

# SGT German Private Equity

Germany | Financial Services | MCap EUR 85.2m

10 February 2023

UPDATE



## Write-downs burden profitability; PT down but BUY confirmed

### What's it all about?

SGT German Private Equity (SGF) - reported lower than expected FY22 results, mainly due to a one-off non-cash asset write-down. This partially reversed a one-off profit recorded by the company in H1. On a full year and underlying basis, SGF remained profitable with an EPS of 0.03 (eAR: EUR 0.12-0.14). The asset management division remains SGF's main earnings contributor, while the heritage VC portfolio posted a loss due to asset write-downs amid market volatility in '22. Despite lowering our forecast, we expect a fivefold increase in underlying earnings in 2023, which reaffirms our BUY case. However, we lower our PT from EUR 4.00 to EUR 3.00, reflecting the overall lower estimates. On a positive note, SGF will continue to return cash to shareholders via dividends and/or share buybacks, which we believe will support the share price.

**BUY** (BUY)

<b>Target price</b>	<b>EUR 3.00 (4.00)</b>
Current price	EUR 1.71
Up/downside	75.4%

 **ResearchHub** 

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Germany | Financial Services | MCap EUR 85.2m | EV EUR 80.5m

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## Write-downs burden profitability; PT down but BUY confirmed

**Prelim. FY '22 results burdened by one-offs** With an EPS of EUR 0.16, SGT German Private Equity (SGF) reported prelim. FY22 results that were below our original expectations of EUR 0.38. Much of this shortfall was due to a one-off non-cash asset write-down (capitalized JV asset), which wiped around EUR 0.11 off SGF's FY22 EPS (see also next page for more details on the JV). Together with a one-off gain of EUR 0.24 per share already booked in H1 (revaluation of a purchase price liability), underlying EPS came in at EUR 0.03 - below our expected EUR 0.12-0.14 range.

**Deal activity slowed in H2 '22** The shortfall in profits (and effectively losses in H2) is the result of higher overall opex, but also lower management fees on AuM. Contrary to previous expectations, SGF's management fee can - to a large extent - only be collected on invested, rather than committed capital. While we expect the AuM of its first PE fund to perform well, we also see that the ramp-up of the underlying investments may have been slower than previously expected, possibly the result of the challenging geopolitical situation. For example, a second PE transaction (after Utimaco) was planned in '22, however slipped into '23 after deal activity in PE slowed down significantly. Nonetheless, deal activity is currently picking up again, which is why we believe that SGF is currently involved in several bidding processes.

**Asset management remains the key earnings contributor** As seen in the H1 results, SGF's newly established asset management business remains the sole contributor to revenues and earnings. With AuM in excess of USD 800m, SGF is able to generate much more predictable and recurring revenues. Not surprisingly, all of SGF's FY22 profits came from this segment. At EBITDA level i.e. looking at pure operating performance excluding one-offs, the asset management segment generated an EBITDA of EUR 5.4m in FY22. In terms of SGF's portfolio companies, the PE investment Utimaco (cybersecurity software) has developed very well so far despite adverse macroeconomic circumstances. Since the signing in August '21, it has already increased significantly in value and two add-on acquisitions have been made. Therefore we believe that this investment will noticeably improve the company's fundraising prospects for the fund and further co-investments. *- continued -*

SGT German Private Equity	2019	2020	2021	2022P	2023E	2024E
Sales	16.4	0.9	12.2	8.9	15.1	19.7
<i>Growth yoy</i>	31.2%	-94.6%	1,279.3%	-26.8%	70.1%	30.3%
EBITDA	0.8	-1.2	6.8	4.4	9.8	11.8
EBIT	0.1	-1.3	5.6	2.4	8.8	10.8
Net profit	2.2	-0.6	14.5	8.0	7.8	9.5
Net debt (net cash)	-8.3	-5.9	-4.7	-5.9	-13.4	-22.1
Net debt/EBITDA	-11.1x	4.8x	-0.7x	-1.3x	-1.4x	-1.9x
EPS reported	0.19	-0.05	0.44	0.16	0.16	0.19
DPS	0.00	0.00	0.02	0.02	0.02	0.03
<i>Dividend yield</i>	0.0%	0.0%	1.2%	0.9%	1.4%	1.7%
Gross profit margin	75.9%	100.0%	80.0%	100.0%	100.0%	100.0%
EBITDA margin	4.6%	-141.4%	55.8%	50.0%	65.0%	60.0%
EBIT margin	0.6%	-142.3%	46.1%	27.5%	58.4%	54.9%
ROCE	0.3%	-4.4%	13.2%	2.3%	7.8%	8.9%
EV/EBITDA	102.5x	-63.5x	11.9x	17.8x	7.3x	5.3x
EV/EBIT	748.1x	-63.2x	14.4x	32.4x	8.1x	5.8x
PER	8.8x	-33.2x	3.9x	10.6x	10.9x	8.9x
FCF yield	-5.2%	-9.6%	-11.8%	2.4%	9.8%	11.6%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 1.92 / 1.10  
**Price/Book Ratio** 1.3x

