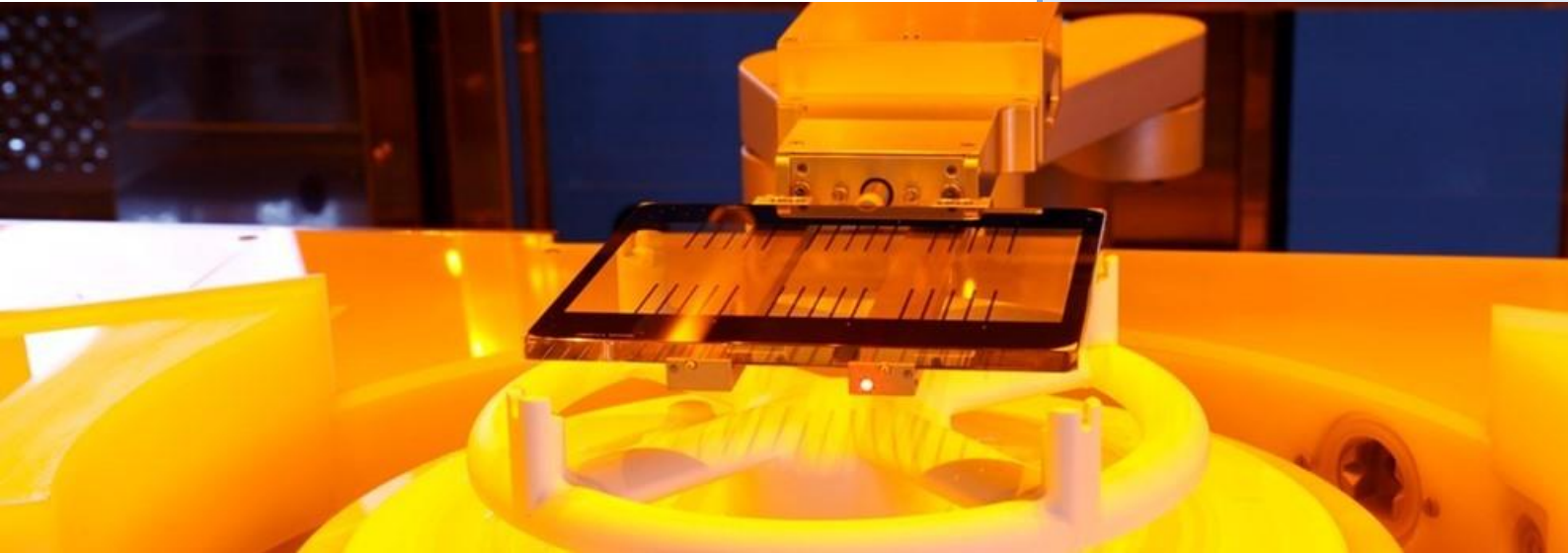


SUESS MicroTec SE

Germany | Technology | MCap EUR 730.2m

28 March 2024

UPDATE



Outlook confirms positive view; est./PT up; BUY

BUY (BUY)

Target price	EUR 44.00 (42.00)
Current price	EUR 38.20
Up/downside	15.2%

 ResearchHub 



MAIN AUTHOR

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What's it all about?

Suess MicroTec's final FY23 figures and Q4 performance were in line with preliminary figures, which at the time surprised positively. Looking ahead to FY24, the company anticipates strong revenue growth, supported by a substantial backlog conversion and sustained AI-driven momentum. Although gross and EBIT margin guidance for FY24 falls slightly below expectations, they meet expectations on an absolute level. The cash inflow of EUR 75m from the divestment of MicroOptics is earmarked for increased capital expenditure into capacity and IT to position itself for future growth and operational enhancements. We upgrade estimates from FY25 on and reiterate to BUY with an upgraded price target of EUR 44.00 (old: EUR 42.00).

SUESS MicroTec SE

Germany | Technology | MCap EUR 730.2m | EV EUR 707.7m

BUY (BUY)

Target price EUR 44.00 (42.00)
Current price EUR 38.20
Up/downside 15.2%

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Outlook confirms positive view; est./PT up; BUY

Final FY23 released. Süss MicroTec has published its final figures for FY23 and Q4, having already published relatively detailed preliminary figures 4 weeks ago. The company also held a conference call. At the time of the pre-announcement, Q4 revenues surprised to the upside, coming in around 10% ahead of estimates, supported by a normalized delivery situation for China-bound systems. FY23 revenues for Süss MicroTec increased by 17% compared to a decline of c. 4% for the wafer fab equipment market (source: SEMI), highlighting the exceptional positioning of Süss MicroTec in high growth pockets of the market. The gross margin for the year was below expectations (34.1% vs. 35.0%) due to the product mix, the capacity ramp-up in Taiwan and the qualification of new manufacturing partners. The EBIT margin surprised positively at 9.1% vs. 8.0% mwb est., partly due to net currency gains.

Order momentum Q4 driven by AI. Q4 order intake more than doubled to EUR 139.3m, resulting in a book-to-bill ratio of 1.4x. Order intake for bonders was particularly strong, accounting for more than half of Q4 orders and resulting in a book-to-bill ratio of 6.5x for these products. For FY23, Süss MicroTec booked bonder orders worth approximately EUR 157m, with more than 80% of these orders and more than 30% of total orders directly related to AI applications. The majority of these systems are destined for high-bandwidth memory production, where they are used to support the process of grinding wafers to very thin thickness. We estimate that Süss MicroTec mainly supplies two of the three leading manufacturers (Samsung and Micron). The bonders are also used for packaging in TSMC's CoWoS process to produce Nvidia's latest AI chips. With the Taiwan plant coming to full capacity in summer 24, Süss MicroTec will have capacity for EUR 150m of annual temporary bonder sales. Total order backlog ended FY23 at EUR 452.5m, up an impressive 35% y-o-y. Order momentum seems to carry over into Q1 24, with AI still as a driver.



