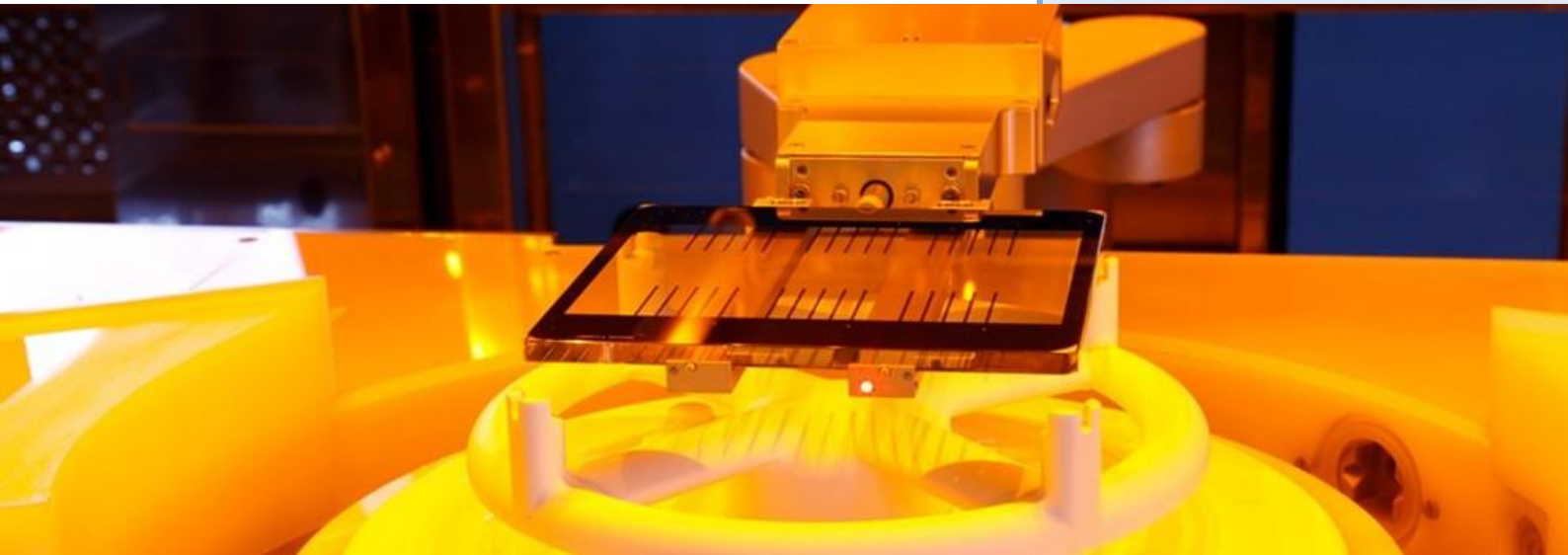


# SUESS MicroTec SE

Germany | Technology | MCap EUR 712.1m

29 February 2024

UPDATE



Q4 surprises positively,  
confirms AI tailwinds; PT  
up; BUY

## What's it all about?

SUESS MicroTec reported strong Q4 and FY23 results, exceeding expectations for revenues, EBIT, and order intake. Order intake benefited from strong demand for temporary bonders used in AI applications, especially for high-bandwidth memory production, but also for TSMC's CoWoS process for the production of Nvidia's latest AI chips. While the gross margin was slightly lower than expected, the EBIT margin was higher due to better than expected operational efficiencies. The company also raised its guidance for extraordinary income related to the divestment of the MicroOptics division. We raise our target price to EUR 42.00 (previously EUR 41.00) and confirm our BUY recommendation.

**BUY** (BUY)

|                     |                          |
|---------------------|--------------------------|
| <b>Target price</b> | <b>EUR 42.00 (41.00)</b> |
| Current price       | EUR 37.25                |
| Up/downside         | 12.8%                    |



**MAIN AUTHOR**

**Dr. Oliver Wojahn, CFA**

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# SUESS MicroTec SE

Germany | Technology | MCap EUR 712.1m | EV EUR 675.1m

**BUY** (BUY)

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**Current price** EUR 37.25  
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**MAIN AUTHOR**

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## Q4 surprises positively, confirms AI tailwinds; PT up; BUY

**Record order intake, driven by AI.** Suess MicroTec has announced preliminary figures for FY23 and Q4. All reported and discussed figures are on a continuing basis, i.e. excluding discontinued operations (MicroOptics division). Q4 order intake of EUR 139.3m more than doubled yoy, resulting in a book-to-bill ratio of 1.4x. We estimate that more than half of the Q4 order intake was for temporary bonders targeted at increasing capacity for microchips in AI applications. Most of these systems are likely to be destined for high-bandwidth memory production where they are used to support the process of grinding the wafers very thin. We estimate that Suess MicroTec predominantly supplies two of the three leading manufacturers (Samsung and Micron). The bonders are also used for the pressure annealing of the interposer in TSMC's CoWoS process to produce Nvidia's latest AI chips.

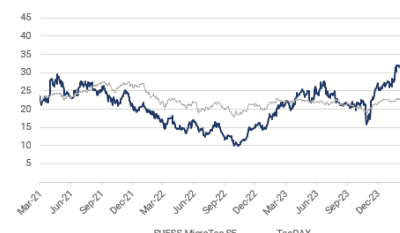
**Sales and EBIT beat estimates.** Q4 revenues of EUR 101.9m (+9% yoy) are c. EUR 10m ahead of estimates, supported by the normalized delivery situation for China-bound systems. For the full year, the reported EUR 304m is in the upper half of the guidance range (EUR 260m to EUR 320m). While the gross margin for the year was below our expectations (34.1% vs. 35.0%), presumably due to the product mix, the capacity ramp-up in Taiwan and the qualification of new partners, the EBIT margin surprised positively at 9.1% vs. 8.0% eAR. The final figures will show what component of opex has been managed better than expected.

**XO income higher than guided.** In Q4, Suess MicroTec reported a net loss of approximately EUR 5m. However, this was due to the result from discontinued operations (EUR -12.6m for FY23, including EUR 4.4m expenses for the divestment of MicroOptics) and was included in the original guidance of EUR 40m to 45m XO income from the transaction. For FY24, Suess MicroTec is now forecasting EUR 58m in XO income, which is a positive surprise even considering the related expenses already booked in FY23.

- continued -

| SUESS MicroTec SE     | 2020  | 2021  | 2022  | 2023P  | 2024E  | 2025E  |
|-----------------------|-------|-------|-------|--------|--------|--------|
| Sales                 | 252.1 | 263.4 | 299.1 | 304.3  | 334.6  | 381.4  |
| <i>Growth yoy</i>     | 17.9% | 4.5%  | 13.6% | 1.7%   | 10.0%  | 14.0%  |
| EBITDA                | 28.2  | 29.5  | 41.9  | 37.7   | 51.5   | 63.0   |
| EBIT                  | 20.4  | 22.5  | 32.8  | 27.8   | 41.8   | 53.4   |
| Net profit            | 12.4  | 16.0  | 24.5  | 4.7    | 88.6   | 40.0   |
| Net debt (net cash)   | -20.9 | -35.1 | -41.9 | -48.5  | -155.4 | -173.8 |
| Net debt/EBITDA       | -0.7x | -1.2x | -1.0x | -1.3x  | -3.0x  | -2.8x  |
| EPS reported          | 0.65  | 0.83  | 1.28  | 0.25   | 4.63   | 2.09   |
| DPS                   | 0.00  | 0.16  | 0.20  | 0.04   | 0.72   | 0.33   |
| <i>Dividend yield</i> | 0.0%  | 0.4%  | 0.5%  | 0.1%   | 1.9%   | 0.9%   |
| Gross profit margin   | 35.3% | 35.8% | 36.8% | 34.1%  | 37.7%  | 38.7%  |
| EBITDA margin         | 11.2% | 11.2% | 14.0% | 12.4%  | 15.4%  | 16.5%  |
| EBIT margin           | 8.1%  | 8.5%  | 11.0% | 9.2%   | 12.5%  | 14.0%  |
| ROCE                  | 11.8% | 11.8% | 15.3% | 13.2%  | 13.9%  | 16.2%  |
| EV/EBITDA             | 24.7x | 23.1x | 16.1x | 17.7x  | 10.9x  | 8.6x   |
| EV/EBIT               | 34.1x | 30.3x | 20.6x | 24.0x  | 13.4x  | 10.2x  |
| PER                   | 57.6x | 44.6x | 29.0x | 150.8x | 8.0x   | 17.8x  |
| FCF yield             | 6.4%  | 2.6%  | 3.1%  | 1.5%   | 12.7%  | 4.8%   |