**Ticker / Symbols**  
ISIN DE000A1MMEV4  
WKN A1MMEV  
Bloomberg SGF:GR

### Changes in estimates

		Sales	EBIT	EPS
2022P	old	13.2	8.3	0.38
	Δ	-32.6%	-70.5%	-57.8%
2023E	old	18.5	10.6	0.19
	Δ	-18.3%	-16.6%	-16.6%
2024E	old	24.9	14.2	0.25
	Δ	-20.8%	-23.7%	-23.7%

### Key share data

Number of shares: (in m pcs) 49.80  
Book value per share: (in EUR) 1.28  
Ø trading volume: (12 months) 5,000

### Major shareholders

SGT Capital LLC 79.3%  
Free Float 20.7%

### 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.

**Market volatility triggers write downs on assets in the heritage VC portfolio.** On the other hand, the heritage VC portfolio still posted an EBITDA loss of around EUR 2m. Mainly due to the market volatility in 2022, SGF had to write-down the value of two of its existing VC investments. In addition, the company continues to hold a c. 0.5% stake in the publicly traded "Mister Spex". In line with other growth stocks, the shares lost almost 65% of their value in '22, which is why SGF has also written down the value of this portfolio company.

**Dividends, outlook and model adjustments** However, we believe that SGF will be able to increase the pace of deployment of its assets, which is why we expect a further increase in *underlying* earnings in 2023 - eAR of EUR 0.16 EPS for 2023 - effectively a 5x increase in *underlying* earnings in the current financial year. In addition, SGF reiterated that it will continue to return cash to shareholders in the form of dividends and/or share buybacks, which should support the share price in our view. **As a result, we reiterate our BUY case, albeit with a lower PT of EUR 3.00 (old EUR 4.00), reflecting the lower earnings going forward.**

**Reminder:** In the asset management business, SGF entered into a JV with a leading Asian financial services provider. Under IFRS, this contract itself had to be capitalized (approx. EUR 12m) and amortized over time. We have assumed depreciation charges of approx. EUR 1.5m p.a. While the JV remains in force and – according to the company – the volume has even been expanded, SGF decided to devalue the capitalized contract due to increased geopolitical risks. On a positive note, the write-down is non-cash and future regular depreciation charges will be reduced to approximately EUR 0.5m p.a.

#### Half year performance table

P&L data	1H2019	2H2019	1H2020	2H2020	1H2021	2H2021	1H2022
Sales	8,7	13,5	1,0	1,4	2,9	11,1 	7,1
yoy growth in %	-6,5%	35,4%	-88,4%	-89,9%	185,8%	716,8%	146,2%
Gross profit	7,8	10,5	1,0	1,4	2,9	8,7 	7,1
Gross margin in %	88,7%	78,0%	100,0%	100,0%	100,0%	78,1%	100,0%
EBITDA	1,5	3,4	-0,1	-1,0	0,6	6,2 	6,3
EBITDA margin in %	16,9%	25,0%	-7,4%	-76,6%	21,9%	55,5%	88,7%
EBIT	1,0	3,2	-0,1	-1,0	-0,4	6,0	5,7
EBIT margin in %	11,3%	23,8%	-7,8%	-76,8%	-14,0%	54,2%	80,0%
EBT	0,7	2,9	-0,3	-0,5	-0,3	16,4	17,6
taxes paid	0,3	0,0	-0,1	0,0	-0,1	2,1	1,2
tax rate in %	38,2%	-1,3%	40,3%	-4,0%	39,9%	12,8%	6,7%
net profit	0,2	2,8	-0,2	-0,6	-0,2	14,3	16,5
yoy growth in %	-88,6%	na	na	na	na	na	na
<b>EPS</b>	<b>0,02</b>	<b>0,25</b>	<b>-0,02</b>	<b>-0,05</b>	<b>-0,02</b>	<b>0,26</b>	<b>0,34</b>

Source: Company data; Sales incl. losses from financial investments and services received

