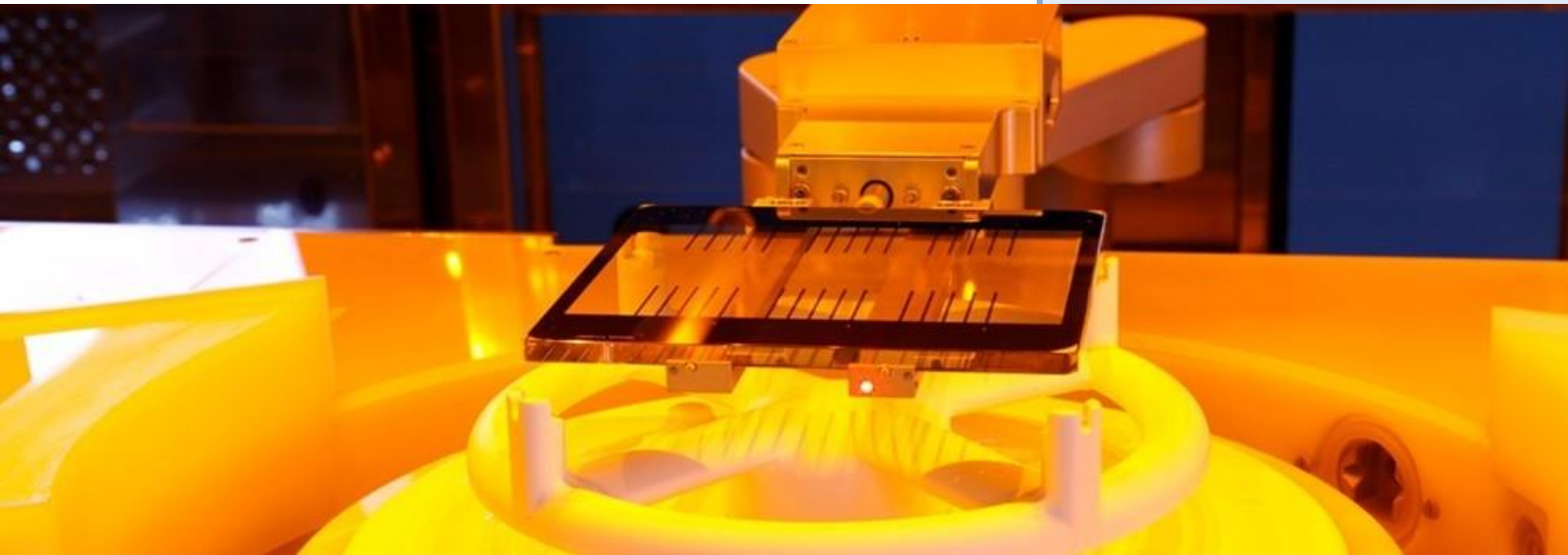


SUSS MicroTec SE

Germany | Technology | MCap EUR 1,078.1m

19 July 2024

UPDATE



A good prelim. Q2, major FY24 guidance upgrade; PT up, BUY

BUY (HOLD)

Target price	EUR 72.00 (55.00)
Current price	EUR 56.40
Up/downside	27.7%

 ResearchHub 



MAIN AUTHOR

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What's it all about?

Suss MicroTec reported strong sales growth in Q2 with revenues of EUR 99.3m, up 45% yoy and 6% qoq, beating market expectations by 5% and most likely driven by temporary bonders used in AI chip production. Q2 order intake was in line with expectations at EUR 93.9m. The gross margin improved to 40.5% and the EBIT margin was 15.3%. Following the strong Q2 results, Suss MicroTec has significantly raised its guidance for FY24: the company now expects revenues in the range of EUR 380m to EUR 410m (up 11% at the midpoint), a gross margin between 38% and 40% (up 250bp at the midpoint) and an EBIT margin between 14% and 16% (up 400bp at the midpoint). Recent geopolitical tensions, which have weighed on the stock, seem to pose only limited risks for Suss MicroTec. As a result, we upgrade our estimates and arrive at a new price target of EUR 72.00 (old: EUR 55.00). Upgrade to BUY (old: HOLD).

