

# Multitude SE

Finland | Financial Services | MCap EUR 72.5m

16 June 2022

UPDATE



# MULTITUDE

## Strengthening its platform while competitors suffer – Remains a BUY

### What's it all about?

Multitude has invested in a 4-year bond of FinTech Cream Finance Holding. Cream Finance's business model is largely comparable to Multitude's business activities. The company provides unsecured consumer loans online, ranging from EUR 100 for a month up to EUR 10,000 for 5 years in different countries globally. This transaction is expected to be just the first step in the potential cooperation as 1) the companies' customer groups are complementary, 2) the companies largely serve different markets, and 3) technological know-how transfer could strengthen both companies. In our point of view, management has done its homework in the past by reaching a stable cost base, refinancing the group, and strengthening its digital platform approach. With limited impact on its P&L for the moment, our assumptions remain untouched. All in all, we see the investment case fully intact and reiterate our BUY rating with an unchanged target price of EUR 11.10.

**BUY** (BUY)

<b>Target price</b>	<b>EUR 11.10 (11.10)</b>
Current price	EUR 3.36
Up/downside	230.4%



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## Strengthening platform while competitors suffer – BUY

**Confirming news on the platform strategy** Multitude has invested EUR 15m in 4-year bond of FinTech Cream Finance Holding. Cream Finance's business model is largely comparable to Multitude's business activities. The company provides unsecured consumer loans online, ranging from EUR 100 for a month up to EUR 10,000 for 5 years. Cream Finance serves different customer segments across seven locations, including e.g., Poland, Latvia, Denmark, Spain, and Mexico. On a technology perspective, a proprietary in-house solution is able to identify fitting borrowers using a digital credit risk management.

For now, it's just a financial transaction. However, this is expected to be just the first step in the potential cooperation as 1) the customer groups are complementary, 2) the companies largely serve different markets, e.g., Multitude is currently re-evaluating its activities in Poland and Mexico, and 3) a technological know-how transfer could strengthen both companies. Therefore, this step of coworking could offer future synergies to Multitude.

**Recall investment case** Multitude (former ferratum) operates through three segments. Ferratum (85% of sales in FY21) offers short-term lending to private consumers, while CapitalBox (10% of sales in FY21) lends to small- and medium-sized enterprises and SweepBank (5% of sales in FY21) is the group's 'NeoBank'. Even though not all segments are profitable yet, the management has established a stable cost base and significantly improved the credit quality by shifting its strategy towards higher quality customers. Multitude operates 100% digitally and has been active as a FinTech for almost 20 years. The company is one of the first mover in its industry.

**Current situation** After very challenging years in 2020 and 2021, the group returned to growth in its continuing markets last year and found its way back to profitability in Q1 22. The EBIT guidance communicated in 2020 of 50% EBIT growth p.a. is still valid; being more specific, FY22 EBIT is guided at EUR 30m.

– continued –

Multitude SE	2019	2020	2021	2022E	2023E	2024E
Sales	293.1	230.5	213.7	270.8	333.1	383.0
<i>Growth yoy</i>	11.8%	-21.4%	-7.3%	26.7%	23.0%	15.0%
EBITDA	56.4	41.9	39.2	47.4	60.6	63.2
EBIT	45.5	28.5	23.9	31.6	44.3	46.9
Net profit	23.0	1.5	-2.6	8.9	19.0	20.6
Net debt (net cash)	68.0	-57.3	-171.4	-71.9	-19.9	-21.9
Net debt/EBITDA	1.2x	-1.4x	-4.4x	-1.5x	-0.3x	-0.3x
EPS recurring	1.07	0.07	-0.12	0.41	0.88	0.96
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	63.9%	60.5%	66.3%	67.0%	68.0%	67.0%
EBITDA margin	19.2%	18.2%	18.4%	17.5%	18.2%	16.5%
EBIT margin	15.5%	12.4%	11.2%	11.7%	13.3%	12.2%
ROCE	13.0%	9.3%	7.6%	11.4%	14.9%	14.7%
EV/EBITDA	2.5x	0.4x	-2.5x	0.0x	0.9x	0.8x
EV/EBIT	3.1x	0.5x	-4.1x	0.0x	1.2x	1.1x
PER	3.1x	48.0x	-28.3x	8.1x	3.8x	3.5x
FCF yield	26.6%	189.2%	82.4%	-137.2%	-71.8%	2.7%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 5.92 / 2.89  
**Price/Book Ratio** 0.4x

### Ticker / Symbols

ISIN FI4000106299  
WKN A1W9NS  
Bloomberg FRU:GR

### Changes in estimates

		Sales	EBIT	EPS
<b>2022E</b>	old	271	32	0,41
	Δ	0,0%	0,0%	0%
<b>2023E</b>	old	333	44	0,88
	Δ	0,0%	0,0%	0,0%
<b>2024E</b>	old	383	47	0,96
	Δ	0,0%	0,0%	0,0%

### Key share data

Number of shares: (in m pcs) 21.58  
Book value per share: (in EUR) 7.85  
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.

