

SGT German Private Equity

Germany | Financial Services | MCap EUR 69.2m

2 June 2022

UPDATE



The game changer!

What's it all about?

Yesterday, SGT German Private Equity (SGF) announced the long-awaited closing of its first private equity transaction (Utimaco) which triggered the first close of the new private equity fund with >USD 800m AuM. This is the news investors have been waiting for after the entire (and complex) process had been postponed due to lengthy approval procedures from several watchdogs in Europe and the US. To cut a long story short, yesterday's news is the starting point of a new chapter in SGF's business of running a global, mid-sized private equity fund and which marks the ultimate transformation from its old (venture capitalist) asset owner business model. Recurring and highly predictable revenues and earnings are now on the plate and mark a game changer for SGF, which is why we reiterate our BUY recommendation with unchanged PT of EUR 3.40, offering an upside potential of c. 190%.

BUY (BUY)

Target price	EUR 3.40 (3.40)
Current price	EUR 1.19
Up/downside	185.7%



MAIN AUTHOR

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SGT German Private Equity

Germany | Financial Services | MCap EUR 69.2m | EV EUR 63.2m

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The game changer!

Closing of its first private equity fund Yesterday, SGF announced the long-awaited closing of its first private equity transaction, the acquisition of Utimaco. The company is a highly profitable, fast growing global leader in high-end cybersecurity software and did require a three-digit million Euro equity investment. Among the investors are well-known names such as EQT, Bain Capital Credit and Tyrus Capital as well as institutional investors such as Capital Dynamics, Commonfund, Flandrin Capital, University of Wisconsin Foundation and UBS Global Wealth Management. The closing had been delayed several times as the approval of European and US anti-trust authorities had to be obtained. The final approval of the German watchdog "Bundesministerium für Wirtschaft und Klimaschutz" has been granted and the transaction is now being officially closed.

First close of the private equity fund As planned, the first close of SGT Capital Fund II took place at the same time as the Utimaco transaction – in fact the final clearance of the Utimaco transaction was a pre-condition for the first close of SGT Capital Fund II. 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.

Implications? A game changer! In our view, yesterday's news is the starting point of a new chapter in SGF's business and marks the ultimate transformation from its old (venture capitalist) asset owner business model into a new (private equity) asset manager. As of 2022 this means that SGF will rely on recurring and highly predictable revenue streams based on assets under management. Also, earnings are likely to be much more stable than in the past. In fact, given the asset light nature of a PE firm, we expect margins in the 50% range going forward. Clearly this will also allow for completely new shareholder remunerations such as share buybacks or dividends.

Conclusion. This has been the news investors have been waiting for. With more than USD 800m AuM SGF already raised ¾ of the assets we have forecasted in our 2022 estimates. We therefore see a good chance that SGF will actually meet or even exceed our targets. We therefore reiterate our BUY recommendation with unchanged PT of EUR 3.40, offering an upside potential of c. 190%.

SGT German Private Equity	2018	2019	2020	2021E	2022E	2023E
Sales	12.5	16.4	0.9	13.8	17.9	28.2
<i>Growth yoy</i>	30.4%	31.2%	-94.6%	1,465.5%	29.6%	57.8%
EBITDA	-0.8	0.8	-1.2	9.3	10.4	16.9
EBIT	-1.4	0.1	-1.3	7.3	8.4	14.9
Net profit	-0.6	2.2	-0.6	11.4	6.9	12.3
Net debt (net cash)	5.4	-8.3	-5.9	-10.0	-18.8	-32.9
Net debt/EBITDA	-6.4x	-11.1x	4.8x	-1.1x	-1.8x	-1.9x
EPS recurring	-0.05	0.19	-0.05	0.20	0.12	0.21
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<i>Dividend yield</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	77.9%	75.9%	100.0%	100.0%	100.0%	100.0%
EBITDA margin	-6.6%	4.6%	-141.4%	67.8%	58.0%	60.0%
EBIT margin	-11.6%	0.6%	-142.3%	53.3%	46.8%	52.9%
ROCE	-3.9%	0.3%	-4.4%	4.1%	4.5%	7.5%
EV/EBITDA	-89.6x	81.3x	-50.7x	6.3x	4.9x	2.1x
EV/EBIT	-51.5x	593.4x	-50.4x	8.1x	6.0x	2.4x
PER	-23.9x	6.1x	-23.1x	6.1x	10.1x	5.6x
FCF yield	-5.2%	-7.5%	-13.8%	22.2%	12.7%	20.4%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 1.93 / 1.12
Price/Book Ratio 0.5x