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

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SUSS MicroTec SE

Germany | Technology | MCap EUR 1,078.1m | EV EUR 1,055.6m

BUY (HOLD)

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Current price EUR 56.40
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A good prelim. Q2, major FY24 guidance upgrade; PT up, BUY

Strong Q2 sales growth, order intake in line. Suss MicroTec has announced preliminary figures for the second quarter. Revenues of EUR 99.3m were up 45% yoy and 6% qoq on a like-for-like basis (excluding MicroOptics), beating market expectations by around 5%. Although Suss MicroTec did not provide segment information, we believe that the growth was mainly driven by temporary bonders, where the systems are mainly used for High Bandwidth Memory production with applications in AI chips. Q2 order intake of EUR 93.9m (book-to-bill 0.95x) was in line with expectations and probably held back by still sluggish lithography orders activity.

Gross margin improves. In Q2, the gross margin reached 40.5%, up 350 basis points yoy and 140 basis points qoq. The good development is most likely due to a combination of product mix and a decreasing negative impact from the qualification of outsourcing partners. As a result, the Q2 EBIT margin of 15.3% was close to the high Q1 level.

A major guidance upgrade. Following a strong Q2, Suss MicroTec is raising its FY24 guidance across the board: the company now expects revenues in the range of EUR 380m to EUR 410m (up 11% at midpoint), a gross margin between 38% and 40% (up 250bp at midpoint) and an EBIT margin between 14% and 16% (up 400bp at midpoint). While a strong Q1 already made the FY24 guidance look conservative, we believe the magnitude of the upgrade still is a positive surprise.

Geopolitical threat seems limited. The share price of Suss MicroTec has corrected sharply in recent days on geopolitical tensions. The Biden administration is considering introducing stricter controls on the export of advanced semiconductor technology to China, while Trump's comments on Taiwan's defense responsibilities have added to market fears. However, the risk to Suss MicroTec appears limited. Typically, any tightening of export controls would most likely focus on cutting-edge front-end equipment, not back-end. Even if tighter US restrictions were to extend to any type of semiconductor equipment in the future, it remains questionable whether they would apply to Suss MicroTec under German export regulations. Currently, only equipment with more than 25% US content would be affected, a threshold that Suss MicroTec's equipment does not meet.

- continued next page -

SUSS MicroTec SE	2021	2022	2023	2024E	2025E	2026E
Sales	263.4	260.0	304.3	398.3	440.1	488.5
<i>Growth yoy</i>	4.5%	-1.3%	17.0%	30.9%	10.5%	11.0%
EBITDA	29.5	37.4	34.7	64.0	76.5	89.3
EBIT	22.5	31.5	27.8	57.0	68.7	80.6
Net profit	16.0	24.5	4.7	100.0	51.6	60.7
Net debt (net cash)	-35.1	-30.0	-24.1	-132.3	-154.5	-195.6
Net debt/EBITDA	-1.2x	-0.8x	-0.7x	-2.1x	-2.0x	-2.2x
EPS reported	0.83	1.22	0.91	5.23	2.70	3.17
DPS	0.16	0.20	0.20	1.15	0.60	0.70
<i>Dividend yield</i>	0.3%	0.4%	0.4%	2.0%	1.1%	1.2%
Gross profit margin	35.8%	38.7%	34.1%	38.7%	39.5%	40.2%
EBITDA margin	11.2%	14.4%	11.4%	16.1%	17.4%	18.3%
EBIT margin	8.5%	12.1%	9.1%	14.3%	15.6%	16.5%
ROCE	11.8%	13.9%	12.9%	17.8%	19.7%	20.3%
EV/EBITDA	35.5x	28.2x	30.5x	14.8x	12.1x	9.9x
EV/EBIT	46.6x	33.5x	38.0x	16.6x	13.5x	11.0x
PER	67.6x	44.0x	229.5x	10.8x	20.9x	17.8x
FCF yield	1.7%	2.2%	0.3%	9.3%	4.7%	5.5%

Sources: Suss MicroTec, mwb research



Source: Company data, mwb research

High/low 52 weeks 70.70 / 15.02
Price/Book Ratio 6.1x

Ticker / Symbols

ISIN DE000A1K0235
WKN A1K023
Bloomberg SMHN:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	369.7	44.7	4.75
	Δ	7.7%	27.3%	10.1%
2025E	old	417.7	60.2	2.37
	Δ	5.4%	14.1%	14.1%
2026E	old	463.7	73.3	2.89
	Δ	5.4%	10.0%	9.9%

Key share data

Number of shares: (in m pcs) 19.12
Book value per share: (in EUR) 9.24
Ø trading vol.: (12 months) 79,793

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.

