

HWK 1365 SE

Germany | Industrial Goods & Services | MCap EUR 8.5m

22 November 2024

UPDATE



Roundtable highlights potential, BUY

What's it all about?

Wolf Waschkuhn, Managing Director of HWK 1365 SE, and Dr. Heiko Hesemann, Managing Director of the operating subsidiary Hüttenwerke Königsbronn GmbH, presented the company background and current developments at HWK as part of a virtual roundtable hosted by mwb research (recording at <https://research-hub.de/events>). HWK is the market leader in calender rolls with a global market share of 80%. Calender rolls are a high-tech product and crucial for the production of high-quality paper and board. Growth is driven by online commerce, the substitution of plastic packaging and investments in larger and more efficient paper machines. In addition to expanding its service business, e.g. by investing in new grinding capacity, HWK is successfully diversifying into sectors such as food processing, with further potential in battery films, for example. The share is attractively valued with a price target of EUR 83.50 on a DCF basis, and we reiterate our Buy recommendation.

BUY (BUY)

Target price	EUR 83.50 (83.50)
Current price	EUR 31.00
Up/downside	169.4%

 ResearchHub 



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IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

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HWK 1365 SE

Germany | Industrial Goods & Services | MCap EUR 8.5m | EV EUR 5.8m

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Roundtable highlights potential, BUY

Virtual roundtable with management. Wolf Waschkuhn, Managing Director of HWK 1365 SE, and Dr. Heiko Hesemann, Managing Director of the operating subsidiary Hüttenwerke Königsbronn GmbH, presented the company background and current developments at HWK as part of a virtual roundtable hosted by mwb research (video: <https://research-hub.de/events>).

Calender rolls: a high-tech product. Calendering, i.e. smoothing between rolls, is a crucial step in the production of high-quality paper and cardboard. The rolls must meet the highest requirements in terms of precision, surface quality and dimensional stability and at the same time withstand the high thermal and mechanical stresses in use over the long term. HWK dominates the market for large calender rolls, which are required for the most efficient paper machines, with a global market share of 80% in this high-tech niche.

Various growth drivers. HWK's products are used in machines for the production of coated cardboard and folding cartons - a market that is growing due to increasing online commerce and the substitution of plastic packaging. Here, HWK benefits indirectly from the global footprint of its core customers, who sell paper machines worldwide and increasingly also in emerging markets. Added to this is the consistent expansion of the service business, most recently through an investment to double the grinding capacity for large rolls, for which customers have already been acquired. Diversification outside the paper industry is also progressing. In addition to the already known applications, e.g. in the food industry, there is promising potential, e.g. in the production of battery foils and the application of paints and varnishes. A renewed upturn in incoming orders in Q3 makes growth in 2025 appear realistic. In preparation for further growth, HWK is planning capex of c. EUR 16m by 2028, of which a good EUR 5m can be financed from internal cash flow and the rest externally in the form of debt or equity.

- continued on next page -



Source: Company data, mwb research

High/low 52 weeks 45.00 / 3.02
Price/Book Ratio 5.5x

Ticker / Symbols

ISIN DE000A3CMG80
WKN A3CMG8
Bloomberg 9MQ:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	18.3	1.1	2.89
	Δ	0.0%	0.0%	0.0%
2025E	old	22.4	2.0	4.97
	Δ	0.0%	0.0%	0.0%
2026E	old	23.8	2.4	6.20
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 0.28
Book value per share: (in EUR) 5.65
Ø trading vol.: (12 months) 48

Major shareholders

CElf GmbH 33.3%
Wolf Waschkuhn 33.3%
Free Float 33.3%

Company description

HWK is Germany's oldest industrial company, with roots dating back to 1365, and is the world market leader in large calender rolls for the paper industry.