Ticker / Symbols

ISIN DE000A1MMEV4
WKN A1MMEV
Bloomberg SGF:GR

Changes in estimates

		Sales	EBIT	EPS
2021E	old	13,8	7,4	0,20
	Δ	0,0%	0,0%	0,0%
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%

Key share data

Number of shares: (in m pcs) 58.13
Book value per share: (in EUR) 2.63
Ø trading volume: (12 months) 5,000

Major shareholders

SGT Capital LLC 78.6%
Treasury Shares 4.5%
Free Float 16.9%

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

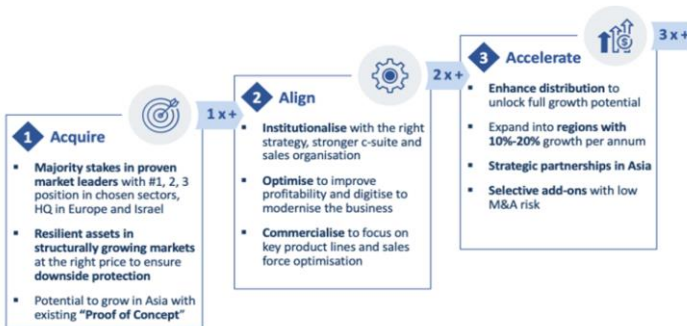
Products & Services



New corporate structure



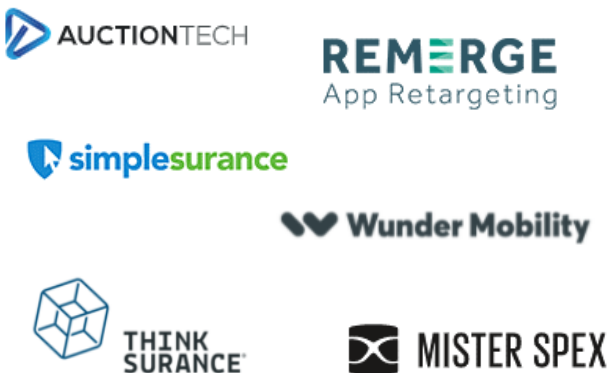
Strategy - PE fund



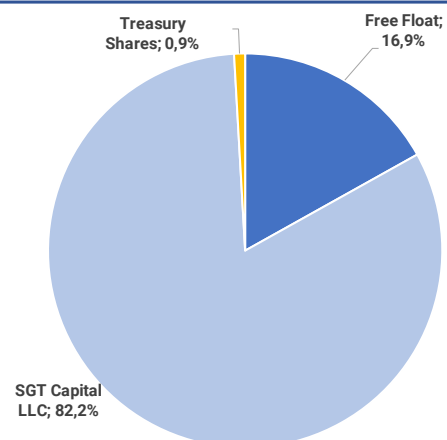
Themes and Sectors

Sectors	
	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> Healthcare & Medical Technology </div> <div style="text-align: center;"> Advanced Industrials </div> <div style="text-align: center;"> Business Services & Data and Analytics </div> </div>
Themes	Market Leaders Market leaders with established market position and products that travel <i>"Always #1,2,3"</i>
	Structurally Growing Markets Resilient end-markets growing in line with solid macro trends offer downside protection <i>"Never against the trend" – 5%+ growth in the West</i>
	Operational Upside Well-identified and diligenced areas for improved financial performance <i>"Strong and resilient companies" – Potential for operational improvement</i>
	M&A Potential Companies which can be platforms for additional strategic M&A acquisitions <i>"Identified strategic add-ons" – 1-2 add-ons per asset</i>
	Asia Market Growth Upside Potential for outsized growth via exposure to Asia and especially China <i>"Existing Proof of Concept in Asia" – Exposure to 15%+ growth per annum</i>

Heritage VC portfolio - core holdings



Major shareholder



Source : Company data; AlsterResearch

Company background

From asset owner to asset manager

Prior to the merger with SGT Capital, the company was known as “German Startups Group”, (GSG). The “old” GSG was an investment company which directly or indirectly participated in startups via majority or minority shareholdings, i.e. **providing venture capital**. The focus of GSG was on companies whose products or business models contained a disruptive or innovative element and which pursued highly scalable business models. In addition, GSG has placed great emphasize on the entrepreneurial skills of the founders, for example, if they already gained experience as founders or executives of startups.