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

**High/low 52 weeks** 41.20 / 15.02  
**Price/Book Ratio** 4.0x

**Ticker / Symbols**

ISIN DE000A1K0235  
WKN A1K023  
Bloomberg SMHN:GR

**Changes in estimates**

|              |     | Sales | EBIT  | EPS    |
|--------------|-----|-------|-------|--------|
| <b>2023P</b> | old | 290.2 | 23.2  | 0.90   |
|              | Δ   | 4.9%  | 19.9% | -72.6% |
| <b>2024E</b> | old | 334.6 | 41.8  | 3.96   |
|              | Δ   | 0.0%  | 0.0%  | 17.0%  |
| <b>2025E</b> | old | 381.4 | 53.4  | 2.09   |
|              | Δ   | 0.0%  | 0.0%  | 0.0%   |

**Key share data**

Number of shares: (in m pcs) 19.12  
Book value per share: (in EUR) 9.30  
Ø trading volume: (12 months) 78,928

**Major shareholders**

van Lanschot Kempen 10.0%  
Gerlin 7.5%  
Janus Henderson 5.0%  
Free Float 69.7%

**Company description**

SUESS MicroTec SE is a Germany-based company that supplies process equipment to the frontend and advanced backend of the semiconductor industry. The Group operates through two segments: Advanced Backend and Photomask Solutions.

**Upgrade of price target, reiterate BUY.** Q4 was a good quarter overall, with the strong AI-driven order intake as a highlight. This underlines the validity of our investment case. Based on the better-than-expected results, we are slightly raising our price target to EUR 42.00 (old EUR 41.00). BUY.

The following table displays the quarterly performance of **SUESS MicroTec SE**.  
**Starting Q3 2023, MicroOptics is excluded from figures.**

| P&L data           | Q1 2022     | Q2 2022     | Q3 2022     | Q4 2022     | Q1 2023     | Q2 2023     | Q3 2023     | Q4 2023      |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Sales              | 63.3        | 61.5        | 70.5        | 103.9       | 70.4        | 74.1        | 70.0        | 101.9        |
| yoy growth in %    | 20.3%       | -6.6%       | 0.7%        | 38.6%       | 11.2%       | 20.6%       | -0.7%       | -1.9%        |
| Gross profit       | 21.0        | 17.2        | 21.9        | 40.9        | 23.3        | 25.5        | 20.6        | 35.9         |
| Gross margin in %  | 33.2%       | 28.0%       | 31.1%       | 39.4%       | 33.0%       | 34.4%       | 29.4%       | 35.2%        |
| EBITDA             | 4.2         | 3.6         | 7.9         | 24.0        | 5.4         | 7.9         | 3.1         | 17.9         |
| EBITDA margin in % | 6.7%        | 5.8%        | 11.2%       | 23.1%       | 7.6%        | 10.7%       | 4.4%        | 17.5%        |
| EBIT               | 2.1         | 1.3         | 5.5         | 21.8        | 2.9         | 5.5         | 1.3         | 14.9         |
| EBIT margin in %   | 3.3%        | 2.1%        | 7.7%        | 21.0%       | 4.2%        | 7.4%        | 1.9%        | 14.6%        |
| EBT                | 2.0         | 1.1         | 5.5         | 21.8        | 2.9         | 5.6         | 1.4         | 14.9         |
| taxes paid         | 0.6         | 0.7         | 2.2         | 4.5         | 0.8         | 1.5         | 1.0         | 4.2          |
| tax rate in %      | 28.2%       | 59.0%       | 40.9%       | 20.5%       | 28.3%       | 27.3%       | 73.4%       | 28.0%        |
| net profit         | 1.4         | 2.2         | 3.6         | 17.3        | 2.1         | 4.1         | 0.4         | -1.9         |
| yoy growth in %    | 83.2%       | -48.6%      | -48.9%      | 344.5%      | 48.2%       | 85.7%       | -88.9%      | na%          |
| <b>EPS</b>         | <b>0.07</b> | <b>0.14</b> | <b>0.21</b> | <b>0.89</b> | <b>0.11</b> | <b>0.21</b> | <b>0.02</b> | <b>-0.10</b> |

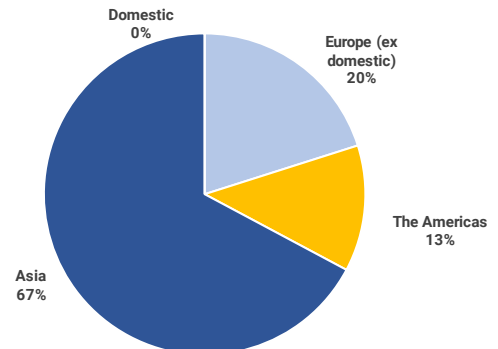
Source: Company data; AlsterResearch

## Investment case in six charts

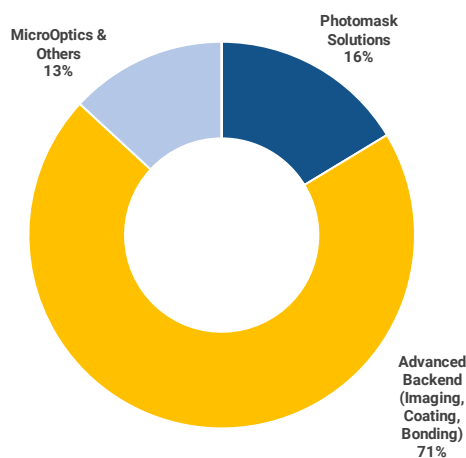
### Products & Services



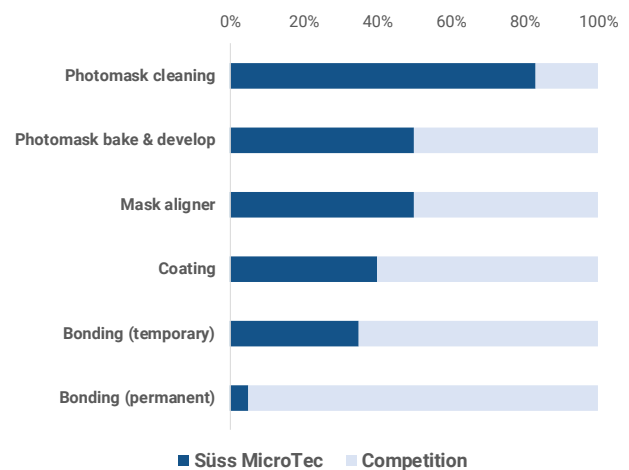
### Regional sales split in % (FY22)