HWK 1365 SE	2021	2022	2023	2024E	2025E	2026E
Sales	16.3	19.4	21.8	18.3	22.4	23.8
<i>Growth yoy</i>	-9.3%	19.4%	12.4%	-16.0%	22.5%	6.0%
EBITDA	1.9	-1.1	2.5	1.4	2.4	3.1
EBIT	1.7	-1.4	2.1	1.1	2.0	2.4
Net profit	1.6	-1.2	1.7	0.8	1.4	1.7
Net debt (net cash)	-0.2	0.1	-3.4	-1.1	-1.5	-2.3
Net debt/EBITDA	-0.1x	-0.1x	-1.4x	-0.8x	-0.6x	-0.7x
EPS reported	5.68	-4.19	6.12	2.89	4.97	6.20
DPS	0.00	0.00	0.00	1.20	1.64	2.05
<i>Dividend yield</i>	0.0%	0.0%	0.0%	3.9%	5.3%	6.6%
Gross profit margin	68.0%	42.8%	63.2%	65.2%	63.7%	65.1%
EBITDA margin	11.9%	-5.5%	11.6%	7.7%	10.5%	13.1%
EBIT margin	10.7%	-7.0%	9.7%	6.2%	8.7%	10.2%
ROCE	76.9%	-80.7%	59.5%	33.9%	41.5%	40.2%
EV/Sales	0.5x	0.5x	0.3x	0.4x	0.3x	0.3x
EV/EBITDA	4.4x	-8.2x	2.3x	5.5x	3.2x	2.2x
EV/EBIT	4.9x	-6.5x	2.7x	6.9x	3.8x	2.8x
PER	5.5x	-7.4x	5.1x	10.7x	6.2x	5.0x

Source: Company data, mwb research

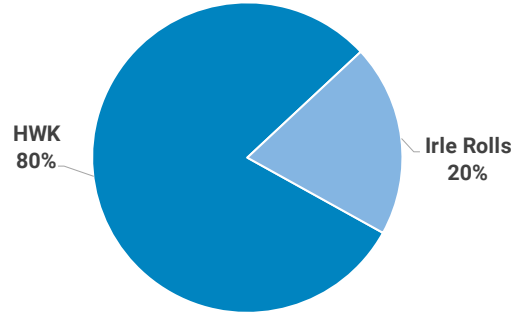
Attractive valuation, BUY. HWK is trading at a significant discount to its fair value. The share's low liquidity contributes to this. However, this could improve significantly with the admission to the Düsseldorf primary market and a Xetra listing in the first quarter of 2025. If the expected robust growth in 2025 materializes, the valuation gap should narrow. We continue to recommend BUY with a price target of EUR 83.50 on a DCF basis.