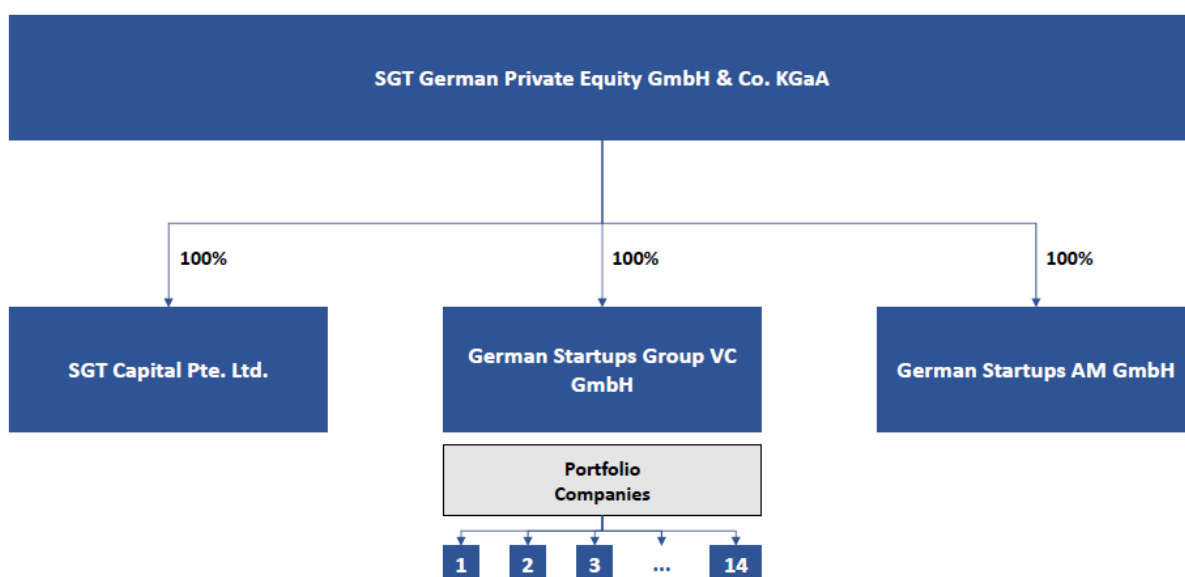
Amongst others, **signature transactions** have been investments into Mister Spex, Delivery Hero, Chrono24, Scalable Capital or Soundcloud.

In July 2020, GSG announced that it plans to **merge with SGT Capital Pte. Ltd., a global alternative investment and private equity asset manager** headquartered in Singapore with a country vehicle in Frankfurt, Germany. The merger had been structured via a capital increase in kind. In essence, the old GSG issued 50m new shares in exchange of bringing in 100% of the Singapore domiciled asset manager. SGT Capital is an asset manager run by seasoned investment managers that – over a period of 5 years (2015-2020) invested in excess of USD 1bn and generated returns in excess of 2.2x (MoM). These funds were invested into companies in Europe, Israel and the US. **At an issue price of EUR 2.97 and 50m new shares, SGT Capital Pte. was valued at EUR 148.5m.**

Part of the deal was that upon completion of the merger, **the merged company would be renamed SGT German Private Equity GmbH & Co. KGaA** and **moved its registered office to Frankfurt**. At the beginning of this year (Jan 26th), GSG completed the merger with SGT Capital, which started a new chapter of being an **asset manager rather than as asset owner**.

The new organization structure is displayed below:

Organizational structure



Source: Company data; AlsterResearch

While the new PE fund has not been launched yet, SGF reports good progress in the capital raising process and expects to launch a new fund in the coming weeks with a volume of c. USD 1.0bn+. Meanwhile, **SGF aims to gradually sell its heritage VC portfolio and does not intend to make new minority stake investments outside its existing portfolio universe going forward.** However, management mentioned that the disposal will be done without any time pressure and in the best interest of its shareholders.

