

SGT German Private Equity

Germany | Financial Services | MCap EUR 91.9m

4 July 2022

UPDATE



Final determination of purchase price triggers additional refund; PT up

What's it all about?

On Friday, SGT German Private Equity (SGE) announced that major shareholder SGT Capital LLC (SGTLLC) returned 8.33m shares free of charge, representing c. 14% of all outstanding shares. The partly reversal of a capital increase in kind was part of a binding, conditional offer to return shares in connection with the purchase of 100% in Singapore based private equity arm (SGTPTE) back in 2020. Given the highly complex structure, the transaction was delayed by c. 1.5 years and AuM targets have not been fully met, which caused the reduced purchase price that was purely linked to assets under management at a certain point in time (even though profitability of SGTPTE turned out to be higher than forecasted despite of a shortfall in AUM). We view last week's news as clearly positive as it reduces the purchase price of a valuable asset and at the same time lowers the number of outstanding shares by c. 17%. Hence, we are increasing our DCF-derived PT to EUR 4.00 (old EUR 3.40) and reiterate our BUY recommendation.

BUY (BUY)

Target price	EUR 4.00 (3.40)
Current price	EUR 1.51
Up/downside	164.9%

 **ResearchHub** 

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Germany | Financial Services | MCap EUR 91.9m | EV EUR 82.8m

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Final determination of purchase price triggers additional refund

Transaction recap Back in 2020 SGF (formerly German Startups Group) acquired 100% of the share capital in SGT Capital Pte. Ltd (SGTPTE) via a capital increase in kind (binding, conditional offer). In total, the seller (SGTLLC) received 50m newly issued shares, which made SGTLLC the majority shareholder of SGF. This transaction also marked the starting point of SGF changing its business model, towards a Private Equity asset manager with stable and recurring revenues on assets under management (AuM).

Final determination of purchase price At an issue price of EUR 2.97, SGTPTE had been valued at c. EUR 149m. However, the final **purchase price had been linked to the AuM at a certain point in time and not to the overall profitability** of the Singapore based Private Equity firm. Whilst the latter even exceeded expectations, AuM came in later than previously anticipated – a result of multiple delays in this highly complex transaction. Finally, on June 6, with >USD 800m AuM, SGF announced the first close of the SGT Capital Fund II ([link](#)) – c. 1.5 years behind the original schedule.

Refund of 1/5 of the purchase price Despite the fact that SGTPTE exceeded previous profitability targets, “old” SGF shareholders are now compensated for the delay-induced lower earnings. In sum, SGTLLC are returning 1/5 or 10.5m shares of its originally 50m received new shares. Whilst a first round of refund of 2.18m shares had already been announced in January this year ([link](#)) last week’s announcement marks yet another (and final) reversal of additional 8.33m shares.

Action In order to reflect the amendments to the transaction, we are reducing the share count of SGTLLC by 8.33m and by the same token increase the number of treasury shares. We note however, that the company intends to cancel its treasury shares in due course. For our fully diluted EPS calculation the number of outstanding shares are already reduced to 49.8m (old 58.14m). Ceteris paribus, this increases our EPS estimates by some 17% for 2023ff. In addition, we have reflected the one-time earnings effect of c. EUR 12m (effective in H1 2022) which reflects the bookkeeping effect (difference between issuing price and current share price). *-continued-*

