

Mister Spex SE

Germany | Retail | MCap EUR 82.8m

15 August 2024

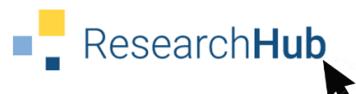
UPDATE



Guidance cut amid significant restructuring program; BUY

BUY (BUY)

Target price EUR 6.20 (6.50)
Current price EUR 2.51
Up/downside 147.0%



What's it all about?

Mister Spex has launched an intensive restructuring program to improve profitability and sustainable cash generation over the next two years. The initiative is expected to increase EBITDA by more than EUR 20m, mainly in FY25 and beyond, with an expected cash outflow of around EUR 9m, mainly in H2 2024. Key measures include the closure of all international stores and the reduction of personnel expenses. Despite the preliminary Q2/H1 24 results being broadly in line with expectations, the company has revised its guidance for 2024 and now expects net revenues between EUR 210-230m and an adjusted EBITDA margin between +1% and -4%. We welcome the move to streamline the business and focus on becoming cash flow positive. With almost EUR 100m of cash on hand, the gross cash position is higher than the current market cap, suggesting that the company is undervalued. We therefore reiterate our BUY rating with a slightly adjusted PT of EUR 6.20 (previously EUR 6.50).



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This research is the product of mwb research, which is registered with the BaFin in Germany.

Mister Spex SE

Germany | Retail | MCap EUR 82.8m | EV EUR 58.7m

BUY <small>(BUY)</small>	Target price Current price Up/downside	EUR 6.20 (6.50) EUR 2.51 147.0%	MAIN AUTHOR Thomas Wissler t.wissler@mwb-research.com +49 40 309 293-58
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Guidance cut amid significant restructuring program; BUY

Mister Spex has announced a significant transformation and restructuring initiative aimed at enhancing profitability and sustainable cash generation over the next two years. The company has outlined a comprehensive program for 2024 and 2025, with expectations to increase EBITDA by over EUR 20m, primarily impacting the FY25 and beyond. The total cash outflow for this initiative is projected to be around EUR 9m, with most expenditures recognized in H2 24.

Several strategic measures The "SpexFocus" program will involve several strategic measures aimed at enhancing profitability for Mister Spex. The company will close all eight of its international locations, including five in Austria, two in Sweden, and one in Switzerland, following an analysis that indicated no viable path to profitable growth in these markets. This closure is expected to contribute approximately EUR 2m to the adjusted EBITDA and free cash flow annually. Additionally, Mister Spex plans to streamline operations by reducing personnel expenses to decrease overall costs. The program will also include operational optimizations, such as adjustments in pricing and efficiency improvements, to further enhance profitability.

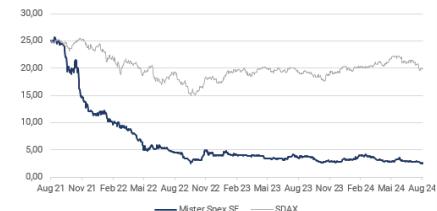
Prelim. Q2/H1 results Preliminary results for H1 24, came in broadly in-line with our expectations with net revenues of EUR 119m, a 1% yoy increase (Q2 EUR 67.6m / +1% yoy). Gross margins contracted by 70bp to 50.1% impacted by mixed weather that affected sunglasses sales, while a later Easter shifted prescription glasses sales to Q2. The adjusted EBITDA was EUR -0.8m, down from a positive EUR 0.7m last year. Cash outflows totaled EUR 11m in H1 2024, leaving Mister Spex with nearly EUR 100m in gross cash by end of H1 24.

FY24 outlook cut Despite preliminary results for H1 24, which remained within the guidance range, Mister Spex has revised its financial outlook for the year. The company now anticipates net revenues between EUR 210-230m, with an adjusted EBITDA margin projected between +1% and -4% for FY24. This adjustment reflects a shift from earlier expectations of low-to-medium revenue growth and a low single-digit EBITDA margin.

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Mister Spex SE	2021	2022	2023	2024E	2025E	2026E
Sales	194.2	210.1	223.5	221.3	234.6	251.0
<i>Growth yoy</i>	18.3%	8.1%	6.4%	-1.0%	6.0%	7.0%
EBITDA	-8.2	-12.0	-4.7	-4.4	19.2	26.9
EBIT	-23.5	-41.8	-47.7	-34.8	-8.0	2.4
Net profit	-31.5	-44.9	-47.9	-35.9	-9.9	-0.6
Net debt (net cash)	-123.0	-66.1	-24.0	-2.1	-3.4	-10.2
Net debt/EBITDA	14.9x	5.5x	5.1x	0.5x	-0.2x	-0.4x
EPS reported	-0.93	-1.33	-1.45	-1.09	-0.30	-0.02
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	52.4%	51.8%	52.8%	54.0%	55.0%	56.0%
EBITDA margin	-4.2%	-5.7%	-2.1%	-2.0%	8.2%	10.7%
EBIT margin	-12.1%	-19.9%	-21.3%	-15.7%	-3.4%	0.9%
ROCE	-7.9%	-15.6%	-19.2%	-20.9%	-5.3%	1.6%
EV/Sales	-0.2x	0.1x	0.3x	0.4x	0.3x	0.3x
EV/EBITDA	4.9x	-1.4x	-12.5x	-18.2x	4.1x	2.7x
EV/EBIT	1.7x	-0.4x	-1.2x	-2.3x	-9.9x	30.5x
PER	-2.7x	-1.9x	-1.7x	-2.3x	-8.4x	-147.3x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 4.20 / 2.26
Price/Book Ratio 0.5x