**Successful refinanced in Q2** Multitude has recently increased its 2019/23 bond (ISIN SE0012453835) by EUR 40m to c. EUR 140m. The net proceeds from the increase, together with the group's existing cash, were used to repay the already redeemed bond (due 25 May 2022 - ISIN SE0011167972). Additional proceeds will also be used to finance the group's further growth. Even after the repayment of the bond, Multitude still has a net cash position and thus high financial flexibility.

**Increasing business quality** Credit risks were significantly lower in 2021 than in the previous years and this trend continued in the first quarter. Multitude is pushing ahead with its strategy of gradually reducing the share of ferratum's legacy business in order to target low-risk and more profitable clients. Now, the focus is on loans with longer maturities and more solvent customers and thus with better credit ratings. The company is growing again on a quarterly basis, which should be further driven by the SweepBank and CapitalBox segments. For the current year, an undiminished positive development is expected for Multitude, even though the current macro climate, consisting of interest rate turnaround, the war in the Ukraine, material shortages and the resulting global inflation, could diminish the momentum.

**All eyes on SweepBank** SweepBank contributed around EUR 9m to total sales in 2021, making it one of the strongest growth drivers, albeit still on low levels. Over the course of the year, the segment grew by 150%. SweepBank covers the long-term financing needs of customers with lower risks for the group. Additional offerings such as online banking, payment services and credit card functions as well as other services are offered via the mobile banking app sweepbank. This makes Multitude a serious peer of N26 or Revolut. The app is live in Finland and Latvia already, while Germany is expected to follow on July 11. The included credit offer Prime Loan is already active in five countries (Sweden, Finland, Germany, Latvia and Denmark). In Finland, the company also offers so-called SweepDeals, where users can make purchases from partner networks at discounted rates.

**Conclusion: Macro-headwinds could impact competitors while Multitude grows** The current environment is comfortable for SweepBank and the launch of its offerings. NeoBanks, NeoBrokers and other FinTechs are cutting jobs, reducing their activities or are on the edge of shutting down their business as the ultra-loose lending policy of VCs is stopped in an environment of rising interest rates. Many start-ups and highfliers are threatened with extinction, while Multitude finances its own product launch and growth with cash flows generated in the ferratum segment. In addition, this investment in Cream Finance could be the step to secure a later acquisition of the company. In our view, management has done its homework by reaching a stable cost base, refinancing the group, and strengthening its digital platform approach by the investment in FinTech Cream Finance. With limited impact on its P&L, our assumptions remain untouched, but taking a confirmed EBIT 22 guidance of EUR 30m in FY22 into account. All in all, we see the investment case fully intact and reiterate our BUY rating with an unchanged target price of EUR 11.10.

## Quarterly performance

P&L data	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Sales	55.5	55.5	53.8	52.0	52.5	54.1	55.0	53.5
yoy growth in %	-23.3%	-23.4%	-28.3%	-20.8%	-5.4%	-2.6%	2.3%	2.9%
Gross profit	55.5	55.5	53.8	52.0	52.5	54.1	55.0	53.5
Gross margin in %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EBITDA	15.6	16.0	9.5	9.7	10.5	13.5	5.4	9.6
EBITDA margin in %	28.0%	28.8%	17.6%	18.7%	20.0%	25.0%	9.9%	18.0%
EBIT	12.3	9.3	9.2	6.2	6.9	6.0	4.8	5.6
EBIT margin in %	22.1%	16.8%	17.2%	12.0%	13.1%	11.1%	8.6%	10.4%
EBT	6.8	3.6	4.2	1.4	2.6	0.6	-1.0	2.4
taxes paid	0.7	0.7	-0.3	0.9	0.7	0.3	0.5	0.4
tax rate in %	10.2%	19.4%	-6.3%	60.8%	28.1%	50.9%	-49.6%	16.9%
net profit	6.1	2.9	-0.1	-0.3	2.7	0.3	-5.3	2.0
yoy growth in %	14.0%	-53.8%	na%	na%	-55.3%	-89.4%	na%	-26.1%
<b>EPS</b>	<b>0.28</b>	<b>0.20</b>	<b>-0.00</b>	<b>-0.01</b>	<b>0.13</b>	<b>0.01</b>	<b>-0.25</b>	<b>0.09</b>