Source: Company data, mwb research

High/low 52 weeks 41.95 / 15.02
Price/Book Ratio 4.1x

Ticker / Symbols

ISIN DE000A1K0235
WKN A1K023
Bloomberg SMHN:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	334.6	41.8	4.63
	Δ	6.4%	-1.3%	-0.3%
2025E	old	381.4	53.4	2.09
	Δ	5.5%	7.0%	7.4%
2026E	old	412.3	58.1	2.29
	Δ	4.9%	6.4%	6.4%

Key share data

Number of shares: (in m pcs) 19.12
Book value per share: (in EUR) 9.24
Ø trading vol.: (12 months) 81,509

Major shareholders

Kempen 10.0%
Gerlin 7.5%
Janus Henderson 5.0%
Universal Invest 4.7%
Goldman Sachs 5.4%
Free Float 67.3%

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.

- continued next page -

SUESS MicroTec SE	2021	2022	2023	2024E	2025E	2026E
Sales	263.4	260.0	304.3	356.0	402.3	432.4
<i>Growth yoy</i>	4.5%	-1.3%	17.0%	17.0%	13.0%	7.5%
EBITDA	29.5	37.4	34.7	48.3	65.1	70.8
EBIT	22.5	31.5	27.8	41.3	57.1	61.8
Net profit	16.0	24.5	4.7	88.3	43.0	46.6
Net debt (net cash)	-35.1	-30.0	-24.1	-123.1	-137.3	-162.9
Net debt/EBITDA	-1.2x	-0.8x	-0.7x	-2.5x	-2.1x	-2.3x
EPS reported	0.83	1.22	0.91	4.62	2.25	2.44
DPS	0.16	0.20	0.20	1.02	0.50	0.54
<i>Dividend yield</i>	0.4%	0.5%	0.5%	2.7%	1.3%	1.4%
Gross profit margin	35.8%	38.7%	34.1%	36.5%	38.7%	38.7%
EBITDA margin	11.2%	14.4%	11.4%	13.6%	16.2%	16.4%
EBIT margin	8.5%	12.1%	9.1%	11.6%	14.2%	14.3%
ROCE	11.8%	13.9%	12.9%	13.5%	17.4%	17.0%
EV/EBITDA	23.7x	18.9x	20.4x	12.6x	9.1x	8.0x
EV/EBIT	31.1x	22.4x	25.5x	14.7x	10.4x	9.2x
PER	45.8x	29.8x	155.5x	8.3x	17.0x	15.7x
FCF yield	2.5%	3.3%	0.5%	12.5%	5.5%	5.7%

Source: Company data, mwb research

Revenue outlook FY24: strong growth ahead. Süss MicroTec provided guidance for FY24 for the first time. The company expects about 2/3 of the order backlog to be converted into revenues in FY24, resulting in an expected revenue range of EUR 340m to 370m, with the lower end of the range in line with consensus and previous mwb estimates. This translates into top line growth of between 12% and 22%, compared to c.10% expected for the semiconductor equipment market (source: SEMI).

Improving gross and EBIT margin FY24, slightly below mwb est. The FY24 gross margin guidance range (35% - 38%) is at the lower end of our expectation (37.7%) and the EBIT margin guidance range (10% - 12%) is consequently also at the lower end (12.5% mwb est.). However, due to the higher-than-expected top line outlook, the absolute gross margin and EBIT are in line with our estimates. In any case, both point to a significant sequential margin improvement, even at the lower end of the range. For FY25 and beyond, we even raise our estimates slightly, given the expected long-term positive effects once the transformation costs fade out.

Dividend EUR 0.20, higher capex going forward. Süss MicroTec proposes a dividend of EUR 0.20 for FY23 despite a negative free cash flow of EUR 4.4m. This takes into account the EUR 75m cash inflow from the sale of the MicroOptics business in January 2024. In principle, Süss MicroTec could afford a much higher payout, but the company is reserving the cash for increased capex in the coming years to install additional cleanroom capacity, improve or build buildings and implement IT systems.

Upgrade of est. & price target, reiterate BUY. We raise our estimates for FY25 and beyond, taking into account the strong AI-driven order intake. This leads to a new price target of EUR 44.00 (old EUR 42.00), which still supports our BUY recommendation.

The following table displays the quarterly performance of **SUESS MicroTec SE**.

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	103.1
yoy growth in %	20.3%	-6.6%	0.7%	38.6%	11.2%	20.6%	-0.7%	-0.8%
Gross profit	21.0	17.2	21.9	40.9	23.3	23.9	20.6	35.9
Gross margin in %	33.2%	28.0%	31.1%	39.4%	33.0%	32.2%	29.4%	34.8%
EBITDA	4.2	3.6	7.9	24.0	5.4	11.0	3.1	14.5
EBITDA margin in %	6.7%	5.8%	11.2%	23.1%	7.6%	14.9%	4.4%	14.1%
EBIT	2.1	1.3	5.5	21.8	2.9	8.6	1.3	11.5
EBIT margin in %	3.3%	2.1%	7.7%	21.0%	4.2%	11.6%	1.9%	11.2%
EBT	2.0	1.1	5.5	21.8	2.9	8.7	1.4	11.5
taxes paid	0.6	0.7	2.2	4.5	0.8	1.5	1.0	3.2
tax rate in %	28.2%	59.0%	40.9%	20.5%	28.3%	16.6%	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
EPS	0.07	0.14	0.21	0.89	0.11	0.21	0.02	-0.10