Ticker / Symbols
ISIN DE000A3CSAE2
WKN A3CSAE
Bloomberg MRX:GR

Changes in estimates			
	Sales	EBIT	EPS
2024E	old 234.7	-21.9	-0.72
	Δ -5.7%	na%	na%
2025E	old 248.8	-9.4	-0.34
	Δ -5.7%	na%	na%
2026E	old 266.2	1.7	-0.04
	Δ -5.7%	43.4%	na%

Key share data
Number of shares: (in m pcs) 32.98
Book value per share: (in EUR) 4.71
Ø trading vol.: (12 months) 20,601

Major shareholders
Allianz Global Investors 20.7%
EssilorLuxottica SA 11.0%
The Platform Group AG 10.5%
Free Float 40.9%

Company description
Mister Spex, is an omnichannel optician offering glasses, sunglasses and contact lenses. The Company's online shop and stores offers more than 10,000 models of glasses and sunglasses from over 100 brands. It offers 2D/3D virtual try-ons, an online eye exam and intelligent filter functions. It operates shops in ten European countries serving over 7m customers.

Conclusion Despite the expected short-term negative impact on earnings due to the restructuring efforts, the transformation is considered necessary for long-term success. Once the "SpexFocus" program is fully implemented, Mister Spex is expected to have a sharper market profile, allowing the company to concentrate its financial resources and management focus on the lucrative German market. This strategic realignment is expected to position Mister Spex to ultimately become cash flow positive. Separately, Mister Spex also announced that it will be changing its key financial performance indicator from Adjusted EBITDA to EBIT in order to improve transparency and provide clearer insight into its financial performance, which we believe will help to better measure the company's progress towards becoming a profitable business.

As a result of these developments, we reiterate our BUY rating, but with a slightly adjusted PT of EUR 6.20 (previously EUR 6.50), reflecting our updated estimates (lower cash and lower FY24 estimates largely offset the positive impact of earlier profitability). Beyond the operational developments, the company has almost EUR 100m of cash on hand which is well above its current market cap of EUR 82.8m. Thus, we believe that the company is clearly undervalued, and we argue for an investment opportunity in Mister Spex. The full half-year report will be published on August 29.

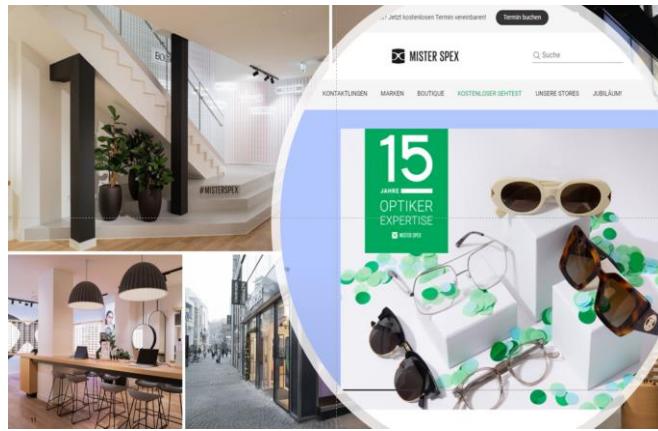
The following table displays the quarterly performance of **Mister Spex SE**:

P&L data	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Sales	61.1	58.3	43.5	50.1	67.1	59.7	46.7	51.1
yoY growth in %	#WERT!%	#WERT!%	#WERT!%	6.2%	9.7%	2.4%	7.3%	2.0%
Gross profit	11.7	8.9	-4.0	7.4	9.4	6.3	-10.1	5.8
Gross margin in %	19.1%	15.3%	-9.2%	14.7%	14.0%	10.6%	-21.6%	11.3%
EBITDA	-1.2	-1.9	-3.8	-2.0	0.5	-2.0	-1.3	-2.7
EBITDA margin in %	-1.9%	-3.2%	-8.7%	-3.9%	0.8%	-3.4%	-2.7%	-5.2%
EBIT	-5.9	-7.1	-17.4	-7.7	-7.8	-8.5	-23.7	-9.3
EBIT margin in %	-9.7%	-12.2%	-40.0%	-15.3%	-11.6%	-14.3%	-50.8%	-18.2%
EBT	-7.1	-8.5	-18.9	-7.9	-8.1	-8.3	-23.9	-9.4
taxes paid	0.2	0.2	-0.5	0.3	0.3	0.4	-1.3	0.3
tax rate in %	-2.3%	-2.6%	2.5%	-3.9%	-3.9%	-4.6%	5.3%	-2.9%
net profit	-7.5	-8.7	-18.4	-8.2	-8.4	-8.7	-22.7	-9.7
yoY growth in %	#WERT!%	#WERT!%	#WERT!%	-20.6%	11.2%	0.0%	22.9%	19.0%
EPS	-0.22	-0.26	-0.54	-0.24	-0.25	-0.25	-0.67	-0.29