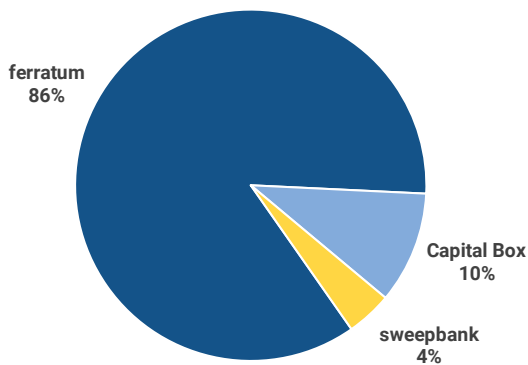
Source: Company data; AlsterResearch

# Investment case in six charts

## Equity story

**People don't need banks.  
They need banking services.**

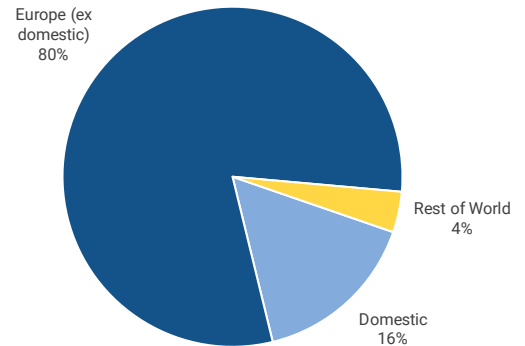
## Sales by segment in %



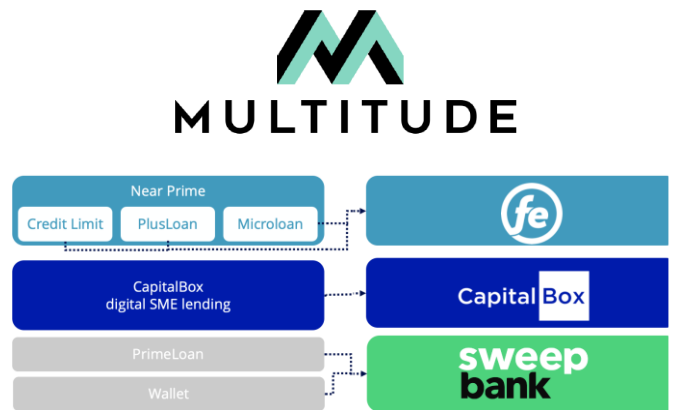
## Multitude's brands



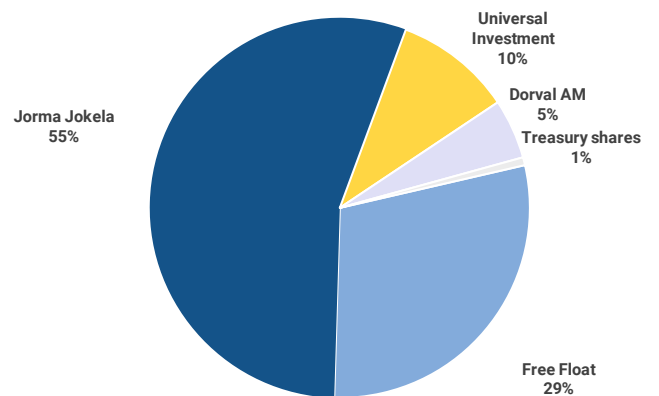
## Regional sales in %



## New company and segment structure as of 2021



## 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

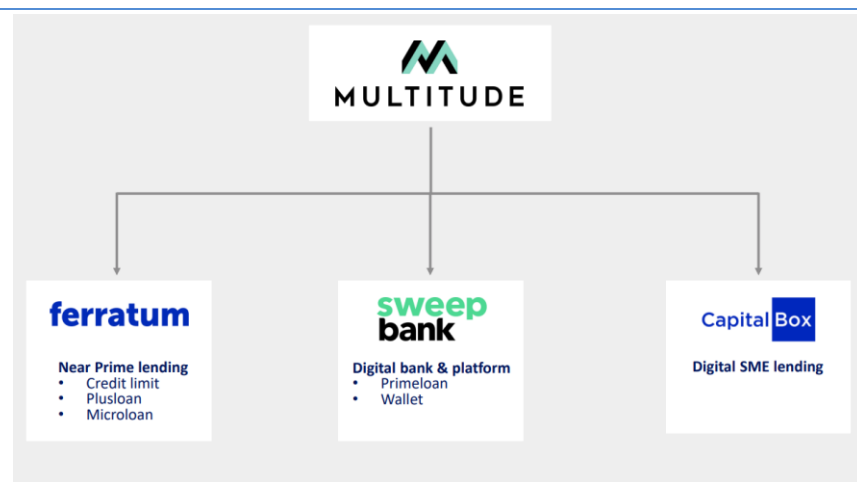
Lending product	Loan amount	Maturity period
Microloan	EUR 25-EUR 1,000	7-90 days
Plusloan	EUR 300-EUR 5,000	2-36 months
Credit Limit	Up to EUR 4,000	No specific maturity
CapitalBox / Pro (SME loan)	Up to EUR 350,000	6-36 months
Primeloan	EUR 3,000-EUR 30,000	1-10 years

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.

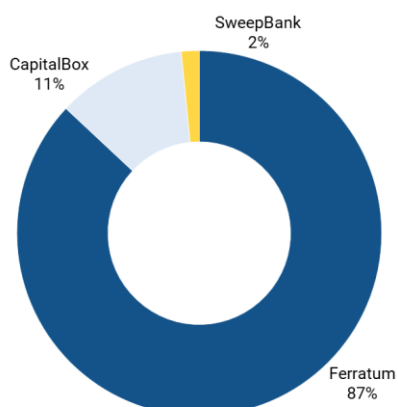
### Multitude’s new business structure



Source: Company data, AlsterResearch

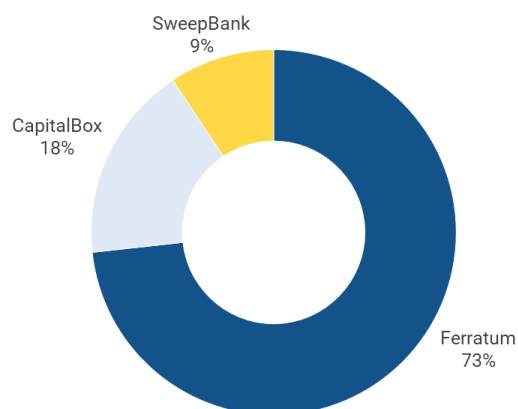
The Ferratum segment is engaged in near prime consumer lending, which accounted for 87.0% of total revenue and 73.3% of loan volume in 2020. The SweepBank segment offers the Primeloan product and the recently launched mobile wallet platform. This segment is in a niche stage and has yet to reach breakeven. 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 %, 2021



