy established in early 2021. As a result of discontinued operations in UK, top line decreased by 7.3% yoy to EUR 213.7m and EBIT was reported at EUR 23.9m, some 16% lower yoy, but clearly better than anticipated (EUR 20.6m eAR). Management reiterated its outlook FY 2022 and targets an EBIT of EUR 30m. Even if the company does not run business in Ukraine or Russia – neither sales nor employees are in this geographic region – the macroeconomic development could remain an important factor in the planned refinancing of a bond. Multitude aims to raise EUR 60-80m in a bond issue next months, but also has significant cash and a strong balance sheet if capital market turbulences impact the refinancing process. Taking released figures into account, the investment case is confirmed. We confirm our BUY recommendation with an unchanged price target of EUR 11.10.

BUY (BUY)

Target price	EUR 11.10 (11.10)
Current price	EUR 3.55
Up/downside	212.7%



MAIN AUTHOR

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Multitude SE

Finland | Financial Services | MCap EUR 76.6m | EV EUR 19.3m

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Well on track and promising outlook FY22 – Remains a BUY

A solid end to the year With Q4 sales of EUR 55.4m (+4.1% yoy) and an increased EBIT of EUR 4.8m (vs. EUR 3.7m in Q4 20), Multitude seems well on track to transform its activities into higher margin businesses and its plan to become a platform provider. The development shows that Multitude has passed its inflection point in 2021 and that Covid is finally left behind: the best post-Covid sales month was Dec 21.

FY21 was a transition year Multitude's revenue amounted to EUR 213.7m in 2021 (2020: EUR 230.5m). Back in 2021, the company started a realignment process, which includes the discontinuing of unattractive markets. It is due to regulatory changes (e.g., Brexit), that activities of Ferratum UK Ltd, part of Multitude's legacy business, were disposed. This represents the major impact on the top line, which decreased by EUR 16.8m compared to 2020 (-7.3% yoy). While EBIT was reported at EUR 23.9m (-16.1% yoy), clearly above our expectations of EUR 20.2m, the overall positive development was burdened by net losses from discontinued operations in the magnitude of EUR 3.8m. Hence, a net loss of EUR 2.6m was reported. But continued operation reached a solid EBT of EUR 3.6m in 2021 and a net profit of EUR 1.2m.

Increased and higher quality loan book Driven by loan products (e.g., Primeloan +248% yoy) Multitude's collective loan portfolio grew steadily by EUR 82.9m (+23.0% yoy) and stands at EUR 443.9m at the end of 2021. In addition, a significant decrease in impairment losses from EUR 91.0m (39.5% of revenue) in 2020 to EUR 71.9m (33.7% of revenue) was achieved. This confirms a successful implementation of the aimed lower-risk strategy towards a stable and high-quality business model.

Conclusion Management established a stable cost base (personnel and admin cost), which enables the company to generate economies of scale in the future. The company increased its loan book by 23% yoy with higher quality customers, visible in significantly reduced impairments. The growing loan book today is the basis for revenues and earnings harvest in the future. Management is committed to return to profitable growth and projects EBIT growth of 50% p.a. in 2022 – 2024. We believe these figures to be achievable, especially when ramp-up cost of the SweepBank segment (EBIT of minus EUR 20.7m in 2021) will fade out. We confirm our BUY rating with an unchanged price target of EUR 11.10.

Multitude SE	2018	2019	2020	2021E	2022E	2023E
Sales	262.1	293.1	229.6	213.7	270.8	333.1
<i>Growth yoy</i>	18.3%	11.8%	-21.7%	-6.9%	26.7%	23.0%
EBITDA	43.0	56.4	36.3	39.2	47.4	60.6
EBIT	37.8	45.5	23.0	23.9	31.6	44.3
Net profit	19.3	23.0	0.5	-2.6	8.4	17.2
Net debt (net cash)	67.0	68.0	-57.3	-87.9	-64.6	-80.2
Net debt/EBITDA	1.6x	1.2x	-1.6x	-2.2x	-1.4x	-1.3x
EPS recurring	0.89	1.07	0.02	-0.12	0.39	0.80
DPS	0.18	0.00	0.00	0.00	0.00	0.00
<i>Dividend yield</i>	5.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	66.2%	63.9%	59.5%	66.3%	67.0%	68.0%
EBITDA margin	16.4%	19.2%	15.8%	18.4%	17.5%	18.2%
EBIT margin	14.4%	15.5%	10.0%	11.2%	11.7%	13.3%
ROCE	13.0%	13.0%	7.5%	7.4%	9.5%	12.6%
EV/EBITDA	3.3x	2.6x	0.5x	-0.3x	0.3x	-0.1x
EV/EBIT	3.8x	3.2x	0.8x	-0.5x	0.4x	-0.1x
PER	4.0x	3.3x	157.6x	-29.8x	9.1x	4.4x
FCF yield	-53.5%	25.2%	179.1%	39.9%	-30.3%	20.4%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 6.68 / 3.40
Price/Book Ratio 0.6x

Ticker / Symbols

ISIN FI4000106299
WKN A1W9NS
Bloomberg FRU:GR

Changes in estimates

		Sales	EBIT	EPS
2021E	old	217	20	-0.06
	Δ	-1,4%	18,3%	na
2022E	old	271	32	0,39
	Δ	0,0%	0,2%	-0,1%
2023E	old	333	44	0,80
	Δ	0,0%	0,1%	-0,2%

Key share data

Number of shares: (in m pcs) 21.58
Book value per share: (in EUR) 5.82
Ø trading volume: (12 months) 20,000

Major shareholders

Jorma Jokela 55.2%
Universal Investment 10.0%
Dorval AM 5.1%
Free Float 29.1%

Company description

Multitude SE (former Ferratum Oyj) is a Finland-based company providing mobile financial services. Multitude's key products include instalment loans, revolving credit, and flexible payment loans. It offers consumer credits as well as business loans. Multitude is currently launching its proprietary core banking platform, SweepBank, which will serve as a single application for customers.