The heritage VC portfolio

As of H1 2021, all of SGF's heritage VC investments had been bundled in a separate entity "German Startups Group VC GmbH". **The total book value of these investments amounted to EUR c. 19.8m**, made up from five core holdings and a handful smaller investments. According to the management, **the core holdings present c. 89% of the entire net asset value (NAV) of the portfolio.**

Heritage VC portfolio - core holdings



Source: Company data; AlsterResearch,, Thinksurance not a core holding

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 3.65 per share**:

Top-line growth: We expect SGT German Private Equity to continue benefitting from structural growth. Hence our growth estimates for 2021-28E 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 1.19. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 11.8%. 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 9.1%.

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	13.3	13.0	12.9	13.1	14.8	
Depreciation & amortization	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.0	
Change in working capital	-0.1	-0.1	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	
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	8.8	14.1	15.4	15.3	14.9	14.9	15.1	14.8	184.5
Present value	8.4	12.3	12.3	11.2	10.0	9.2	8.5	7.6	95.1
WACC	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%

DCF per share derived from	
Total present value	174.5
Mid-year adj. total present value	182.3
Net debt / cash at start of year	-10.0
Financial assets	19.8
Provisions and off b/s debt	na
Equity value	212.1
No. of shares outstanding	58.1
Discounted cash flow / share upside/(downside)	3.65 / 206.7%

Share price 1.19

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2021E - 2028E)	8.7%
Terminal value growth (2028E - infinity)	1.0%
Terminal year ROCE	6.6%
Terminal year WACC	9.1%

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)	1.19
Target debt / equity	0.5
Relevered beta	1.64
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	11.8%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth					Share of present value	
	1.0%	1.5%	2.0%	2.5%	3.0%	2021E - 2024E	2025E - 2028E
	2.0%	3.1	3.1	3.2	3.3	3.4	25.3%
1.0%	3.3	3.4	3.5	3.6	3.8		
0.0%	3.6	3.8	3.9	4.1	4.3		
-1.0%	4.1	4.2	4.4	4.7	4.9		
-2.0%	4.6	4.9	5.2	5.5	5.9		
						terminal value	54.5%

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 2.84 per share based on 2022E and EUR 5.37 per share on 2026E estimates. **We value SGT German Private Equity halfway 2022E/2023E, which derive at an average price target of EUR 3.40.** 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	2022E	2023E	2024E	2025E	2026E
EBITDA	10.4	16.9	18.4	18.2	17.8
- Maintenance capex	0.0	0.0	0.0	0.0	0.0
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	1.5	2.7	2.9	2.9	2.8
= Adjusted FCF	8.9	14.3	15.4	15.3	15.0
Actual Market Cap	69.2	69.2	69.2	69.2	69.2
+ Net debt (cash)	-18.8	-32.9	-48.3	-63.6	-78.5
+ 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	19.8	19.8	19.8	19.8	19.8
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	-38.6	-52.7	-68.1	-83.4	-98.4
= Actual EV'	30.6	16.5	1.1	-14.2	-29.2
Adjusted FCF yield	29.0%	86.6%	1,439.2%	-107.6%	-51.2%
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	126.7	203.6	220.2	218.8	213.6
- <i>EV Reconciliations</i>	-38.6	-52.7	-68.1	-83.4	-98.4
Fair Market Cap	165.3	256.3	288.3	302.2	312.0
No. of shares (million)	58.1	58.1	58.1	58.1	58.1
Fair value per share in EUR	2.84	4.41	4.96	5.20	5.37
Premium (-) / discount (+)	138.9%	270.5%	316.8%	336.8%	351.0%

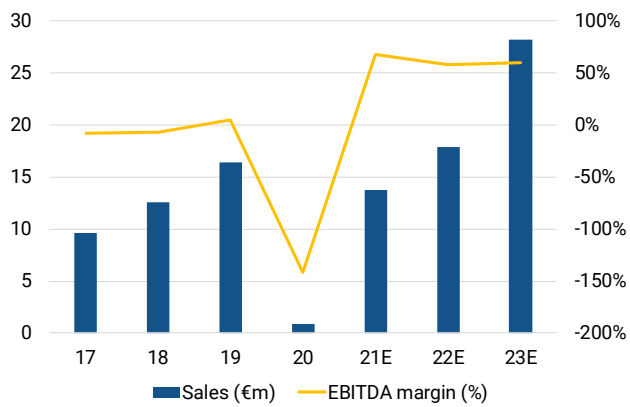
Sensitivity analysis FV						
	5.0%	3.7	5.8	6.5	6.7	6.8
Adjusted hurdle rate	6.0%	3.2	5.0	5.6	5.8	6.0
	7.0%	2.8	4.4	5.0	5.2	5.4
	8.0%	2.6	4.0	4.5	4.7	4.9
	9.0%	2.4	3.6	4.1	4.4	4.5