Source: Company data, AlsterResearch







### Loan volume by segment in %, 2021



Source: Company data, AlsterResearch

## Management

Multitude's management board comprises Jorma Jokela (since 2005), Bernd Egger (since 2019), Aksels Neilands (since 2012), Clemens Krause (since 2022), Ari Tiukkanen (since 2015) and Lea Liigus (since 2006).

					
<b>Jorma Jokela</b> CEO and founder since 2005	<b>Bernd Egger</b> CFO since 2019	<b>Aksels Neilands</b> CMO since 2020	<b>Clemens Krause</b> CRO since 2022	<b>Ari Tiukkanen</b> COO since 2015	<b>Lea Liigus</b> 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)	2019	2020	2021	2022E	2023E	2024E
Domestic	47.0	28.6	34.0	43.1	53.0	61.0
Europe (ex domestic)	235.2	192.5	171.4	217.2	267.1	307.2
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	11.0	9.4	8.3	10.5	12.9	14.8
<b>Sales</b>	<b>293.1</b>	<b>230.5</b>	<b>213.7</b>	<b>270.8</b>	<b>333.1</b>	<b>383.0</b>

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)	2019	2020	2021	2022E	2023E	2024E
Sales	293.1	230.5	213.7	270.8	333.1	383.0
Sales growth	11.8%	-21.4%	-7.3%	26.7%	23.0%	15.0%
EBIT	45.5	28.5	23.9	31.6	44.3	46.9
EBIT margin	15.5%	12.4%	11.2%	11.7%	13.3%	12.2%
Net profit	23.0	1.5	-2.6	8.9	19.0	20.6

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 11.25 per share based on 2022E and EUR 14.46 per share on 2026E 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	2022E	2023E	2024E	2025E	2026E
<b>EBITDA</b>	<b>27.1</b>	<b>40.2</b>	<b>42.6</b>	<b>43.4</b>	<b>42.1</b>
- Maintenance capex	13.8	15.3	17.6	18.3	18.7
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	2.2	4.8	5.2	5.2	5.2
<b>= Adjusted Free Cash Flow</b>	<b>11.0</b>	<b>20.1</b>	<b>19.9</b>	<b>19.9</b>	<b>18.2</b>
<b>Actual Market Cap</b>	<b>72.5</b>	<b>72.5</b>	<b>72.5</b>	<b>72.5</b>	<b>72.5</b>
+ Net debt (cash)	-71.9	-19.9	-21.9	-30.8	-38.4
+ 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	13.2	13.2	13.2	13.2	13.2
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	-85.1	-33.1	-35.1	-44.0	-51.5
<b>= Actual EV'</b>	<b>-12.6</b>	<b>39.4</b>	<b>37.4</b>	<b>28.5</b>	<b>21.0</b>
<b>Adjusted RW_FCF yield</b>	<b>-87.4%</b>	<b>51.0%</b>	<b>53.0%</b>	<b>69.6%</b>	<b>87.0%</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>157.6</b>	<b>287.3</b>	<b>283.8</b>	<b>283.6</b>	<b>260.5</b>
- <i>EV Reconciliations</i>	-85.1	-33.1	-35.1	-44.0	-51.5
<b>Fair Market Cap</b>	<b>242.7</b>	<b>320.4</b>	<b>318.8</b>	<b>327.6</b>	<b>312.1</b>
No. of shares (million)	21.6	21.6	21.6	21.6	21.6
<b>Fair value per share in EUR</b>	<b>11.25</b>	<b>14.85</b>	<b>14.78</b>	<b>15.18</b>	<b>14.46</b>
<b>Premium (-) / discount (+)</b>	<b>234.8%</b>	<b>341.9%</b>	<b>339.7%</b>	<b>351.8%</b>	<b>330.5%</b>

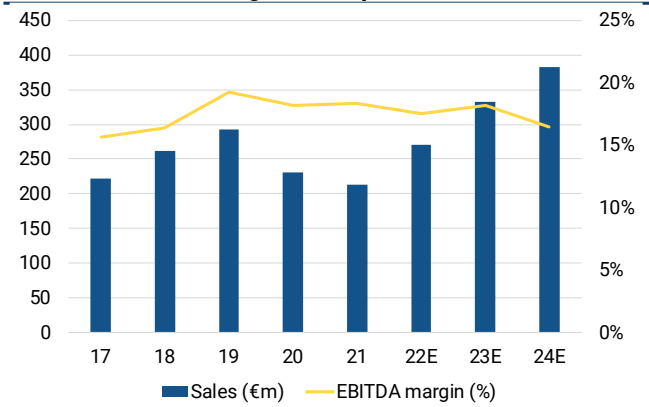
Sensitivity analysis fair value						
<b>Adjusted hurdle rate</b>	5.0%	14.2	20.2	20.0	20.4	19.3
	6.0%	12.5	17.1	17.0	17.4	16.5
	<b>7.0%</b>	<b>11.2</b>	<b>14.8</b>	<b>14.8</b>	<b>15.2</b>	<b>14.5</b>
	8.0%	10.3	13.2	13.1	13.5	13.0
	9.0%	9.6	11.9	11.9	12.3	11.8