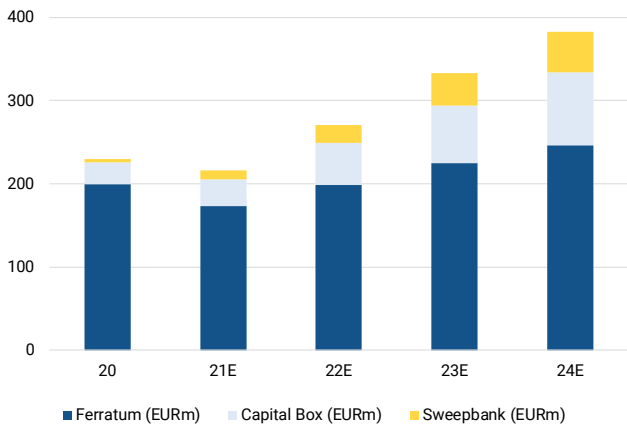
Quarterly performance

P&L data	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Sales	65.6	55.5	55.5	52.9	51.9	52.6	54.1	55.0
yoy growth in %	-10.4%	-23.3%	-23.4%	-29.5%	-20.9%	-5.2%	-2.6%	4.1%
Gross profit	65.6	55.5	55.5	52.9	51.9	52.6	54.1	55.0
Gross margin in %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EBITDA	0.9	15.6	16.0	3.9	9.1	11.3	13.5	5.3
EBITDA margin in %	1.3%	28.0%	28.8%	7.4%	17.5%	21.5%	25.0%	9.6%
EBIT	-2.3	12.3	9.3	3.7	5.4	7.7	6.0	4.8
EBIT margin in %	-3.5%	22.1%	16.8%	7.0%	10.4%	14.7%	11.1%	8.6%
EBT	-8.3	6.8	3.6	-0.3	0.6	3.4	0.6	-1.0
taxes paid	0.1	0.7	0.7	-0.2	0.9	0.7	0.3	0.5
tax rate in %	-1.1%	10.2%	19.4%	67.0%	150.7%	19.7%	50.9%	-49.6%
net profit	-8.4	6.1	2.9	-0.1	-0.3	2.7	0.3	-5.3
yoy growth in %	na%	14.0%	-53.8%	na%	na%	-55.3%	-89.4%	na%
EPS	-0.39	0.28	0.20	-0.00	-0.01	0.13	0.01	-0.25