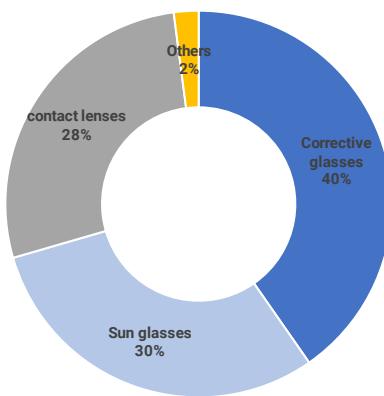
Source: Company data; mwb research

Investment case in six charts

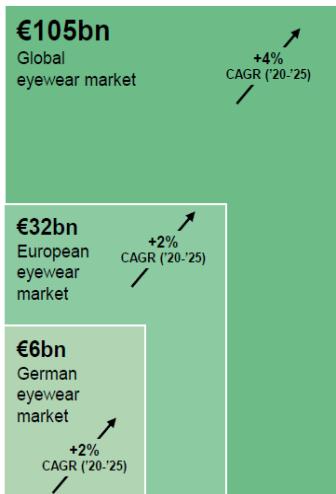
Products & Services



Segmental breakdown in %

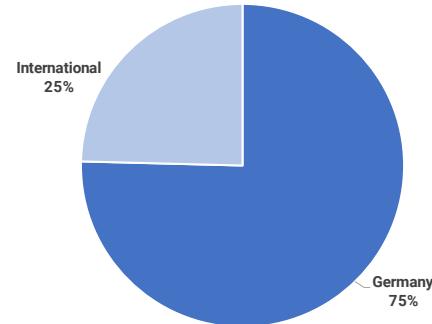


Global eyewear market

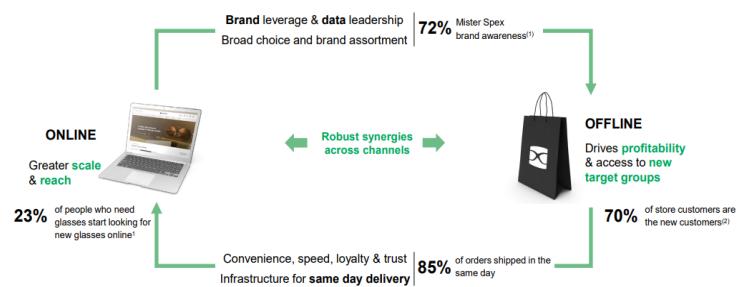


Source: Company data, mwb research

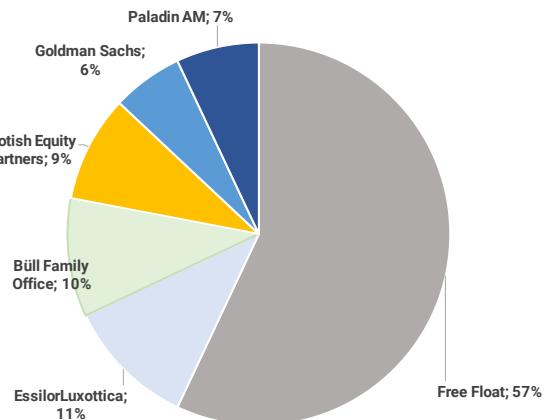
Regional sales split in %



Omnichannel approach



Major Shareholders



SWOT analysis

Strengths

- Strong online presence: Mister Spex is a leading online retailer for eyewear, offering a wide range of products and services through its website.
- Diverse product range with a comprehensive selection of eyeglasses, sunglasses, contact lenses, and related accessories.
- Established brand recognizable in the eyewear industry
- Efficient supply chain that ensures timely delivery of orders and maintains an adequate inventory to meet customer demands.
- Technological innovation with virtual try-on options, accurate prescription measurements, and other convenient features that enhance the online shopping experience.

Weaknesses

- Compared to other peers, limited physical presence. This could pose a challenge for customers who need assistance with frame fittings and adjustments.
- Dependence on suppliers: Mister Spex relies on external suppliers for its products. Any issues with supplier quality, delivery, or availability could impact the company's operations and customer satisfaction.
- Competitor landscape: The eyewear industry is highly competitive, with numerous retailers vying for market share.
- Comparably low gross margin could hint to lower bargaining power with suppliers and/or less favorable business mix (i.e. less prescription glasses).

Opportunities

- Growing online market: The shift towards online shopping has accelerated in recent years, presenting an opportunity.
- International expansion: Mister Spex could explore into new markets.
- Partnerships and collaborations: Forming strategic partnerships with eyewear brands, opticians, or other industry players could open up new avenues for growth.

Threats

- Economic conditions: Changes in economic conditions, such as recessions or financial instability, can impact consumer spending habits.
- Price competition is intense in the eyewear industry, with various retailers offering discounted products.
- Counterfeit products: Counterfeit eyewear is a significant concern in the market. Mister Spex needs to take measures to protect its brand reputation.

Valuation

DCF Model

The DCF model results in a **fair value of EUR 6.18 per share**:

Top-line growth: We expect Mister Spex SE to grow revenues at a CAGR of 5.7% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from -20.9% in 2024E to 14.1% in 2031E.

WACC. Starting point is a historical equity beta of 1.42. Unlevering and correcting for mean reversion yields an asset beta of 1.30. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 12.7%. 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 9.7%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	-33.0	-7.2	2.1	8.5	17.5	17.8	18.7	19.2	
Depreciation & amortization	30.3	27.2	24.5	22.8	21.8	21.5	21.5	21.8	
Change in working capital	1.3	0.1	0.1	-0.2	-0.2	-0.2	-0.2	-0.1	
Chg. in long-term provisions	-0.1	0.3	0.4	0.5	0.5	0.4	0.4	0.2	
Capex	-17.7	-16.4	-17.6	-18.8	-20.1	-21.1	-22.2	-22.8	
Cash flow	-19.1	4.0	9.6	12.7	19.4	18.4	18.2	18.3	241.5
Present value	-18.4	3.5	7.6	9.2	12.9	11.1	10.1	9.3	121.7
WACC	10.6%	10.3%	10.2%	10.0%	9.9%	9.8%	9.7%	9.7%	9.7%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	166.9	Planning horizon avg. revenue growth (2024E-2031E)	5.7%
Mid-year adj. total present value	175.1	Terminal value growth (2031E - infinity)	2.0%
Net debt / cash at start of year	-24.0	Terminal year ROCE	14.1%
Financial assets	4.6	Terminal year WACC	9.7%
Provisions and off b/s debt	1.1		
Equity value	203.7	Terminal WACC derived from	
No. of shares outstanding	33.0	Cost of borrowing (before taxes)	5.0%
Discounted cash flow / share upside/(downside)	6.18 146.1%	Long-term tax rate	25.0%
Share price	2.51	Equity beta	1.42
		Unlevered beta (industry or company)	1.30
		Target debt / equity	0.5
		Relevered beta	1.79
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	12.7%