Estimates and price target up, upgrade to BUY. After a good H1 and a promising guidance upgrade, we are adjusting our estimates. The AI revolution and soaring demand for high-bandwidth memory should drive Suss MicroTec's growth beyond 2024. We upgrade Suss MicroTec to BUY (HOLD) with a new PT of EUR 72.00 (old: EUR 55.00).

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

P&L data	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Sales	61.5	62.0	93.8	64.0	74.1	70.0	103.1	93.5
yoy growth in %	-6.6%	-11.5%	25.2%	1.1%	20.5%	13.0%	9.9%	46.0%
Gross profit	22.8	21.9	40.5	22.0	25.5	20.6	35.9	36.6
Gross margin in %	37.1%	35.4%	43.1%	34.3%	34.4%	29.4%	34.8%	39.1%
EBITDA	6.6	7.5	21.3	5.5	7.2	3.1	14.5	16.7
EBITDA margin in %	10.7%	12.1%	22.7%	8.6%	9.8%	4.4%	14.1%	17.9%
EBIT	4.3	6.1	19.8	3.8	4.8	1.3	11.5	14.9
EBIT margin in %	6.9%	9.8%	21.1%	6.0%	6.4%	1.9%	11.2%	15.9%
EBT	2.9	5.5	22.6	3.8	5.6	1.4	11.5	15.2
taxes paid	0.7	2.2	4.5	0.8	1.5	1.0	3.2	4.9
tax rate in %	24.2%	40.9%	19.7%	20.2%	27.3%	73.4%	28.0%	31.8%
net profit	2.2	3.2	18.1	3.0	4.1	0.4	-2.8	10.4
yoy growth in %	-48.6%	-54.3%	366.4%	114.0%	85.7%	-87.6%	na%	373.5%
EPS	0.11	0.19	0.90	0.16	0.21	0.02	-0.15	0.54

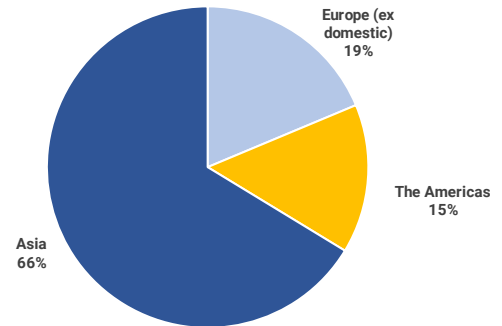
Source: Company data; mwb research

Investment case in six charts

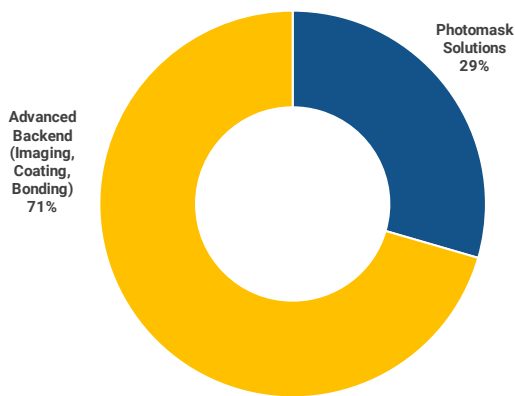
Products & Services



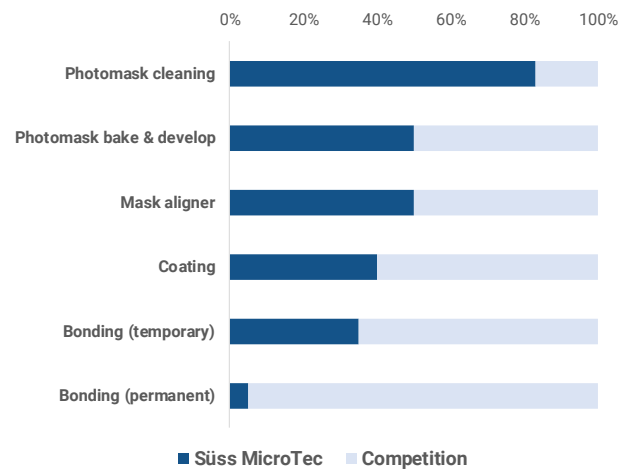
Regional sales split in % (FY23)