# Investment case in six charts

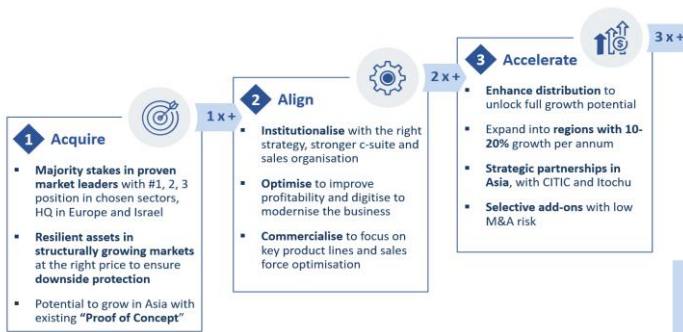
## Products & Services



## New corporate structure



## Strategy - PE fund



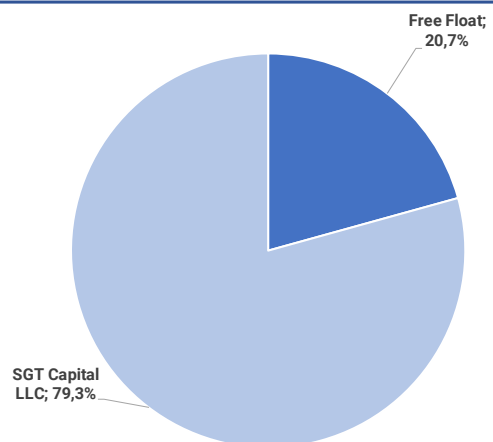
## Themes and Sectors



## 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.



# Valuation

## DCF Model

The DCF model results in a **fair value of EUR 3.00 per share**:

**Top-line growth:** We expect SGT German Private Equity to continue benefitting from structural growth. Hence our growth estimates for 2022P-2029E is in the range of 12.8% p.a. The long-term growth rate is set at 2.0%.

**EBIT margins.** In accordance with other PE firms, we are modelling EBIT margin in the 50% range. Given the asset light business model, we keep EBIT margins constant at these levels.

**WACC.** The averaged 1-, 3- and 5-year historical equity beta is calculated as 1.30. Unlevering and correcting for mean reversion yields an asset beta of 1.00. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.3%. 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 8.1%.

DCF (EUR m) (except per share data and beta)	2022P	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal value
NOPAT	2.2	7.8	9.5	8.0	7.6	7.5	7.5	8.1	
Depreciation & amortization	2.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	
Change in working capital	4.0	-0.4	-0.7	-0.1	-0.1	-0.1	-0.1	-0.1	
Chg. in long-term provisions	-11.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Capex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Cash flow	-3.7	8.3	9.9	9.0	8.6	8.5	8.4	8.0	134.4
Present value	-3.8	7.8	8.5	7.2	6.3	5.8	5.3	4.7	78.7
WACC	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.1%

DCF per share derived from	
Total present value	120.6
Mid-year adj. total present value	125.4
Net debt / cash at start of year	-4.7
Financial assets	17.6
Provisions and off b/s debt	0.0
Equity value	147.6
No. of shares outstanding	49.2
<b>Discounted cash flow / share upside/(downside)</b>	<b>3.00 / 75.5%</b>

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2022P-2029E)	12.8%
Terminal value growth (2029E - infinity)	2.0%
Terminal year ROCE	6.9%
Terminal year WACC	8.1%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.30
Unlevered beta (industry or company)	1.00
Target debt / equity	0.5
Relevered beta	1.38
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	10.3%

<b>Share price</b>	<b>1.71</b>
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## Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth					Share of present value	
	1.0%	0.5%	1.0%	1.5%	2.0%	2022P-2025E	2026E-2029E
2.0%	2.2	2.2	2.3	2.3	2.4	16.3%	18.4%
1.0%	2.3	2.4	2.5	2.6	2.7		
0.0%	2.6	2.7	2.8	2.9	3.0		
-1.0%	2.9	3.0	3.1	3.3	3.5		
-2.0%	3.2	3.4	3.6	3.9	4.2		
						terminal value	65.2%

