

# HWK 1365 SE

Germany | Industrial Goods & Services | MCap EUR 10.3m

21 January 2025

UPDATE



## Legal uncertainty, rating / price target under review

### What's it all about?

HWK 1365 SE (HWK) has announced that two board members, Frank Günther and Wolf Waschkuhn (also managing director of HWK), are in custody and under investigation on charges unrelated to HWK. The company's operations, which are managed by Hüttenwerke Königsbronn GmbH, remain unaffected as its managing director is not under investigation. The investigations could lead to prolonged uncertainty, potentially necessitating interim management changes. The situation is further complicated by the fact that Frank Günther and Wolf Waschkuhn directly or indirectly control approximately two-thirds of the share capital of HWK. Until the impact of the investigations on HWK become clearer, we put our rating under review and suspend our price target.

under review (BUY)

Target price	EUR na (83.50)
Current price	EUR 37.40
Up/downside	NaN%

 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 10.3m | EV EUR 7.5m

**under review** (BUY)

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**Current price** EUR 37.40  
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## Legal uncertainty, rating / price target under revision

**Board members in investigative custody.** HWK 1365 SE (HWK) has announced that two members of its Board of Directors, namely Frank Günther and Wolf Waschkuhn, are under investigation and in custody. Wolf Waschkuhn is also Managing Director of HWK. According to the press release, HWK currently believes that the allegations made by the Munich I public prosecutor relate to events that took place several years ago and have no direct connection with HWK. A search conducted by the public prosecutor's office at HWK's business premises served to secure documents relating to both members of the Board of Directors.

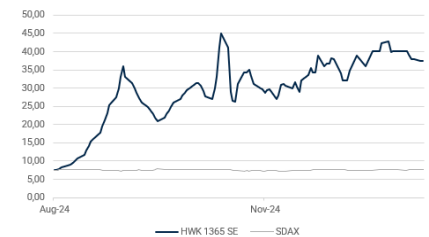
**Operating business not directly affected.** The operating business of HWK, which is conducted through the subsidiary Hüttenwerke Königsbronn GmbH, is not directly affected by the legal proceedings and continues to operate as planned. The sole managing director of Hüttenwerke Königsbronn GmbH is not a defendant in the public prosecutor's investigation.

**A distraction and higher degree of uncertainty.** The information currently available to us supports the hypothesis that the legal proceedings are not directly related to HWK (unconfirmed press reports seem to indicate that they may be related to events concerning Sympatex). Of course, the presumption of innocence also applies in this case. Even so, the investigation could easily drag on for several months, possibly necessitating (interim) replacements in the board of directors and management of HWK 1365 SE, which would at the very least be an unwelcome distraction. The situation could be further complicated by the fact that Frank Günther and Wolf Waschkuhn directly or indirectly control around two-thirds of the share capital.

**Rating / PT under revision.** If the expected robust growth in 2025 materializes, there seems to be value on offer for investors. However, until the impact of the current legal proceedings on HWK become clearer, we put our rating under review and suspend our price target.

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%	3.2%	4.4%	5.5%
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	0.6x	0.5x	0.3x	0.5x	0.4x	0.4x
EV/EBITDA	5.3x	-9.8x	3.0x	6.8x	3.9x	2.7x
EV/EBIT	5.9x	-7.8x	3.6x	8.4x	4.7x	3.5x
PER	6.6x	-8.9x	6.1x	13.0x	7.5x	6.0x

Source: Company data, mwb research



Source: Company data, mwb research

**High/low 52 weeks** 45.00 / 3.02  
**Price/Book Ratio** 6.6x

**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) 91

### Major shareholders

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

### Company description

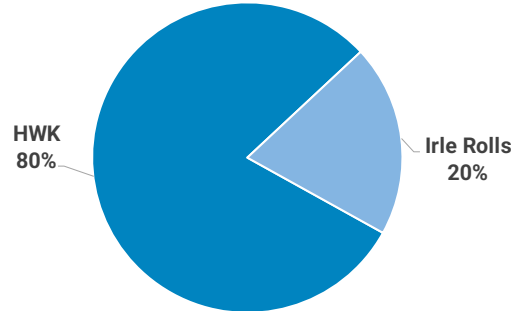
HWK is Germany's oldest industrial company, with roots dating back to 1365, and is the world market leader in large calender rolls for the paper industry.