Source: Company data; AlsterResearch

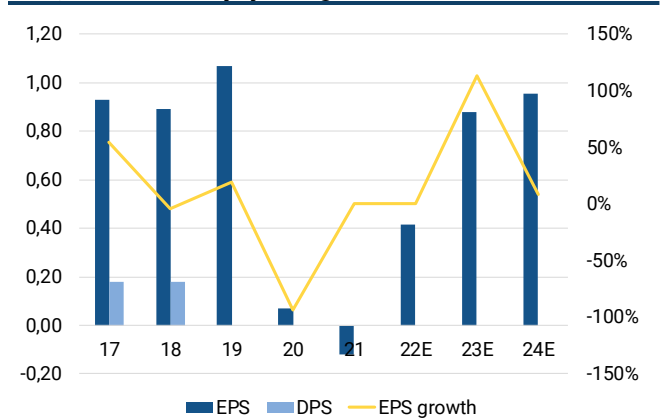
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments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

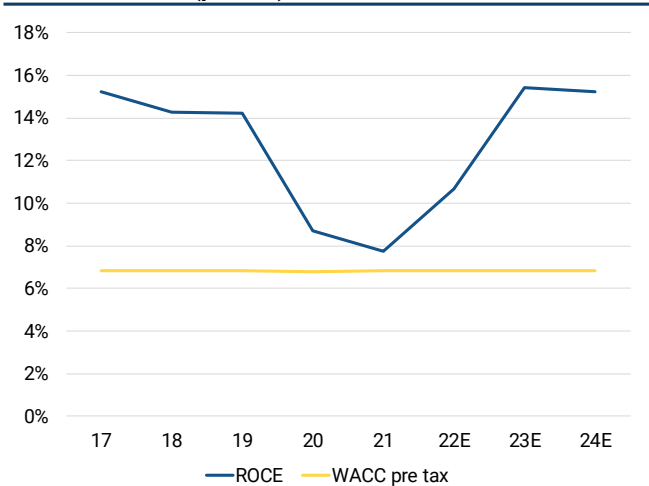
**Sales vs. EBITDA margin development**



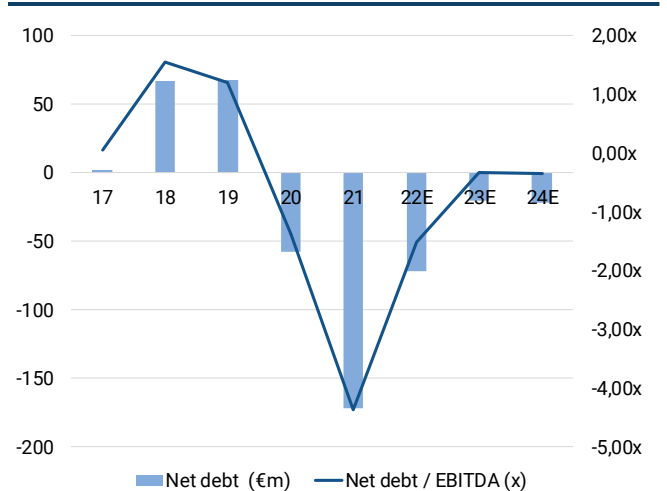
**EPS, DPS in EUR & yoy EPS growth**



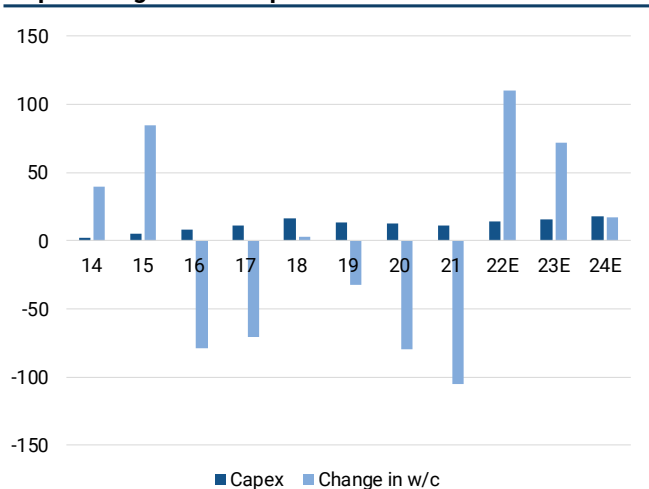
**ROCE vs. WACC (pre tax)**



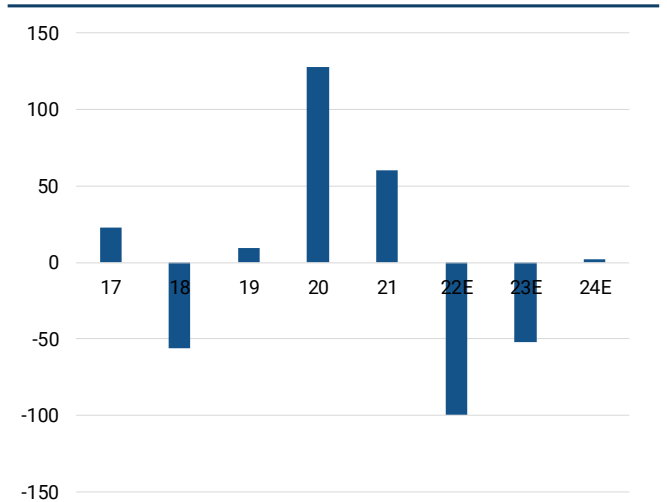
**Net debt and net debt/EBITDA**



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



**Free Cash Flow in EURm**



Source: Company data, AlsterResearch

## Financials

Profit and loss (EUR m)	2019	2020	2021	2022E	2023E	2024E
<b>Net sales</b>	<b>293.1</b>	<b>230.5</b>	<b>213.7</b>	<b>270.8</b>	<b>333.1</b>	<b>383.0</b>
Sales growth	11.8%	-21.4%	-7.3%	26.7%	23.0%	15.0%
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>293.1</b>	<b>230.5</b>	<b>213.7</b>	<b>270.8</b>	<b>333.1</b>	<b>383.0</b>
Material expenses	105.7	91.0	71.9	89.4	106.6	126.4
<b>Gross profit</b>	<b>187.4</b>	<b>139.5</b>	<b>141.7</b>	<b>181.4</b>	<b>226.5</b>	<b>256.6</b>
Other operating income	0.1	0.5	0.3	0.0	0.0	0.0
Personnel expenses	43.9	33.1	33.0	46.0	57.3	67.0
Other operating expenses	87.3	65.0	69.8	88.0	108.6	126.4
<b>EBITDA</b>	<b>56.4</b>	<b>41.9</b>	<b>39.2</b>	<b>47.4</b>	<b>60.6</b>	<b>63.2</b>
Depreciation	3.2	3.2	5.3	5.8	6.3	6.3
EBITA	53.1	38.7	33.9	41.6	54.3	56.9
Amortisation of goodwill and intangible assets	7.6	10.2	10.0	10.0	10.0	10.0
<b>EBIT</b>	<b>45.5</b>	<b>28.5</b>	<b>23.9</b>	<b>31.6</b>	<b>44.3</b>	<b>46.9</b>
Financial result	-18.0	-21.2	-20.3	-20.4	-20.6	-21.1
Recurring pretax income from continuing operations	27.5	7.3	3.6	11.2	23.8	25.8