Source: AlsterResearch

## 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 1.53 per share based on 2022P and EUR 3.67 per share on 2026E estimates. **We value SGT German Private Equity on 2023 estimates and which 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	2022P	2023E	2024E	2025E	2026E
<b>EBITDA</b>	<b>4.4</b>	<b>9.8</b>	<b>11.8</b>	<b>11.1</b>	<b>10.8</b>
- 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	0.9	1.1	1.3	2.0	2.1
<b>= Adjusted FCF</b>	<b>3.6</b>	<b>8.8</b>	<b>10.5</b>	<b>9.0</b>	<b>8.6</b>
<b>Actual Market Cap</b>	<b>84.1</b>	<b>84.1</b>	<b>84.1</b>	<b>84.1</b>	<b>84.1</b>
+ Net debt (cash)	-5.9	-13.4	-22.1	-29.7	-37.0
+ 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	17.6	17.6	17.6	17.6	17.6
- Acc. dividend payments	0.7	1.5	2.6	4.1	5.3
<i>EV Reconciliations</i>	-24.2	-32.5	-42.4	-51.3	-59.9
<b>= Actual EV'</b>	<b>60.0</b>	<b>51.6</b>	<b>41.8</b>	<b>32.8</b>	<b>24.2</b>
<b>Adjusted FCF yield</b>	<b>5.9%</b>	<b>17.0%</b>	<b>25.2%</b>	<b>27.6%</b>	<b>35.5%</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>50.9</b>	<b>125.4</b>	<b>150.5</b>	<b>129.2</b>	<b>123.1</b>
- <i>EV Reconciliations</i>	-24.2	-32.5	-42.4	-51.3	-59.9
<b>Fair Market Cap</b>	<b>75.1</b>	<b>157.9</b>	<b>192.8</b>	<b>180.6</b>	<b>183.0</b>
No. of shares (million)	49.2	49.8	49.8	49.8	49.8
<b>Fair value per share in EUR</b>	<b>1.53</b>	<b>3.17</b>	<b>3.87</b>	<b>3.63</b>	<b>3.67</b>
<b>Premium (-) / discount (+)</b>	<b>-10.8%</b>	<b>85.4%</b>	<b>126.5%</b>	<b>112.0%</b>	<b>114.9%</b>

### Sensitivity analysis FV

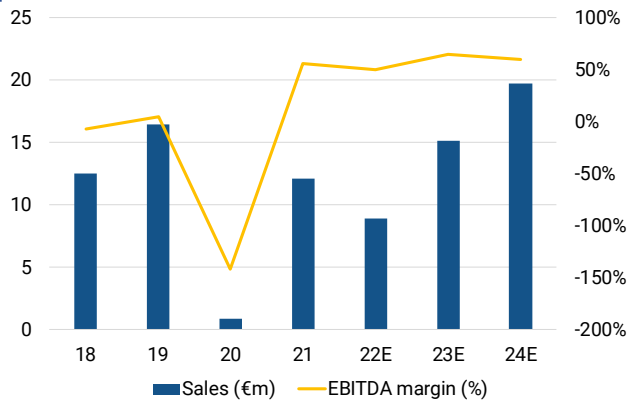
	5.0%	1.9	4.2	5.1	4.7	4.7
<b>Adjusted hurdle rate</b>	6.0%	1.7	3.6	4.4	4.1	4.1
	<b>7.0%</b>	<b>1.5</b>	<b>3.2</b>	<b>3.9</b>	<b>3.6</b>	<b>3.7</b>
	8.0%	1.4	2.9	3.5	3.3	3.4
	9.0%	1.3	2.6	3.2	3.0	3.1

Source: Company data; AlsterResearch

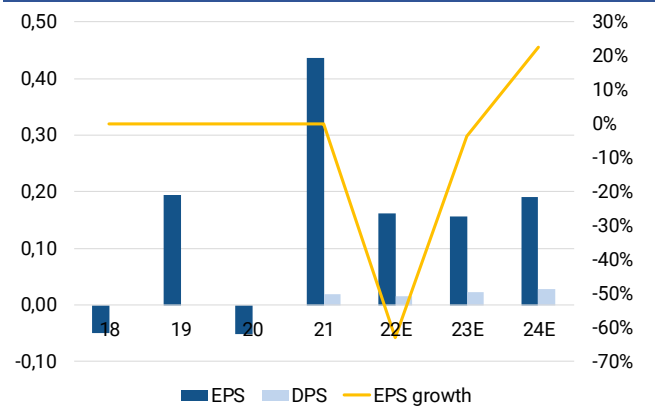
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments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