Investment case in six charts

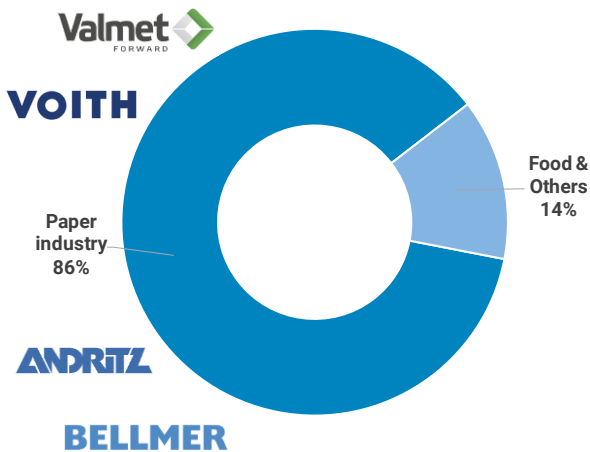
Products & Services



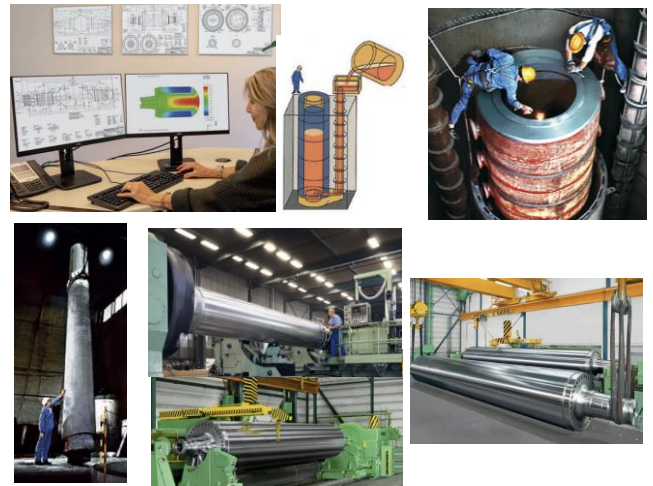
Market shares large calendar rolls



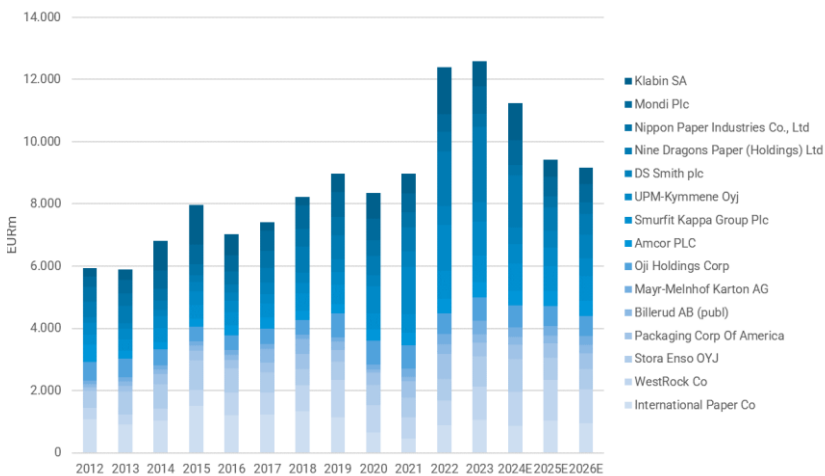
Target markets and customers



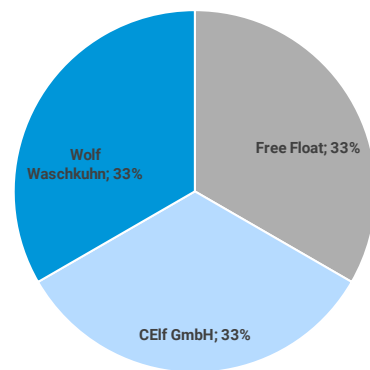
Production process



Capex Top Players in the Paper Industry



Major Shareholders



Source: HWK, mwb research

SWOT analysis

Strengths

- Focus and dominance in the niche: global market leader with 80% market share for core products
- Good negotiating position with customers
- In-depth technological know-how
- Management and employees as co-owners
- Price escalation clauses for energy and raw materials

Weaknesses

- Core market (paper machines) is mature and cyclical
- Dependence on a few major customers in a sector - cluster risk
- Limited financial leeway could become a problem if the economic situation deteriorates

Opportunities

- Market potential in Asia (especially China) and South America
- Intensified ingredient marketing of HWK calendar rolls
- Expansion of the service business
- Diversification into the food and other industries

Threats

- Increasing competition from China combined with declining quality requirements
- Failure of diversification efforts

Valuation

DCF Model

The DCF model results in a **fair value of EUR 83.83 per share**:

Top-line growth: We expect HWK 1365 SE to grow revenues at a CAGR of 5.6% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 33.9% in 2024E to 22.0% in 2031E.

WACC. The historical beta cannot be used for the valuation as the business model has changed with the reverse IPO. We take the beta for the European engineering sector of 1.24 as a starting point. Correcting for mean reversion yields an asset beta of 1.13. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 8.8%. With pre-tax cost of borrowing at 5.0%, a tax rate of 30.0% and target debt/equity of 0.0 this results in a long-term WACC of 8.8%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	0.8	1.4	1.7	1.7	1.7	1.7	1.7	1.8	
Depreciation & amortization	0.3	0.4	0.7	0.9	0.9	1.0	1.1	1.1	
Change in working capital	-1.8	-0.2	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	
Chg. in long-term provisions	-0.6	0.3	0.1	0.1	0.0	0.0	0.0	0.0	
Capex	-0.6	-1.2	-1.3	-1.2	-1.2	-1.2	-1.1	-1.2	
Cash flow	-1.9	0.8	1.2	1.5	1.5	1.5	1.7	1.8	26.4
Present value	-1.9	0.7	1.0	1.1	1.1	1.0	1.0	1.0	14.5
WACC	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%

DCF per share derived from	
Total present value	19.5
Mid-year adj. total present value	20.3
Net debt / cash at start of year	-3.4
Financial assets	na
Provisions and off b/s debt	0.7
Equity value	23.1
No. of shares outstanding	0.3
Discounted cash flow / share	83.83
upside/(downside)	170.4%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	5.6%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	22.0%
Terminal year WACC	8.8%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	30.0%
Equity beta	1.24
Unlevered beta (industry or company)	1.13
Target debt / equity	0.0
Relevered beta	1.13
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	8.8%

Share price	31.00
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Sensitivity analysis DCF							
Change in WACC (%-points)	Long term growth					Share of present value	
	1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%	60.6	62.6	64.8	67.3	70.0	2024E-2027E	4.8%
1.0%	67.6	70.2	73.1	76.4	80.2	2028E-2031E	20.8%
0.0%	76.3	79.8	83.8	88.5	93.9	terminal value	74.4%
-1.0%	87.7	92.6	98.3	105.1	113.4		
-2.0%	102.9	110.1	118.8	129.5	143.1		