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	27.5	7.3	3.6	11.2	23.8	25.8
Taxes	4.5	1.3	2.4	2.2	4.8	5.2
Net income from continuing operations	23.0	6.0	1.2	8.9	19.0	20.6
Result from discontinued operations (net of tax)	0.0	-4.5	-3.8	0.0	0.0	0.0
<b>Net income</b>	<b>23.0</b>	<b>1.5</b>	<b>-2.6</b>	<b>8.9</b>	<b>19.0</b>	<b>20.6</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	23.0	1.5	-2.6	8.9	19.0	20.6
Average number of shares	21.58	21.58	21.58	21.58	21.58	21.58
<b>EPS reported</b>	<b>1.07</b>	<b>0.07</b>	<b>-0.12</b>	<b>0.41</b>	<b>0.88</b>	<b>0.96</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	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>
Material expenses	36%	39%	34%	33%	32%	33%
<b>Gross profit</b>	<b>64%</b>	<b>61%</b>	<b>66%</b>	<b>67%</b>	<b>68%</b>	<b>67%</b>
Other operating income	0%	0%	0%	0%	0%	0%
Personnel expenses	15%	14%	15%	17%	17%	18%
Other operating expenses	30%	28%	33%	33%	33%	33%
<b>EBITDA</b>	<b>19%</b>	<b>18%</b>	<b>18%</b>	<b>18%</b>	<b>18%</b>	<b>16%</b>
Depreciation	1%	1%	2%	2%	2%	2%
EBITA	18%	17%	16%	15%	16%	15%
Amortisation of goodwill and intangible assets	3%	4%	5%	4%	3%	3%
<b>EBIT</b>	<b>16%</b>	<b>12%</b>	<b>11%</b>	<b>12%</b>	<b>13%</b>	<b>12%</b>
Financial result	-6%	-9%	-10%	-8%	-6%	-6%
Recurring pretax income from continuing operations	9%	3%	2%	4%	7%	7%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	9%	3%	2%	4%	7%	7%
Taxes	2%	1%	1%	1%	1%	1%
Net income from continuing operations	8%	3%	1%	3%	6%	5%
Result from discontinued operations (net of tax)	0%	-2%	-2%	0%	0%	0%
<b>Net income</b>	<b>8%</b>	<b>1%</b>	<b>-1%</b>	<b>3%</b>	<b>6%</b>	<b>5%</b>
Minority interest	0%	0%	0%	0%	0%	0%
<b>Net profit (reported)</b>	<b>8%</b>	<b>1%</b>	<b>-1%</b>	<b>3%</b>	<b>6%</b>	<b>5%</b>