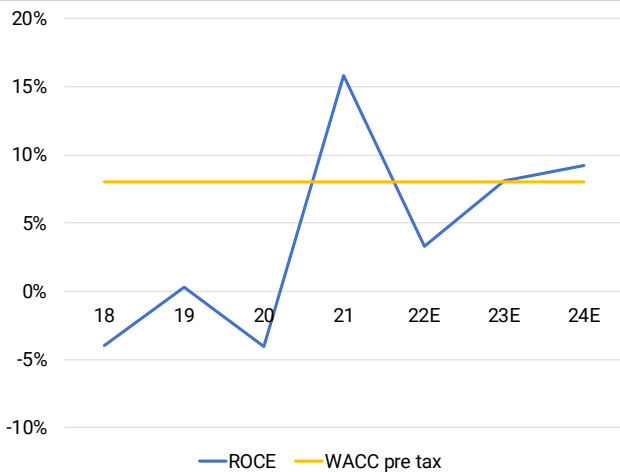
**Sales vs. EBITDA margin development**



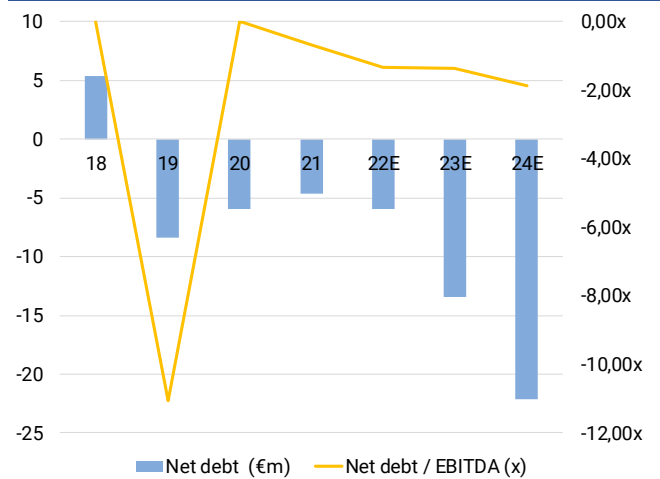
**EPS, DPS in EUR & yoy EPS growth**



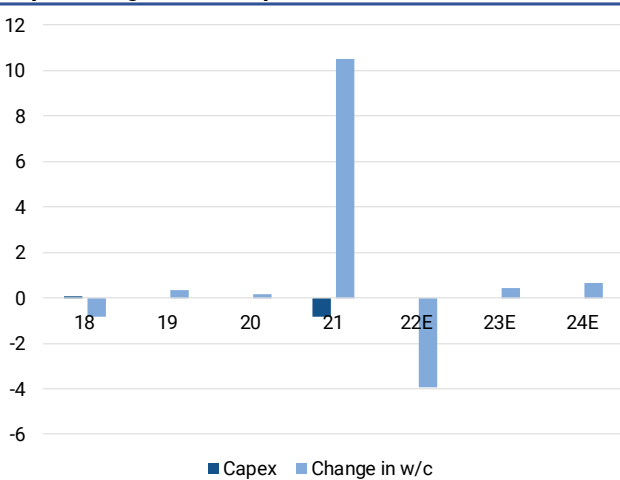
**ROCE vs. WACC (pre tax)**



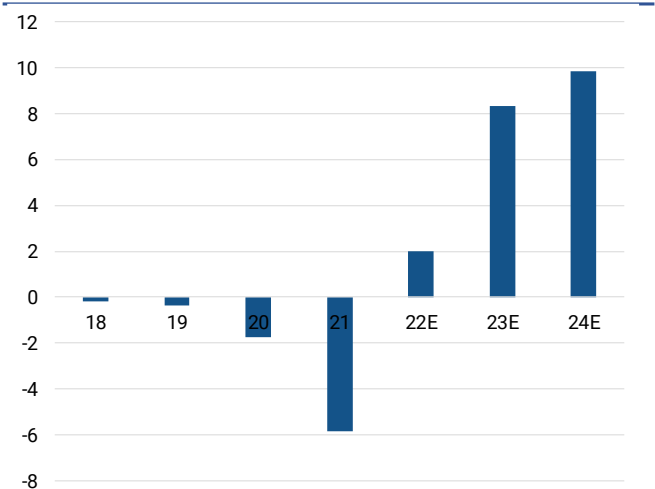
**Net debt and net debt/EBITDA**



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



**Free Cash Flow in EURm**



Source: Company data; AlsterResearch



## Financials

Profit and loss (EURm)	2019	2020	2021	2022P	2023E	2024E
<b>Net sales</b>	<b>16.4</b>	<b>0.9</b>	<b>12.2</b>	<b>8.9</b>	<b>15.1</b>	<b>19.7</b>
Sales growth	31.2%	-94.6%	1,279.3%	-26.8%	70.1%	30.3%
Change in finished goods and work-in-process	0.3	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>16.8</b>	<b>0.9</b>	<b>12.2</b>	<b>8.9</b>	<b>15.1</b>	<b>19.7</b>
Material expenses	4.3	0.0	2.4	0.0	0.0	0.0
<b>Gross profit</b>	<b>12.5</b>	<b>0.9</b>	<b>9.7</b>	<b>8.9</b>	<b>15.1</b>	<b>19.7</b>
Other operating income	1.1	0.1	0.1	0.0	0.0	0.0
Personnel expenses	9.7	0.1	0.4	1.8	2.3	3.9
Other operating expenses	3.2	2.1	2.7	2.7	3.0	3.9
<b>EBITDA</b>	<b>0.8</b>	<b>-1.2</b>	<b>6.8</b>	<b>4.4</b>	<b>9.8</b>	<b>11.8</b>
Depreciation	0.7	0.0	0.0	0.0	0.0	0.0
EBITA	0.1	-1.3	6.8	4.4	9.8	11.8
Amortisation of goodwill and intangible assets	0.0	0.0	1.2	2.0	1.0	1.0
<b>EBIT</b>	<b>0.1</b>	<b>-1.3</b>	<b>5.6</b>	<b>2.4</b>	<b>8.8</b>	<b>10.8</b>
Financial result	3.6	0.4	10.4	6.4	0.0	0.0
Recurring pretax income from continuing operations	3.7	-0.8	16.0	8.8	8.8	10.8
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	3.7	-0.8	16.0	8.8	8.8	10.8
Taxes	0.2	-0.1	2.0	0.9	1.1	1.3
Net income from continuing operations	3.4	-0.7	14.1	8.0	7.8	9.5