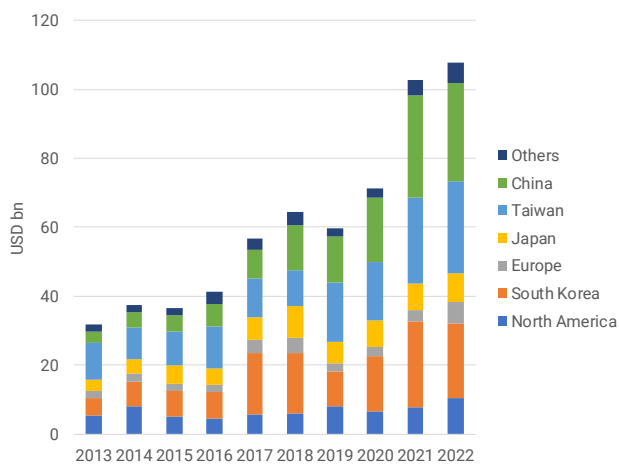
### Segmental breakdown in % (FY22)



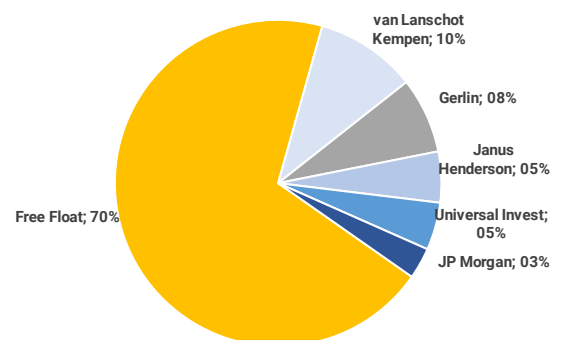
### Market shares (est. AlsterResearch based on CMD)



### Semiconductor Equipment Market



### Major Shareholders



Source: SUESS MicroTec, semi, AlsterResearch

# SWOT analysis

## Strengths

- Domination of niche markets with limited competition
- Innovative, almost 20% of personnel in R&D
- Growth possible with limited capex
- Transparent capital market communication
- Clear commitment to short-, medium- and long-term goals

## Weaknesses

- Boardroom reshuffling
- Shrinking market for mask aligners

## Opportunities

- Hybrid Bonding and Wafer Cleaning with disruptive potential
- New platform strategy improving margins
- Decoupling and nearshoring driving U.S. and European invest
- Addressing the high-growth subsegments of the backend

## Threats

- Inherently cyclical semiconductor equipment market
- Failure of new products

## DCF Model


**Top-line growth:** We expect SUESS MicroTec SE to grow revenues at a CAGR of 8.2% between 2023P and 2030E. The long-term growth rate is set at 2.0%.

**WACC.** Starting point is a historical equity beta of 1.34. Unlevering and correcting for mean reversion yields an asset beta of 1.21. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 9.5%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 0.1 this results in a long-term WACC of 9.2%.

| DCF per share derived from          |              |
|-------------------------------------|--------------|
| Total present value                 | 666.0        |
| Mid-year adj. total present value   | 696.1        |
| Net debt / cash at start of year    | -116.9       |
| Financial assets                    | 1.8          |
| Provisions and off b/s debt         | 5.0          |
| Equity value                        | 809.8        |
| No. of shares outstanding           | 19.1         |
| <b>Discounted cash flow / share</b> | <b>42.36</b> |
| <b>upside/(downside)</b>            | <b>13.7%</b> |
| <b>Share price</b> <b>37.25</b>     |              |

| DCF avg. growth and earnings assumptions           |       |
|--|-------|
| Planning horizon avg. revenue growth (2023P-2030E) | 8.2%  |
| Terminal value growth (2030E - infinity)           | 2.0%  |
| Terminal year ROCE                                 | 14.0% |
| Terminal year WACC                                 | 9.2%  |
| <b>Terminal WACC derived from</b>                  |       |
| Cost of borrowing (before taxes)                   | 5.0%  |
| Long-term tax rate                                 | 25.0% |
| Equity beta  | 1.34  |
| Unlevered beta (industry or company)               | 1.21  |
| Target debt / equity                               | 0.1   |
| Relevered beta                                     | 1.25  |
| Risk-free rate                                     | 2.0%  |
| Equity risk premium                                | 6.0%  |
| Cost of equity                                     | 9.5%  |

| Change in WACC<br>(%-points) | Long term growth |      |      |      |      | Share of present value |                |       |
|------------------------------|------------------|------|------|------|------|------------------------|----------------|-------|
|                              |                  | 1.0% | 1.5% | 2.0% | 2.5% | 3.0%                   |                |       |
|                              | 2.0%             | 32.7 | 33.6 | 34.5 | 35.6 | 36.7                   | 2023P-2026E    | 17.0% |
|                              | 1.0%             | 35.6 | 36.7 | 38.0 | 39.3 | 40.9                   | 2027E-2030E    | 17.3% |
|                              | 0.0%             | 39.3 | 40.7 | 42.4 | 44.3 | 46.5                   | terminal value | 65.7% |
|                              | -1.0%            | 43.9 | 45.9 | 48.2 | 50.9 | 54.2                   |                |       |
|                              | -2.0%            | 50.0 | 52.9 | 56.3 | 60.4 | 65.5                   |                |       |



## 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 19.13 per share based on 2023P and EUR 50.98 per share on 2027E 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                  | 2023P         | 2024E         | 2025E        | 2026E        | 2027E        |
|------------------------------------|---------------|---------------|--------------|--------------|--------------|
| <b>EBITDA</b>                      | <b>37.7</b>   | <b>51.5</b>   | <b>63.0</b>  | <b>67.9</b>  | <b>74.1</b>  |
| - Maintenance capex                | 8.8           | 8.6           | 8.4          | 8.5          | 8.7          |
| - Minorities                       | 0.0           | 0.0           | 0.0          | 0.0          | 0.0          |
| - tax expenses                     | 6.7           | 10.2          | 13.0         | 14.2         | 15.6         |
| <b>= Adjusted FCF</b>              | <b>22.2</b>   | <b>32.8</b>   | <b>41.6</b>  | <b>45.2</b>  | <b>49.8</b>  |
| <b>Actual Market Cap</b>           | <b>712.1</b>  | <b>712.1</b>  | <b>712.1</b> | <b>712.1</b> | <b>712.1</b> |
| + Net debt (cash)                  | -48.5         | -155.4        | -173.8       | -203.7       | -237.3       |
| + Pension provisions               | 5.1           | 5.6           | 6.4          | 6.9          | 7.5          |
| + Off b/s financing                | 0.0           | 0.0           | 0.0          | 0.0          | 0.0          |
| - Financial assets                 | 1.8           | 1.8           | 1.8          | 1.8          | 1.8          |
| - Acc. dividend payments           | 3.8           | 4.6           | 18.4         | 24.6         | 31.4         |
| <i>EV Reconciliations</i>          | -49.0         | -156.2        | -187.6       | -223.2       | -263.1       |
| <b>= Actual EV'</b>                | <b>663.0</b>  | <b>555.9</b>  | <b>524.5</b> | <b>488.8</b> | <b>449.0</b> |
| <b>Adjusted FCF yield</b>          | <b>3.3%</b>   | <b>5.9%</b>   | <b>7.9%</b>  | <b>9.2%</b>  | <b>11.1%</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>316.7</b>  | <b>468.1</b>  | <b>593.8</b> | <b>645.6</b> | <b>711.5</b> |
| - <i>EV Reconciliations</i>        | -49.0         | -156.2        | -187.6       | -223.2       | -263.1       |
| <b>Fair Market Cap</b>             | <b>365.7</b>  | <b>624.2</b>  | <b>781.3</b> | <b>868.8</b> | <b>974.5</b> |
| No. of shares (million)            | 19.1          | 19.1          | 19.1         | 19.1         | 19.1         |
| <b>Fair value per share in EUR</b> | <b>19.13</b>  | <b>32.66</b>  | <b>40.87</b> | <b>45.45</b> | <b>50.98</b> |
| <b>Premium (-) / discount (+)</b>  | <b>-48.6%</b> | <b>-12.3%</b> | <b>9.7%</b>  | <b>22.0%</b> | <b>36.9%</b> |

| Sensitivity analysis fair value |             |             |             |             |             |             |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Adjusted hurdle rate            | 5.0%        | 25.8        | 42.4        | 53.3        | 59.0        | 65.9        |
|                                 | 6.0%        | 21.9        | 36.7        | 46.1        | 51.1        | 57.2        |
|                                 | <b>7.0%</b> | <b>19.1</b> | <b>32.7</b> | <b>40.9</b> | <b>45.4</b> | <b>51.0</b> |
|                                 | 8.0%        | 17.1        | 29.6        | 37.0        | 41.2        | 46.3        |
|                                 | 9.0%        | 15.5        | 27.2        | 34.0        | 37.9        | 42.7        |