Change in WACC (% points)	Long term growth					Share of present value
	1.0%	1.5%	2.0%	2.5%	3.0%	
2.0%	4.6	4.7	4.9	5.0	5.2	2024E-2027E
1.0%	5.1	5.3	5.4	5.7	5.9	2028E-2031E
0.0%	5.7	5.9	6.2	6.5	6.8	terminal value
-1.0%	6.5	6.8	7.1	7.5	8.0	
-2.0%	7.5	7.9	8.4	9.0	9.7	

Source: mwb research

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 -14.04 per share based on 2024E and EUR 9.10 per share on 2028E estimates.

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	2024E	2025E	2026E	2027E	2028E	
EBITDA	-4.4	19.2	26.9	32.8	43.7	
- Maintenance capex	30.3	27.2	24.5	22.8	21.8	
- Minorities	0.0	0.0	0.0	0.0	0.0	
- tax expenses	-1.9	-1.1	-0.1	1.0	3.8	
= Adjusted FCF	-32.9	-6.9	2.4	8.9	18.1	
Actual Market Cap	88.0	88.0	88.0	88.0	88.0	
+ Net debt (cash)	-2.1	-3.4	-10.2	-20.4	-37.4	
+ 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	4.6	4.6	4.6	4.6	4.6	
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0	
EV Reconciliations	-6.7	-8.0	-14.9	-25.0	-42.1	
= Actual EV'	81.3	80.0	73.1	63.0	45.9	
Adjusted FCF yield	-40.5%	-8.6%	3.3%	14.2%	39.4%	
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	-469.8	-98.4	34.8	127.8	258.2	
- EV Reconciliations	-6.7	-8.0	-14.9	-25.0	-42.1	
Fair Market Cap	-463.1	-90.4	49.7	152.8	300.2	
No. of shares (million)	33.0	33.0	33.0	33.0	33.0	
Fair value per share in EUR	-14.04	-2.74	1.51	4.63	9.10	
Premium (-) / discount (+)	-659.5%	-209.2%	-40.0%	84.6%	262.7%	
Sensitivity analysis FV						
Adjusted hurdle rate	5.0%	-19.7	-3.9	1.9	6.2	12.2
	6.0%	-16.4	-3.2	1.7	5.3	10.4
	7.0%	-14.0	-2.7	1.5	4.6	9.1
	8.0%	-12.3	-2.4	1.4	4.1	8.1
	9.0%	-10.9	-2.1	1.3	3.8	7.4

Source: Company data; mwb research

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. 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.**

Peer group analysis

A peer group or comparable company ("comps") analysis is a methodology that calculates a company's relative value — how much it should be worth based on how it compares to other similar companies. Given that **Mister Spex SE** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. The peer group of Mister Spex SE consists of the stocks displayed in the chart below. As of 15 August 2024 the median market cap of the peer group was EUR 3,389.4m, compared to EUR 82.8m for Mister Spex SE. In the period under review, the peer group was more profitable than Mister Spex SE. The expectations for sales growth are lower for the peer group than for Mister Spex SE.