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 43.83 per share based on 2024E and EUR 110.75 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	1.4	2.4	3.1	3.4	3.4
- Maintenance capex	0.3	0.4	0.7	0.9	0.9
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	0.3	0.6	0.7	0.7	0.7
= Adjusted FCF	0.8	1.4	1.7	1.7	1.7
Actual Market Cap	8.5	8.5	8.5	8.5	8.5
+ Net debt (cash)	-1.1	-1.5	-2.3	-3.2	-4.1
+ Pension provisions	0.4	0.4	0.5	0.5	0.5
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	0.0	0.0	0.0	0.0	0.0
- Acc. dividend payments	0.0	0.3	0.8	1.3	1.9
<i>EV Reconciliations</i>	-0.7	-1.4	-2.6	-4.0	-5.5
= Actual EV'	7.8	7.1	6.0	4.5	3.0
Adjusted FCF yield	10.2%	19.1%	28.6%	38.4%	57.6%
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	11.3	19.5	24.4	24.8	25.0
- <i>EV Reconciliations</i>	-0.7	-1.4	-2.6	-4.0	-5.5
Fair Market Cap	12.1	20.9	26.9	28.8	30.5
No. of shares (million)	0.3	0.3	0.3	0.3	0.3
Fair value per share in EUR	43.83	75.98	97.85	104.75	110.75
Premium (-) / discount (+)	41.4%	145.1%	215.6%	237.9%	257.3%

Sensitivity analysis FV						
	5.0%	60.3	104.4	133.3	140.8	147.1
Adjusted hurdle rate	6.0%	50.7	87.8	112.6	119.8	125.9
	7.0%	43.8	76.0	97.8	104.7	110.8
	8.0%	38.7	67.1	86.8	93.5	99.4
	9.0%	34.7	60.2	78.2	84.7	90.6

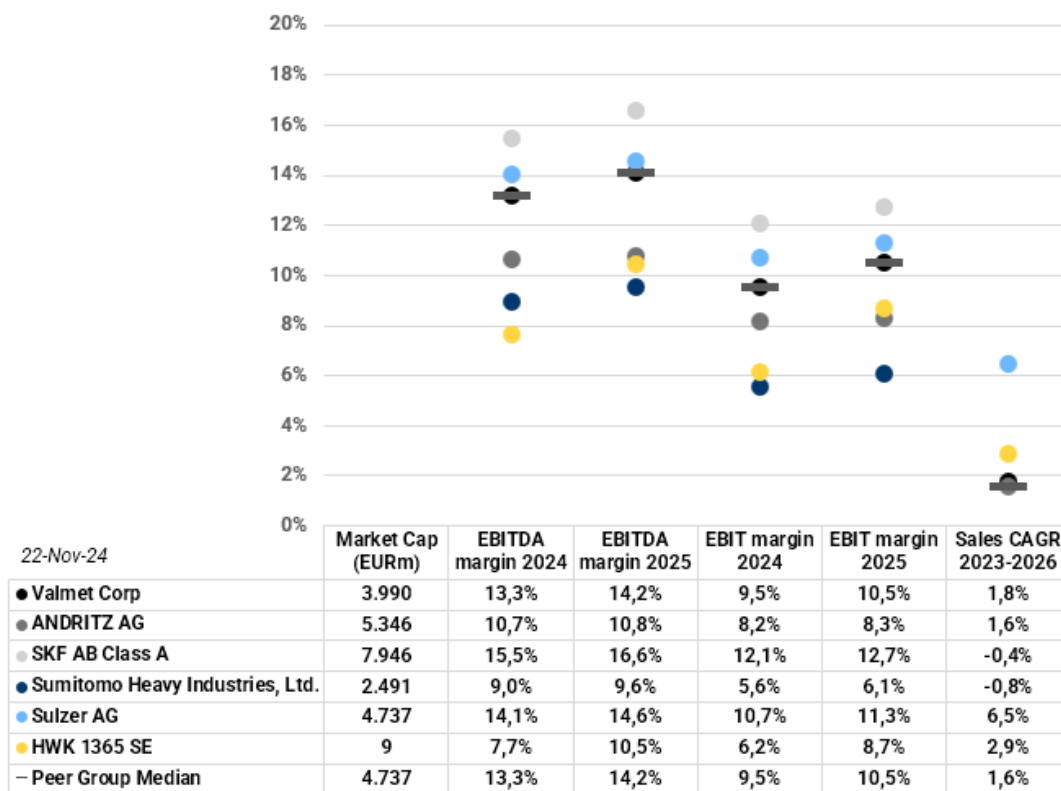
Source: Company data; mwb research

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 **HWK 1365 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 HWK 1365 SE consists of the stocks displayed in the chart below. As of 22 November 2024 the median market cap of the peer group was EUR 4,736.9m, compared to EUR 8.5m for HWK 1365 SE. In the period under review, the peer group was more profitable than HWK 1365 SE. The expectations for sales growth are lower for the peer group than for HWK 1365 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 HWK 1365 SE results in a range of fair values from EUR 32.29 to EUR 60.32.