SGT German Private Equity	2019	2020	2021P	2022E	2023E	2024E
Sales	16.4	0.9	13.8	17.9	28.2	30.6
<i>Growth yoy</i>	31.2%	-94.6%	1,465.5%	29.6%	57.8%	8.4%
EBITDA	0.8	-1.2	8.3	10.4	16.9	18.4
EBIT	0.1	-1.3	6.3	8.4	14.9	16.4
Net profit	2.2	-0.6	10.5	16.6	12.3	13.4
Net debt (net cash)	-8.3	-5.9	-9.1	-27.0	-39.4	-53.0
Net debt/EBITDA	-11.1x	4.8x	-1.1x	-2.6x	-2.3x	-2.9x
EPS recurring	0.19	-0.05	0.32	0.33	0.25	0.27
DPS	0.00	0.00	0.02	0.03	0.04	0.04
<i>Dividend yield</i>	0.0%	0.0%	1.3%	2.2%	2.4%	2.7%
Gross profit margin	75.9%	100.0%	100.0%	100.0%	100.0%	100.0%
EBITDA margin	4.6%	-141.4%	59.8%	58.0%	60.0%	60.0%
EBIT margin	0.6%	-142.3%	45.3%	46.8%	52.9%	53.5%
ROCE	0.3%	-4.4%	16.5%	4.3%	7.3%	7.5%
EV/EBITDA	111.4x	-68.9x	10.0x	6.3x	3.1x	2.1x
EV/EBIT	813.3x	-68.5x	13.2x	7.7x	3.5x	2.4x
PER	7.8x	-29.3x	4.8x	4.5x	6.1x	5.6x
FCF yield	-5.9%	-10.9%	28.9%	24.7%	18.8%	20.5%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

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

Ticker / Symbols

ISIN DE000A1MMEV4
WKN A1MMEV
Bloomberg SGF:GR

Changes in estimates

		Sales	EBIT	EPS
2022E	old	17,9	8,4	0,12
	Δ	0,0%	0,0%	182,6%
2023E	old	28,2	14,9	0,21
	Δ	0,0%	0,0%	16,7%
2024E	old	30,6	16,4	0,23
	Δ	0,0%	0,0%	16,7%

Key share data

Number of shares: (in m pcs) 60.85
Book value per share: (in EUR) 1.14
Ø trading volume: (12 months) 5,000

Major shareholders

SGT Capital LLC 64.9%
Treasury Shares 18.2%
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.

Proposal of dividend In a press release, SGF today also announced that it will propose a dividend payment of EUR 0.02 per share or 2.2% dividend yield (c. EUR 1m total consideration), which comes on top of a public share buyback programme that had been announced on June 9 ([link](#)). The volume of the share buyback has however been slightly reduced from EUR 6m to EUR 5m in order to enable the EUR 1m dividend consideration. As such, total shareholders' consideration remains stable at EUR 6m, which we regard as a strong signal for SGF's earnings power.

Conclusion. We view last week's news clearly as a positive as it retroactively reduces the purchase price of the acquired PE firm by lowering the outstanding shares by yet another 17%. At the same time, SGTPTE seem to be much more profitable than previously anticipated and with > USD 800m AuM fee collection will start to lift earnings as of H2 2022. We therefore reiterate our BUY rating with increased PT of EUR 4.00. (old EUR 3.40).