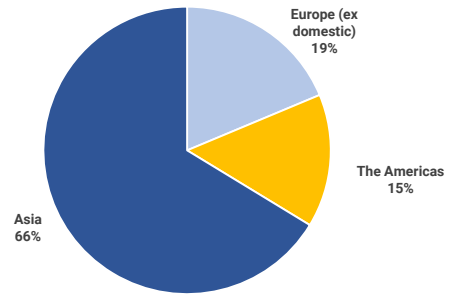
Source: Company data; mwb research

Investment case in six charts

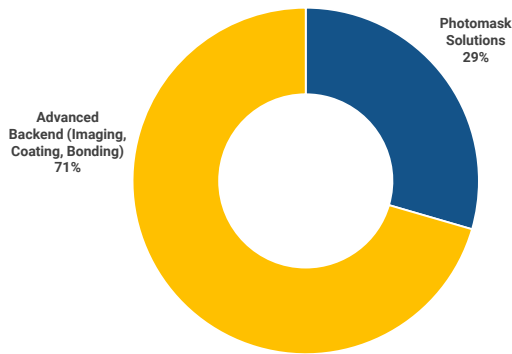
Products & Services



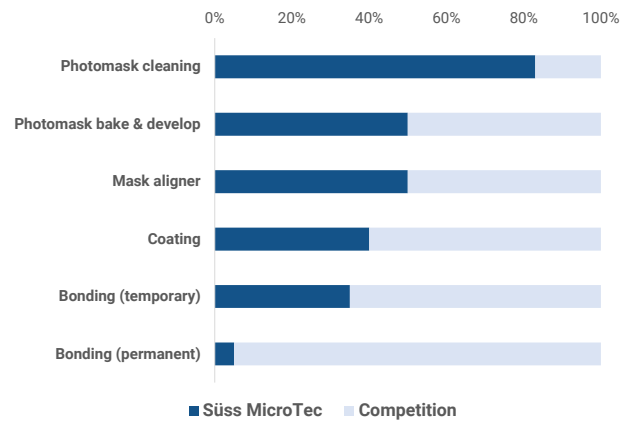
Regional sales split in % (FY23)



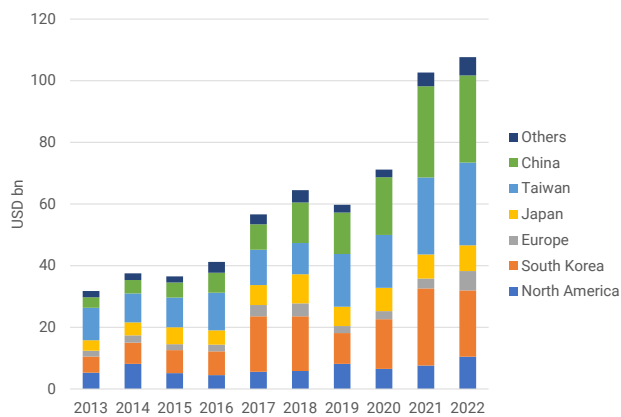
Segmental breakdown in % (FY23)



Market shares (est. AlsterResearch based on CMD)

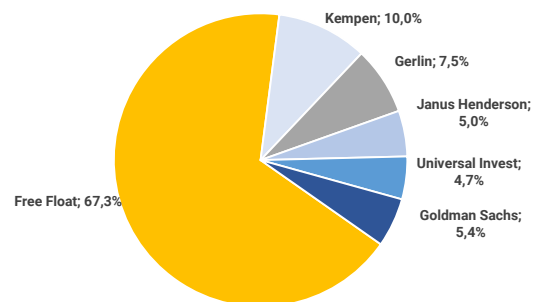


Semiconductor Equipment Market



Source: Company data; mwb research

Major Shareholders



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

Valuation

DCF Model

The DCF model results in a **fair value of EUR 43.62 per share**:

Top-line growth: We expect SUESS MicroTec SE to grow revenues at a CAGR of 6.7% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 13.5% in 2024E to 14.8% in 2031E.

WACC. Starting point is a historical equity beta of 1.36. Unlevering and correcting for mean reversion yields an asset beta of 1.23. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 9.4%. With pre-tax cost of borrowing at 5.0%, a tax rate of 35.0% and target debt/equity of 0.1 this results in a long-term WACC of 9.4%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	31.2	43.1	46.6	51.2	55.0	59.4	60.6	64.0	
Depreciation & amortization	7.0	8.0	9.0	10.1	11.1	11.6	12.2	12.2	
Change in working capital	-0.7	-5.8	-7.1	-6.7	8.5	10.0	7.4	-0.2	
Chg. in long-term provisions	2.5	2.2	1.4	1.5	1.7	1.9	0.5	0.5	
Capex	-12.1	-13.7	-14.7	-15.9	-13.5	-14.6	-12.2	-12.4	
Cash flow	27.8	33.8	35.2	40.2	62.8	68.3	68.5	64.1	884.9
Present value	25.9	28.8	27.5	28.7	41.0	40.7	37.4	31.9	441.0
WACC	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%

DCF per share derived from	
Total present value	703.0
Mid-year adj. total present value	735.2
Net debt / cash at start of year	-99.1
Financial assets	1.2
Provisions and off b/s debt	1.6
Equity value	833.9
No. of shares outstanding	19.1
Discounted cash flow / share upside/(downside)	43.62 14.2%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	6.7%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	14.8%
Terminal year WACC	9.4%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	35.0%
Equity beta	1.36
Unlevered beta (industry or company)	1.23
Target debt / equity	0.1
Relevered beta	1.23
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	9.4%