Peer Group – Multiples and valuation



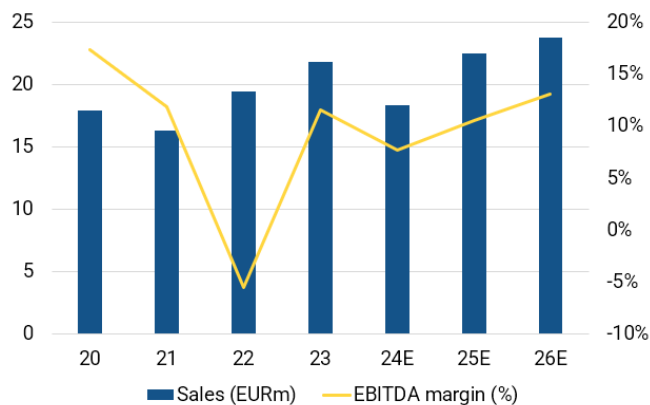
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	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
● Valmet Corp	7,1x	6,6x	9,9x	8,8x	11,2x	9,9x
● ANDRITZ AG	5,2x	5,3x	6,8x	6,8x	9,8x	9,4x
● SKF AB Class A	6,9x	6,2x	8,8x	8,1x	12,6x	11,2x
● Sumitomo Heavy Industries, Ltd.	5,6x	5,2x	8,9x	8,1x	10,7x	9,8x
● Sulzer AG	9,5x	8,7x	12,5x	11,3x	16,5x	14,6x
● HWK 1365 SE	5,5x	3,2x	6,9x	3,8x	10,7x	6,2x
– Peer Group Median	6,9x	6,2x	8,9x	8,1x	11,2x	9,9x
Fair Value (EUR)	37,89	55,96	39,21	60,32	32,29	49,09