# Investment case in six charts

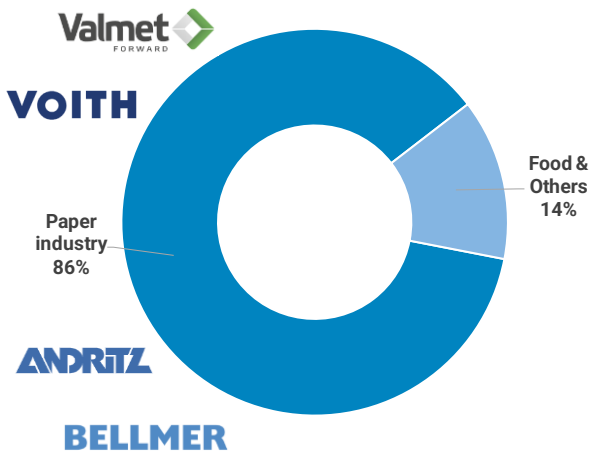
## Products & Services



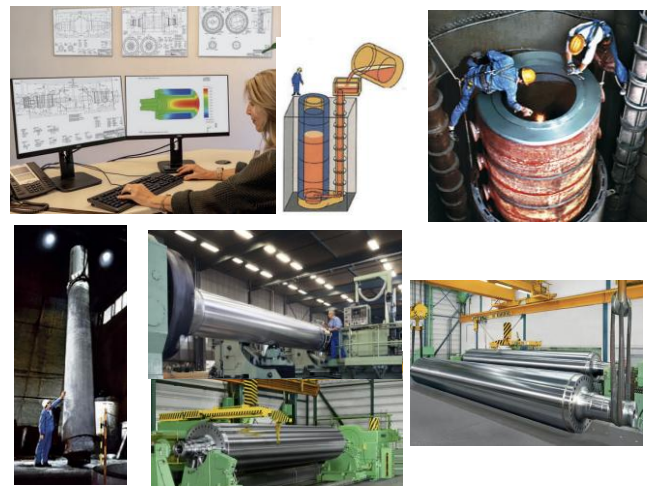
## Market shares large calendar rolls



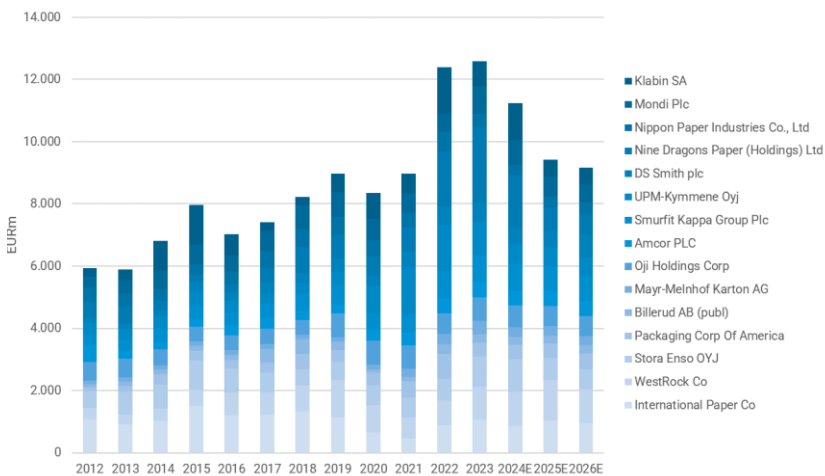
## Target markets and customers



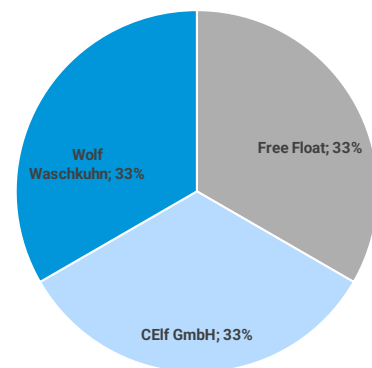
## Production process



## 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 84.56 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 1.14. 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	26.3
Present value	-1.9	0.7	1.0	1.1	1.1	1.0	1.0	1.0	14.6
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	19.7
Mid-year adj. total present value	20.5
Net debt / cash at start of year	-3.4
Financial assets	na
Provisions and off b/s debt	0.7
Equity value	23.3
No. of shares outstanding	0.3
<b>Discounted cash flow / share upside/(downside)</b>	<b>84.56 / 126.1%</b>