Share price	38.20
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Sensitivity analysis DCF							
Change in WACC (%-points)	Long term growth					Share of present value	
	1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%	33.4	34.2	35.1	36.2	37.3	2024E-2027E	15.8%
1.0%	36.6	37.7	38.9	40.2	41.8	2028E-2031E	21.5%
0.0%	40.5	42.0	43.6	45.5	47.7	terminal value	62.7%
-1.0%	45.6	47.6	49.9	52.6	55.8		
-2.0%	52.2	55.1	58.4	62.5	67.5		

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 31.00 per share based on 2024E and EUR 57.92 per share on 2028E estimates.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2024E	2025E	2026E	2027E	2028E
EBITDA	48.3	65.1	70.8	77.9	84.1
- Maintenance capex	5.6	6.5	7.5	8.5	9.5
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	10.1	14.0	15.2	16.7	17.9
= Adjusted FCF	32.6	44.6	48.2	52.8	56.7
Actual Market Cap	730.2	730.2	730.2	730.2	730.2
+ Net debt (cash)	-123.1	-137.3	-162.9	-192.9	-244.4
+ Pension provisions	1.9	2.1	2.3	2.4	2.6
+ Off b/s financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	1.2	1.2	1.2	1.2	1.2
- Acc. dividend payments	3.8	23.3	32.8	43.0	54.3
<i>EV Reconciliations</i>	-126.3	-159.7	-194.7	-234.7	-297.3
= Actual EV'	603.9	570.5	535.6	495.6	432.9
Adjusted FCF yield	5.4%	7.8%	9.0%	10.6%	13.1%
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	466.2	636.7	688.1	753.9	809.9
- <i>EV Reconciliations</i>	-126.3	-159.7	-194.7	-234.7	-297.3
Fair Market Cap	592.5	796.4	882.8	988.6	1,107.2
No. of shares (million)	19.1	19.1	19.1	19.1	19.1
Fair value per share in EUR	31.00	41.66	46.18	51.72	57.92
Premium (-) / discount (+)	-18.9%	9.1%	20.9%	35.4%	51.6%

Sensitivity analysis fair value						
		5.0%	6.0%	7.0%	8.0%	9.0%
Adjusted hurdle rate	5.0%	40.8	55.0	60.6	67.5	74.9
	6.0%	35.1	47.2	52.2	58.3	65.0
	7.0%	31.0	41.7	46.2	51.7	57.9
	8.0%	27.9	37.5	41.7	46.8	52.6
	9.0%	25.6	34.3	38.2	43.0	48.5

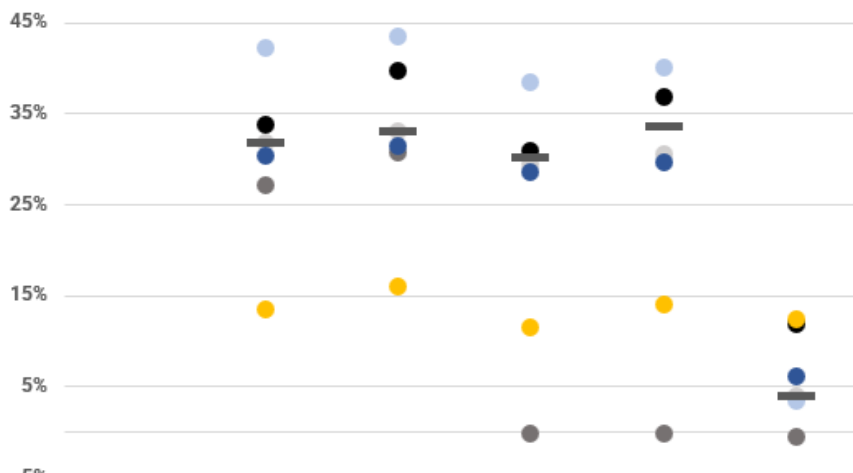
Source: Company data; mwb research

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 **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 28 March 2024 the median market cap of the peer group was EUR 116,899.4m, compared to EUR 730.2m 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



28-Mar-24

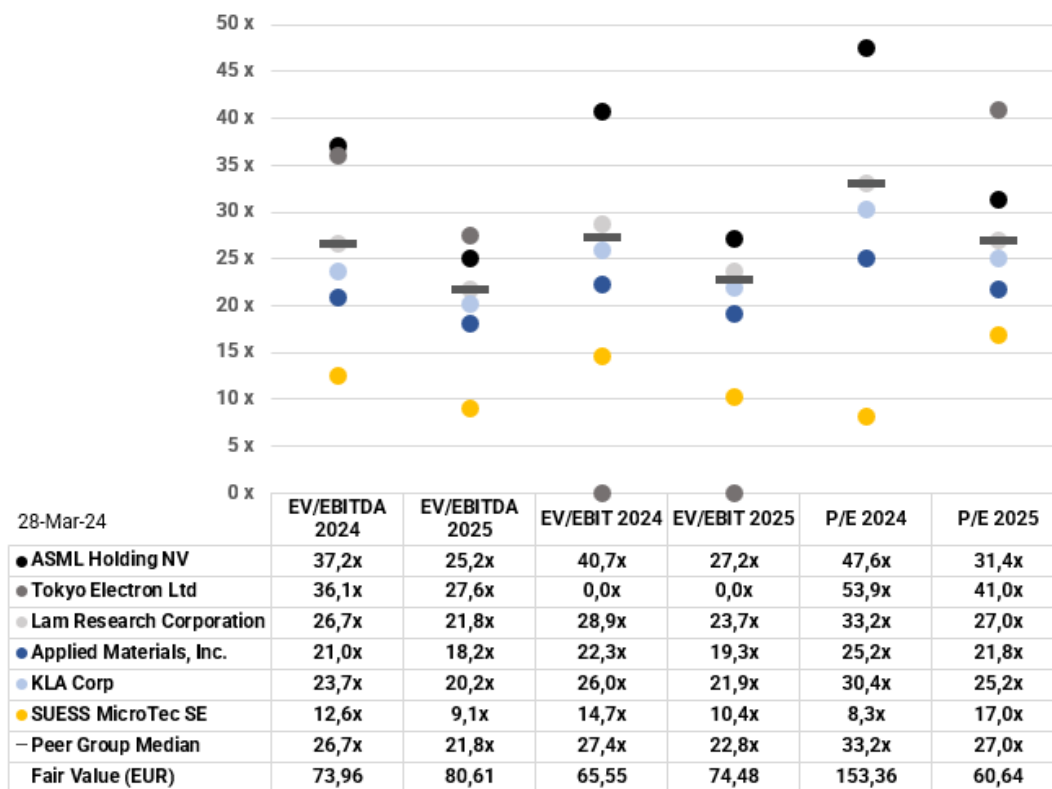
	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
● ASML Holding NV	352.191	34,0%	39,9%	31,0%	36,9%	11,9%
● Tokyo Electron Ltd	111.433	27,3%	30,8%	0,0%	0,0%	-0,4%
● Lam Research Corporation	116.899	31,9%	33,2%	29,5%	30,6%	4,1%
● Applied Materials, Inc.	159.581	30,5%	31,6%	28,7%	29,9%	6,3%
● KLA Corp	87.018	42,4%	43,7%	38,7%	40,3%	3,6%
● SUESS MicroTec SE	730	13,6%	16,2%	11,6%	14,2%	12,6%
– Peer Group Median	116.899	31,9%	33,2%	30,3%	33,8%	4,1%