Source: Company data; AlsterResearch

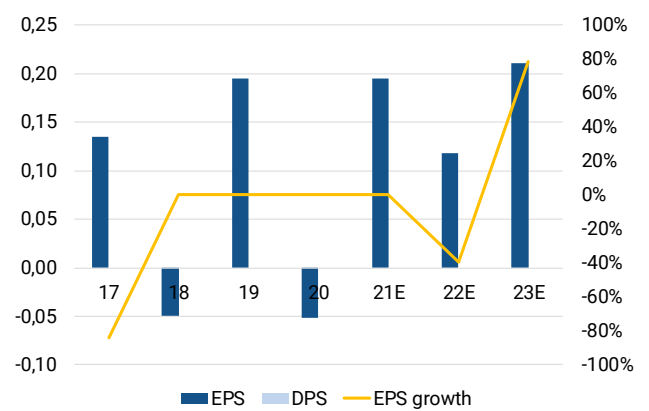
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments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

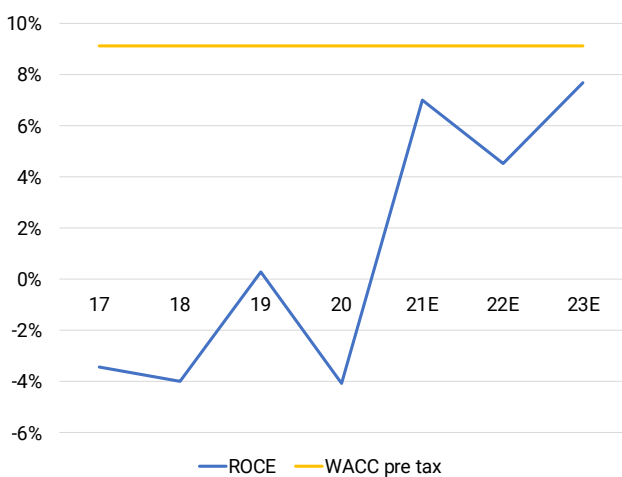
Sales vs. EBITDA margin development



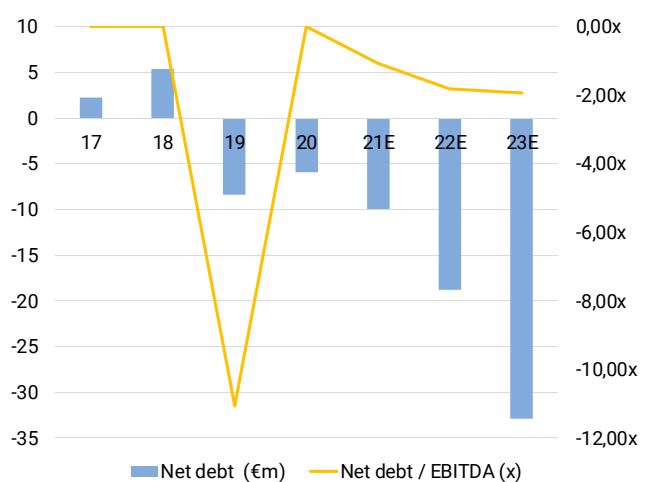
EPS, DPS in EUR & yoy EPS growth



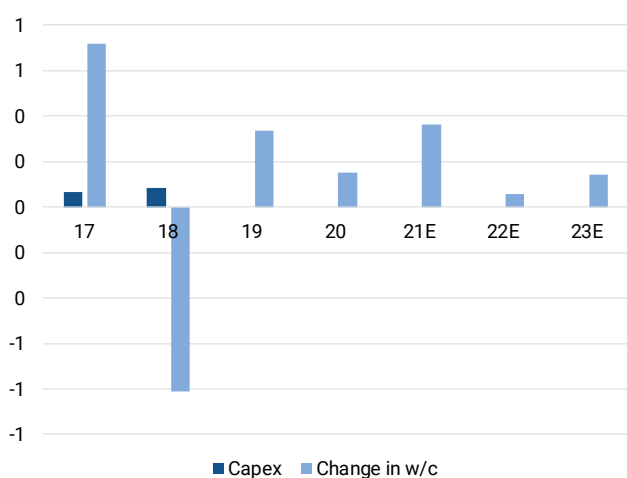
ROCE vs. WACC (pre tax)