Peer Group – Key data

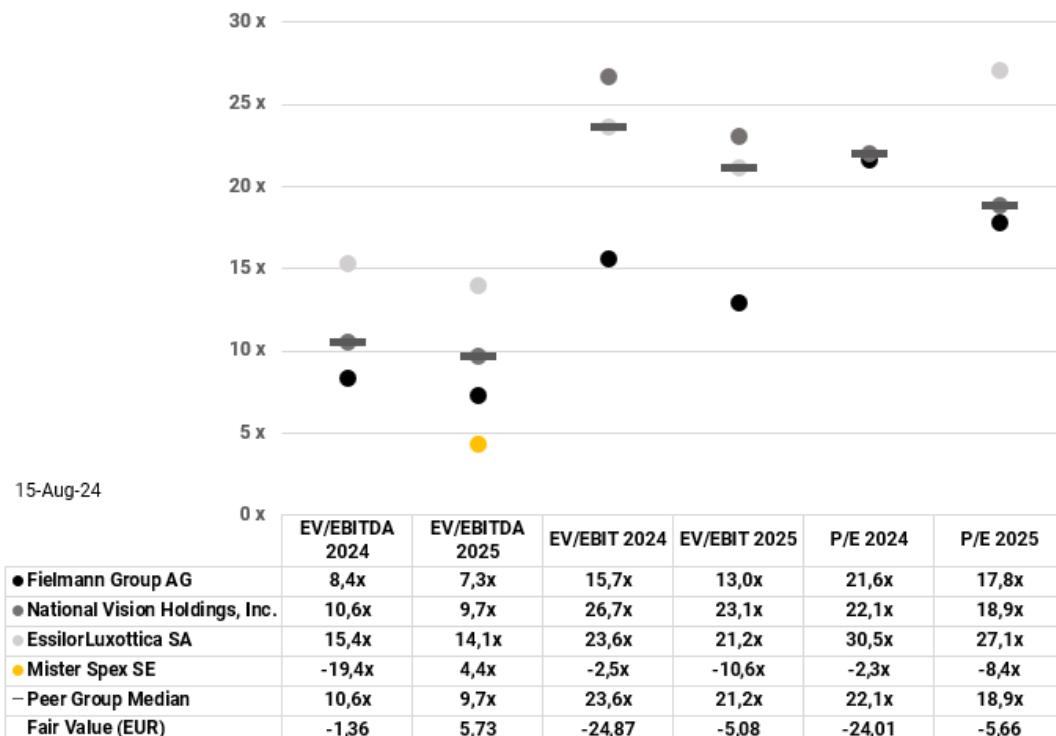


Source: FactSet, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/EBIT 2024, EV/EBIT 2025, P/E 2024 and P/E 2025.

Applying these to Mister Spex SE results in a range of fair values from EUR 0.00 to EUR 5.73.

Peer Group – Multiples and valuation

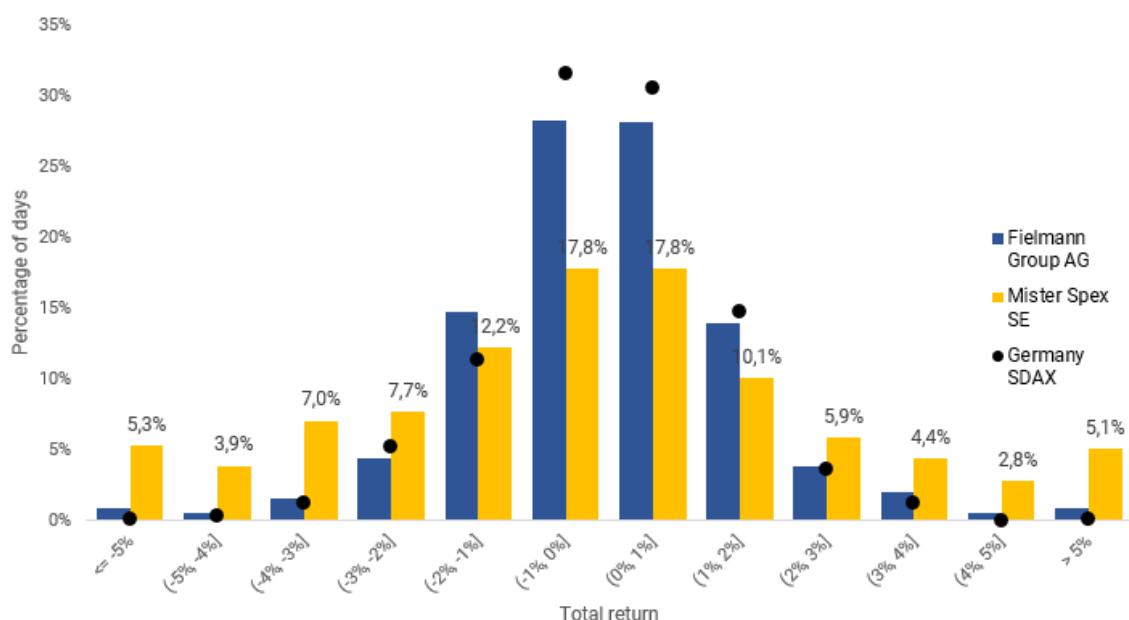


Source: FactSet, mwb research

Risk

The chart displays the **distribution of daily returns** of **Mister Spex SE** over the last 3 years, compared to the same distribution for Fielmann Group AG. We have also included the distribution for the index Germany SDAX. The distribution gives a better understanding of risk than measures like volatility, which assume that log returns are normally distributed. In reality, they are skewed (down moves are larger) and have fat tails (large moves occur more often than predicted). Also, volatility treats up and down moves the same, while investors are more worried about down moves. For Mister Spex SE, the worst day during the past 3 years was 06/09/2022 with a share price decline of -15.1%. The best day was 17/05/2022 when the share price increased by 15.8%.

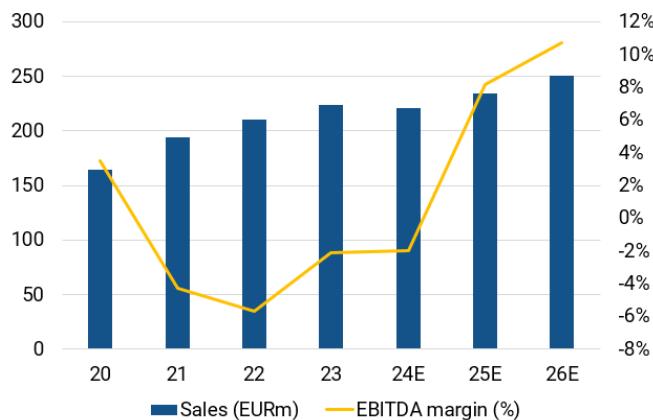
Risk – Daily Returns Distribution (trailing 3 years)