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)	1.14
Target debt / equity	0.0
Relevered beta	1.14
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	8.8%

<b>Share price</b>	<b>37.40</b>
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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%	2024E-2027E	2028E-2031E
2.0%	61.3	63.3	65.5	68.0	70.8	4.8%	20.9%
1.0%	68.3	70.9	73.8	77.2	81.0		
0.0%	77.0	80.5	84.5	89.2	94.7		74.3%
-1.0%	88.3	93.2	99.0	105.8	114.1		
-2.0%	103.5	110.7	119.4	130.1	143.6		

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
<b>EBITDA</b>	<b>1.4</b>	<b>2.4</b>	<b>3.1</b>	<b>3.4</b>	<b>3.4</b>
- 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
<b>= Adjusted FCF</b>	<b>0.8</b>	<b>1.4</b>	<b>1.7</b>	<b>1.7</b>	<b>1.7</b>
<b>Actual Market Cap</b>	<b>10.3</b>	<b>10.3</b>	<b>10.3</b>	<b>10.3</b>	<b>10.3</b>
+ 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
<b>= Actual EV'</b>	<b>9.6</b>	<b>8.9</b>	<b>7.7</b>	<b>6.3</b>	<b>4.8</b>
<b>Adjusted FCF yield</b>	<b>8.3%</b>	<b>15.3%</b>	<b>22.1%</b>	<b>27.7%</b>	<b>36.4%</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>11.3</b>	<b>19.5</b>	<b>24.4</b>	<b>24.8</b>	<b>25.0</b>
- <i>EV Reconciliations</i>	-0.7	-1.4	-2.6	-4.0	-5.5
<b>Fair Market Cap</b>	<b>12.1</b>	<b>20.9</b>	<b>26.9</b>	<b>28.8</b>	<b>30.5</b>
No. of shares (million)	0.3	0.3	0.3	0.3	0.3
<b>Fair value per share in EUR</b>	<b>43.83</b>	<b>75.98</b>	<b>97.85</b>	<b>104.75</b>	<b>110.75</b>
<b>Premium (-) / discount (+)</b>	<b>17.2%</b>	<b>103.2%</b>	<b>161.6%</b>	<b>180.1%</b>	<b>196.1%</b>