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>3.4</b>	<b>-0.7</b>	<b>14.1</b>	<b>8.0</b>	<b>7.8</b>	<b>9.5</b>
Minority interest	-1.2	0.2	0.4	0.0	0.0	0.0
Net profit (reported)	2.2	-0.6	14.5	8.0	7.8	9.5
Average number of shares	11.33	10.74	33.13	49.20	49.80	49.80
<b>EPS reported</b>	<b>0.19</b>	<b>-0.05</b>	<b>0.44</b>	<b>0.16</b>	<b>0.16</b>	<b>0.19</b>

Profit and loss (common size)	2019	2020	2021	2022P	2023E	2024E
<b>Net sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Change in finished goods and work-in-process	2%	0%	0%	0%	0%	0%
<b>Total sales</b>	<b>102%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Material expenses	26%	0%	20%	0%	0%	0%
<b>Gross profit</b>	<b>76%</b>	<b>100%</b>	<b>80%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Other operating income	7%	12%	1%	0%	0%	0%
Personnel expenses	59%	15%	3%	20%	15%	20%
Other operating expenses	19%	239%	22%	30%	20%	20%
<b>EBITDA</b>	<b>5%</b>	<b>-141%</b>	<b>56%</b>	<b>50%</b>	<b>65%</b>	<b>60%</b>
Depreciation	4%	1%	0%	0%	0%	0%
EBITA	1%	-142%	56%	50%	65%	60%
Amortisation of goodwill and intangible assets	0%	0%	10%	22%	7%	5%
<b>EBIT</b>	<b>1%</b>	<b>-142%</b>	<b>46%</b>	<b>28%</b>	<b>58%</b>	<b>55%</b>
Financial result	22%	48%	86%	72%	0%	0%
Recurring pretax income from continuing operations	22%	-94%	132%	99%	58%	55%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	22%	-94%	132%	99%	58%	55%
Taxes	1%	-10%	16%	10%	7%	7%
Net income from continuing operations	21%	-84%	116%	89%	51%	48%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>21%</b>	<b>-84%</b>	<b>116%</b>	<b>89%</b>	<b>51%</b>	<b>48%</b>
Minority interest	-7%	21%	3%	0%	0%	0%
<b>Net profit (reported)</b>	<b>13%</b>	<b>-63%</b>	<b>119%</b>	<b>89%</b>	<b>51%</b>	<b>48%</b>