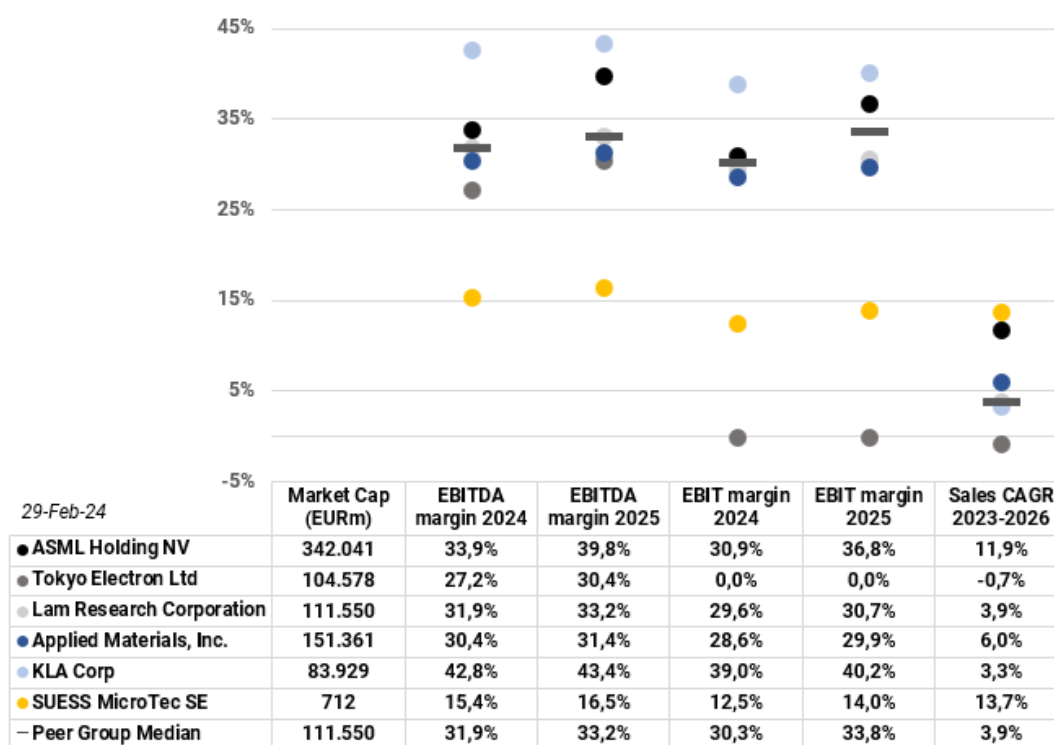
Source: Company data; AlsterResearch

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. 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 **SUESS MicroTec 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 SUESS MicroTec SE consists of the stocks displayed in the graphs below. As of 29 February 2024 the median market cap of the peer group was EUR 111,550.1m, compared to EUR 712.1m for SUESS MicroTec SE. In the period under review, the peer group was more profitable than SUESS MicroTec SE. The expectations for sales growth are lower for the peer group than for SUESS MicroTec SE.

### Peer Group – Key data



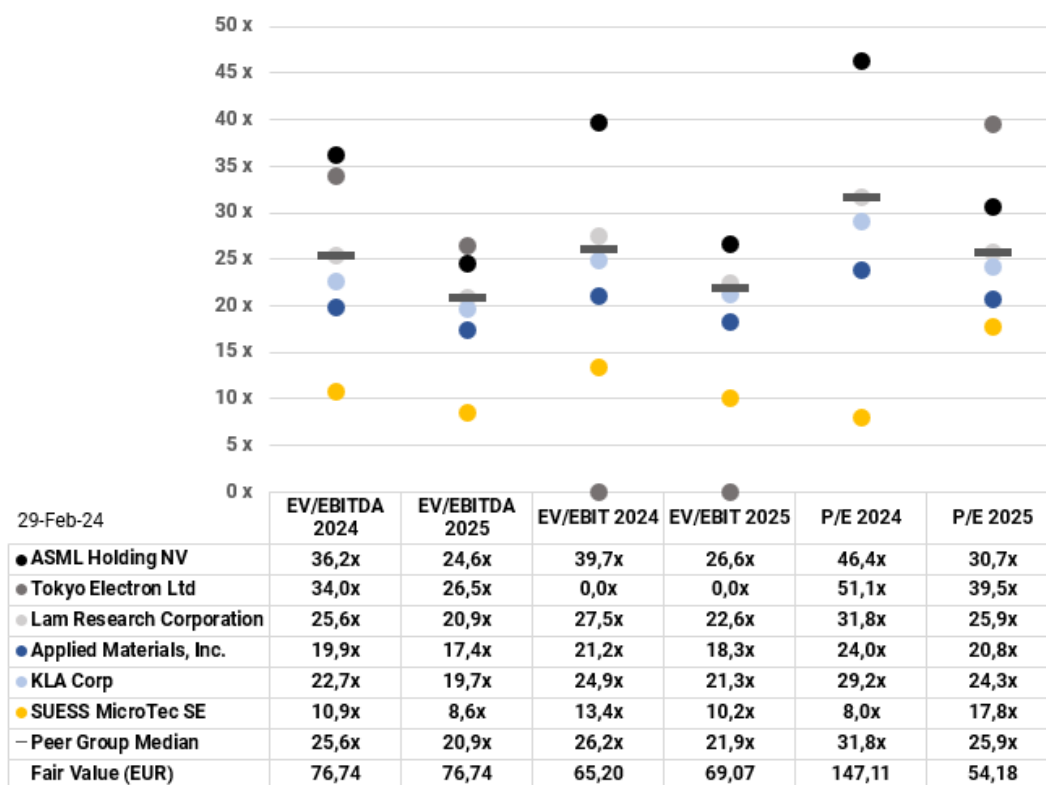
Source: Sentio, AlsterResearch



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 SUESS MicroTec SE results in a range of fair values from EUR 54.18 to EUR 147.11.**