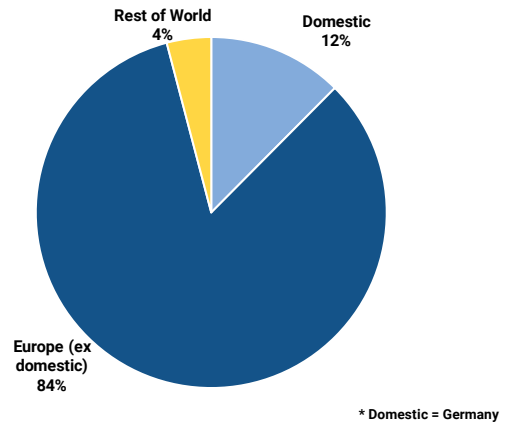
Source: Company data; AlsterResearch

Investment case in six charts

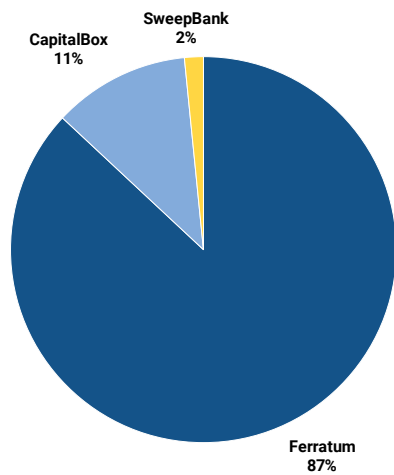
Revenue Projection



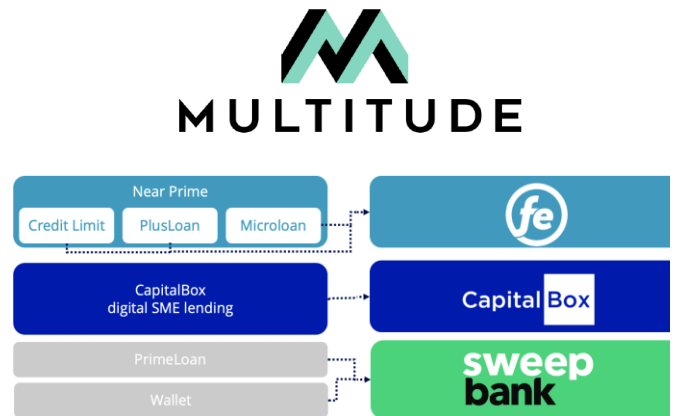
Regional sales in % in 2020



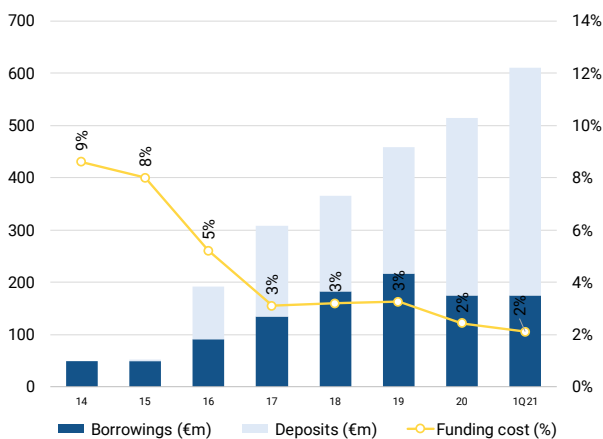
Sales by segment in % in 2020



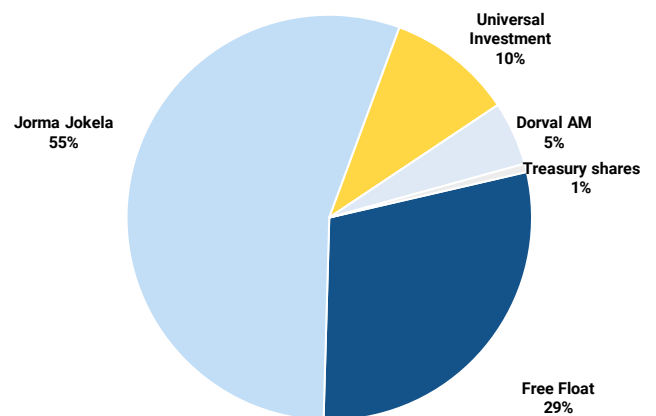
New company and segment structure as of 2021



Borrowings, Deposits and Funding cost



Major shareholder



Company background

Products & services

Multitude SE (formerly known as Ferratum Oyj) is an international fintech company engaged primarily in providing digital lending and mobile banking services. Based in Helsinki, Finland, it has a presence in 19 countries, predominantly in Western and Eastern Europe. Ferratum Bank (a wholly owned subsidiary of Multitude) obtained a banking licence from the Malta Financial Services Authority (MFSA) in 2012, allowing the company to passport financial products and services to all European Economic Area member states. The company had 467,000 active customers and 672 employees as of 30 June 2021.

Multitude's key products include instalment loans, revolving credit and flexible payment loans. It offers consumer credit in the range of EUR 25 to EUR 20,000 with varying terms. It also provides business loans of up to EUR 350,000 with maturity periods from 6 to 36 months.

Multitude's lending products

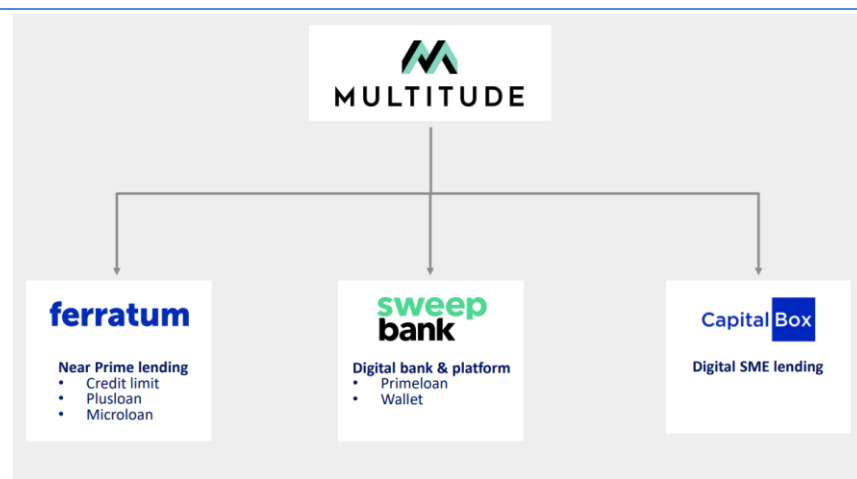
Lending product	Loan amount	Maturity period
Microloan	EUR 25-EUR 1,000	7-90 days
Plusloan	EUR 300-EUR 5,000	2-36 months
Credit Limit	Up to EUR 4,000	No specific maturity
CapitalBox / Pro (SME loan)	Up to EUR 350,000	6-36 months
Primeloan	EUR 3,000-EUR 30,000	1-10 years

Source: Company data; AlsterResearch

Strategic reorganisation and rebranding

On 10 June 2021, an extraordinary shareholders' meeting approved the board's proposal to change the company name to Multitude SE, to reflect its new strategic positioning as a global player with a portfolio of services focusing on specific customer groups. Under this new strategy, each business segment will function independently, with products and services more closely aligned with customer requirements.

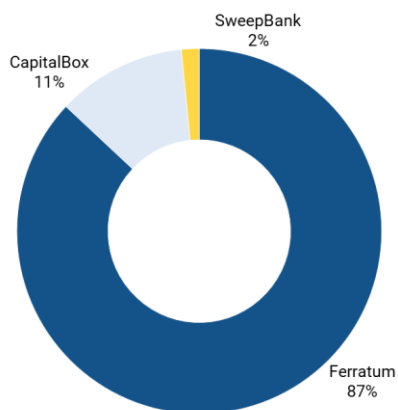
Multitude's new business structure



Source: Company data, AlsterResearch

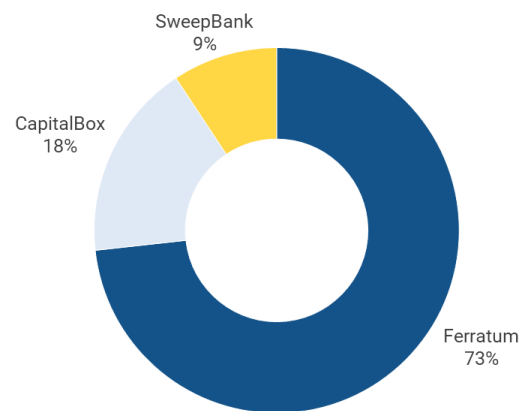
The Ferratum segment is engaged in near prime consumer lending, which accounted for 87.0% of total revenue and 73.3% of loan volume in 2020. The SweepBank segment offers the Primeloan product and the recently launched mobile wallet platform. This segment is in a niche stage and has yet to reach breakeven. SweepBank made a small contribution of 1.6% to total revenue and 9.3% to loan volume in 2020. The CapitalBox segment is engaged in SME lending and accounted for 11.5% of total revenue and 17.4% of loan volume in 2020.