Investment case in six charts

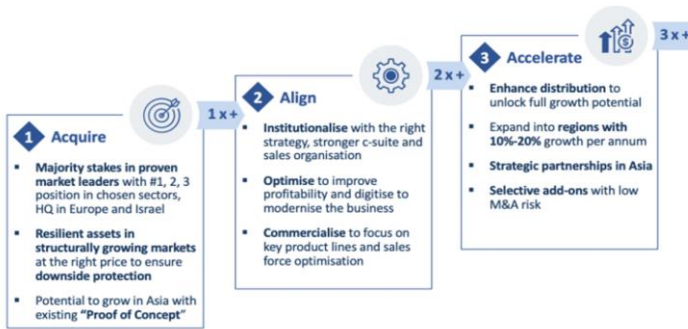
Products & Services



New corporate structure



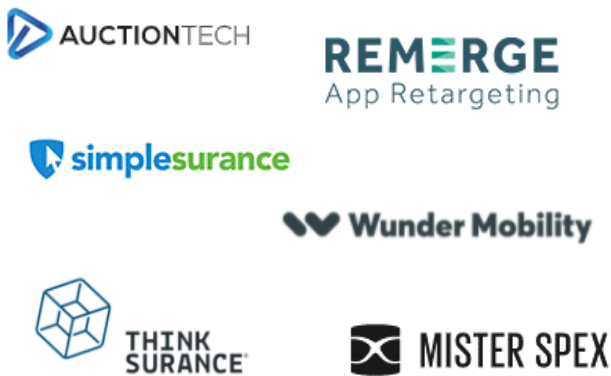
Strategy - PE fund



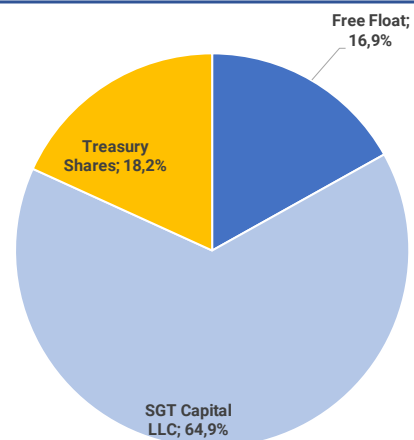
Themes and Sectors

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

Heritage VC portfolio - core holdings



Major shareholder



Source : Company data; AlsterResearch

SWOT analysis

Strengths

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

Weaknesses

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

Opportunities

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

Threats

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

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 2.88 per share based on 2022E and EUR 6.20 per share on 2026E estimates. **We value SGT German Private Equity halfway 2022E/2023E, which derive at an average price target of EUR 4.00.** 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	18.1	17.6
- Maintenance capex	0.0	0.0	0.0	0.0	0.0
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	3.6	2.7	2.9	3.2	3.4
= Adjusted FCF	6.7	14.3	15.4	14.9	14.2
Actual Market Cap	50.0	50.0	50.0	50.0	50.0
+ Net debt (cash)	-27.0	-39.4	-53.0	-65.8	-78.1
+ 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	0.7	2.3	4.2	6.2	8.1
<i>EV Reconciliations</i>	-47.5	-61.6	-77.0	-91.8	-106.0
= Actual EV'	2.5	-11.6	-27.0	-41.8	-56.0
Adjusted FCF yield	267.6%	-122.9%	-57.1%	-35.5%	-25.3%
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	96.1	203.6	220.2	212.4	202.8
- <i>EV Reconciliations</i>	-47.5	-61.6	-77.0	-91.8	-106.0
Fair Market Cap	143.5	265.2	297.2	304.2	308.8
No. of shares (million)	49.8	49.8	49.8	49.8	49.8
Fair value per share in EUR	2.88	5.32	5.97	6.11	6.20
Premium (-) / discount (+)	90.9%	252.6%	295.2%	304.5%	310.7%

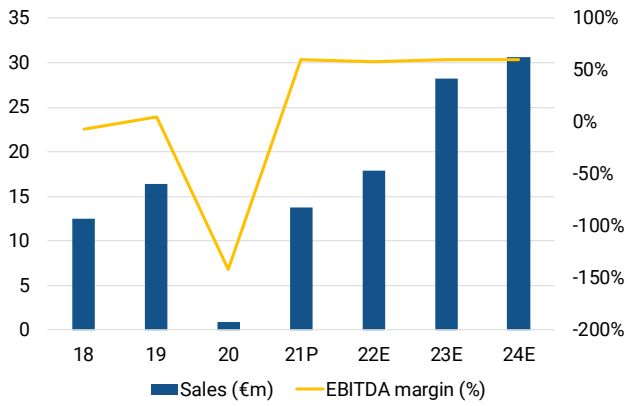
Sensitivity analysis FV						
	5.0%	3.7	7.0	7.7	7.8	7.8
Adjusted hurdle rate	6.0%	3.2	6.0	6.7	6.8	6.9
	7.0%	2.9	5.3	6.0	6.1	6.2
	8.0%	2.6	4.8	5.4	5.6	5.7
	9.0%	2.5	4.4	5.0	5.2	5.3

Source: Company data; AlsterResearch

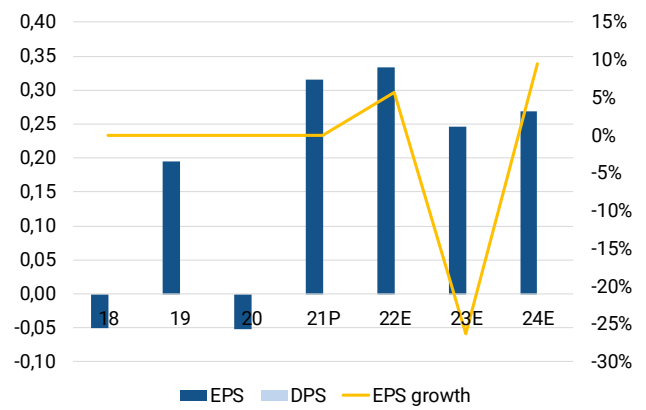
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable, based on the overall Leeway ESG Score. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Financials in six charts