Source: AlphaSense, 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 SUESS MicroTec SE results in a range of fair values from EUR 60.64 to EUR 153.36.

Peer Group – Multiples and valuation

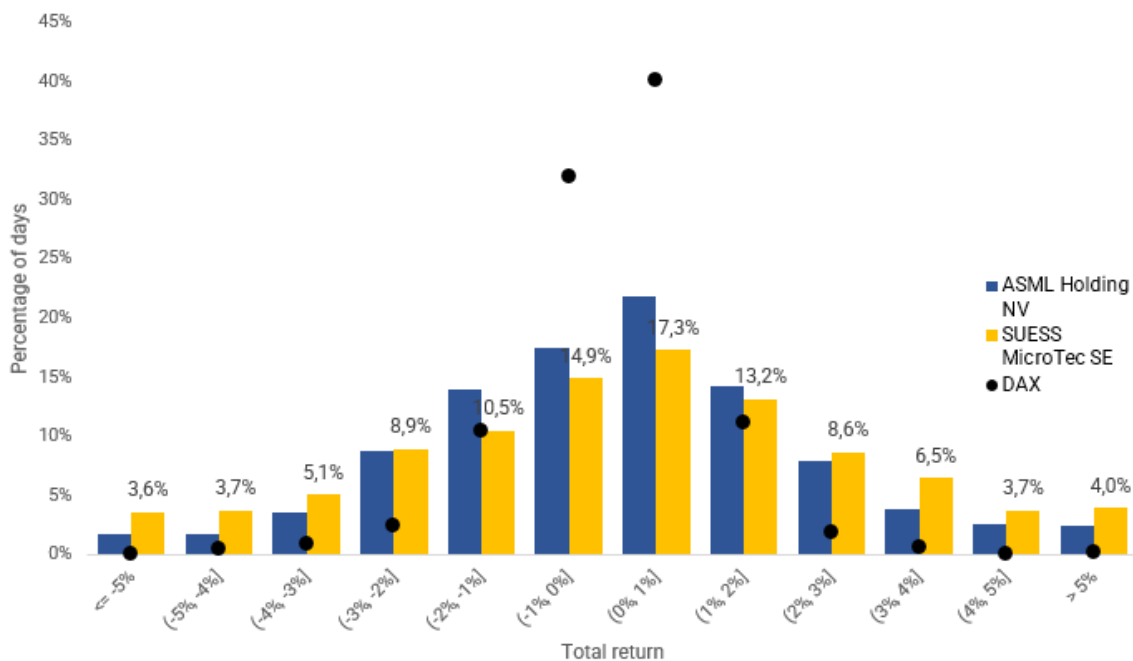


Source: AlphaSense, mwb research

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%.

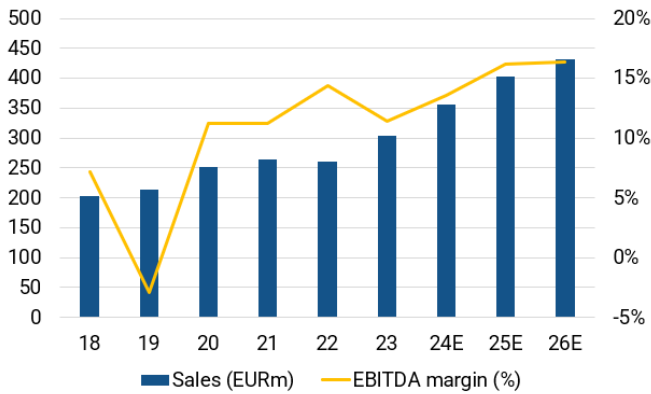
Risk – Daily Returns Distribution (trailing 3 years)