Sales by segment in %, 2020



Source: Company data, AlsterResearch

Loan volume by segment in %, 2020



Source: Company data, AlsterResearch

Management

Multitude's management board comprises Jorma Jokela (since 2005), Bernd Egger (since 2019), Aksels Neilands (since 2012), Daniel Kliem (since 2020), Ari Tiukkanen (since 2015) and Lea Liigus (since 2006).

					
Jorma Jokela CEO and founder since 2005	Bernd Egger CFO since 2019	Aksels Neilands CMO since 2020	Daniel Kliem CRO since 2020	Ari Tiukkanen COO since 2015	Lea Liigus Chief Legal & Compliance Officer

Source: Company data; AlsterResearch

Shareholders

Multitude had a total of 21.7m shares outstanding as of 30 April 2020. Jorma Jokela, its current CEO and founder, is the largest shareholder, with a 55.2% holding, taking insider holdings to 55.9%. Free float is around 29.0%.

Company	Share in %
Jokela Jorma Olavi	55.2%
Universal Investments	10.0%
Dorval AM	5.0%

Source: Company data, AlsterResearch

Quality

Customers

Multitude has sourced a large base of active customers. Its active customer base from 19 geographies stood at 467,500 as second quarter 2021. This broad customer base helps the company mitigate country-specific risks and gain an advantage over competitors that operate in a few or just single markets.

Multitude's lending business has historically been skewed towards high-risk consumer finance business (87.0% of revenue in 2020). This segment includes lending high-yield, low-value near prime loans to retail consumers. However, the company is now shifting its focus to higher-value, longer-tenure, lower-interest-rate Primeloans and SME loans to reduce high-risk lending and diversify its product portfolio. High-quality, longer-tenure products such as Primeloans and SME loans are likely to reduce volatility in earnings due to higher quality customers and long-term contracts.

Regional sales split (EUR m)	2018	2019	2020	2021E	2022E	2023E
Domestic	46.1	47.0	28.6	26.6	33.7	41.4
Europe (ex domestic)	206.1	235.2	191.6	178.4	226.0	278.0
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	10.0	11.0	9.4	8.7	11.1	13.6
Sales	262.1	293.1	229.6	213.7	270.8	333.1

Source: Company data; AlsterResearch

Competition

Multitude operates a proven digital lending business model with more than 16 years of experience. The company is an early mover, exploring the lending business through purely digital methods when it started operations in Finland in 2005. Since then, it has expanded its business to many geographies with a broader product portfolio. In its 16 years of operation, the company has acquired extensive knowledge related to market dynamics, the regulatory requirements of various geographies, customer behaviour, new product development, assessing new market opportunities, etc., giving it a significant advantage over competitors. This knowledge and experience also help it quickly adapt to regulatory changes and develop a flexible business model.

Multitude's underwriting process is based on a proprietary scoring tool, a self-learning algorithm based on software, which can deliver instant credit decisions digitally; this distinguishes it from traditional banking and financial institutions.

The availability of large datasets helps Multitude to distinguish itself from peers on underwriting capabilities, product innovation and technological evolution. The company has amassed a significant amount of statistical data on customers, products, markets, etc. The company's website receives ~24m visits, of which around ~10m move to applying for loans, increasing its set of data. It processes and analyses all this data to develop and refine underwriting process, formulate credit policy, optimise operations, and take informed credit decisions. This is important for digital lenders, as they take instant credit decisions without physical meetings and paperwork.

Suppliers

Multitude is converting its Mobile Banking platform to SweepBank, bringing together its lending and deposit customers and providing them with its own products and services and those of its partners. The company's strategy is to use customer deposits to fund loans. Hence, core of its lender activities is the deposit customer base which is providing the company with financial resources to be lend to credit customers. Therefore, Multitude is also trying to increase the tenure of customer deposit funds in line with its strategy of focusing on long-tenure loans. A higher proportion of customer funding lowered the company's cost of funding in the last 10 years.