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

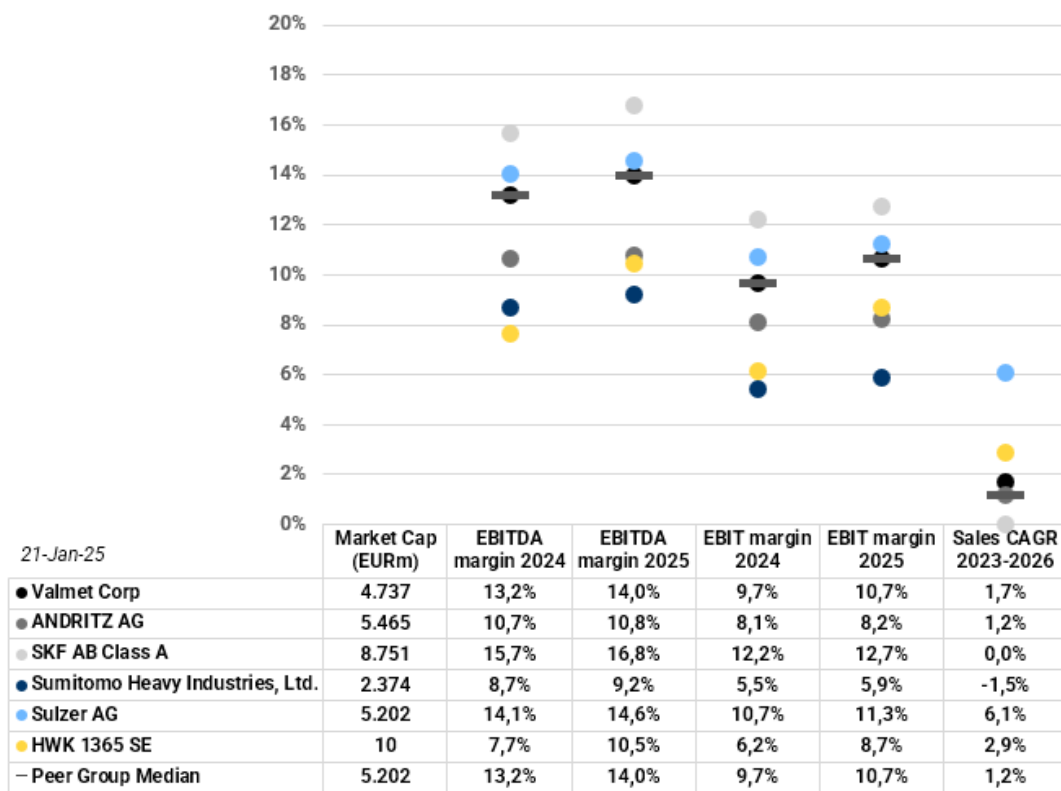
Source: Company data; mwb research

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 21 January 2025 the median market cap of the peer group was EUR 5,201.5m, compared to EUR 10.3m 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