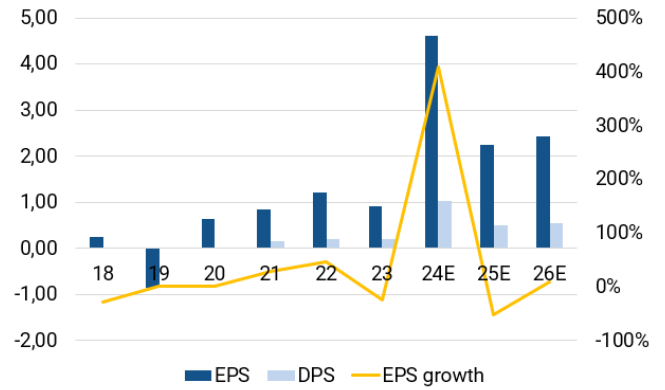
Source: AlphaSense, mwb research

Financials in six charts

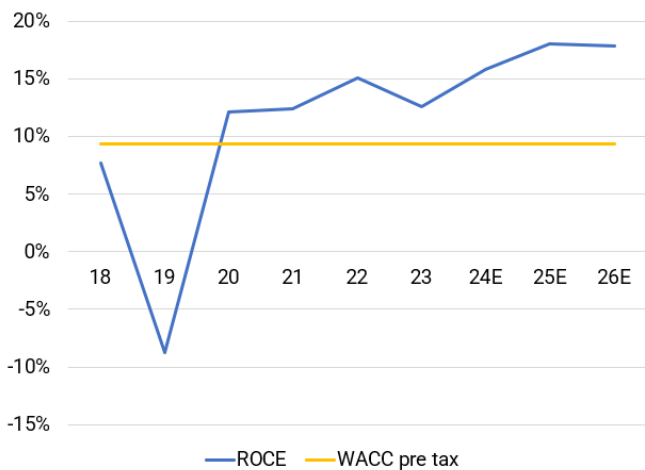
Sales vs. EBITDA margin development



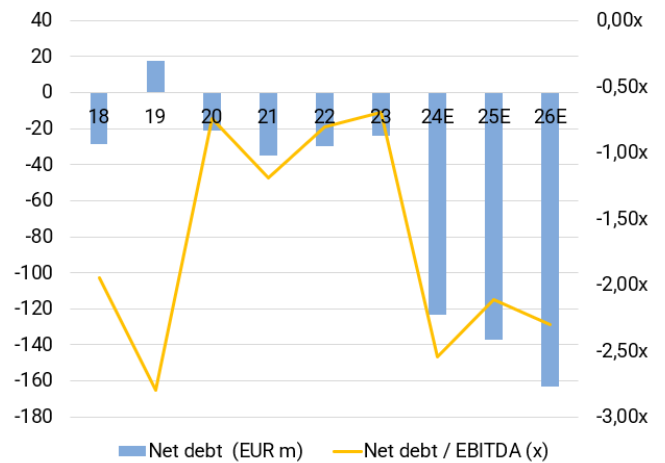
EPS, DPS in EUR & yoy EPS growth



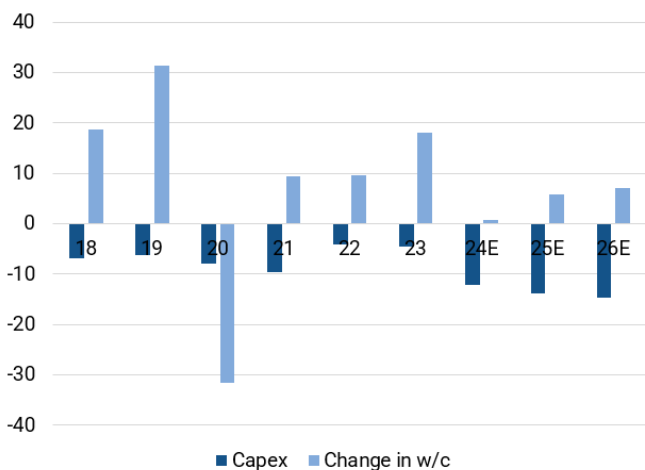
ROCE vs. WACC (pre tax)