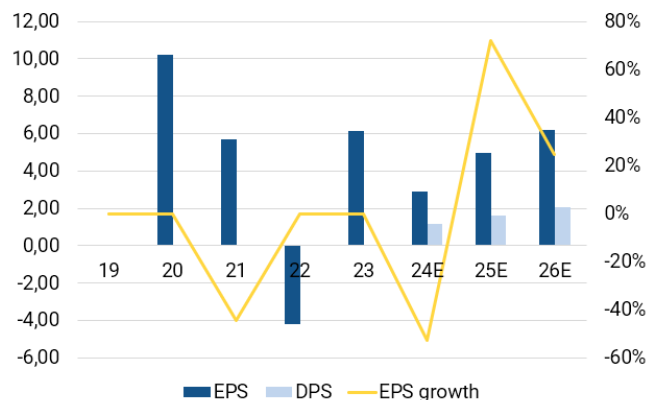
Source: FactSet, mwb research

Financials in six charts

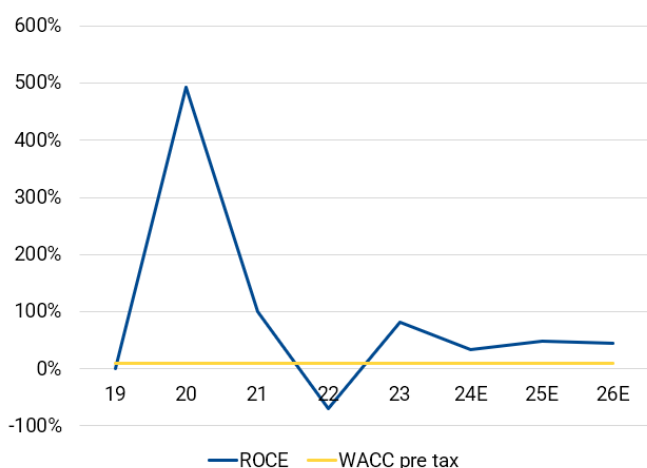
Sales vs. EBITDA margin development



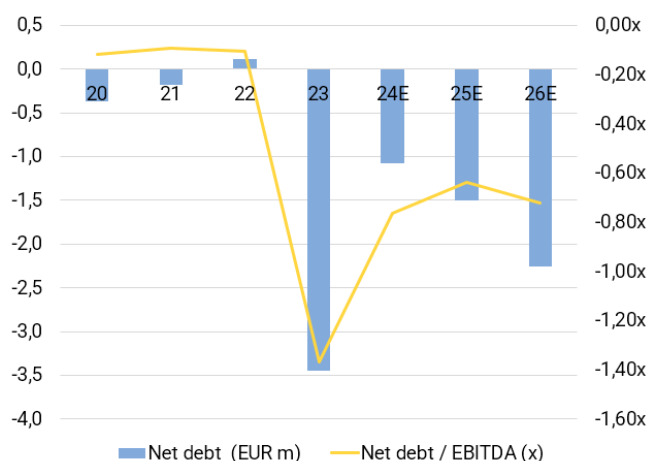
EPS, DPS in EUR & yoy EPS growth



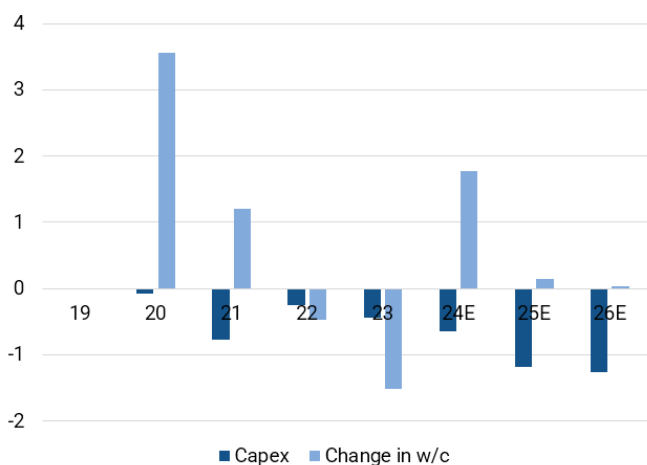
ROCE vs. WACC (pre tax)



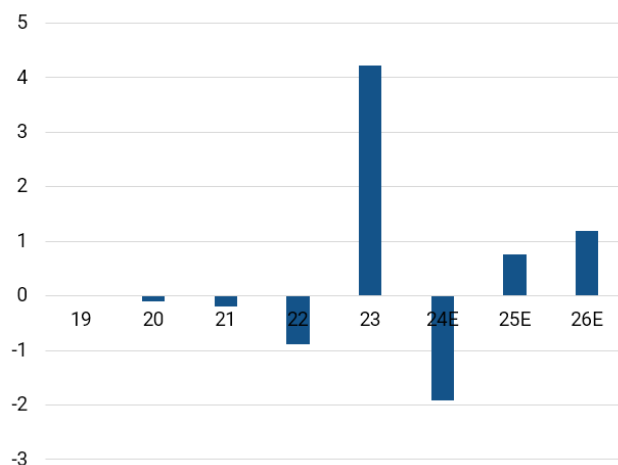
Net debt and net debt/EBITDA



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	16.3	19.4	21.8	18.3	22.4	23.8
Sales growth	-9.3%	19.4%	12.4%	-16.0%	22.5%	6.0%
Change in finished goods and work-in-process	2.1	-0.1	0.5	0.5	0.3	0.1
Total sales	18.3	19.3	22.3	18.9	22.7	23.9
Material expenses	7.3	11.0	8.5	6.9	8.5	8.4
Gross profit	11.0	8.3	13.8	11.9	14.3	15.5
Other operating income	0.4	0.5	0.3	0.5	0.6	0.6
Personnel expenses	6.4	6.5	6.7	6.7	7.4	7.6
Other operating expenses	3.2	3.3	4.9	4.3	5.0	5.4
EBITDA	1.9	-1.1	2.5	1.4	2.4	3.1
Depreciation	0.2	0.3	0.4	0.3	0.4	0.7
EBITA	1.7	-1.4	2.1	1.1	2.0	2.4
Amortisation of goodwill and intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.7	-1.4	2.1	1.1	2.0	2.4
Financial result	-0.0	-0.0	0.0	0.0	0.0	0.0
Recurring pretax income from continuing operations	1.7	-1.4	2.1	1.1	2.0	2.4
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	1.7	-1.4	2.1	1.1	2.0	2.4
Taxes	0.2	-0.2	0.4	0.3	0.6	0.7
Net income from continuing operations	1.6	-1.2	1.7	0.8	1.4	1.7
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	1.6	-1.2	1.7	0.8	1.4	1.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	1.6	-1.2	1.7	0.8	1.4	1.7
Average number of shares	0.28	0.28	0.28	0.28	0.28	0.28
EPS reported	5.68	-4.19	6.12	2.89	4.97	6.20