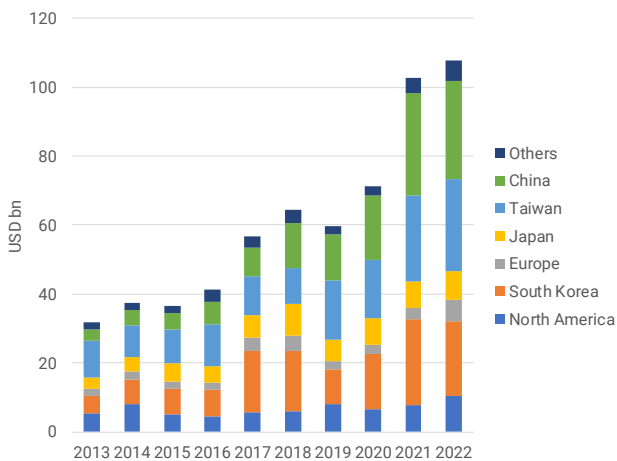
Segmental breakdown in % (FY23)



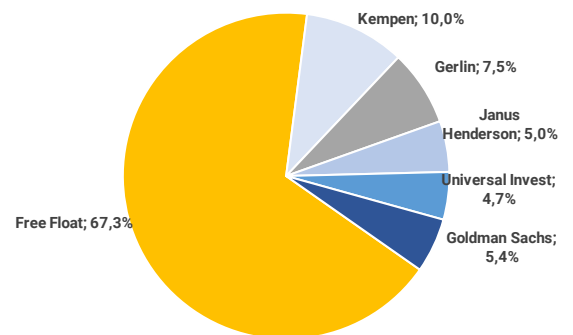
Market shares (est. mwb research based on CMD)



Semiconductor Equipment Market



Major Shareholders



Source: Company data; mwb research

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 71.79 per share**:

Top-line growth: We expect SUSS MicroTec SE to grow revenues at a CAGR of 8.7% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 17.8% in 2024E to 20.6% in 2031E.

WACC. Starting point is a historical equity beta of 1.30. Unlevering and correcting for mean reversion yields an asset beta of 1.19. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 9.7%. 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 (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	43.0	51.8	60.8	71.6	82.6	91.8	103.9	113.5	
Depreciation & amortization	7.0	7.8	8.7	9.7	10.8	11.3	12.0	12.0	
Change in working capital	-5.6	-3.9	-4.6	-4.2	-5.1	-1.3	1.1	7.1	
Chg. in long-term provisions	4.5	2.0	2.3	2.6	2.8	2.1	2.3	1.0	
Capex	-11.9	-13.2	-14.7	-16.3	-13.8	-14.9	-12.5	-12.9	
Cash flow	36.9	44.5	52.6	63.4	77.4	89.1	106.7	120.7	1,720.8
Present value	35.5	39.2	42.4	46.9	52.4	55.2	60.6	62.8	895.8
WACC	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%

DCF per share derived from	
Total present value	1,290.8
Mid-year adj. total present value	1,348.6
Net debt / cash at start of year	-24.1
Financial assets	1.2
Provisions and off b/s debt	1.6
Equity value	1,372.3
No. of shares outstanding	19.1
Discounted cash flow / share	71.79
upside/(downside)	27.3%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	8.7%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	20.6%
Terminal year WACC	9.2%

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)	1.19
Target debt / equity	0.1
Relevered beta	1.28
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	9.7%