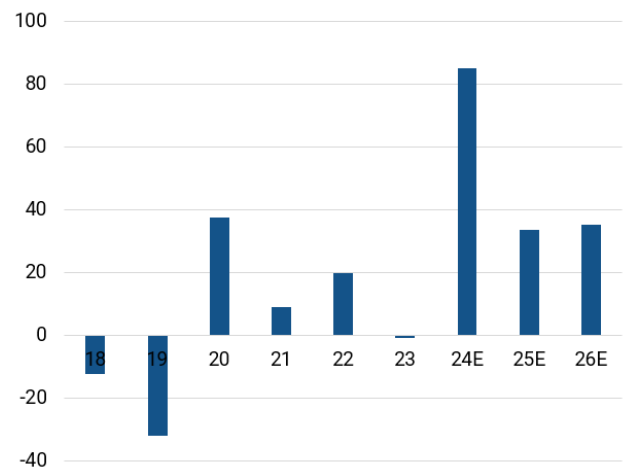
Net debt and net debt/EBITDA



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
Sales	263.4	260.0	304.3	356.0	402.3	432.4
Sales growth	4.5%	-1.3%	17.0%	17.0%	13.0%	7.5%
Cost of sales	169.2	159.3	200.4	226.1	246.6	265.1
Gross profit	94.2	100.6	103.9	129.9	155.7	167.4
SG&A expenses	47.8	40.7	45.6	49.8	57.9	62.3
Research and development	22.1	28.7	31.3	37.0	38.6	41.1
Other operating expenses (income)	1.8	-0.2	-0.8	1.8	2.0	2.2
EBITDA	29.5	37.4	34.7	48.3	65.1	70.8
Depreciation	6.4	5.0	5.3	5.6	6.5	7.5
EBITA	23.2	32.4	29.3	42.7	58.6	63.3
Amortisation of goodwill and intangible assets	0.7	1.0	1.5	1.4	1.4	1.5
EBIT	22.5	31.5	27.8	41.3	57.1	61.8
Financial result	-0.5	-0.3	0.5	-0.2	-0.2	-0.1
Recurring pretax income from continuing operations	22.0	31.2	28.3	41.1	56.9	61.7
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	22.0	31.2	28.3	41.1	56.9	61.7
Taxes	6.1	7.9	11.0	10.1	14.0	15.2
Net income from continuing operations	16.0	23.3	17.3	31.0	43.0	46.6
Result from discontinued operations (net of tax)	0.0	1.3	-12.6	57.3	0.0	0.0
Net income	16.0	24.5	4.7	88.3	43.0	46.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	16.0	24.5	4.7	88.3	43.0	46.6
Average number of shares	19.12	19.12	19.12	19.12	19.12	19.12
EPS reported	0.83	1.22	0.91	4.62	2.25	2.44

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Sales	100%	100%	100%	100%	100%	100%
Cost of sales	64%	61%	66%	64%	61%	61%
Gross profit	36%	39%	34%	37%	39%	39%
SG&A expenses	18%	16%	15%	14%	14%	14%
Research and development	8%	11%	10%	10%	10%	9%
Other operating expenses (income)	1%	-0%	-0%	1%	1%	1%
EBITDA	11%	14%	11%	14%	16%	16%
Depreciation	2%	2%	2%	2%	2%	2%
EBITA	9%	12%	10%	12%	15%	15%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	9%	12%	9%	12%	14%	14%
Financial result	-0%	-0%	0%	-0%	-0%	-0%
Recurring pretax income from continuing operations	8%	12%	9%	12%	14%	14%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	8%	12%	9%	12%	14%	14%
Taxes	2%	3%	4%	3%	3%	4%
Net income from continuing operations	6%	9%	6%	9%	11%	11%
Result from discontinued operations (net of tax)	0%	0%	-4%	16%	0%	0%
Net income	6%	9%	2%	25%	11%	11%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	6%	9%	2%	25%	11%	11%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	5.6	5.9	5.5	5.5	5.8	6.0
Goodwill	18.4	18.6	18.5	18.5	18.5	18.5
Property, plant and equipment	44.5	48.9	31.1	36.2	41.8	47.2
Financial assets	1.8	1.8	1.2	1.2	1.2	1.2
FIXED ASSETS	70.3	75.1	56.3	61.4	67.2	72.9
Inventories	99.5	150.5	166.7	179.6	195.9	210.6
Accounts receivable	47.4	57.0	52.9	61.9	70.0	75.2
Other current assets	0.0	0.0	33.9	33.9	33.9	33.9
Liquid assets	53.4	61.9	49.0	132.5	144.2	167.4
Deferred taxes	0.0	0.1	0.1	0.1	0.1	0.1
Deferred charges and prepaid expenses	8.4	8.5	10.8	12.6	14.3	15.3
CURRENT ASSETS	208.8	278.0	313.4	420.7	458.3	502.5
TOTAL ASSETS	279.2	353.2	369.7	482.1	525.5	575.4
SHAREHOLDERS EQUITY	156.9	177.7	176.6	279.1	302.6	339.6
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	14.9	16.2	11.9	9.4	6.9	4.4
Provisions for pensions and similar obligations	5.3	5.0	1.6	1.9	2.1	2.3
Other provisions	9.6	11.6	12.9	15.1	17.0	18.3
Non-current liabilities	29.9	32.8	26.4	26.3	26.0	25.0
short-term liabilities to banks	3.4	15.8	13.0	0.0	0.0	0.0
Accounts payable	24.9	27.1	27.1	30.6	33.4	35.9
Advance payments received on orders	36.7	77.9	87.0	101.8	115.1	123.7
Other liabilities (incl. from lease and rental contracts)	14.0	8.8	20.4	23.9	27.0	29.0
Deferred taxes	9.0	7.0	11.8	11.8	11.8	11.8
Deferred income	4.5	6.0	7.3	8.6	9.7	10.4
Current liabilities	92.4	142.6	166.7	176.7	196.9	210.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	279.2	353.2	369.7	482.1	525.5	575.4