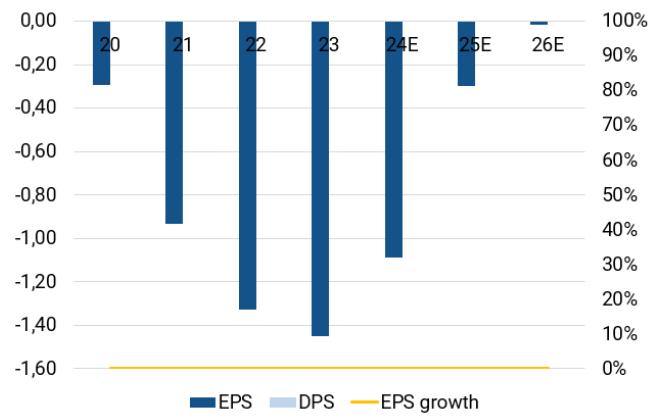
Source: FactSet, mwb research

Financials in six charts

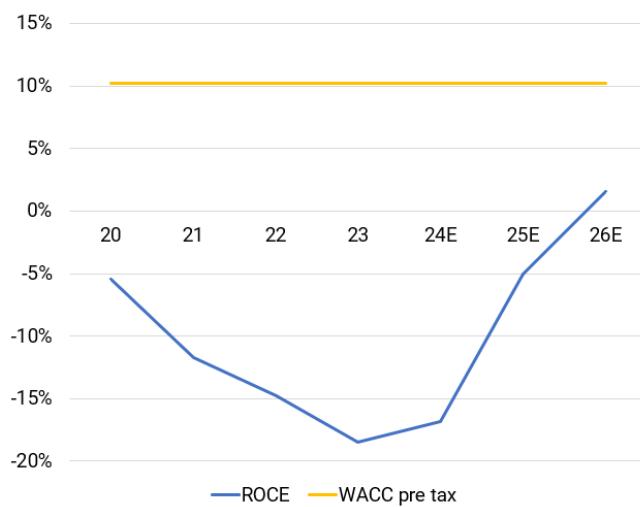
Sales vs. EBITDA margin development



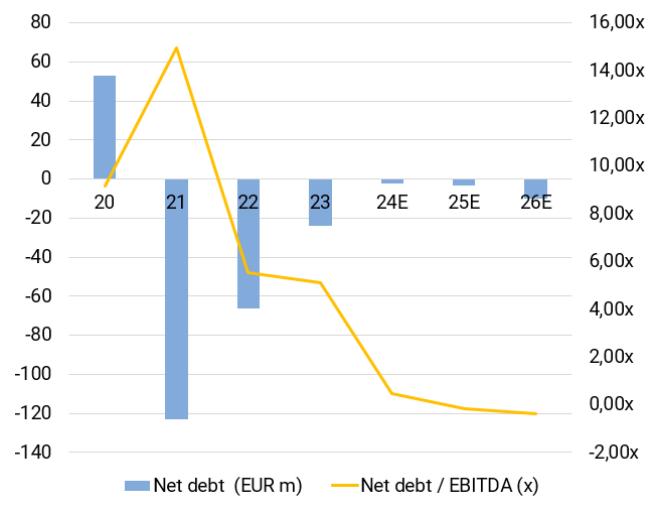
EPS, DPS in EUR & yoy EPS growth



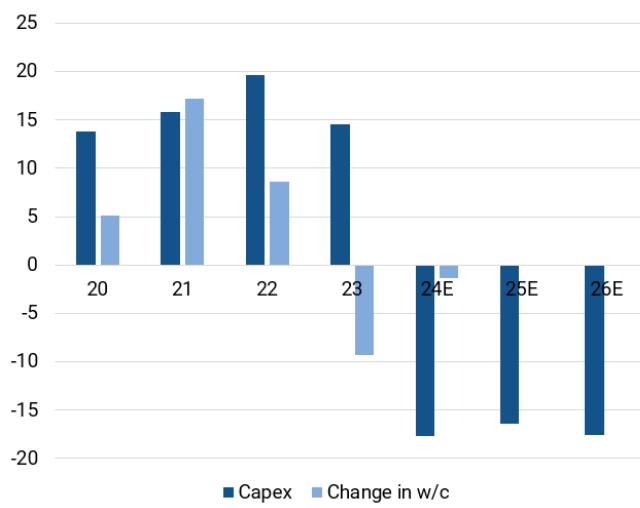
ROCE vs. WACC (pre tax)



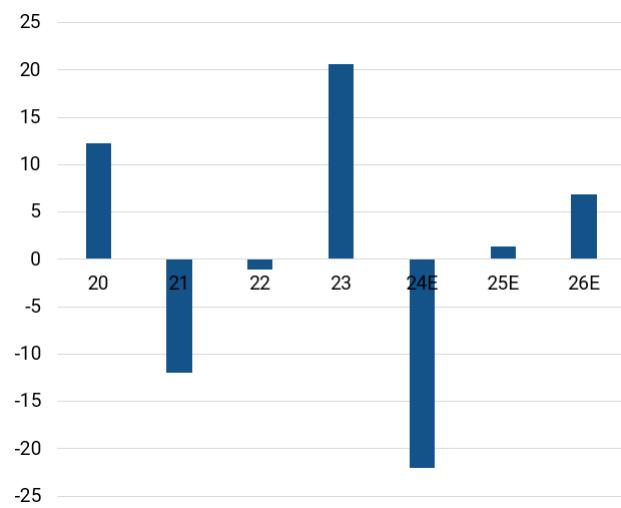
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Net sales	194.2	210.1	223.5	221.3	234.6	251.0
Sales growth	18.3%	8.1%	6.4%	-1.0%	6.0%	7.0%
Change in finished goods and work-in-process	6.4	6.8	4.8	4.4	4.7	5.0
Total sales	200.6	216.9	228.4	225.7	239.3	256.0
Material expenses	98.8	108.2	110.4	106.2	110.2	115.5
Gross profit	101.9	108.7	118.0	119.5	129.0	140.6
Other operating income	2.4	0.8	1.5	2.2	2.8	3.0
Personnel expenses	49.6	57.8	62.0	59.7	56.3	59.0
Other operating expenses	62.9	63.7	62.2	66.4	56.3	57.7
EBITDA	-8.2	-12.0	-4.7	-4.4	19.2	26.9
Depreciation	10.3	21.9	35.6	23.0	19.7	17.1
EBITA	-18.6	-33.9	-40.3	-27.4	-0.5	9.7
Amortisation of goodwill and intangible assets	4.9	7.9	7.5	7.4	7.5	7.3
EBIT	-23.5	-41.8	-47.7	-34.8	-8.0	2.4
Financial result	-4.9	-2.9	-0.4	-3.0	-3.0	-3.0
Recurring pretax income from continuing operations	-28.4	-44.7	-48.1	-37.8	-11.0	-0.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-28.4	-44.7	-48.1	-37.8	-11.0	-0.6
Taxes	3.1	0.2	-0.3	-1.9	-1.1	-0.1
Net income from continuing operations	-31.5	-44.9	-47.9	-35.9	-9.9	-0.6
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-31.5	-44.9	-47.9	-35.9	-9.9	-0.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-31.5	-44.9	-47.9	-35.9	-9.9	-0.6
Average number of shares	33.76	33.86	32.98	32.98	32.98	32.98
EPS reported	-0.93	-1.33	-1.45	-1.09	-0.30	-0.02