Share price	56.40
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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%	51.5	53.2	55.1	57.2	59.6	2024E-2027E	12.7%
1.0%	57.6	59.9	62.4	65.2	68.5	2028E-2031E	17.9%
0.0%	65.4	68.4	71.8	75.7	80.3	terminal value	69.4%
-1.0%	75.3	79.5	84.3	90.0	96.8		
-2.0%	88.5	94.6	101.7	110.5	121.3		

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 40.30 per share based on 2024E and EUR 81.53 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	64.0	76.5	89.3	104.6	120.4
- Maintenance capex	5.6	6.7	7.9	9.1	10.4
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	13.9	16.8	19.8	23.3	26.9
= Adjusted FCF	44.5	52.9	61.6	72.2	83.1
Actual Market Cap	1,078.1	1,078.1	1,078.1	1,078.1	1,078.1
+ Net debt (cash)	-132.3	-154.5	-195.6	-245.5	-307.1
+ Pension provisions	2.1	2.3	2.5	2.8	3.1
+ 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	25.9	37.3	50.7	66.4
<i>EV Reconciliations</i>	-135.2	-179.3	-231.5	-294.5	-371.6
= Actual EV'	942.9	898.8	846.6	783.6	706.5
Adjusted FCF yield	4.7%	5.9%	7.3%	9.2%	11.8%
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	635.1	755.8	880.4	1,031.3	1,186.9
- <i>EV Reconciliations</i>	-135.2	-179.3	-231.5	-294.5	-371.6
Fair Market Cap	770.4	935.1	1,111.9	1,325.9	1,558.5
No. of shares (million)	19.1	19.1	19.1	19.1	19.1
Fair value per share in EUR	40.30	48.92	58.17	69.36	81.53
Premium (-) / discount (+)	-28.5%	-13.3%	3.1%	23.0%	44.6%

Sensitivity analysis fair value					
	5.0%	6.0%	7.0%	8.0%	9.0%
Adjusted hurdle rate	53.6	45.8	40.3	36.1	32.9
	64.7	55.5	48.9	44.0	40.1
	76.6	65.8	58.2	52.4	47.9
	90.9	78.4	69.4	62.6	57.4
	106.4	91.9	81.5	73.8	67.7

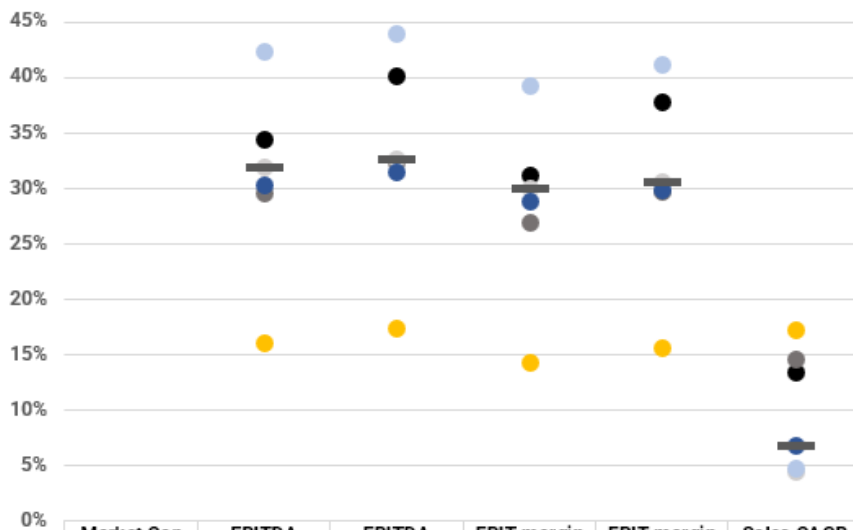
Source: Company data; mwb research

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 **SUSS 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 SUSS MicroTec SE consists of the stocks displayed in the graphs below. As of 19 July 2024 the median market cap of the peer group was EUR 114,103.4m, compared to EUR 1,078.1m for SUSS MicroTec SE. In the period under review, the peer group was more profitable than SUSS MicroTec SE. The expectations for sales growth are lower for the peer group than for SUSS MicroTec SE.