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	2%	2%	1%	1%	1%	1%
Goodwill	7%	5%	5%	4%	4%	3%
Property, plant and equipment	16%	14%	8%	8%	8%	8%
Financial assets	1%	1%	0%	0%	0%	0%
FIXED ASSETS	25%	21%	15%	13%	13%	13%
Inventories	36%	43%	45%	37%	37%	37%
Accounts receivable	17%	16%	14%	13%	13%	13%
Other current assets	0%	0%	9%	7%	6%	6%
Liquid assets	19%	18%	13%	27%	27%	29%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	3%	2%	3%	3%	3%	3%
CURRENT ASSETS	75%	79%	85%	87%	87%	87%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	56%	50%	48%	58%	58%	59%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	5%	5%	3%	2%	1%	1%
Provisions for pensions and similar obligations	2%	1%	0%	0%	0%	0%
Other provisions	3%	3%	3%	3%	3%	3%
Non-current liabilities	11%	9%	7%	5%	5%	4%
short-term liabilities to banks	1%	4%	4%	0%	0%	0%
Accounts payable	9%	8%	7%	6%	6%	6%
Advance payments received on orders	13%	22%	24%	21%	22%	21%
Other liabilities (incl. from lease and rental contracts)	5%	2%	6%	5%	5%	5%
Deferred taxes	3%	2%	3%	2%	2%	2%
Deferred income	2%	2%	2%	2%	2%	2%
Current liabilities	33%	40%	45%	37%	37%	37%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	16.0	24.5	4.7	88.3	43.0	46.6
Depreciation of fixed assets (incl. leases)	6.4	5.0	5.3	5.6	6.5	7.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.7	1.0	1.5	1.4	1.4	1.5
Others	4.8	3.1	10.2	2.5	2.2	1.4
Cash flow from operations before changes in w/c	27.9	33.6	21.7	97.7	53.1	57.0
Increase/decrease in inventory	-29.5	-48.2	-29.4	-12.9	-16.3	-14.7
Increase/decrease in accounts receivable	1.9	-4.4	-2.4	-9.0	-8.0	-5.2
Increase/decrease in accounts payable	14.5	4.6	1.7	3.5	2.8	2.5
Increase/decrease in other w/c positions	3.7	38.2	12.2	17.7	15.8	10.3
Increase/decrease in working capital	-9.5	-9.6	-18.0	-0.7	-5.8	-7.1
Cash flow from operating activities	18.4	23.9	3.7	97.0	47.3	49.9
CAPEX	-9.6	-4.1	-4.6	-12.1	-13.7	-14.7
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	-9.9	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	-3.7	-3.6	18.0	0.0	0.0
Cash flow from investing activities	-9.6	-17.8	-8.2	5.9	-13.7	-14.7
Cash flow before financing	8.8	6.1	-4.4	102.9	33.6	35.1
Increase/decrease in debt position	-3.8	-2.9	-3.4	-15.5	-2.5	-2.5
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	-3.1	-3.8	-3.8	-19.5	-9.5
Others	0.0	-0.8	-0.8	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.4	-0.0	-0.2	0.0	0.0	0.0
Cash flow from financing activities	-3.5	-6.8	-8.2	-19.3	-22.0	-12.0
Increase/decrease in liquid assets	5.3	-0.7	-12.7	83.5	11.7	23.2
Liquid assets at end of period	52.1	51.4	38.7	122.2	133.9	157.1

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)	57.7	52.3	56.9	17.8	20.1	21.6
The Americas	30.8	33.0	45.6	35.6	40.2	43.2
Asia	174.7	174.7	201.7	302.6	341.9	367.6
Rest of World	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	263.4	260.0	304.3	356.0	402.3	432.4

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)	21.9%	20.1%	18.7%	5.0%	5.0%	5.0%
The Americas	11.7%	12.7%	15.0%	10.0%	10.0%	10.0%
Asia	66.3%	67.2%	66.3%	85.0%	85.0%	85.0%
Rest of World	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported	0.83	1.28	0.25	4.62	2.25	2.44
Cash flow per share	0.96	1.25	0.20	4.78	2.12	2.18
Book value per share	8.21	9.30	9.24	14.60	15.83	17.77
Dividend per share	0.16	0.20	0.20	1.02	0.50	0.54
Valuation						
P/E	45.8x	29.8x	155.5x	8.3x	17.0x	15.7x
P/CF	39.6x	30.5x	195.3x	8.0x	18.1x	17.5x
P/BV	4.7x	4.1x	4.1x	2.6x	2.4x	2.1x
Dividend yield (%)	0.4%	0.5%	0.5%	2.7%	1.3%	1.4%
FCF yield (%)	2.5%	3.3%	0.5%	12.5%	5.5%	5.7%
EV/Sales	2.7x	2.7x	2.3x	1.7x	1.5x	1.3x
EV/EBITDA	23.7x	18.9x	20.4x	12.6x	9.1x	8.0x
EV/EBIT	31.1x	22.4x	25.5x	14.7x	10.4x	9.2x
Income statement (EURm)						
Sales	263.4	260.0	304.3	356.0	402.3	432.4
yoy chg in %	4.5%	-1.3%	17.0%	17.0%	13.0%	7.5%
Gross profit	94.2	100.6	103.9	129.9	155.7	167.4
Gross margin in %	35.8%	38.7%	34.1%	36.5%	38.7%	38.7%
EBITDA	29.5	37.4	34.7	48.3	65.1	70.8
EBITDA margin in %	11.2%	14.4%	11.4%	13.6%	16.2%	16.4%
EBIT	22.5	31.5	27.8	41.3	57.1	61.8
EBIT margin in %	8.5%	12.1%	9.1%	11.6%	14.2%	14.3%
Net profit	16.0	24.5	4.7	88.3	43.0	46.6
Cash flow statement (EURm)						
CF from operations	18.4	23.9	3.7	97.0	47.3	49.9
Capex	-9.6	-4.1	-4.6	-12.1	-13.7	-14.7
Maintenance Capex	0.0	0.0	0.0	5.6	6.5	7.5
Free cash flow	8.8	19.8	-0.9	86.3	34.9	36.2
Balance sheet (EURm)						
Intangible assets	24.0	24.4	24.0	24.0	24.3	24.5
Tangible assets	44.5	48.9	31.1	36.2	41.8	47.2
Shareholders' equity	156.9	177.7	176.6	279.1	302.6	339.6
Pension provisions	5.3	5.0	1.6	1.9	2.1	2.3
Liabilities and provisions	33.3	48.6	39.4	26.3	26.0	25.0
Net financial debt	-35.1	-30.0	-24.1	-123.1	-137.3	-162.9
w/c requirements	85.4	102.5	105.5	109.1	117.5	126.3
Ratios						
ROE	10.2%	13.8%	2.7%	31.6%	14.2%	13.7%
ROCE	11.8%	13.9%	12.9%	13.5%	17.4%	17.0%
Net gearing	-22.4%	-16.9%	-13.6%	-44.1%	-45.4%	-48.0%
Net debt / EBITDA	-1.2x	-0.8x	-0.7x	-2.5x	-2.1x	-2.3x

Source: Company data; mwb research

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