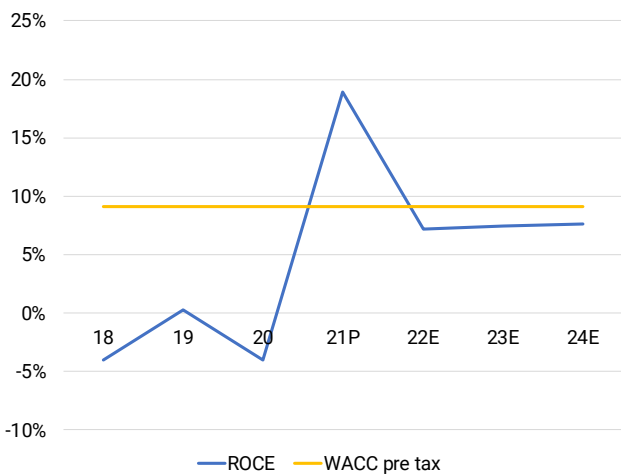
Sales vs. EBITDA margin development



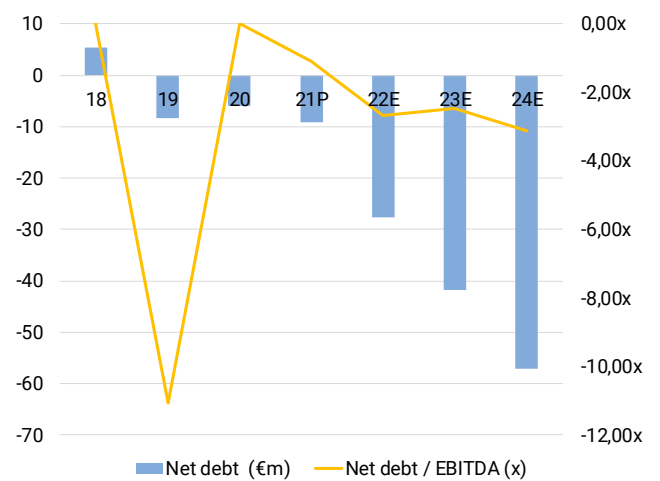
EPS, DPS in EUR & yoy EPS growth



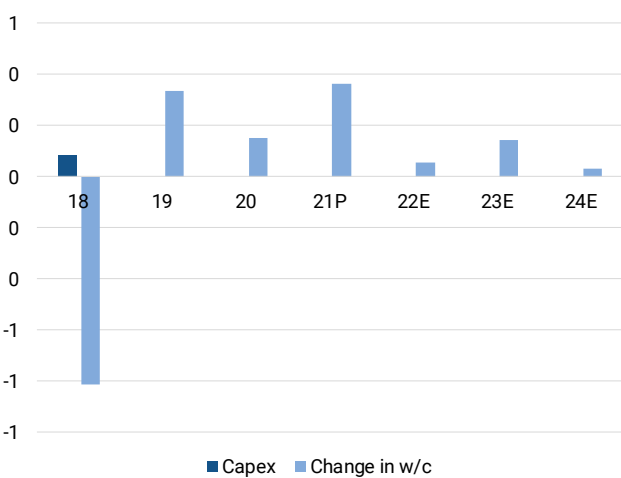
ROCE vs. WACC (pre tax)