#### Peer Group – Multiples and valuation

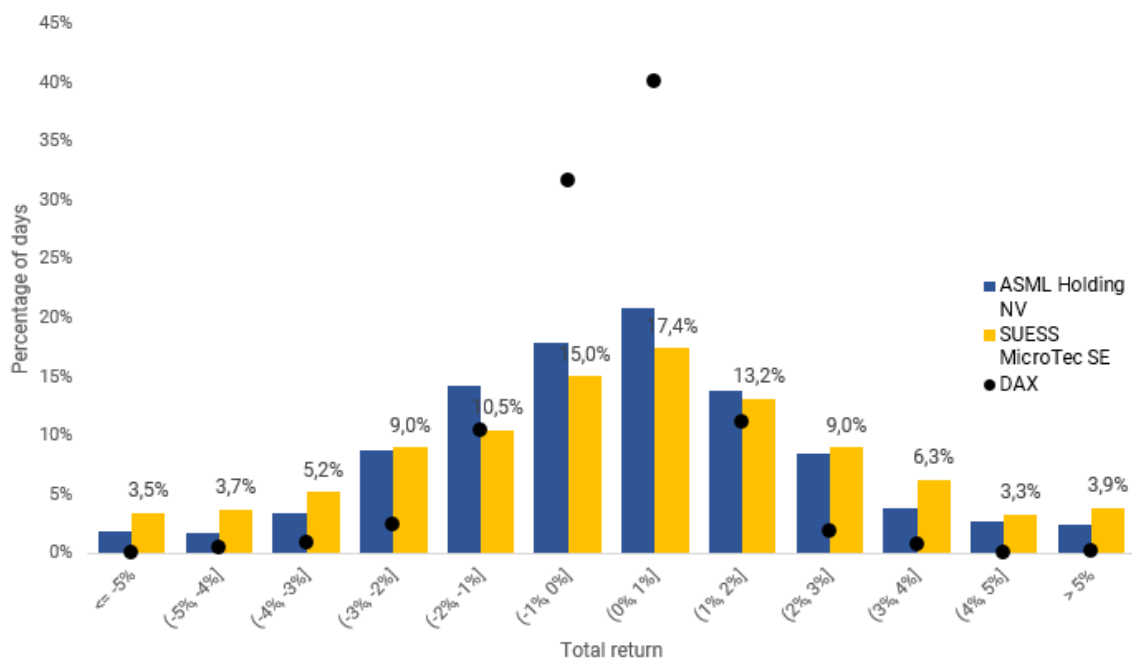


Source: Sentio, AlsterResearch

## Risk

The chart displays the **distribution of daily returns of SUESS MicroTec SE** over the last 3 years, compared to the same distribution for ASML Holding NV. We have also included the distribution for the index DAX. 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 SUESS MicroTec SE, the worst day during the past 3 years was 26/10/2023 with a share price decline of -17.7%. The best day was 08/11/2023 when the share price increased by 20.0%.

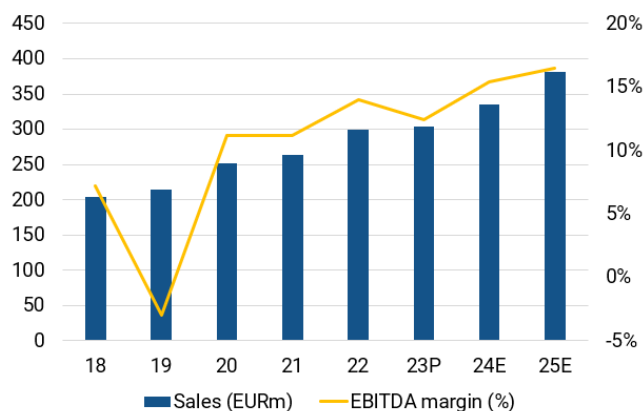
### Risk – Daily Returns Distribution (trailing 3 years)