Source: Company data; AlsterResearch

Balance sheet (EURm)	2019	2020	2021	2022P	2023E	2024E
<b>Intangible assets (excl. Goodwill)</b>	<b>0.1</b>	<b>0.1</b>	<b>10.4</b>	<b>6.5</b>	<b>5.5</b>	<b>4.5</b>
Goodwill	0.0	0.0	72.2	72.2	72.2	72.2
Property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	22.4	22.2	17.6	17.6	17.6	17.6
<b>FIXED ASSETS</b>	<b>22.5</b>	<b>22.3</b>	<b>100.2</b>	<b>96.3</b>	<b>95.3</b>	<b>94.3</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.0	0.0	11.0	5.4	5.8	6.5
Other current assets	0.0	0.4	0.1	0.1	0.1	0.1
Liquid assets	11.5	5.9	4.8	5.9	13.4	22.1
Deferred taxes	0.0	0.0	0.1	0.1	0.1	0.1
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>11.5</b>	<b>6.3</b>	<b>16.1</b>	<b>11.5</b>	<b>19.5</b>	<b>28.8</b>
<b>TOTAL ASSETS</b>	<b>34.0</b>	<b>28.6</b>	<b>116.3</b>	<b>107.8</b>	<b>114.8</b>	<b>123.2</b>
<b>SHAREHOLDERS EQUITY</b>	<b>30.1</b>	<b>28.2</b>	<b>42.3</b>	<b>105.9</b>	<b>112.9</b>	<b>121.3</b>
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
<b>Non-current liabilities</b>	<b>3.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
short-term liabilities to banks	0.2	0.0	0.2	0.0	0.0	0.0
Accounts payable	0.2	0.2	0.7	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	70.2	0.0	0.0	0.0
Deferred taxes	0.2	0.1	1.9	1.9	1.9	1.9
Deferred income	0.0	0.0	1.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>0.6</b>	<b>0.3</b>	<b>73.9</b>	<b>1.9</b>	<b>1.9</b>	<b>1.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>34.0</b>	<b>28.6</b>	<b>116.3</b>	<b>107.8</b>	<b>114.8</b>	<b>123.2</b>

Balance sheet (common size)	2019	2020	2021	2022P	2023E	2024E
<b>Intangible assets (excl. Goodwill)</b>	<b>0%</b>	<b>0%</b>	<b>9%</b>	<b>6%</b>	<b>5%</b>	<b>4%</b>
Goodwill	0%	0%	62%	67%	63%	59%
Property, plant and equipment	0%	0%	0%	0%	0%	0%
Financial assets	66%	78%	15%	16%	15%	14%
<b>FIXED ASSETS</b>	<b>66%</b>	<b>78%</b>	<b>86%</b>	<b>89%</b>	<b>83%</b>	<b>77%</b>
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	0%	0%	9%	5%	5%	5%
Other current assets	0%	1%	0%	0%	0%	0%
Liquid assets	34%	21%	4%	5%	12%	18%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
<b>CURRENT ASSETS</b>	<b>34%</b>	<b>22%</b>	<b>14%</b>	<b>11%</b>	<b>17%</b>	<b>23%</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>88%</b>	<b>99%</b>	<b>36%</b>	<b>98%</b>	<b>98%</b>	<b>98%</b>
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%
<b>Non-current liabilities</b>	<b>10%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
short-term liabilities to banks	1%	0%	0%	0%	0%	0%
Accounts payable	0%	1%	1%	0%	0%	0%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	0%	0%	60%	0%	0%	0%
Deferred taxes	1%	0%	2%	2%	2%	2%
Deferred income	0%	0%	1%	0%	0%	0%
<b>Current liabilities</b>	<b>2%</b>	<b>1%</b>	<b>64%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2019	2020	2021	2022P	2023E	2024E
Net profit/loss	3.4	-0.7	14.1	8.0	7.8	9.5
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	1.2	2.0	1.0	1.0
Others	-4.1	-0.9	-11.4	-11.9	0.0	0.0
Cash flow from operations before changes in w/c	-0.0	-1.6	3.8	-1.9	8.8	10.5
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	-11.0	5.6	-0.4	-0.7
Increase/decrease in accounts payable	3.6	0.0	0.5	-0.7	0.0	0.0
Increase/decrease in other w/c positions	-0.1	-0.1	0.0	-1.0	0.0	0.0
Increase/decrease in working capital	-0.3	-0.2	-10.5	4.0	-0.4	-0.7
<b>Cash flow from operating activities</b>	<b>-0.4</b>	<b>-1.8</b>	<b>-6.7</b>	<b>2.0</b>	<b>8.3</b>	<b>9.9</b>
CAPEX	0.0	0.0	0.8	0.0	0.0	0.0
Payments for acquisitions	0.0	-0.0	0.0	-117.3	0.0	0.0
Financial investments	8.3	-9.2	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	11.3	4.8	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>8.3</b>	<b>2.1</b>	<b>5.6</b>	<b>-117.3</b>	<b>0.0</b>	<b>0.0</b>
Cash flow before financing	7.9	0.3	-1.1	-115.3	8.3	9.9
Increase/decrease in debt position	-2.1	-3.3	0.0	-0.2	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	117.2	0.0	0.0
Dividends paid	0.0	0.0	0.0	-0.7	-0.8	-1.2
Others	0.0	-0.3	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>-3.4</b>	<b>-4.6</b>	<b>0.0</b>	<b>116.3</b>	<b>-0.8</b>	<b>-1.2</b>
Increase/decrease in liquid assets	4.5	-4.3	-1.1	1.1	7.5	8.7
<b>Liquid assets at end of period</b>	<b>4.9</b>	<b>0.5</b>	<b>0.4</b>	<b>1.4</b>	<b>9.0</b>	<b>17.6</b>