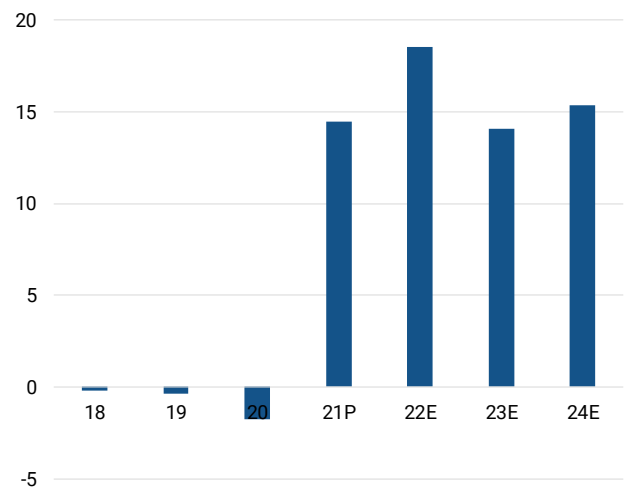
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

Profit and loss (EUR m)	2019	2020	2021P	2022E	2023E	2024E
Net sales	16.4	0.9	13.8	17.9	28.2	30.6
Sales growth	31.2%	-94.6%	1,465.5%	29.6%	57.8%	8.4%
Change in finished goods and work-in-process	0.3	0.0	0.0	0.0	0.0	0.0
Total sales	16.8	0.9	13.8	17.9	28.2	30.6
Material expenses	4.3	0.0	0.0	0.0	0.0	0.0
Gross profit	12.5	0.9	13.8	17.9	28.2	30.6
Other operating income	1.1	0.1	0.0	0.0	0.0	0.0
Personnel expenses	9.7	0.1	2.2	4.3	6.5	7.0
Other operating expenses	3.2	2.1	3.4	3.2	4.8	5.2
EBITDA	0.8	-1.2	8.3	10.4	16.9	18.4
Depreciation	0.7	0.0	0.0	0.0	0.0	0.0
EBITA	0.1	-1.3	8.3	10.4	16.9	18.4
Amortisation of goodwill and intangible assets	0.0	0.0	2.0	2.0	2.0	2.0
EBIT	0.1	-1.3	6.3	8.4	14.9	16.4
Financial result	3.6	0.4	6.5	11.9	0.0	0.0
Recurring pretax income from continuing operations	3.7	-0.8	12.8	20.3	14.9	16.4
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	3.7	-0.8	12.8	20.3	14.9	16.4
Taxes	0.2	-0.1	2.3	3.6	2.7	2.9
Net income from continuing operations	3.4	-0.7	10.5	16.6	12.3	13.4
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	3.4	-0.7	10.5	16.6	12.3	13.4
Minority interest	-1.2	0.2	0.0	0.0	0.0	0.0
Net profit (reported)	2.2	-0.6	10.5	16.6	12.3	13.4
Average number of shares	11.33	10.74	33.10	49.80	49.80	49.80
EPS reported	0.19	-0.05	0.32	0.33	0.25	0.27

Profit and loss (common size)	2019	2020	2021P	2022E	2023E	2024E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	2%	0%	0%	0%	0%	0%
Total sales	102%	100%	100%	100%	100%	100%
Material expenses	26%	0%	0%	0%	0%	0%
Gross profit	76%	100%	100%	100%	100%	100%
Other operating income	7%	12%	0%	0%	0%	0%
Personnel expenses	59%	15%	16%	24%	23%	23%
Other operating expenses	19%	239%	24%	18%	17%	17%
EBITDA	5%	-141%	60%	58%	60%	60%
Depreciation	4%	1%	0%	0%	0%	0%
EBITA	1%	-142%	60%	58%	60%	60%
Amortisation of goodwill and intangible assets	0%	0%	14%	11%	7%	7%
EBIT	1%	-142%	45%	47%	53%	53%
Financial result	22%	48%	47%	67%	0%	0%
Recurring pretax income from continuing operations	22%	-94%	92%	113%	53%	53%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	22%	-94%	92%	113%	53%	53%
Taxes	1%	-10%	17%	20%	10%	10%
Net income from continuing operations	21%	-84%	76%	93%	43%	44%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	21%	-84%	76%	93%	43%	44%
Minority interest	-7%	21%	0%	0%	0%	0%
Net profit (reported)	13%	-63%	76%	93%	43%	44%