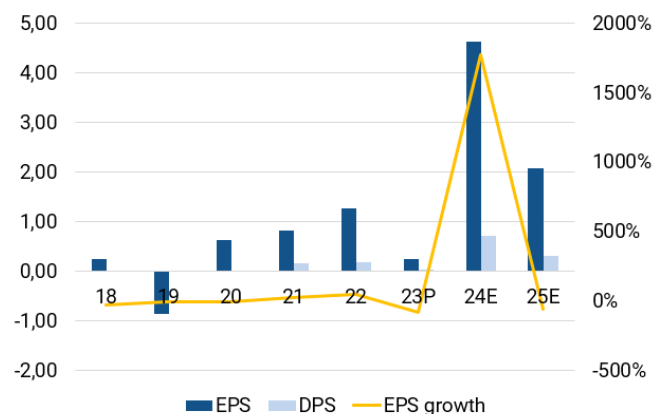
Source: Sentieo, AlsterResearch

## Financials in six charts

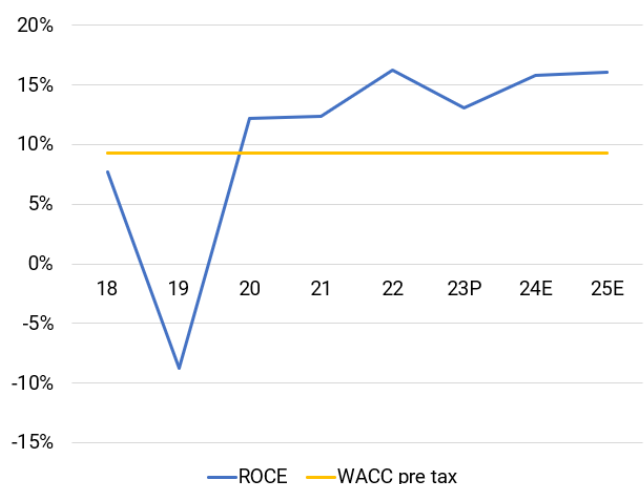
**Sales vs. EBITDA margin development**



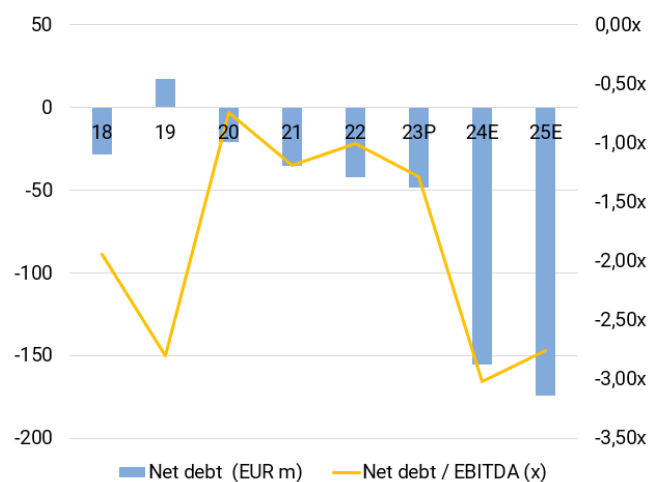
**EPS, DPS in EUR & yoy EPS growth**



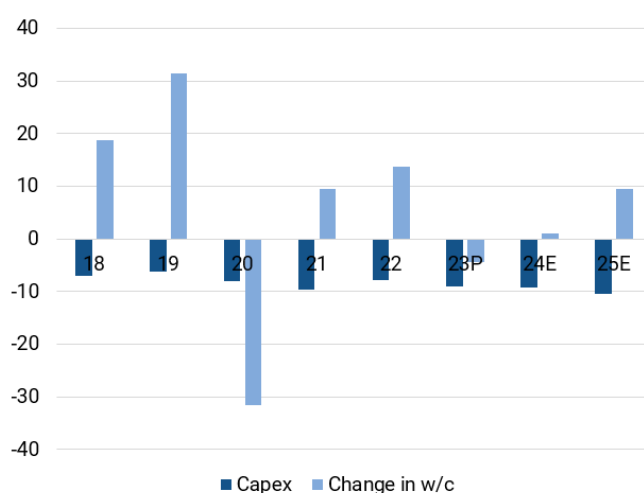
**ROCE vs. WACC (pre tax)**



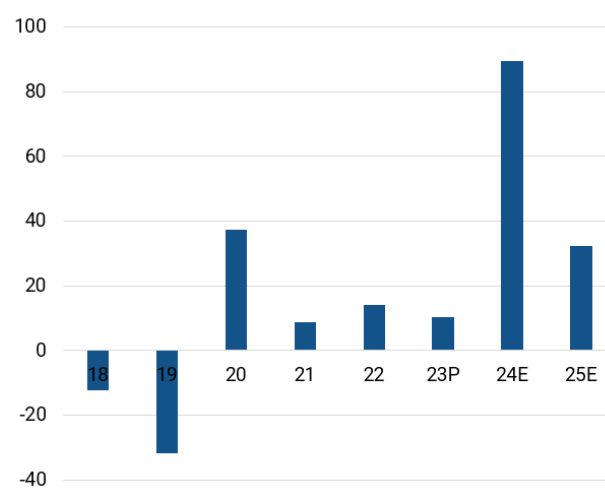
**Net debt and net debt/EBITDA**



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



**Free Cash Flow in EURm**



Source: Company data; AlsterResearch

# Financials

| Profit and loss (EURm)                             | 2020         | 2021         | 2022         | 2023P        | 2024E        | 2025E        |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Sales</b>                                       | <b>252.1</b> | <b>263.4</b> | <b>299.1</b> | <b>304.3</b> | <b>334.6</b> | <b>381.4</b> |
| Sales growth                                       | 17.9%        | 4.5%         | 13.6%        | 1.7%         | 10.0%        | 14.0%        |
| Cost of sales                                      | 163.2        | 169.2        | 189.1        | 200.5        | 208.5        | 233.8        |
| <b>Gross profit</b>                                | <b>88.9</b>  | <b>94.2</b>  | <b>110.1</b> | <b>103.8</b> | <b>126.1</b> | <b>147.6</b> |
| SG&A expenses                                      | 45.1         | 47.8         | 51.8         | 45.6         | 49.9         | 55.7         |
| Research and development                           | 19.8         | 22.1         | 25.0         | 29.8         | 32.8         | 36.6         |
| Other operating expenses (income)                  | 3.5          | 1.8          | 0.5          | 0.5          | 1.7          | 1.9          |
| <b>EBITDA</b>                                      | <b>28.2</b>  | <b>29.5</b>  | <b>41.9</b>  | <b>37.7</b>  | <b>51.5</b>  | <b>63.0</b>  |
| Depreciation                                       | 7.1          | 6.4          | 8.1          | 8.8          | 8.6          | 8.4          |
| EBITA  | 21.1         | 23.2         | 33.8         | 28.9         | 42.9         | 54.6         |
| Amortisation of goodwill and intangible assets     | 0.7          | 0.7          | 1.0          | 1.1          | 1.1          | 1.2          |
| <b>EBIT</b>  | <b>20.4</b>  | <b>22.5</b>  | <b>32.8</b>  | <b>27.8</b>  | <b>41.8</b>  | <b>53.4</b>  |
| Financial result                                   | -0.4         | -0.5         | -0.3         | -0.4         | -0.4         | -0.4         |
| Recurring pretax income from continuing operations | 20.0         | 22.0         | 32.5         | 27.5         | 41.5         | 53.0         |
| Extraordinary income/loss                          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Earnings before taxes                              | 20.0         | 22.0         | 32.5         | 27.5         | 41.5         | 53.0         |
| Taxes  | 7.7          | 6.1          | 8.0          | 6.7          | 10.2         | 13.0         |
| Net income from continuing operations              | 12.4         | 16.0         | 24.5         | 20.7         | 31.3         | 40.0         |
| Result from discontinued operations (net of tax)   | 0.0          | 0.0          | 0.0          | -16.0        | 57.3         | 0.0          |
| <b>Net income</b>                                  | <b>12.4</b>  | <b>16.0</b>  | <b>24.5</b>  | <b>4.7</b>   | <b>88.6</b>  | <b>40.0</b>  |
| Minority interest                                  | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Net profit (reported)                              | 12.4         | 16.0         | 24.5         | 4.7          | 88.6         | 40.0         |
| Average number of shares                           | 19.12        | 19.12        | 19.12        | 19.12        | 19.12        | 19.12        |
| <b>EPS reported</b>                                | <b>0.65</b>  | <b>0.83</b>  | <b>1.28</b>  | <b>0.25</b>  | <b>4.63</b>  | <b>2.09</b>  |

| Profit and loss (common size)                      | 2020        | 2021        | 2022        | 2023P       | 2024E       | 2025E       |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Sales</b>                                       | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |
| Cost of sales                                      | 65%         | 64%         | 63%         | 66%         | 62%         | 61%         |
| <b>Gross profit</b>                                | <b>35%</b>  | <b>36%</b>  | <b>37%</b>  | <b>34%</b>  | <b>38%</b>  | <b>39%</b>  |
| SG&A expenses                                      | 18%         | 18%         | 17%         | 15%         | 15%         | 15%         |
| Research and development                           | 8%          | 8%          | 8%          | 10%         | 10%         | 10%         |
| Other operating expenses (income)                  | 1%          | 1%          | 0%          | 0%          | 1%          | 0%          |
| <b>EBITDA</b>                                      | <b>11%</b>  | <b>11%</b>  | <b>14%</b>  | <b>12%</b>  | <b>15%</b>  | <b>17%</b>  |
| Depreciation                                       | 3%          | 2%          | 3%          | 3%          | 3%          | 2%          |
| EBITA  | 8%          | 9%          | 11%         | 10%         | 13%         | 14%         |
| Amortisation of goodwill and intangible assets     | 0%          | 0%          | 0%          | 0%          | 0%          | 0%          |
| <b>EBIT</b>  | <b>8%</b>   | <b>9%</b>   | <b>11%</b>  | <b>9%</b>   | <b>13%</b>  | <b>14%</b>  |
| Financial result                                   | -0%         | -0%         | -0%         | -0%         | -0%         | -0%         |
| Recurring pretax income from continuing operations | 8%          | 8%          | 11%         | 9%          | 12%         | 14%         |
| Extraordinary income/loss                          | 0%          | 0%          | 0%          | 0%          | 0%          | 0%          |
| Earnings before taxes                              | 8%          | 8%          | 11%         | 9%          | 12%         | 14%         |
| Taxes  | 3%          | 2%          | 3%          | 2%          | 3%          | 3%          |
| Net income from continuing operations              | 5%          | 6%          | 8%          | 7%          | 9%          | 10%         |
| Result from discontinued operations (net of tax)   | 0%          | 0%          | 0%          | -5%         | 17%         | 0%          |
| <b>Net income</b>                                  | <b>5%</b>   | <b>6%</b>   | <b>8%</b>   | <b>2%</b>   | <b>26%</b>  | <b>10%</b>  |
| Minority interest                                  | 0%          | 0%          | 0%          | 0%          | 0%          | 0%          |
| <b>Net profit (reported)</b>                       | <b>5%</b>   | <b>6%</b>   | <b>8%</b>   | <b>2%</b>   | <b>26%</b>  | <b>10%</b>  |