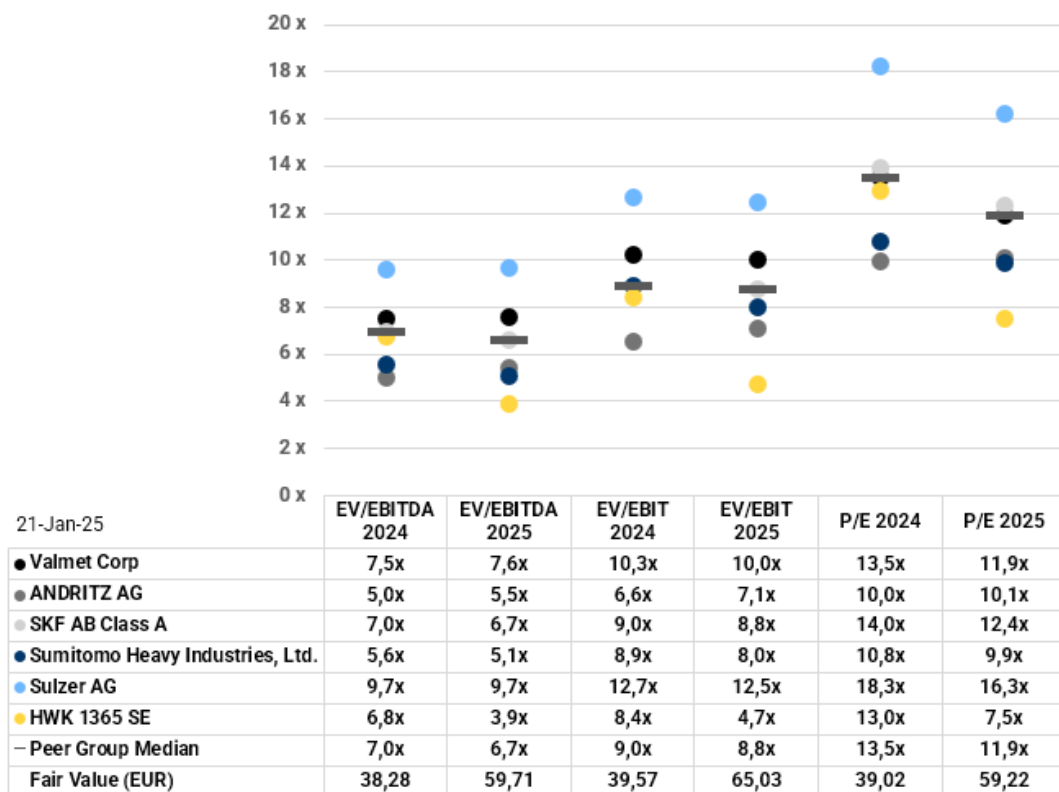


Source: FactSet, mwb research

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 38.28 to EUR 65.03.**

### Peer Group – Multiples and valuation

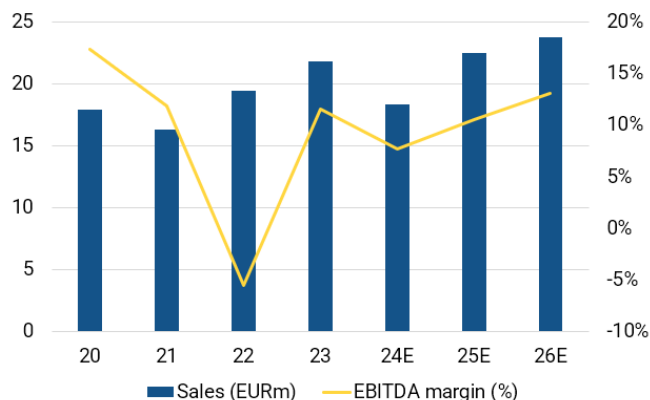


Source: FactSet, mwb research

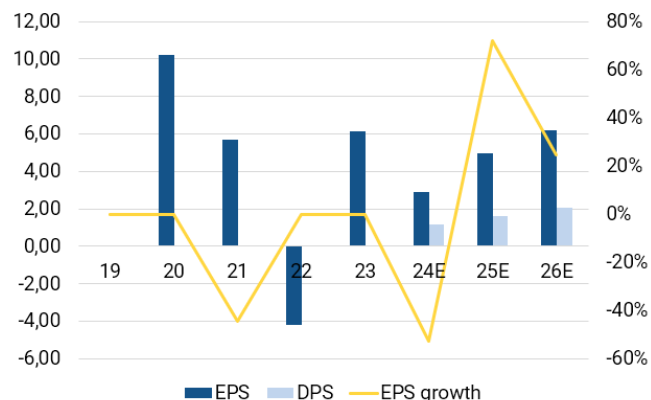


# Financials in six charts

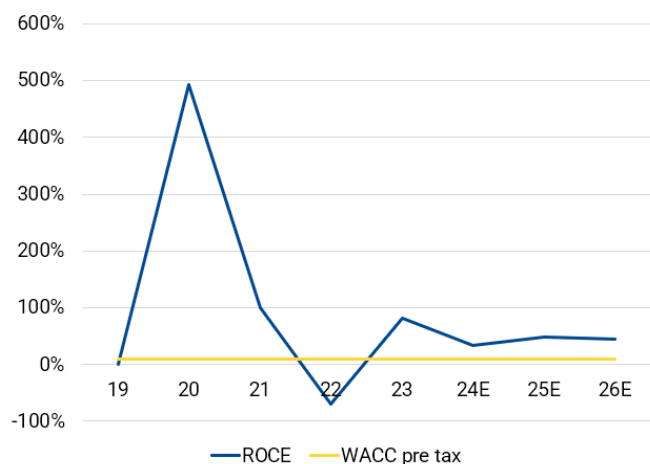
**Sales vs. EBITDA margin development**



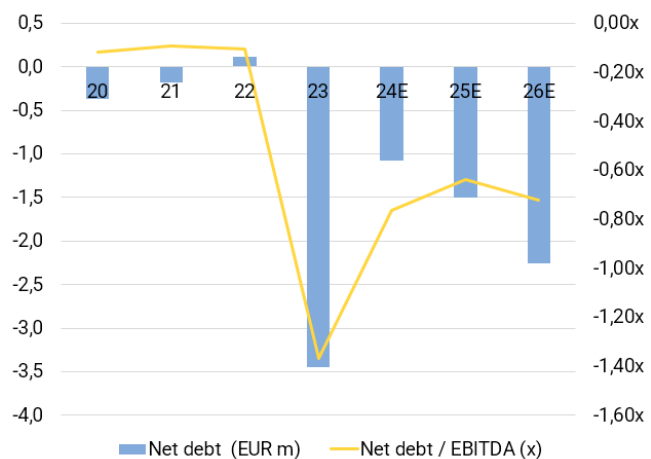
**EPS, DPS in EUR & yoy EPS growth**



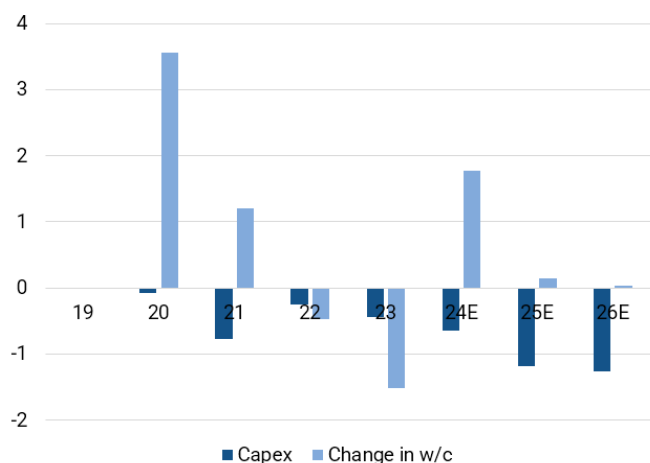
**ROCE vs. WACC (pre tax)**



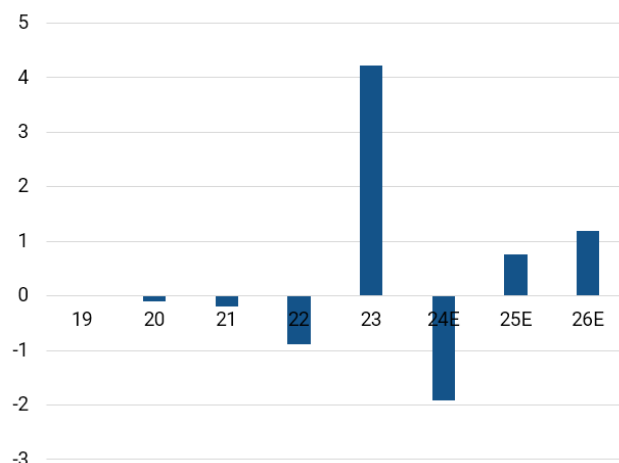
**Net debt and net debt/EBITDA**



**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
<b>Net sales</b>	<b>16.3</b>	<b>19.4</b>	<b>21.8</b>	<b>18.3</b>	<b>22.4</b>	<b>23.8</b>
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
<b>Total sales</b>	<b>18.3</b>	<b>19.3</b>	<b>22.3</b>	<b>18.9</b>	<b>22.7</b>	<b>23.9</b>
Material expenses	7.3	11.0	8.5	6.9	8.5	8.4
<b>Gross profit</b>	<b>11.0</b>	<b>8.3</b>	<b>13.8</b>	<b>11.9</b>	<b>14.3</b>	<b>15.5</b>
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
<b>EBITDA</b>	<b>1.9</b>	<b>-1.1</b>	<b>2.5</b>	<b>1.4</b>	<b>2.4</b>	<b>3.1</b>
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