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2019	2020	2021P	2022E	2023E	2024E
Intangible assets (exl. Goodwill)	0.1	0.1	8.5	17.6	15.6	13.6
Goodwill	0.0	0.0	0.0	130.0	130.0	130.0
Property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	22.4	22.2	19.8	19.8	19.8	19.8
FIXED ASSETS	22.5	22.3	28.3	167.4	165.4	163.4
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.0	0.0	0.2	0.2	0.4	0.4
Other current assets	0.0	0.4	0.4	0.4	0.4	0.4
Liquid assets	11.5	5.9	9.1	27.0	39.4	53.0
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	11.5	6.3	9.6	27.6	40.2	53.8
TOTAL ASSETS	34.0	28.6	37.9	195.0	205.6	217.2
SHAREHOLDERS EQUITY	30.1	28.2	37.8	194.9	205.5	217.1
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	2.9	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.5	0.0	0.0	0.0	0.0	0.0
Other provisions	0.0	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	3.4	0.0	0.0	0.0	0.0	0.0
short-term liabilities to banks	0.2	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.2	0.2	0.0	0.0	0.0	0.0
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	0.0	0.0	0.0	0.0	0.0	0.0
Deferred taxes	0.2	0.1	0.1	0.1	0.1	0.1
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	0.6	0.3	0.1	0.1	0.1	0.1
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	34.0	28.6	37.9	195.0	205.6	217.2

Balance sheet (common size)	2019	2020	2021P	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	0%	0%	22%	9%	8%	6%
Goodwill	0%	0%	0%	67%	63%	60%
Property, plant and equipment	0%	0%	0%	0%	0%	0%
Financial assets	66%	78%	52%	10%	10%	9%
FIXED ASSETS	66%	78%	75%	86%	80%	75%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	0%	0%	0%	0%	0%	0%
Other current assets	0%	1%	1%	0%	0%	0%
Liquid assets	34%	21%	24%	14%	19%	24%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	34%	22%	25%	14%	20%	25%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	88%	99%	100%	100%	100%	100%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	9%	0%	0%	0%	0%	0%
Provisions for pensions and similar obligations	1%	0%	0%	0%	0%	0%
Other provisions	0%	0%	0%	0%	0%	0%
Non-current liabilities	10%	0%	0%	0%	0%	0%
short-term liabilities to banks	1%	0%	0%	0%	0%	0%
Accounts payable	0%	1%	0%	0%	0%	0%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	0%	0%	0%	0%	0%	0%
Deferred taxes	1%	0%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	2%	1%	0%	0%	0%	0%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2019	2020	2021P	2022E	2023E	2024E
Net profit/loss	3.4	-0.7	10.5	16.6	12.3	13.4
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.7	0.0	2.0	2.0	2.0	2.0
Others	-4.1	-0.9	2.4	0.0	0.0	0.0
Cash flow from operations before changes in w/c	-0.0	-1.6	14.8	18.6	14.3	15.4
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-3.8	-0.0	-0.2	-0.1	-0.1	-0.0
Increase/decrease in accounts payable	3.6	0.0	-0.2	0.0	0.0	0.0
Increase/decrease in other w/c positions	-0.1	-0.1	-0.0	0.0	0.0	0.0
Increase/decrease in working capital	-0.3	-0.2	-0.4	-0.1	-0.1	-0.0
Cash flow from operating activities	-0.4	-1.8	14.4	18.6	14.1	15.4
CAPEX	0.0	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	8.3	-9.2	-2.4	0.0	0.0	0.0
Income from asset disposals	0.0	11.3	0.0	0.0	0.0	0.0
Cash flow from investing activities	8.3	2.1	-2.4	-148.5	0.0	0.0
Cash flow before financing	7.9	0.3	12.0	-129.9	14.1	15.4
Increase/decrease in debt position	-2.1	-3.3	0.0	0.0	0.0	0.0
Purchase of own shares	-1.4	-1.1	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	148.5	0.0	0.0
Dividends paid	0.0	0.0	0.0	-0.7	-1.7	-1.8
Others	0.0	-0.3	-8.9	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	-3.4	-4.6	-8.9	147.8	-1.7	-1.8
Increase/decrease in liquid assets	4.5	-4.3	3.1	17.9	12.4	13.5
Liquid assets at end of period	4.9	0.5	3.7	21.6	34.0	47.6