Source: Company data; AlsterResearch

| Balance sheet (EURm)                                      | 2020         | 2021         | 2022         | 2023P        | 2024E        | 2025E        |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Intangible assets (exl. Goodwill)</b>                  | <b>5.1</b>   | <b>5.6</b>   | <b>5.9</b>   | <b>6.2</b>   | <b>6.5</b>   | <b>7.0</b>   |
| Goodwill  | 18.3         | 18.4         | 18.6         | 18.6         | 18.6         | 18.6         |
| Property, plant and equipment                             | 40.4         | 44.5         | 48.9         | 47.7         | 46.8         | 47.1         |
| Financial assets  | 1.7          | 1.8          | 1.8          | 1.8          | 1.8          | 1.8          |
| <b>FIXED ASSETS</b>                                       | <b>65.4</b>  | <b>70.3</b>  | <b>75.1</b>  | <b>74.2</b>  | <b>73.7</b>  | <b>74.6</b>  |
| Inventories   | 73.0         | 99.5         | 150.5        | 148.3        | 154.2        | 173.0        |
| Accounts receivable                                       | 48.0         | 47.4         | 57.0         | 58.0         | 63.7         | 72.7         |
| Other current assets                                      | 0.4          | 0.0          | 0.1          | 0.1          | 0.1          | 0.1          |
| Liquid assets   | 41.4         | 53.4         | 61.9         | 63.5         | 170.4        | 188.8        |
| Deferred taxes  | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Deferred charges and prepaid expenses                     | 3.3          | 8.4          | 8.5          | 8.7          | 9.5          | 10.8         |
| <b>CURRENT ASSETS</b>                                     | <b>166.0</b> | <b>208.8</b> | <b>278.0</b> | <b>278.5</b> | <b>397.9</b> | <b>445.3</b> |
| <b>TOTAL ASSETS</b>                                       | <b>231.4</b> | <b>279.2</b> | <b>353.2</b> | <b>352.8</b> | <b>471.6</b> | <b>519.9</b> |
| <b>SHAREHOLDERS EQUITY</b>                                | <b>136.5</b> | <b>156.9</b> | <b>177.7</b> | <b>178.6</b> | <b>266.5</b> | <b>292.6</b> |
| MINORITY INTEREST   | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Long-term debt  | 16.7         | 14.9         | 16.2         | 15.0         | 15.0         | 15.0         |
| Provisions for pensions and similar obligations           | 6.4          | 5.3          | 5.0          | 5.1          | 5.6          | 6.4          |
| Other provisions  | 9.4          | 9.6          | 11.6         | 11.8         | 13.0         | 14.8         |
| <b>Non-current liabilities</b>                            | <b>32.6</b>  | <b>29.9</b>  | <b>32.8</b>  | <b>31.9</b>  | <b>33.6</b>  | <b>36.2</b>  |
| short-term liabilities to banks                           | 3.8          | 3.4          | 3.8          | 0.0          | 0.0          | 0.0          |
| Accounts payable  | 10.0         | 24.9         | 27.7         | 29.4         | 30.6         | 34.3         |
| Advance payments received on orders                       | 27.7         | 36.7         | 80.7         | 82.1         | 90.3         | 102.9        |
| Other liabilities (incl. from lease and rental contracts) | 7.2          | 14.0         | 15.4         | 15.7         | 17.3         | 19.7         |
| Deferred taxes  | 9.1          | 9.0          | 10.5         | 10.5         | 10.5         | 10.5         |
| Deferred income   | 4.5          | 4.5          | 4.4          | 4.5          | 4.9          | 5.6          |
| <b>Current liabilities</b>                                | <b>62.3</b>  | <b>92.4</b>  | <b>142.6</b> | <b>142.2</b> | <b>153.6</b> | <b>173.0</b> |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>          | <b>231.4</b> | <b>279.2</b> | <b>353.2</b> | <b>352.8</b> | <b>453.6</b> | <b>501.9</b> |

| Balance sheet (common size)                               | 2020        | 2021        | 2022        | 2023P       | 2024E       | 2025E       |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Intangible assets (excl. Goodwill)</b>                 | <b>2%</b>   | <b>2%</b>   | <b>2%</b>   | <b>2%</b>   | <b>1%</b>   | <b>1%</b>   |
| Goodwill  | 8%          | 7%          | 5%          | 5%          | 4%          | 4%          |
| Property, plant and equipment                             | 17%         | 16%         | 14%         | 14%         | 10%         | 9%          |
| Financial assets  | 1%          | 1%          | 1%          | 1%          | 0%          | 0%          |
| <b>FIXED ASSETS</b>                                       | <b>28%</b>  | <b>25%</b>  | <b>21%</b>  | <b>21%</b>  | <b>16%</b>  | <b>14%</b>  |
| Inventories   | 32%         | 36%         | 43%         | 42%         | 33%         | 33%         |
| Accounts receivable                                       | 21%         | 17%         | 16%         | 16%         | 14%         | 14%         |
| Other current assets                                      | 0%          | 0%          | 0%          | 0%          | 0%          | 0%          |
| Liquid assets   | 18%         | 19%         | 18%         | 18%         | 36%         | 36%         |
| Deferred taxes  | 0%          | 0%          | 0%          | 0%          | 0%          | 0%          |
| Deferred charges and prepaid expenses                     | 1%          | 3%          | 2%          | 2%          | 2%          | 2%          |
| <b>CURRENT ASSETS</b>                                     | <b>72%</b>  | <b>75%</b>  | <b>79%</b>  | <b>79%</b>  | <b>84%</b>  | <b>86%</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>59%</b>  | <b>56%</b>  | <b>50%</b>  | <b>51%</b>  | <b>56%</b>  | <b>56%</b>  |
| MINORITY INTEREST   | 0%          | 0%          | 0%          | 0%          | 0%          | 0%          |
| Long-term debt  | 7%          | 5%          | 5%          | 4%          | 3%          | 3%          |
| Provisions for pensions and similar obligations           | 3%          | 2%          | 1%          | 1%          | 1%          | 1%          |
| Other provisions  | 4%          | 3%          | 3%          | 3%          | 3%          | 3%          |
| <b>Non-current liabilities</b>                            | <b>14%</b>  | <b>11%</b>  | <b>9%</b>   | <b>9%</b>   | <b>7%</b>   | <b>7%</b>   |
| short-term liabilities to banks                           | 2%          | 1%          | 1%          | 0%          | 0%          | 0%          |
| Accounts payable  | 4%          | 9%          | 8%          | 8%          | 6%          | 7%          |
| Advance payments received on orders                       | 12%         | 13%         | 23%         | 23%         | 19%         | 20%         |
| Other liabilities (incl. from lease and rental contracts) | 3%          | 5%          | 4%          | 4%          | 4%          | 4%          |
| Deferred taxes  | 4%          | 3%          | 3%          | 3%          | 2%          | 2%          |
| Deferred income   | 2%          | 2%          | 1%          | 1%          | 1%          | 1%          |
| <b>Current liabilities</b>                                | <b>27%</b>  | <b>33%</b>  | <b>40%</b>  | <b>40%</b>  | <b>33%</b>  | <b>33%</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>          | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>96%</b>  | <b>97%</b>  |

Source: Company data; AlsterResearch

| Cash flow statement (EURm)                      | 2020         | 2021        | 2022         | 2023P       | 2024E        | 2025E        |
|---|--------------|-------------|--------------|-------------|--------------|--------------|
| Net profit/loss                                 | 12.4         | 16.0        | 24.5         | 4.7         | 88.6         | 40.0         |
| Depreciation of fixed assets (incl. leases)     | 7.1          | 6.4         | 8.1          | 8.8         | 8.6          | 8.4          |
| Amortisation of goodwill                        | 0.0          | 0.0         | 0.0          | 0.0         | 0.0          | 0.0          |
| Amortisation of intangible assets               | 0.7          | 0.7         | 1.0          | 1.1         | 1.1          | 1.2          |
| Others  | -6.4         | 4.8         | 2.2          | 0.3         | 1.7          | 2.6          |
| Cash flow from operations before changes in w/c | 13.8         | 27.9        | 35.8         | 14.9        | 99.9         | 52.2         |
| Increase/decrease in inventory                  | 9.8          | -29.5       | -52.8        | 2.2         | -5.9         | -18.8        |
| Increase/decrease in accounts receivable        | 2.1          | 1.9         | -11.1        | -1.0        | -5.8         | -8.9         |
| Increase/decrease in accounts payable           | -0.4         | 14.5        | 2.5          | 1.7         | 1.2          | 3.7          |
| Increase/decrease in other w/c positions        | 20.1         | 3.7         | 47.6         | 1.6         | 9.3          | 14.4         |
| Increase/decrease in working capital            | 31.5         | -9.5        | -13.8        | 4.5         | -1.1         | -9.6         |
| <b>Cash flow from operating activities</b>      | <b>45.3</b>  | <b>18.4</b> | <b>22.0</b>  | <b>19.4</b> | <b>98.8</b>  | <b>42.7</b>  |
| CAPEX   | -8.0         | -9.6        | -7.9         | -9.0        | -9.2         | -10.5        |
| Payments for acquisitions                       | -3.3         | 0.0         | -9.9         | 0.0         | 0.0          | 0.0          |
| Financial investments                           | 0.0          | 0.0         | 0.0          | 0.0         | 0.0          | 0.0          |
| Income from asset disposals                     | 0.1          | 0.0         | 0.0          | 0.0         | 18.0         | 0.0          |
| <b>Cash flow from investing activities</b>      | <b>-11.2</b> | <b>-9.6</b> | <b>-17.8</b> | <b>-9.0</b> | <b>8.8</b>   | <b>-10.5</b> |
| Cash flow before financing                      | 34.1         | 8.8         | 4.1          | 10.4        | 107.6        | 32.2         |
| Increase/decrease in debt position              | -13.3        | -3.8        | -3.7         | -5.0        | 0.0          | 0.0          |
| Purchase of own shares                          | 0.0          | 0.0         | 0.0          | 0.0         | 0.0          | 0.0          |
| Capital measures                                | 0.0          | 0.0         | 0.0          | 0.0         | 0.0          | 0.0          |
| Dividends paid                                  | 0.0          | 0.0         | -3.1         | -3.8        | -0.7         | -13.8        |
| Others  | 0.0          | 0.0         | 0.0          | 0.0         | 0.0          | 0.0          |
| Effects of exchange rate changes on cash        | -0.2         | 0.4         | -0.0         | 0.0         | 0.0          | 0.0          |
| <b>Cash flow from financing activities</b>      | <b>-13.4</b> | <b>-3.5</b> | <b>-6.8</b>  | <b>-8.8</b> | <b>-0.7</b>  | <b>-13.8</b> |
| Increase/decrease in liquid assets              | 20.7         | 5.3         | -2.7         | 1.6         | 106.9        | 18.4         |
| <b>Liquid assets at end of period</b>           | <b>40.8</b>  | <b>52.1</b> | <b>51.4</b>  | <b>52.9</b> | <b>159.8</b> | <b>178.2</b> |