<b>EBIT</b>	<b>1.7</b>	<b>-1.4</b>	<b>2.1</b>	<b>1.1</b>	<b>2.0</b>	<b>2.4</b>
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
<b>Net income</b>	<b>1.6</b>	<b>-1.2</b>	<b>1.7</b>	<b>0.8</b>	<b>1.4</b>	<b>1.7</b>
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
<b>EPS reported</b>	<b>5.68</b>	<b>-4.19</b>	<b>6.12</b>	<b>2.89</b>	<b>4.97</b>	<b>6.20</b>

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
<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	13%	-0%	2%	3%	1%	1%
<b>Total sales</b>	<b>113%</b>	<b>100%</b>	<b>102%</b>	<b>103%</b>	<b>101%</b>	<b>100%</b>
Material expenses	45%	57%	39%	38%	38%	35%
<b>Gross profit</b>	<b>68%</b>	<b>43%</b>	<b>63%</b>	<b>65%</b>	<b>64%</b>	<b>65%</b>
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%
<b>EBITDA</b>	<b>12%</b>	<b>-6%</b>	<b>12%</b>	<b>8%</b>	<b>11%</b>	<b>13%</b>
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%
<b>EBIT</b>	<b>11%</b>	<b>-7%</b>	<b>10%</b>	<b>6%</b>	<b>9%</b>	<b>10%</b>
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%
<b>Net income</b>	<b>10%</b>	<b>-6%</b>	<b>8%</b>	<b>4%</b>	<b>6%</b>	<b>7%</b>
Minority interest	0%	0%	0%	0%	0%	0%
<b>Net profit (reported)</b>	<b>10%</b>	<b>-6%</b>	<b>8%</b>	<b>4%</b>	<b>6%</b>	<b>7%</b>