Peer Group – Key data



19-Jul-24

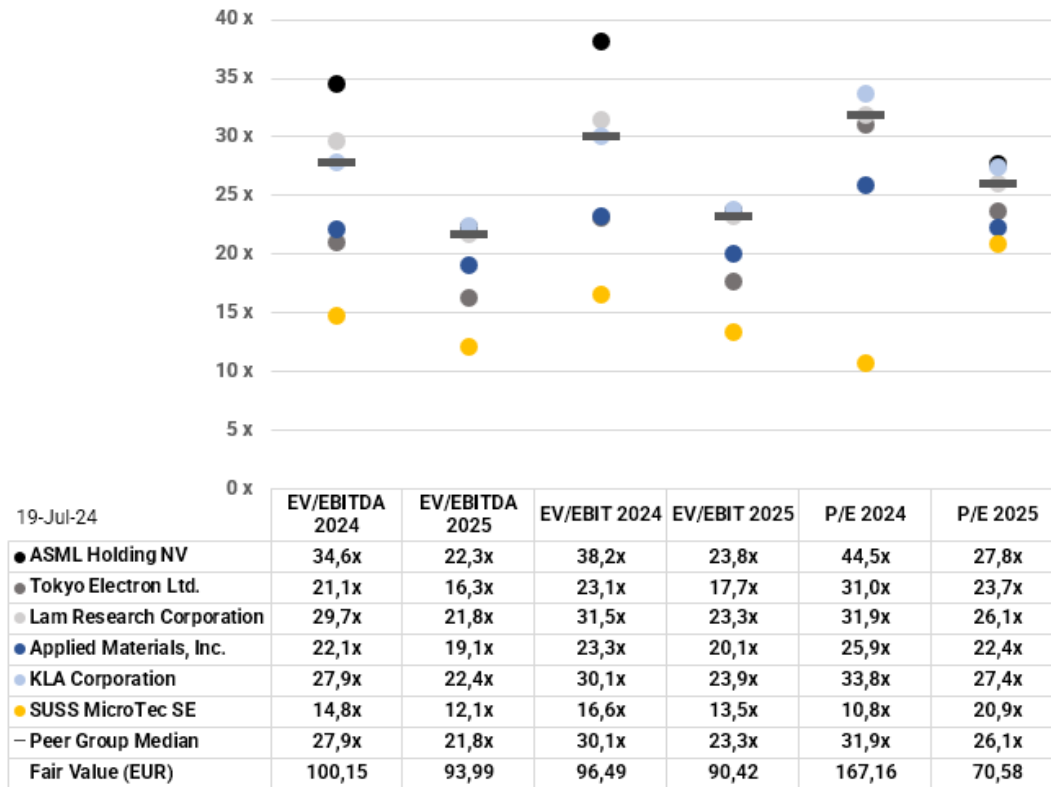
	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
● ASML Holding NV	335.052	34,4%	40,2%	31,2%	37,8%	13,4%
● Tokyo Electron Ltd.	85.777	29,7%	32,4%	27,0%	29,8%	14,6%
● Lam Research Corporation	114.103	31,9%	32,7%	30,0%	30,6%	4,5%
● Applied Materials, Inc.	165.102	30,4%	31,5%	28,8%	30,0%	6,8%
● KLA Corporation	97.086	42,4%	43,9%	39,2%	41,3%	4,8%
● SUSS MicroTec SE	1.078	16,1%	17,4%	14,3%	15,6%	17,3%
– Peer Group Median	114.103	31,9%	32,7%	30,0%	30,6%	6,8%

Source: FactSet, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/EBIT 2024, EV/EBIT 2025, P/E 2024 and P/E 2025.

Applying these to SUSS MicroTec SE results in a range of fair values from EUR 70.58 to EUR 167.16.