Source: Company data; AlsterResearch

| Regional sales split (EURm) | 2020         | 2021         | 2022         | 2023P        | 2024E        | 2025E        |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Domestic                    | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Europe (ex domestic)        | 44.3         | 57.7         | 60.1         | 61.2         | 67.3         | 76.7         |
| The Americas                | 22.7         | 30.8         | 38.0         | 38.6         | 42.5         | 48.4         |
| Asia                        | 185.2        | 174.7        | 201.0        | 204.5        | 224.9        | 256.3        |
| Rest of World               | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Total sales</b>          | <b>252.1</b> | <b>263.4</b> | <b>299.1</b> | <b>304.3</b> | <b>334.6</b> | <b>381.4</b> |

| Regional sales split (common size) | 2020        | 2021        | 2022        | 2023P       | 2024E       | 2025E       |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Domestic                           | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        |
| Europe (ex domestic)               | 17.6%       | 21.9%       | 20.1%       | 20.1%       | 20.1%       | 20.1%       |
| The Americas                       | 9.0%        | 11.7%       | 12.7%       | 12.7%       | 12.7%       | 12.7%       |
| Asia                               | 73.5%       | 66.3%       | 67.2%       | 67.2%       | 67.2%       | 67.2%       |
| 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                            | 2020   | 2021   | 2022   | 2023P  | 2024E  | 2025E  |
|-----------------------------------|--------|--------|--------|--------|--------|--------|
| <b>Per share data</b>             |        |        |        |        |        |        |
| Earnings per share reported       | 0.65   | 0.83   | 1.28   | 0.25   | 4.63   | 2.09   |
| Cash flow per share               | 2.37   | 0.96   | 1.15   | 0.55   | 4.72   | 1.79   |
| Book value per share              | 7.14   | 8.21   | 9.30   | 9.34   | 13.94  | 15.31  |
| Dividend per share                | 0.00   | 0.16   | 0.20   | 0.04   | 0.72   | 0.33   |
| <b>Valuation</b>                  |        |        |        |        |        |        |
| P/E                               | 57.6x  | 44.6x  | 29.0x  | 150.8x | 8.0x   | 17.8x  |
| P/CF                              | 15.7x  | 38.7x  | 32.4x  | 67.4x  | 7.9x   | 20.8x  |
| P/BV                              | 5.2x   | 4.5x   | 4.0x   | 4.0x   | 2.7x   | 2.4x   |
| Dividend yield (%)                | 0.0%   | 0.4%   | 0.5%   | 0.1%   | 1.9%   | 0.9%   |
| FCF yield (%)                     | 6.4%   | 2.6%   | 3.1%   | 1.5%   | 12.7%  | 4.8%   |
| EV/Sales                          | 2.8x   | 2.6x   | 2.3x   | 2.2x   | 1.7x   | 1.4x   |
| EV/EBITDA                         | 24.7x  | 23.1x  | 16.1x  | 17.7x  | 10.9x  | 8.6x   |
| EV/EBIT                           | 34.1x  | 30.3x  | 20.6x  | 24.0x  | 13.4x  | 10.2x  |
| <b>Income statement (EURm)</b>    |        |        |        |        |        |        |
| Sales                             | 252.1  | 263.4  | 299.1  | 304.3  | 334.6  | 381.4  |
| yoy chg in %                      | 17.9%  | 4.5%   | 13.6%  | 1.7%   | 10.0%  | 14.0%  |
| Gross profit                      | 88.9   | 94.2   | 110.1  | 103.8  | 126.1  | 147.6  |
| Gross margin in %                 | 35.3%  | 35.8%  | 36.8%  | 34.1%  | 37.7%  | 38.7%  |
| EBITDA                            | 28.2   | 29.5   | 41.9   | 37.7   | 51.5   | 63.0   |
| EBITDA margin in %                | 11.2%  | 11.2%  | 14.0%  | 12.4%  | 15.4%  | 16.5%  |
| EBIT                              | 20.4   | 22.5   | 32.8   | 27.8   | 41.8   | 53.4   |
| EBIT margin in %                  | 8.1%   | 8.5%   | 11.0%  | 9.2%   | 12.5%  | 14.0%  |
| Net profit                        | 12.4   | 16.0   | 24.5   | 4.7    | 88.6   | 40.0   |
| <b>Cash flow statement (EURm)</b> |        |        |        |        |        |        |
| CF from operations                | 45.3   | 18.4   | 22.0   | 19.4   | 98.8   | 42.7   |
| Capex                             | -8.0   | -9.6   | -7.9   | -9.0   | -9.2   | -10.5  |
| Maintenance Capex                 | 0.0    | 0.0    | 0.0    | 8.8    | 8.6    | 8.4    |
| Free cash flow                    | 37.3   | 8.8    | 14.1   | 10.4   | 89.6   | 32.2   |
| <b>Balance sheet (EURm)</b>       |        |        |        |        |        |        |
| Intangible assets                 | 23.4   | 24.0   | 24.4   | 24.7   | 25.1   | 25.6   |
| Tangible assets                   | 40.4   | 44.5   | 48.9   | 47.7   | 46.8   | 47.1   |
| Shareholders' equity              | 136.5  | 156.9  | 177.7  | 178.6  | 266.5  | 292.6  |
| Pension provisions                | 6.4    | 5.3    | 5.0    | 5.1    | 5.6    | 6.4    |
| Liabilities and provisions        | 36.3   | 33.3   | 36.6   | 31.9   | 33.6   | 36.2   |
| Net financial debt                | -20.9  | -35.1  | -41.9  | -48.5  | -155.4 | -173.8 |
| w/c requirements                  | 83.2   | 85.4   | 99.1   | 94.8   | 97.1   | 108.4  |
| <b>Ratios</b>                     |        |        |        |        |        |        |
| ROE                               | 9.1%   | 10.2%  | 13.8%  | 2.6%   | 33.2%  | 13.7%  |
| ROCE                              | 11.8%  | 11.8%  | 15.3%  | 13.2%  | 13.9%  | 16.2%  |
| Net gearing                       | -15.3% | -22.4% | -23.6% | -27.2% | -58.3% | -59.4% |
| Net debt / EBITDA                 | -0.7x  | -1.2x  | -1.0x  | -1.3x  | -3.0x  | -2.8x  |

Source: Company data; AlsterResearch

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