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2019	2020	2021	2022E	2023E	2024E
<b>Intangible assets (excl. Goodwill)</b>	<b>35.3</b>	<b>38.9</b>	<b>35.9</b>	<b>35.3</b>	<b>35.3</b>	<b>36.8</b>
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	10.6	8.1	5.0	3.6	2.6	2.4
Financial assets	10.7	12.9	13.2	13.2	13.2	13.2
<b>FIXED ASSETS</b>	<b>56.6</b>	<b>59.9</b>	<b>54.1</b>	<b>52.1</b>	<b>51.1</b>	<b>52.4</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	386.2	361.0	443.9	562.6	647.0	672.9
Other current assets	16.6	17.1	5.8	5.8	5.8	5.8
Liquid assets	155.5	236.6	314.9	170.9	119.9	121.9
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.5	0.3	0.6	0.7	0.8
<b>CURRENT ASSETS</b>	<b>558.3</b>	<b>615.1</b>	<b>765.0</b>	<b>739.9</b>	<b>773.4</b>	<b>801.4</b>
<b>TOTAL ASSETS</b>	<b>614.9</b>	<b>675.1</b>	<b>819.0</b>	<b>792.0</b>	<b>824.5</b>	<b>853.8</b>
<b>SHAREHOLDERS EQUITY</b>	<b>125.2</b>	<b>125.6</b>	<b>169.5</b>	<b>178.4</b>	<b>197.4</b>	<b>218.0</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	173.6	176.8	57.9	0.0	100.0	100.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.7	0.3	0.2	0.2	0.2	0.2
<b>Non-current liabilities</b>	<b>174.2</b>	<b>177.1</b>	<b>58.1</b>	<b>0.2</b>	<b>100.2</b>	<b>100.2</b>
short-term liabilities to banks	49.9	2.4	85.6	99.0	0.0	0.0
Accounts payable	247.4	351.6	486.2	499.2	510.7	518.3
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)	7.5	9.2	7.3	6.5	7.0	7.5
Deferred taxes	0.7	0.3	0.2	0.2	0.2	0.2
Deferred income	9.9	8.9	12.2	8.5	9.0	9.5
<b>Current liabilities</b>	<b>315.5</b>	<b>372.4</b>	<b>591.4</b>	<b>613.4</b>	<b>526.9</b>	<b>535.5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>614.9</b>	<b>675.1</b>	<b>819.0</b>	<b>792.0</b>	<b>824.5</b>	<b>853.8</b>

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
<b>Intangible assets (excl. Goodwill)</b>	<b>6%</b>	<b>6%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	2%	1%	1%	0%	0%	0%
Financial assets	2%	2%	2%	2%	2%	2%
<b>FIXED ASSETS</b>	<b>9%</b>	<b>9%</b>	<b>7%</b>	<b>7%</b>	<b>6%</b>	<b>6%</b>
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	63%	53%	54%	71%	78%	79%
Other current assets	3%	3%	1%	1%	1%	1%
Liquid assets	25%	35%	38%	22%	15%	14%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
<b>CURRENT ASSETS</b>	<b>91%</b>	<b>91%</b>	<b>93%</b>	<b>93%</b>	<b>94%</b>	<b>94%</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>20%</b>	<b>19%</b>	<b>21%</b>	<b>23%</b>	<b>24%</b>	<b>26%</b>
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	28%	26%	7%	0%	12%	12%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	0%	0%	0%	0%	0%	0%
<b>Non-current liabilities</b>	<b>28%</b>	<b>26%</b>	<b>7%</b>	<b>0%</b>	<b>12%</b>	<b>12%</b>
short-term liabilities to banks	8%	0%	10%	12%	0%	0%
Accounts payable	40%	52%	59%	63%	62%	61%
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%	1%	1%	1%	1%	1%
<b>Current liabilities</b>	<b>51%</b>	<b>55%</b>	<b>72%</b>	<b>77%</b>	<b>64%</b>	<b>63%</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 (EUR m)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	23.0	0.5	-2.6	8.9	19.0	20.6
Depreciation of fixed assets (incl. leases)	10.8	13.4	17.2	5.8	6.3	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	-43.4	47.0	-48.3	0.0	0.0	0.0
Cash flow from operations before changes in w/c	-9.6	60.9	-33.6	24.7	35.3	36.9
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-4.0	-1.6	-11.5	-118.7	-84.4	-25.9
Increase/decrease in accounts payable	-4.5	1.3	-10.5	13.0	11.5	7.7
Increase/decrease in other w/c positions	40.6	79.8	127.3	-4.7	0.9	0.9
Increase/decrease in working capital	32.1	79.5	105.4	-110.4	-72.0	-17.3
<b>Cash flow from operating activities</b>	<b>22.5</b>	<b>140.4</b>	<b>71.7</b>	<b>-85.7</b>	<b>-36.7</b>	<b>19.6</b>
CAPEX	-13.4	-12.5	-11.5	-13.8	-15.3	-17.6
Payments for acquisitions	0.0	0.0	-1.4	0.0	0.0	0.0
Financial investments	6.1	-1.2	-0.7	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-7.3</b>	<b>-13.7</b>	<b>-13.7</b>	<b>-13.8</b>	<b>-15.3</b>	<b>-17.6</b>
Cash flow before financing	15.2	126.7	58.0	-99.5	-52.0	2.0
Increase/decrease in debt position	31.9	-43.3	-39.6	-44.5	1.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	-3.9	0.0	-3.3	0.0	0.0	0.0
Others	0.0	0.0	50.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-3.2	-2.3	-0.1	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>24.7</b>	<b>-45.6</b>	<b>7.0</b>	<b>-44.5</b>	<b>1.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	40.0	81.0	65.0	-144.0	-51.0	2.0
<b>Liquid assets at end of period</b>	<b>155.5</b>	<b>236.6</b>	<b>301.6</b>	<b>157.6</b>	<b>106.5</b>	<b>108.5</b>