SWOT analysis

Strengths

- Long track record, with 16 years of profitable growth
- In-depth knowledge of commercial and regulatory aspects of the digital lending business
- Efficient underwriting capabilities supported by unique, proprietary credit-scoring tool
- Real-time data-driven insights backed by a vast data pool, in-house data analytics capabilities and strong IT infrastructure
- Solid balance sheet with ample liquidity

Weaknesses

- High credit risk, as a large number of customers are non-prime in nature (not eligible for loans from traditional banks)
- High exposure to regulatory changes such as capping of interest rates and providing loan moratoria
- Susceptible to an economic slowdown
- Low customer loyalty due to the lack of physical interaction with customers

Opportunities

- Strong growth potential for European fintech lending sector
- Underserved Micro SME loan market
- Focusing on bigger Primeloan market
- Expansion of Primeloans and SME loans to bigger markets in which it has a strong foothold
- Increased breadth of products and services through SweepBank
- Scaling up SweepBank to become a global financial platform

Threats

- Intense competition in the micro lending market, particularly in countries such as the UK, where there are many market participants
- Prolonged effects of the pandemic may derail growth plans and weaken asset quality

Growth

Multitude plans to transition Mobile Wallet to a global financial platform named SweepBank in the long run. Multitude is currently launching its proprietary core banking platform, SweepBank, which will serve as a single application for customers to avail themselves of all the company's products and services. It plans to leverage the app for customer communication, providing it with additional opportunity for cross-selling, cheaper and effective marketing, and customer acquisition. It also plans to offer partners' financial products and services on the platform. In the long run, as part of its strategy, Multitude aims to scale up SweepBank into a global financial platform, allowing partners to use its financial ecosystem as a "plug-and-play" solution. This transition should provide significant revenue potential, while improving its risk profile.

Growth table (EURm)	2018	2019	2020	2021E	2022E	2023E
Sales	262.1	293.1	229.6	213.7	270.8	333.1
Sales growth	18.3%	11.8%	-21.7%	-6.9%	26.7%	23.0%
EBIT	37.8	45.5	23.0	23.9	31.6	44.3
EBIT margin	14.4%	15.5%	10.0%	11.2%	11.7%	13.3%
Net profit	19.3	23.0	0.5	-2.6	8.4	17.2

Source: Company data; AlsterResearch

CapitalBox was active in six markets – Finland, Denmark, Sweden, Lithuania, the Netherlands and the UK – at the end of 2020. It plans to enter other markets in which it has a presence and to partner with other lenders and technology providers to enhance the potential of the SME lending business.

Primeloan is a high-value lending product (EUR 3,000-EUR 20,000) with maturity of 1-10 years. This product is the key driver of the company's strategic shift from short-tenure lending to long-tenure lending. It is a high-quality lending product that generates a lower yield than high-risk consumer loans.

SweepBank is a mobile wallet and Multitude's proprietary core banking platform that serves as a common platform, enabling users to avail themselves of all banking services from mobile devices. Unlike its existing Mobile Banking application, which can be used only for banking services such as deposit, payment and money transfer services, SweepBank will provide all the company's current offerings, including its lending products. It plans to position SweepBank at the centre of its customer communication, using it to launch customer-specific financial products and services in the future.

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 8.23 per share based on 2021E and EUR 18.46 per share on 2025E estimates. **We value Multitude SE 2022E, which derive at an average price target of EUR 10.60.** It thus 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	2021E	2022E	2023E	2024E	2025E
EBITDA	19.0	26.3	37.9	39.3	39.5
- Maintenance capex	12.0	13.8	15.3	17.6	18.3
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	2.4	2.1	4.3	4.6	4.6
= Adjusted Free Cash Flow	4.6	10.4	18.2	17.0	16.6
Actual Market Cap	76.6	76.6	76.6	76.6	76.6
+ Net debt (cash)	-87.9	-64.6	-80.2	-94.7	-108.3
+ Pension provisions	0.0	0.0	0.0	0.0	0.0
+ Off balance sheet financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	12.9	12.9	12.9	12.9	12.9
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	-100.8	-77.6	-93.2	-107.6	-121.2
= Actual EV'	-24.2	-1.0	-16.6	-31.0	-44.6
Adjusted RW_FCF yield	-19.0%	-1,082.0%	-110.0%	-55.0%	-37.3%
base hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
Fair EV	76.8	172.7	303.7	284.1	277.1
- <i>EV Reconciliations</i>	-100.8	-77.6	-93.2	-107.6	-121.2
Fair Market Cap	177.6	250.3	396.8	391.7	398.3
No. of shares (million)	21.6	21.6	21.6	21.6	21.6
Fair value per share in EUR	8.23	11.60	18.39	18.15	18.46
Premium (-) / discount (+)	131.9%	226.8%	418.1%	411.3%	420.0%

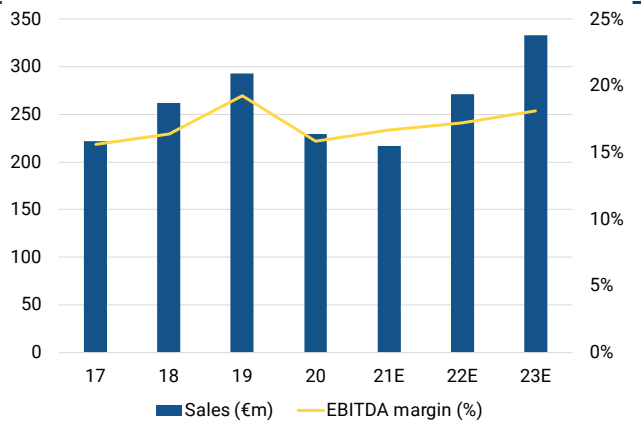
Sensitivity analysis fair value						
Adjusted hurdle rate	4.0%	10.0	15.6	25.4	24.7	24.9
	5.0%	8.9	13.2	21.2	20.8	21.0
	6.0%	8.2	11.6	18.4	18.2	18.5
	7.0%	7.7	10.5	16.4	16.3	16.6
	8.0%	7.3	9.6	14.9	14.9	15.2