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
<b>Intangible assets (excl. Goodwill)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
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
<b>FIXED ASSETS</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>1.2</b>	<b>2.0</b>	<b>2.6</b>
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
<b>CURRENT ASSETS</b>	<b>3.0</b>	<b>2.1</b>	<b>6.1</b>	<b>3.1</b>	<b>3.8</b>	<b>4.6</b>
<b>TOTAL ASSETS</b>	<b>3.8</b>	<b>2.9</b>	<b>6.9</b>	<b>4.3</b>	<b>5.8</b>	<b>7.2</b>
<b>SHAREHOLDERS EQUITY</b>	<b>1.0</b>	<b>0.4</b>	<b>1.6</b>	<b>1.9</b>	<b>2.9</b>	<b>4.2</b>
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
<b>Non-current liabilities</b>	<b>1.3</b>	<b>1.0</b>	<b>2.0</b>	<b>1.4</b>	<b>1.8</b>	<b>1.9</b>
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
<b>Current liabilities</b>	<b>1.6</b>	<b>1.5</b>	<b>3.4</b>	<b>0.9</b>	<b>1.1</b>	<b>1.2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>3.8</b>	<b>2.9</b>	<b>6.9</b>	<b>4.3</b>	<b>5.9</b>	<b>7.2</b>

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
<b>Intangible assets (excl. Goodwill)</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
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%
<b>FIXED ASSETS</b>	<b>22%</b>	<b>27%</b>	<b>12%</b>	<b>28%</b>	<b>34%</b>	<b>36%</b>
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%
<b>CURRENT ASSETS</b>	<b>78%</b>	<b>73%</b>	<b>88%</b>	<b>72%</b>	<b>66%</b>	<b>64%</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>26%</b>	<b>15%</b>	<b>22%</b>	<b>44%</b>	<b>50%</b>	<b>58%</b>
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%
<b>Non-current liabilities</b>	<b>33%</b>	<b>35%</b>	<b>29%</b>	<b>34%</b>	<b>30%</b>	<b>26%</b>
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%
<b>Current liabilities</b>	<b>41%</b>	<b>50%</b>	<b>49%</b>	<b>22%</b>	<b>20%</b>	<b>16%</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; 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
<b>Cash flow from operating activities</b>	<b>0.6</b>	<b>-0.6</b>	<b>4.7</b>	<b>-1.3</b>	<b>1.9</b>	<b>2.5</b>
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
<b>Cash flow from investing activities</b>	<b>-0.8</b>	<b>-0.3</b>	<b>-0.4</b>	<b>-0.6</b>	<b>-1.2</b>	<b>-1.3</b>
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
<b>Cash flow from financing activities</b>	<b>-0.0</b>	<b>0.8</b>	<b>-0.9</b>	<b>-0.5</b>	<b>-0.3</b>	<b>-0.5</b>
Increase/decrease in liquid assets	-0.2	-0.1	3.3	-2.4	0.4	0.7
<b>Liquid assets at end of period</b>	<b>0.2</b>	<b>0.1</b>	<b>3.4</b>	<b>1.1</b>	<b>1.5</b>	<b>2.2</b>

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
<b>Total sales</b>	<b>16.3</b>	<b>19.4</b>	<b>21.8</b>	<b>18.3</b>	<b>22.4</b>	<b>23.8</b>

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%
<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; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
<b>Per share data</b>						
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
<b>Valuation</b>						
P/E	6.6x	-8.9x	6.1x	13.0x	7.5x	6.0x
P/CF	17.8x	-16.3x	2.2x	-6.7x	6.7x	5.8x
P/BV	10.4x	23.7x	6.6x	5.4x	3.5x	2.5x
Dividend yield (%)	0.0%	0.0%	0.0%	3.2%	4.4%	5.5%
FCF yield (%)	5.6%	-6.2%	45.4%	-15.0%	15.0%	17.3%
EV/Sales	0.6x	0.5x	0.3x	0.5x	0.4x	0.4x
EV/EBITDA	5.3x	-9.8x	3.0x	6.8x	3.9x	2.7x
EV/EBIT	5.9x	-7.8x	3.6x	8.4x	4.7x	3.5x
<b>Income statement (EURm)</b>						
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
<b>Cash flow statement (EURm)</b>						
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
<b>Balance sheet (EURm)</b>						
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
<b>Ratios</b>						
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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