Source: Company data; AlsterResearch

Regional sales split (EURm)	2019	2020	2021P	2022E	2023E	2024E
Domestic	16.4	0.9	13.8	17.9	28.2	30.6
Europe (ex domestic)	0.0	0.0	0.0	0.0	0.0	0.0
The Americas	0.0	0.0	0.0	0.0	0.0	0.0
Asia	0.0	0.0	0.0	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	16.4	0.9	13.8	17.9	28.2	30.6

Regional sales split (common size)	2019	2020	2021P	2022E	2023E	2024E
Domestic	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Europe (ex domestic)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
The Americas	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Ratios	2019	2020	2021P	2022E	2023E	2024E
Per share data						
Earnings per share reported	0.19	-0.05	0.32	0.33	0.25	0.27
Cash flow per share	-0.09	-0.16	0.44	0.37	0.28	0.31
Book value per share	2.65	2.63	1.14	3.91	4.13	4.36
Dividend per share	0.00	0.00	0.02	0.03	0.04	0.04
Valuation						
P/E	7.8x	-29.3x	4.8x	4.5x	6.1x	5.6x
P/CF	-17.0x	-9.2x	3.5x	4.0x	5.3x	4.9x
P/BV	0.6x	0.6x	1.3x	0.4x	0.4x	0.3x
Dividend yield (%)	0.0%	0.0%	1.3%	2.2%	2.4%	2.7%
FCF yield (%)	-5.9%	-10.9%	28.9%	24.7%	18.8%	20.5%
EV/Sales	5.1x	97.5x	6.0x	3.6x	1.9x	1.3x
EV/EBITDA	111.4x	-68.9x	10.0x	6.3x	3.1x	2.1x
EV/EBIT	813.3x	-68.5x	13.2x	7.7x	3.5x	2.4x
Income statement (EURm)						
Sales	16.4	0.9	13.8	17.9	28.2	30.6
yoy chg in %	31.2%	-94.6%	1,465.5%	29.6%	57.8%	8.4%
Gross profit	12.5	0.9	13.8	17.9	28.2	30.6
Gross margin in %	75.9%	100.0%	100.0%	100.0%	100.0%	100.0%
EBITDA	0.8	-1.2	8.3	10.4	16.9	18.4
EBITDA margin in %	4.6%	-141.4%	59.8%	58.0%	60.0%	60.0%
EBIT	0.1	-1.3	6.3	8.4	14.9	16.4
EBIT margin in %	0.6%	-142.3%	45.3%	46.8%	52.9%	53.5%
Net profit	2.2	-0.6	10.5	16.6	12.3	13.4
Cash flow statement (EURm)						
CF from operations	-0.4	-1.8	14.4	18.6	14.1	15.4
Capex	0.0	0.0	0.0	0.0	0.0	0.0
Maintenance Capex	0.7	0.0	0.0	0.0	0.0	0.0
Free cash flow	-0.4	-1.8	14.4	18.6	14.1	15.4
Balance sheet (EURm)						
Intangible assets	0.1	0.1	8.5	147.6	145.6	143.6
Tangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	30.1	28.2	37.8	194.9	205.5	217.1
Pension provisions	0.5	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	3.6	0.0	0.0	0.0	0.0	0.0
Net financial debt	-8.3	-5.9	-9.1	-27.0	-39.4	-53.0
w/c requirements	-0.1	-0.2	0.2	0.2	0.4	0.4
Ratios						
ROE	11.4%	-2.6%	27.7%	8.5%	6.0%	6.2%
ROCE	0.3%	-4.4%	16.5%	4.3%	7.3%	7.5%
Net gearing	-27.7%	-21.0%	-24.0%	-13.8%	-19.2%	-24.4%
Net debt / EBITDA	-11.1x	4.8x	-1.1x	-2.6x	-2.3x	-2.9x

Source: Company data; AlsterResearch

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