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	3%	3%	2%	2%	2%	2%
Total sales	103%	103%	102%	102%	102%	102%
Material expenses	51%	51%	49%	48%	47%	46%
Gross profit	52%	52%	53%	54%	55%	56%
Other operating income	1%	0%	1%	1%	1%	1%
Personnel expenses	26%	28%	28%	27%	24%	24%
Other operating expenses	32%	30%	28%	30%	24%	23%
EBITDA	-4%	-6%	-2%	-2%	8%	11%
Depreciation	5%	10%	16%	10%	8%	7%
EBITA	-10%	-16%	-18%	-12%	-0%	4%
Amortisation of goodwill and intangible assets	3%	4%	3%	3%	3%	3%
EBIT	-12%	-20%	-21%	-16%	-3%	1%
Financial result	-3%	-1%	-0%	-1%	-1%	-1%
Recurring pretax income from continuing operations	-15%	-21%	-22%	-17%	-5%	-0%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-15%	-21%	-22%	-17%	-5%	-0%
Taxes	2%	0%	-0%	-1%	-0%	-0%
Net income from continuing operations	-16%	-21%	-21%	-16%	-4%	-0%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-16%	-21%	-21%	-16%	-4%	-0%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	-16%	-21%	-21%	-16%	-4%	-0%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (exl. Goodwill)	17.9	21.7	21.4	21.8	21.3	21.5
Goodwill	12.1	12.8	4.7	4.7	4.7	4.7
Property, plant and equipment	68.5	77.1	92.0	78.9	68.6	61.5
Financial assets	7.4	8.7	4.6	4.6	4.6	4.6
FIXED ASSETS	105.9	120.4	122.7	110.0	99.2	92.3
Inventories	23.2	30.0	32.5	30.1	31.2	32.7
Accounts receivable	2.9	2.7	2.2	2.4	2.6	2.8
Other current assets	14.9	9.5	9.9	9.9	9.9	9.9
Liquid assets	174.7	127.8	110.7	43.1	39.4	41.2
Deferred taxes	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0
Deferred charges and prepaid expenses	3.9	2.8	2.5	2.4	2.6	2.8
CURRENT ASSETS	219.4	172.8	157.7	87.9	85.6	89.3
TOTAL ASSETS	325.3	293.2	280.4	197.9	184.9	181.6
SHAREHOLDERS EQUITY	244.9	201.0	155.5	119.6	109.7	109.1
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	44.0	51.5	71.3	41.0	36.0	31.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	1.7	5.2	5.8	5.8	6.1	6.5
Non-current liabilities	45.7	56.7	77.1	46.8	42.1	37.5
short-term liabilities to banks	7.7	10.2	15.3	0.0	0.0	0.0
Accounts payable	16.2	12.9	17.9	17.2	17.8	18.7
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)	10.8	12.5	14.5	14.4	15.3	16.3
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	34.7	35.5	47.8	31.6	33.1	35.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	325.3	293.2	280.4	197.9	184.9	181.6