Source: Company data; AlsterResearch

Regional sales split (EURm)	2019	2020	2021	2022P	2023E	2024E
Domestic	16.4	0.9	12.2	8.9	15.1	19.7
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>16.4</b>	<b>0.9</b>	<b>12.2</b>	<b>8.9</b>	<b>15.1</b>	<b>19.7</b>

Regional sales split (common size)	2019	2020	2021	2022P	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%
<b>Total sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Ratios	2019	2020	2021	2022P	2023E	2024E
<b>Per share data</b>						
Earnings per share reported	0.19	-0.05	0.44	0.16	0.16	0.19
Cash flow per share	-0.09	-0.16	-0.20	0.04	0.17	0.20
Book value per share	2.65	2.63	1.28	2.15	2.27	2.44
Dividend per share	0.00	0.00	0.02	0.02	0.02	0.03
<b>Valuation</b>						
P/E	8.8x	-33.2x	3.9x	10.6x	10.9x	8.9x
P/CF	-19.3x	-10.4x	-8.5x	41.8x	10.2x	8.6x
P/BV	0.6x	0.7x	1.3x	0.8x	0.8x	0.7x
Dividend yield (%)	0.0%	0.0%	1.2%	0.9%	1.4%	1.7%
FCF yield (%)	-5.2%	-9.6%	-11.8%	2.4%	9.8%	11.6%
EV/Sales	4.7x	89.9x	6.6x	8.9x	4.7x	3.2x
EV/EBITDA	102.5x	-63.5x	11.9x	17.8x	7.3x	5.3x
EV/EBIT	748.1x	-63.2x	14.4x	32.4x	8.1x	5.8x
<b>Income statement (EURm)</b>						
Sales	16.4	0.9	12.2	8.9	15.1	19.7
yoy chg in %	31.2%	-94.6%	1,279.3%	-26.8%	70.1%	30.3%
Gross profit	12.5	0.9	9.7	8.9	15.1	19.7
Gross margin in %	75.9%	100.0%	80.0%	100.0%	100.0%	100.0%
EBITDA	0.8	-1.2	6.8	4.4	9.8	11.8
EBITDA margin in %	4.6%	-141.4%	55.8%	50.0%	65.0%	60.0%
EBIT	0.1	-1.3	5.6	2.4	8.8	10.8
EBIT margin in %	0.6%	-142.3%	46.1%	27.5%	58.4%	54.9%
Net profit	2.2	-0.6	14.5	8.0	7.8	9.5
<b>Cash flow statement (EURm)</b>						
CF from operations	-0.4	-1.8	-6.7	2.0	8.3	9.9
Capex	0.0	0.0	0.8	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	-5.8	2.0	8.3	9.9
<b>Balance sheet (EURm)</b>						
Intangible assets	0.1	0.1	82.6	78.7	77.7	76.7
Tangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	30.1	28.2	42.3	105.9	112.9	121.3
Pension provisions	0.5	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	3.6	0.0	0.2	0.0	0.0	0.0
Net financial debt	-8.3	-5.9	-4.7	-5.9	-13.4	-22.1
w/c requirements	-0.1	-0.2	10.3	5.4	5.8	6.5
<b>Ratios</b>						
ROE	11.4%	-2.6%	33.3%	7.5%	6.9%	7.9%
ROCE	0.3%	-4.4%	13.2%	2.3%	7.8%	8.9%
Net gearing	-27.7%	-21.0%	-11.0%	-5.6%	-11.9%	-18.2%
Net debt / EBITDA	-11.1x	4.8x	-0.7x	-1.3x	-1.4x	-1.9x

Source: Company data; AlsterResearch

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Company	Disclosure
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10-Feb-23 09:31:46

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