Source: Company data; AlsterResearch

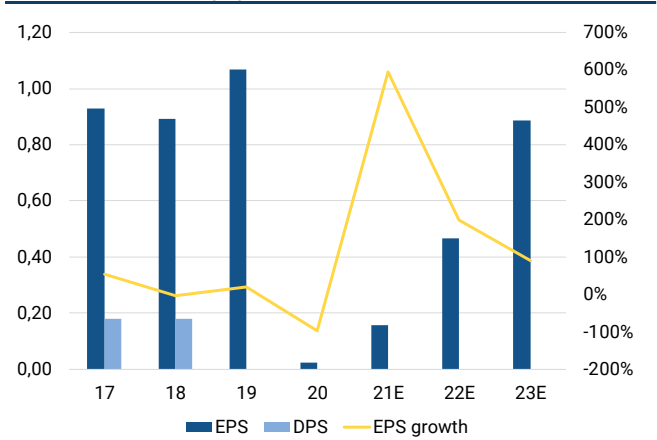
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments 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

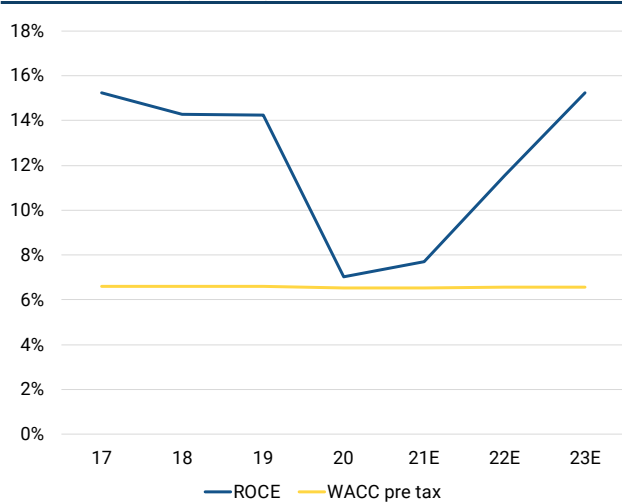
Sales vs. EBITDA margin development



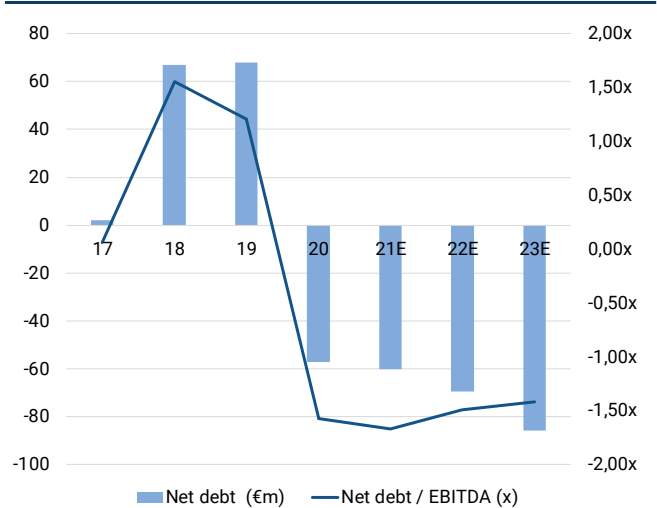
EPS, DPS in EUR & yoy EPS growth



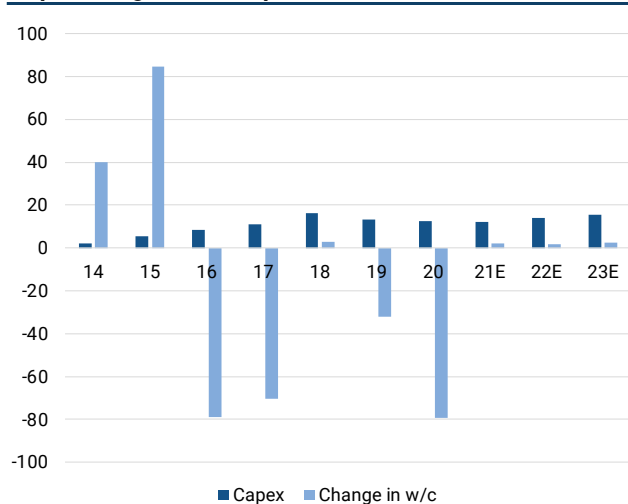
ROCE vs. WACC (pre tax)



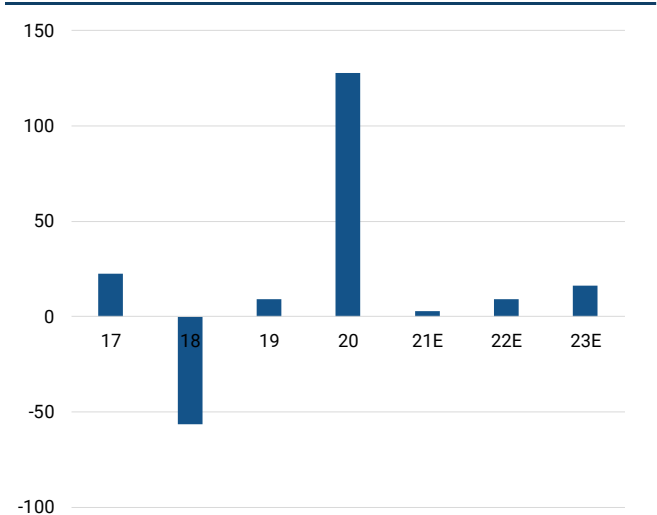
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Financials