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	13%	-0%	2%	3%	1%	1%
Total sales	113%	100%	102%	103%	101%	100%
Material expenses	45%	57%	39%	38%	38%	35%
Gross profit	68%	43%	63%	65%	64%	65%
Other operating income	3%	2%	2%	3%	3%	3%
Personnel expenses	39%	34%	31%	37%	33%	32%
Other operating expenses	20%	17%	23%	23%	23%	23%
EBITDA	12%	-6%	12%	8%	11%	13%
Depreciation	1%	1%	2%	2%	2%	3%
EBITA	11%	-7%	10%	6%	9%	10%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	11%	-7%	10%	6%	9%	10%
Financial result	-0%	-0%	0%	0%	0%	0%
Recurring pretax income from continuing operations	11%	-7%	10%	6%	9%	10%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	11%	-7%	10%	6%	9%	10%
Taxes	1%	-1%	2%	2%	3%	3%
Net income from continuing operations	10%	-6%	8%	4%	6%	7%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	10%	-6%	8%	4%	6%	7%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	10%	-6%	8%	4%	6%	7%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	0.0	0.0	0.1	0.1	0.1	0.1
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.8	0.8	0.8	1.2	1.9	2.5
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	0.8	0.8	0.8	1.2	2.0	2.6
Inventories	2.1	1.2	1.0	0.9	1.1	1.1
Accounts receivable	0.3	0.5	0.9	0.6	0.7	0.7
Other current assets	0.3	0.2	0.4	0.4	0.4	0.4
Liquid assets	0.2	0.1	3.4	1.1	1.5	2.3
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.2	0.2	0.4	0.2	0.2	0.2
CURRENT ASSETS	3.0	2.1	6.1	3.1	3.8	4.6
TOTAL ASSETS	3.8	2.9	6.9	4.3	5.8	7.2
SHAREHOLDERS EQUITY	1.0	0.4	1.6	1.9	2.9	4.2
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.1	0.1	0.7	0.4	0.4	0.5
Other provisions	1.1	0.9	1.3	1.1	1.3	1.4
Non-current liabilities	1.3	1.0	2.0	1.4	1.8	1.9
short-term liabilities to banks	0.0	0.2	0.0	0.0	0.0	0.0
Accounts payable	1.3	1.0	0.5	0.7	0.8	0.8
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)	0.3	0.2	2.9	0.3	0.3	0.4
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	1.6	1.5	3.4	0.9	1.1	1.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	3.8	2.9	6.9	4.3	5.9	7.2

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	1%	1%	1%	1%	1%	1%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	21%	26%	11%	27%	33%	35%
Financial assets	0%	0%	0%	0%	0%	0%
FIXED ASSETS	22%	27%	12%	28%	34%	36%
Inventories	55%	40%	14%	21%	18%	15%
Accounts receivable	7%	16%	13%	13%	12%	10%
Other current assets	7%	8%	5%	9%	6%	5%
Liquid assets	5%	4%	50%	25%	26%	31%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	5%	5%	5%	4%	4%	3%
CURRENT ASSETS	78%	73%	88%	72%	66%	64%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	26%	15%	22%	44%	50%	58%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	0%	0%	0%	0%	0%	0%
Provisions for pensions and similar obligations	3%	5%	10%	9%	8%	7%
Other provisions	30%	30%	19%	25%	23%	19%
Non-current liabilities	33%	35%	29%	34%	30%	26%
short-term liabilities to banks	0%	7%	0%	0%	0%	0%
Accounts payable	33%	36%	7%	16%	14%	11%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	9%	7%	42%	6%	6%	5%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	41%	50%	49%	22%	20%	16%
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	1.6	-1.2	1.7	0.8	1.4	1.7
Depreciation of fixed assets (incl. leases)	0.2	0.3	0.4	0.3	0.4	0.7
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	0.0	0.0	0.0
Others	0.0	-0.2	1.1	-0.6	0.3	0.1
Cash flow from operations before changes in w/c	1.8	-1.1	3.2	0.5	2.1	2.5
Increase/decrease in inventory	0.0	0.0	0.2	0.1	-0.2	0.0
Increase/decrease in accounts receivable	0.0	0.0	-0.5	0.4	-0.1	-0.0
Increase/decrease in accounts payable	0.0	0.0	-0.6	0.2	0.1	-0.0
Increase/decrease in other w/c positions	0.0	0.0	2.3	-2.4	0.0	0.0
Increase/decrease in working capital	-1.2	0.5	1.5	-1.8	-0.2	-0.0
Cash flow from operating activities	0.6	-0.6	4.7	-1.3	1.9	2.5
CAPEX	-0.8	-0.3	-0.4	-0.6	-1.2	-1.3
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	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	-0.8	-0.3	-0.4	-0.6	-1.2	-1.3
Cash flow before financing	-0.2	-0.9	4.2	-1.9	0.8	1.2
Increase/decrease in debt position	0.0	0.2	-0.2	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.6	0.0	-0.5	0.0	0.0
Dividends paid	0.0	0.0	-0.7	0.0	-0.3	-0.5
Others	-0.0	-0.0	0.0	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	-0.0	0.8	-0.9	-0.5	-0.3	-0.5
Increase/decrease in liquid assets	-0.2	-0.1	3.3	-2.4	0.4	0.7
Liquid assets at end of period	0.2	0.1	3.4	1.1	1.5	2.2