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	6%	7%	8%	11%	12%	12%
Goodwill	4%	4%	2%	2%	3%	3%
Property, plant and equipment	21%	26%	33%	40%	37%	34%
Financial assets	2%	3%	2%	2%	2%	3%
FIXED ASSETS	33%	41%	44%	56%	54%	51%
Inventories	7%	10%	12%	15%	17%	18%
Accounts receivable	1%	1%	1%	1%	1%	2%
Other current assets	5%	3%	4%	5%	5%	5%
Liquid assets	54%	44%	39%	22%	21%	23%
Deferred taxes	-0%	-0%	-0%	-0%	-0%	-0%
Deferred charges and prepaid expenses	1%	1%	1%	1%	1%	2%
CURRENT ASSETS	67%	59%	56%	44%	46%	49%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	75%	69%	55%	60%	59%	60%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	14%	18%	25%	21%	19%	17%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	1%	2%	2%	3%	3%	4%
Non-current liabilities	14%	19%	28%	24%	23%	21%
short-term liabilities to banks	2%	3%	5%	0%	0%	0%
Accounts payable	5%	4%	6%	9%	10%	10%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	3%	4%	5%	7%	8%	9%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	11%	12%	17%	16%	18%	19%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	-31.5	-44.9	-47.9	-35.9	-9.9	-0.6
Depreciation of fixed assets (incl. leases)	10.3	13.1	19.0	23.0	19.7	17.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	4.9	6.3	6.8	7.4	7.5	7.3
Others	5.6	13.2	18.7	-0.1	0.3	0.4
Cash flow from operations before changes in w/c	-10.7	-12.3	-3.3	-5.6	17.7	24.3
Increase/decrease in inventory	-5.5	-6.9	-2.5	2.4	-1.1	-1.5
Increase/decrease in accounts receivable	0.0	0.0	0.0	-0.2	-0.1	-0.2
Increase/decrease in accounts payable	3.7	-5.9	7.2	-0.8	0.7	0.8
Increase/decrease in other w/c positions	-15.3	4.2	4.6	-0.1	0.7	0.9
Increase/decrease in working capital	-17.2	-8.6	9.3	1.3	0.1	0.1
Cash flow from operating activities	-27.8	-20.8	6.0	-4.3	17.8	24.4
CAPEX	15.8	19.7	14.6	-17.7	-16.4	-17.6
Payments for acquisitions	-8.8	-9.0	-7.1	0.0	0.0	0.0
Financial investments	-25.1	23.4	0.0	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	-40.9	3.8	-14.6	-17.7	-16.4	-17.6
Cash flow before financing	-68.8	-17.1	-8.6	-22.0	1.3	6.9
Increase/decrease in debt position	-30.9	3.1	1.0	-45.6	-5.0	-5.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	241.2	0.4	0.3	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-6.4	-8.3	-9.9	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	203.9	-4.8	-8.6	-45.6	-5.0	-5.0
Increase/decrease in liquid assets	135.1	-21.8	-17.2	-67.6	-3.7	1.9
Liquid assets at end of period	174.7	127.8	110.7	43.1	39.4	41.2

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	137.8	153.3	168.6	166.9	176.9	189.3
Europe (ex domestic)	56.4	56.8	55.0	54.4	57.7	61.7
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	194.2	210.1	223.5	221.3	234.6	251.0

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	70.9%	73.0%	75.4%	75.4%	75.4%	75.4%
Europe (ex domestic)	29.1%	27.0%	24.6%	24.6%	24.6%	24.6%
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; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported						
Earnings per share reported	-0.93	-1.33	-1.45	-1.09	-0.30	-0.02
Cash flow per share	-0.82	-0.61	0.18	-1.05	-0.29	-0.00
Book value per share	7.25	5.94	4.71	3.63	3.33	3.31
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-2.7x	-1.9x	-1.7x	-2.3x	-8.4x	-147.3x
P/CF	-3.0x	-4.1x	13.8x	-2.4x	-8.7x	-1,355.1x
P/BV	0.3x	0.4x	0.5x	0.7x	0.8x	0.8x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-32.8%	-24.5%	7.2%	-41.8%	-11.4%	-0.1%
EV/Sales	-0.2x	0.1x	0.3x	0.4x	0.3x	0.3x
EV/EBITDA	4.9x	-1.4x	-12.5x	-18.2x	4.1x	2.7x
EV/EBIT	1.7x	-0.4x	-1.2x	-2.3x	-9.9x	30.5x
Income statement (EURm)						
Sales	194.2	210.1	223.5	221.3	234.6	251.0
yoY chg in %	18.3%	8.1%	6.4%	-1.0%	6.0%	7.0%
Gross profit	101.9	108.7	118.0	119.5	129.0	140.6
Gross margin in %	52.4%	51.8%	52.8%	54.0%	55.0%	56.0%
EBITDA	-8.2	-12.0	-4.7	-4.4	19.2	26.9
EBITDA margin in %	-4.2%	-5.7%	-2.1%	-2.0%	8.2%	10.7%
EBIT	-23.5	-41.8	-47.7	-34.8	-8.0	2.4
EBIT margin in %	-12.1%	-19.9%	-21.3%	-15.7%	-3.4%	0.9%
Net profit	-31.5	-44.9	-47.9	-35.9	-9.9	-0.6
Cash flow statement (EURm)						
CF from operations	-27.8	-20.8	6.0	-4.3	17.8	24.4
Capex	15.8	19.7	14.6	-17.7	-16.4	-17.6
Maintenance Capex	0.0	0.0	0.0	30.3	27.2	24.5
Free cash flow	-12.0	-1.1	20.6	-22.0	1.3	6.9
Balance sheet (EURm)						
Intangible assets	30.0	34.6	26.1	26.5	26.0	26.2
Tangible assets	68.5	77.1	92.0	78.9	68.6	61.5
Shareholders' equity	244.9	201.0	155.5	119.6	109.7	109.1
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	53.4	66.9	92.4	46.8	42.1	37.5
Net financial debt	-123.0	-66.1	-24.0	-2.1	-3.4	-10.2
w/c requirements	9.8	19.9	16.8	15.3	16.0	16.8
Ratios						
ROE	-12.9%	-22.3%	-30.8%	-30.0%	-9.0%	-0.5%
ROCE	-7.9%	-15.6%	-19.2%	-20.9%	-5.3%	1.6%
Net gearing	-50.2%	-32.9%	-15.5%	-1.7%	-3.1%	-9.4%
Net debt / EBITDA	14.9x	5.5x	5.1x	0.5x	-0.2x	-0.4x

Source: Company data; mwb research

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