Profit and loss (EUR m)	2018	2019	2020	2021E	2022E	2023E
Net sales	262.1	293.1	229.6	213.7	270.8	333.1
Sales growth	18.3%	11.8%	-21.7%	-6.9%	26.7%	23.0%
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	262.1	293.1	229.6	213.7	270.8	333.1
Material expenses	88.5	105.7	92.9	71.9	89.4	106.6
Gross profit	173.7	187.4	136.7	141.8	181.4	226.5
Other operating income	0.2	0.1	0.5	0.0	0.0	0.0
Personnel expenses	43.8	43.9	33.9	33.0	46.0	57.3
Other operating expenses	87.1	87.3	66.9	69.6	88.0	108.6
EBITDA	43.0	56.4	36.3	39.2	47.4	60.6
Depreciation	0.6	3.2	3.2	5.3	5.8	6.3
EBITA	42.4	53.1	33.2	33.9	41.6	54.3
Amortisation of goodwill and intangible assets	4.6	7.6	10.2	10.0	10.0	10.0
EBIT	37.8	45.5	23.0	23.9	31.6	44.3
Financial result	-15.5	-18.0	-21.2	-20.3	-21.1	-22.8
Recurring pretax income from continuing operations	22.3	27.5	1.8	3.7	10.5	21.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	22.3	27.5	1.8	3.7	10.5	21.6
Taxes	3.1	4.5	1.3	2.4	2.1	4.3
Net income from continuing operations	19.3	23.0	0.5	1.3	8.4	17.2
Result from discontinued operations (net of tax)	0.0	0.0	0.0	-3.8	0.0	0.0
Net income	19.3	23.0	0.5	-2.6	8.4	17.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	19.3	23.0	0.5	-2.6	8.4	17.2
Average number of shares	21.58	21.58	21.58	21.58	21.58	21.58
EPS reported	0.89	1.07	0.02	-0.12	0.39	0.80

Profit and loss (common size)	2018	2019	2020	2021E	2022E	2023E
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	34%	36%	40%	34%	33%	32%
Gross profit	66%	64%	60%	66%	67%	68%
Other operating income	0%	0%	0%	0%	0%	0%
Personnel expenses	17%	15%	15%	15%	17%	17%
Other operating expenses	33%	30%	29%	33%	33%	33%
EBITDA	16%	19%	16%	18%	18%	18%
Depreciation	0%	1%	1%	2%	2%	2%
EBITA	16%	18%	14%	16%	15%	16%
Amortisation of goodwill and intangible assets	2%	3%	4%	5%	4%	3%
EBIT	14%	16%	10%	11%	12%	13%
Financial result	-6%	-6%	-9%	-9%	-8%	-7%
Recurring pretax income from continuing operations	9%	9%	1%	2%	4%	6%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	9%	9%	1%	2%	4%	6%
Taxes	1%	2%	1%	1%	1%	1%
Net income from continuing operations	7%	8%	0%	1%	3%	5%
Result from discontinued operations (net of tax)	0%	0%	0%	-2%	0%	0%
Net income	7%	8%	0%	-1%	3%	5%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	7%	8%	0%	-1%	3%	5%

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2018	2019	2020	2021E	2022E	2023E
Intangible assets (excl. Goodwill)	30.2	35.3	38.9	37.5	36.9	36.9
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	4.2	10.6	8.1	6.2	4.8	3.8
Financial assets	20.5	10.7	12.9	12.9	12.9	12.9
FIXED ASSETS	54.9	56.6	59.9	56.6	54.6	53.6
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	320.5	386.2	361.0	457.4	562.6	647.0
Other current assets	9.2	16.6	17.1	17.1	17.1	17.1
Liquid assets	115.6	155.5	236.6	287.9	265.6	282.3
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.5	0.5	0.6	0.7
CURRENT ASSETS	445.3	558.3	615.1	762.9	845.9	947.1
TOTAL ASSETS	500.2	614.9	675.1	819.5	900.6	1,000.8
SHAREHOLDERS EQUITY	107.4	125.2	125.6	123.0	131.4	148.6
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	137.7	173.6	176.8	180.0	180.0	180.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.6	0.7	0.3	0.3	0.3	0.3
Non-current liabilities	138.3	174.2	177.1	180.3	180.3	180.3
short-term liabilities to banks	44.9	49.9	2.4	20.0	21.0	22.1
Accounts payable	193.9	247.4	351.6	481.9	552.6	633.5
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)	4.7	7.5	9.2	6.0	6.5	7.0
Deferred taxes	0.6	0.7	0.3	0.3	0.3	0.3
Deferred income	10.4	9.9	8.9	8.0	8.5	9.0
Current liabilities	254.5	315.5	372.4	516.2	588.9	671.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	500.2	614.9	675.1	819.5	900.6	1,000.8