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0
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	16.3	19.4	21.8	18.3	22.4	23.8

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported	5.68	-4.19	6.12	2.89	4.97	6.20
Cash flow per share	2.10	-2.30	16.98	-5.60	5.60	6.47
Book value per share	3.59	1.58	5.65	6.89	10.66	15.22
Dividend per share	0.00	0.00	0.00	1.20	1.64	2.05
Valuation						
P/E	5.5x	-7.4x	5.1x	10.7x	6.2x	5.0x
P/CF	14.8x	-13.5x	1.8x	-5.5x	5.5x	4.8x
P/BV	8.6x	19.6x	5.5x	4.5x	2.9x	2.0x
Dividend yield (%)	0.0%	0.0%	0.0%	3.9%	5.3%	6.6%
FCF yield (%)	6.8%	-7.4%	54.8%	-18.1%	18.1%	20.9%
EV/Sales	0.5x	0.5x	0.3x	0.4x	0.3x	0.3x
EV/EBITDA	4.4x	-8.2x	2.3x	5.5x	3.2x	2.2x
EV/EBIT	4.9x	-6.5x	2.7x	6.9x	3.8x	2.8x
Income statement (EURm)						
Sales	16.3	19.4	21.8	18.3	22.4	23.8
yoy chg in %	-9.3%	19.4%	12.4%	-16.0%	22.5%	6.0%
Gross profit	11.0	8.3	13.8	11.9	14.3	15.5
Gross margin in %	68.0%	42.8%	63.2%	65.2%	63.7%	65.1%
EBITDA	1.9	-1.1	2.5	1.4	2.4	3.1
EBITDA margin in %	11.9%	-5.5%	11.6%	7.7%	10.5%	13.1%
EBIT	1.7	-1.4	2.1	1.1	2.0	2.4
EBIT margin in %	10.7%	-7.0%	9.7%	6.2%	8.7%	10.2%
Net profit	1.6	-1.2	1.7	0.8	1.4	1.7
Cash flow statement (EURm)						
CF from operations	0.6	-0.6	4.7	-1.3	1.9	2.5
Capex	-0.8	-0.3	-0.4	-0.6	-1.2	-1.3
Maintenance Capex	0.0	0.0	0.0	0.3	0.4	0.7
Free cash flow	-0.2	-0.9	4.2	-1.9	0.8	1.2
Balance sheet (EURm)						
Intangible assets	0.0	0.0	0.1	0.1	0.1	0.1
Tangible assets	0.8	0.8	0.8	1.2	1.9	2.5
Shareholders' equity	1.0	0.4	1.6	1.9	2.9	4.2
Pension provisions	0.1	0.1	0.7	0.4	0.4	0.5
Liabilities and provisions	1.3	1.2	2.0	1.4	1.8	1.9
Net financial debt	-0.2	0.1	-3.4	-1.1	-1.5	-2.3
w/c requirements	1.1	0.6	1.4	0.8	0.9	1.0
Ratios						
ROE	158.3%	-264.8%	108.3%	41.9%	46.6%	40.7%
ROCE	76.9%	-80.7%	59.5%	33.9%	41.5%	40.2%
Net gearing	-18.3%	26.2%	-221.1%	-56.9%	-51.3%	-53.8%
Net debt / EBITDA	-0.1x	-0.1x	-1.4x	-0.8x	-0.6x	-0.7x

Source: Company data; mwb research

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