Source: Company data; AlsterResearch

Regional sales split (EURm)	2019	2020	2021	2022E	2023E	2024E
Domestic	47.0	28.6	34.0	43.1	53.0	61.0
Europe (ex domestic)	235.2	192.5	171.4	217.2	267.1	307.2
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	11.0	9.4	8.3	10.5	12.9	14.8
<b>Total sales</b>	<b>293.1</b>	<b>230.5</b>	<b>213.7</b>	<b>270.8</b>	<b>333.1</b>	<b>383.0</b>

Regional sales split (common size)	2019	2020	2021	2022E	2023E	2024E
Domestic	16.0%	12.4%	15.9%	15.9%	15.9%	15.9%
Europe (ex domestic)	80.2%	83.5%	80.2%	80.2%	80.2%	80.2%
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	3.7%	4.1%	3.9%	3.9%	3.9%	3.9%
<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	1.07	0.07	-0.12	0.41	0.88	0.96
Cash flow per share	0.89	6.36	2.77	-4.61	-2.41	0.09
Book value per share	5.80	5.82	7.85	8.27	9.15	10.10
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
<b>Valuation</b>						
P/E	3.1x	48.0x	-28.3x	8.1x	3.8x	3.5x
P/CF	3.8x	0.5x	1.2x	-0.7x	-1.4x	36.6x
P/BV	0.6x	0.6x	0.4x	0.4x	0.4x	0.3x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	26.6%	189.2%	82.4%	-137.2%	-71.8%	2.7%
EV/Sales	0.5x	0.1x	-0.5x	0.0x	0.2x	0.1x
EV/EBITDA	2.5x	0.4x	-2.5x	0.0x	0.9x	0.8x
EV/EBIT	3.1x	0.5x	-4.1x	0.0x	1.2x	1.1x
<b>Income statement (EURm)</b>						
Sales	293.1	230.5	213.7	270.8	333.1	383.0
yoy chg in %	11.8%	-21.4%	-7.3%	26.7%	23.0%	15.0%
Gross profit	187.4	139.5	141.7	181.4	226.5	256.6
Gross margin in %	63.9%	60.5%	66.3%	67.0%	68.0%	67.0%
EBITDA	56.4	41.9	39.2	47.4	60.6	63.2
EBITDA margin in %	19.2%	18.2%	18.4%	17.5%	18.2%	16.5%
EBIT	45.5	28.5	23.9	31.6	44.3	46.9
EBIT margin in %	15.5%	12.4%	11.2%	11.7%	13.3%	12.2%
Net profit	23.0	1.5	-2.6	8.9	19.0	20.6
<b>Cash flow statement (EURm)</b>						
CF from operations	22.5	140.4	71.7	-85.7	-36.7	19.6
Capex	-13.4	-12.5	-11.5	-13.8	-15.3	-17.6
Maintenance Capex	3.2	3.2	12.0	13.8	15.3	17.6
Free cash flow	9.1	127.9	60.2	-99.5	-52.0	2.0
<b>Balance sheet (EURm)</b>						
Intangible assets	35.3	38.9	35.9	35.3	35.3	36.8
Tangible assets	10.6	8.1	5.0	3.6	2.6	2.4
Shareholders' equity	125.2	125.6	169.5	178.4	197.4	218.0
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	224.1	179.5	143.7	99.2	100.2	100.2
Net financial debt	68.0	-57.3	-171.4	-71.9	-19.9	-21.9
w/c requirements	138.8	9.3	-42.3	63.4	136.3	154.5
<b>Ratios</b>						
ROE	18.4%	1.2%	-1.5%	5.0%	9.6%	9.5%
ROCE	13.0%	9.3%	7.6%	11.4%	14.9%	14.7%
Net gearing	54.3%	-45.7%	-101.1%	-40.3%	-10.1%	-10.0%
Net debt / EBITDA	1.2x	-1.4x	-4.4x	-1.5x	-0.3x	-0.3x

Source: Company data; AlsterResearch

## Conflicts of interest

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