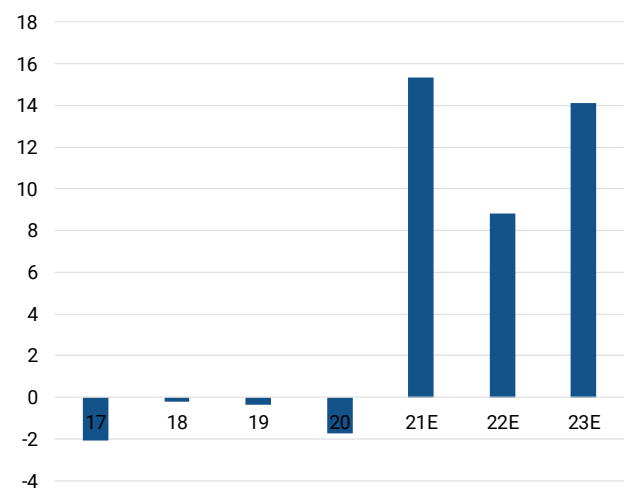
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

Profit and loss (EUR m)	2018	2019	2020	2021E	2022E	2023E
Net sales	12.5	16.4	0.9	13.8	17.9	28.2
Sales growth	30.4%	31.2%	-94.6%	1,465.5%	29.6%	57.8%
Change in finished goods and work-in-process	0.6	0.3	0.0	0.0	0.0	0.0
Total sales	13.1	16.8	0.9	13.8	17.9	28.2
Material expenses	3.4	4.3	0.0	0.0	0.0	0.0
Gross profit	9.8	12.5	0.9	13.8	17.9	28.2
Other operating income	0.5	1.1	0.1	0.0	0.0	0.0
Personnel expenses	7.7	9.7	0.1	2.2	4.3	6.5
Other operating expenses	3.3	3.2	2.1	2.3	3.2	4.8
EBITDA	-0.8	0.8	-1.2	9.3	10.4	16.9
Depreciation	0.6	0.7	0.0	0.0	0.0	0.0
EBITA	-1.4	0.1	-1.3	9.3	10.4	16.9
Amortisation of goodwill and intangible assets	0.0	0.0	0.0	2.0	2.0	2.0
EBIT	-1.4	0.1	-1.3	7.3	8.4	14.9
Financial result	2.7	3.6	0.4	6.5	0.0	0.0
Recurring pretax income from continuing operations	1.2	3.7	-0.8	13.8	8.4	14.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	1.2	3.7	-0.8	13.8	8.4	14.9
Taxes	1.9	0.2	-0.1	2.5	1.5	2.7
Net income from continuing operations	-0.7	3.4	-0.7	11.4	6.9	12.3
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-0.7	3.4	-0.7	11.4	6.9	12.3
Minority interest	0.1	-1.2	0.2	0.0	0.0	0.0
Net profit (reported)	-0.6	2.2	-0.6	11.4	6.9	12.3
Average number of shares	11.90	11.33	10.74	58.13	58.13	58.13
EPS reported	-0.05	0.19	-0.05	0.20	0.12	0.21

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	5%	2%	0%	0%	0%	0%
Total sales	105%	102%	100%	100%	100%	100%
Material expenses	27%	26%	0%	0%	0%	0%
Gross profit	78%	76%	100%	100%	100%	100%
Other operating income	4%	7%	12%	0%	0%	0%
Personnel expenses	62%	59%	15%	16%	24%	23%
Other operating expenses	27%	19%	239%	16%	18%	17%
EBITDA	-7%	5%	-141%	68%	58%	60%
Depreciation	5%	4%	1%	0%	0%	0%
EBITA	-12%	1%	-142%	68%	58%	60%
Amortisation of goodwill and intangible assets	0%	0%	0%	14%	11%	7%
EBIT	-12%	1%	-142%	53%	47%	53%
Financial result	22%	22%	48%	47%	0%	0%
Recurring pretax income from continuing operations	10%	22%	-94%	100%	47%	53%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	10%	22%	-94%	100%	47%	53%
Taxes	15%	1%	-10%	18%	8%	10%
Net income from continuing operations	-5%	21%	-84%	82%	38%	43%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-5%	21%	-84%	82%	38%	43%
Minority interest	1%	-7%	21%	0%	0%	0%
Net profit (reported)	-5%	13%	-63%	82%	38%	43%