Balance sheet (common size)	2018	2019	2020	2021E	2022E	2023E
Intangible assets (excl. Goodwill)	6%	6%	6%	5%	4%	4%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	1%	2%	1%	1%	1%	0%
Financial assets	4%	2%	2%	2%	1%	1%
FIXED ASSETS	11%	9%	9%	7%	6%	5%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	64%	63%	53%	56%	62%	65%
Other current assets	2%	3%	3%	2%	2%	2%
Liquid assets	23%	25%	35%	35%	29%	28%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	89%	91%	91%	93%	94%	95%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	21%	20%	19%	15%	15%	15%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	28%	28%	26%	22%	20%	18%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	0%	0%	0%	0%	0%	0%
Non-current liabilities	28%	28%	26%	22%	20%	18%
short-term liabilities to banks	9%	8%	0%	2%	2%	2%
Accounts payable	39%	40%	52%	59%	61%	63%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	1%	1%	1%	1%	1%	1%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	2%	2%	1%	1%	1%	1%
Current liabilities	51%	51%	55%	63%	65%	67%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2018	2019	2020	2021E	2022E	2023E
Net profit/loss	19.3	23.0	0.5	-2.6	8.4	17.2
Depreciation of fixed assets (incl. leases)	5.2	10.8	13.4	5.3	5.8	6.3
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	10.0	10.0	10.0
Others	-62.0	-43.4	47.0	-0.0	0.0	0.0
Cash flow from operations before changes in w/c	-37.5	-9.6	60.9	12.7	24.2	33.6
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	0.0	-4.0	-1.6	-96.4	-105.2	-84.4
Increase/decrease in accounts payable	1.5	-4.5	1.3	130.3	70.7	80.9
Increase/decrease in other w/c positions	-4.4	40.6	79.8	-4.0	0.9	0.9
Increase/decrease in working capital	-2.8	32.1	79.5	29.8	-33.6	-2.6
Cash flow from operating activities	-40.4	22.5	140.4	42.5	-9.4	30.9
CAPEX	-16.1	-13.4	-12.5	-12.0	-13.8	-15.3
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-0.7	6.1	-1.2	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	-16.8	-7.3	-13.7	-12.0	-13.8	-15.3
Cash flow before financing	-57.2	15.2	126.7	30.5	-23.2	15.6
Increase/decrease in debt position	47.9	31.9	-43.3	20.8	1.0	1.1
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	-3.9	-3.9	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-3.1	-3.2	-2.3	0.0	0.0	0.0
Cash flow from financing activities	40.9	24.7	-45.6	20.8	1.0	1.1
Increase/decrease in liquid assets	-16.3	40.0	81.0	51.3	-22.2	16.7
Liquid assets at end of period	115.6	155.5	236.6	287.9	265.6	282.3

Source: Company data; AlsterResearch

Regional sales split (EURm)	2018	2019	2020	2021E	2022E	2023E
Domestic	46.1	47.0	28.6	26.6	33.7	41.4
Europe (ex domestic)	206.1	235.2	191.6	178.4	226.0	278.0
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	10.0	11.0	9.4	8.7	11.1	13.6
Total sales	262.1	293.1	229.6	213.7	270.8	333.1

Regional sales split (common size)	2018	2019	2020	2021E	2022E	2023E
Domestic	17.6%	16.0%	12.4%	12.4%	12.4%	12.4%
Europe (ex domestic)	78.6%	80.2%	83.5%	83.5%	83.5%	83.5%
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	3.8%	3.7%	4.1%	4.1%	4.1%	4.1%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Ratios	2018	2019	2020	2021E	2022E	2023E
Per share data						
Earnings per share reported	0.89	1.07	0.02	-0.12	0.39	0.80
Cash flow per share	-1.90	0.89	6.36	1.42	-1.08	0.72
Book value per share	4.98	5.80	5.82	5.70	6.09	6.89
Dividend per share	0.18	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	4.0x	3.3x	157.6x	-29.8x	9.1x	4.4x
P/CF	-1.9x	4.0x	0.6x	2.5x	-3.3x	4.9x
P/BV	0.7x	0.6x	0.6x	0.6x	0.6x	0.5x
Dividend yield (%)	5.1%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-53.5%	25.2%	179.1%	39.9%	-30.3%	20.4%
EV/Sales	0.5x	0.5x	0.1x	-0.1x	0.0x	-0.0x
EV/EBITDA	3.3x	2.6x	0.5x	-0.3x	0.3x	-0.1x
EV/EBIT	3.8x	3.2x	0.8x	-0.5x	0.4x	-0.1x
Income statement (EURm)						
Sales	262.1	293.1	229.6	213.7	270.8	333.1
yoy chg in %	18.3%	11.8%	-21.7%	-6.9%	26.7%	23.0%
Gross profit	173.7	187.4	136.7	141.8	181.4	226.5
Gross margin in %	66.2%	63.9%	59.5%	66.3%	67.0%	68.0%
EBITDA	43.0	56.4	36.3	39.2	47.4	60.6
EBITDA margin in %	16.4%	19.2%	15.8%	18.4%	17.5%	18.2%
EBIT	37.8	45.5	23.0	23.9	31.6	44.3
EBIT margin in %	14.4%	15.5%	10.0%	11.2%	11.7%	13.3%
Net profit	19.3	23.0	0.5	-2.6	8.4	17.2
Cash flow statement (EURm)						
CF from operations	-40.4	22.5	140.4	42.5	-9.4	30.9
Capex	-16.1	-13.4	-12.5	-12.0	-13.8	-15.3
Maintenance Capex	0.6	3.2	3.2	12.0	13.8	15.3
Free cash flow	-56.4	9.1	127.9	30.5	-23.2	15.6
Balance sheet (EURm)						
Intangible assets	30.2	35.3	38.9	37.5	36.9	36.9
Tangible assets	4.2	10.6	8.1	6.2	4.8	3.8
Shareholders' equity	107.4	125.2	125.6	123.0	131.4	148.6
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	183.2	224.1	179.5	200.3	201.3	202.4
Net financial debt	67.0	68.0	-57.3	-87.9	-64.6	-80.2
w/c requirements	126.6	138.8	9.3	-24.5	10.0	13.5
Ratios						
ROE	17.9%	18.4%	0.4%	-2.1%	6.4%	11.6%
ROCE	13.0%	13.0%	7.5%	7.4%	9.5%	12.6%
Net gearing	62.4%	54.3%	-45.7%	-71.5%	-49.2%	-54.0%
Net debt / EBITDA	1.6x	1.2x	-1.6x	-2.2x	-1.4x	-1.3x

Source: Company data; AlsterResearch

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