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2018	2019	2020	2021E	2022E	2023E
Intangible assets (excl. Goodwill)	2.2	0.1	0.1	20.5	18.5	16.5
Goodwill	3.0	0.0	0.0	130.0	130.0	130.0
Property, plant and equipment	0.2	0.0	0.0	0.0	0.0	0.0
Financial assets	29.6	22.4	22.2	19.8	19.8	19.8
FIXED ASSETS	35.1	22.5	22.3	170.3	168.3	166.3
Inventories	0.7	0.0	0.0	0.0	0.0	0.0
Accounts receivable	1.8	0.0	0.0	0.2	0.2	0.4
Other current assets	0.2	0.0	0.4	0.4	0.4	0.4
Liquid assets	1.9	11.5	5.9	10.0	18.8	32.9
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	4.7	11.5	6.3	10.5	19.4	33.7
TOTAL ASSETS	39.7	34.0	28.6	180.9	187.7	200.0
SHAREHOLDERS EQUITY	28.5	30.1	28.2	180.7	187.6	199.9
MINORITY INTEREST	1.6	0.0	0.0	0.0	0.0	0.0
Long-term debt	5.5	2.9	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.5	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	5.5	3.4	0.0	0.0	0.0	0.0
short-term liabilities to banks	1.7	0.2	0.0	0.0	0.0	0.0
Accounts payable	0.9	0.2	0.2	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)	0.5	0.0	0.0	0.0	0.0	0.0
Deferred taxes	0.0	0.2	0.1	0.1	0.1	0.1
Deferred income	0.9	0.0	0.0	0.0	0.0	0.0
Current liabilities	4.1	0.6	0.3	0.1	0.1	0.1
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	39.7	34.0	28.6	180.9	187.7	200.0

Balance sheet (common size)	2018	2019	2020	2021E	2022E	2023E
Intangible assets (excl. Goodwill)	6%	0%	0%	11%	10%	8%
Goodwill	8%	0%	0%	72%	69%	65%
Property, plant and equipment	0%	0%	0%	0%	0%	0%
Financial assets	75%	66%	78%	11%	11%	10%
FIXED ASSETS	88%	66%	78%	94%	90%	83%
Inventories	2%	0%	0%	0%	0%	0%
Accounts receivable	5%	0%	0%	0%	0%	0%
Other current assets	1%	0%	1%	0%	0%	0%
Liquid assets	5%	34%	21%	6%	10%	16%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	12%	34%	22%	6%	10%	17%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	72%	88%	99%	100%	100%	100%
MINORITY INTEREST	4%	0%	0%	0%	0%	0%
Long-term debt	14%	9%	0%	0%	0%	0%
Provisions for pensions and similar obligations	0%	1%	0%	0%	0%	0%
Other provisions	0%	0%	0%	0%	0%	0%
Non-current liabilities	14%	10%	0%	0%	0%	0%
short-term liabilities to banks	4%	1%	0%	0%	0%	0%
Accounts payable	2%	0%	1%	0%	0%	0%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	1%	0%	0%	0%	0%	0%
Deferred taxes	0%	1%	0%	0%	0%	0%
Deferred income	2%	0%	0%	0%	0%	0%
Current liabilities	10%	2%	1%	0%	0%	0%
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	-0.7	3.4	-0.7	11.4	6.9	12.3
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	0.6	0.7	0.0	2.0	2.0	2.0
Others	-0.9	-4.1	-0.9	2.4	0.0	0.0
Cash flow from operations before changes in w/c	-0.9	-0.0	-1.6	15.7	8.9	14.3
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.2	-3.8	-0.0	-0.2	-0.1	-0.1
Increase/decrease in accounts payable	1.3	3.6	0.0	-0.2	0.0	0.0
Increase/decrease in other w/c positions	-0.4	-0.1	-0.1	-0.0	0.0	0.0
Increase/decrease in working capital	0.8	-0.3	-0.2	-0.4	-0.1	-0.1
Cash flow from operating activities	-0.1	-0.4	-1.8	15.3	8.8	14.1
CAPEX	-0.1	0.0	0.0	0.0	0.0	0.0
Payments for acquisitions	0.0	0.0	-0.0	-148.5	0.0	0.0
Financial investments	-1.8	8.3	-9.2	-2.4	0.0	0.0
Income from asset disposals	0.0	0.0	11.3	0.0	0.0	0.0
Cash flow from investing activities	-1.9	8.3	2.1	-150.9	0.0	0.0
Cash flow before financing	-2.0	7.9	0.3	-135.6	8.8	14.1
Increase/decrease in debt position	2.1	-2.1	-3.3	0.0	0.0	0.0
Purchase of own shares	-0.4	-1.4	-1.1	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	148.5	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	-0.3	-8.9	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	1.7	-3.4	-4.6	139.6	0.0	0.0
Increase/decrease in liquid assets	-0.3	4.5	-4.3	4.0	8.8	14.1
Liquid assets at end of period	0.4	4.9	0.5	4.6	13.4	27.5

Source: Company data; AlsterResearch

Regional sales split (EURm)	2018	2019	2020	2021E	2022E	2023E
Domestic	12.5	16.4	0.9	13.8	17.9	28.2
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	12.5	16.4	0.9	13.8	17.9	28.2

Regional sales split (common size)	2018	2019	2020	2021E	2022E	2023E
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	2018	2019	2020	2021E	2022E	2023E
Per share data						
Earnings per share reported	-0.05	0.19	-0.05	0.20	0.12	0.21
Cash flow per share	-0.06	-0.09	-0.16	0.26	0.15	0.24
Book value per share	2.40	2.65	2.63	3.11	3.23	3.44
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-23.9x	6.1x	-23.1x	6.1x	10.1x	5.6x
P/CF	-19.1x	-13.4x	-7.3x	4.5x	7.9x	4.9x
P/BV	0.5x	0.4x	0.5x	0.4x	0.4x	0.3x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-5.2%	-7.5%	-13.8%	22.2%	12.7%	20.4%
EV/Sales	5.9x	3.7x	71.7x	4.3x	2.8x	1.3x
EV/EBITDA	-89.6x	81.3x	-50.7x	6.3x	4.9x	2.1x
EV/EBIT	-51.5x	593.4x	-50.4x	8.1x	6.0x	2.4x
Income statement (EURm)						
Sales	12.5	16.4	0.9	13.8	17.9	28.2
yoy chg in %	30.4%	31.2%	-94.6%	1,465.5%	29.6%	57.8%
Gross profit	9.8	12.5	0.9	13.8	17.9	28.2
Gross margin in %	77.9%	75.9%	100.0%	100.0%	100.0%	100.0%
EBITDA	-0.8	0.8	-1.2	9.3	10.4	16.9
EBITDA margin in %	-6.6%	4.6%	-141.4%	67.8%	58.0%	60.0%
EBIT	-1.4	0.1	-1.3	7.3	8.4	14.9
EBIT margin in %	-11.6%	0.6%	-142.3%	53.3%	46.8%	52.9%
Net profit	-0.6	2.2	-0.6	11.4	6.9	12.3
Cash flow statement (EURm)						
CF from operations	-0.1	-0.4	-1.8	15.3	8.8	14.1
Capex	-0.1	0.0	0.0	0.0	0.0	0.0
Maintenance Capex	0.6	0.7	0.0	0.0	0.0	0.0
Free cash flow	-0.2	-0.4	-1.8	15.3	8.8	14.1
Balance sheet (EURm)						
Intangible assets	5.3	0.1	0.1	150.5	148.5	146.5
Tangible assets	0.2	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	28.5	30.1	28.2	180.7	187.6	199.9
Pension provisions	0.0	0.5	0.0	0.0	0.0	0.0
Liabilities and provisions	7.2	3.6	0.0	0.0	0.0	0.0
Net financial debt	5.4	-8.3	-5.9	-10.0	-18.8	-32.9
w/c requirements	1.7	-0.1	-0.2	0.2	0.2	0.4
Ratios						
ROE	-2.4%	11.4%	-2.6%	6.3%	3.7%	6.1%
ROCE	-3.9%	0.3%	-4.4%	4.1%	4.5%	7.5%
Net gearing	18.8%	-27.7%	-21.0%	-5.5%	-10.0%	-16.5%
Net debt / EBITDA	-6.4x	-11.1x	4.8x	-1.1x	-1.8x	-1.9x

Source: Company data; AlsterResearch

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