Peer Group – Multiples and valuation

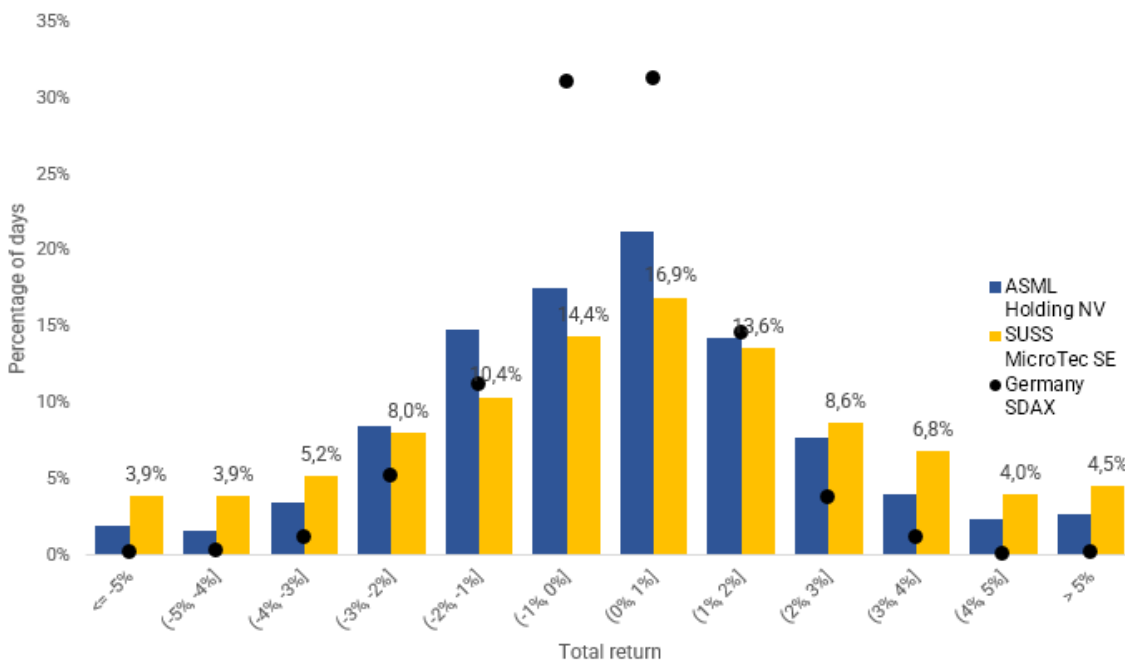


Source: FactSet, mwb research

Risk

The chart displays the **distribution of daily returns of SUSS 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 Germany SDAX. 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 SUSS 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%.

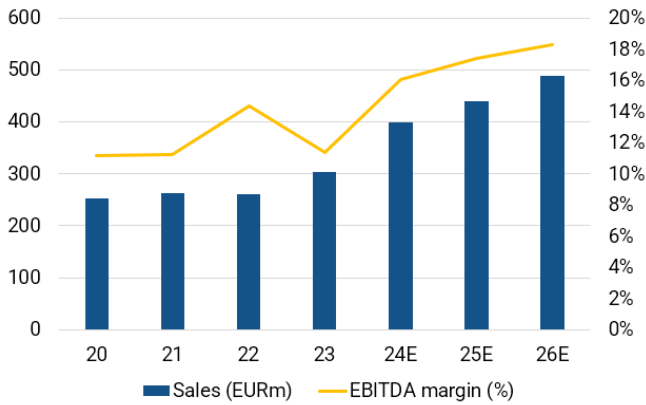
Risk – Daily Returns Distribution (trailing 3 years)



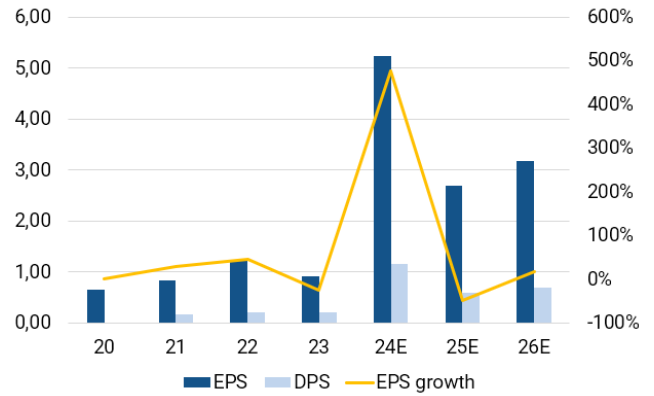
Source: FactSet, mwb research

Financials in six charts

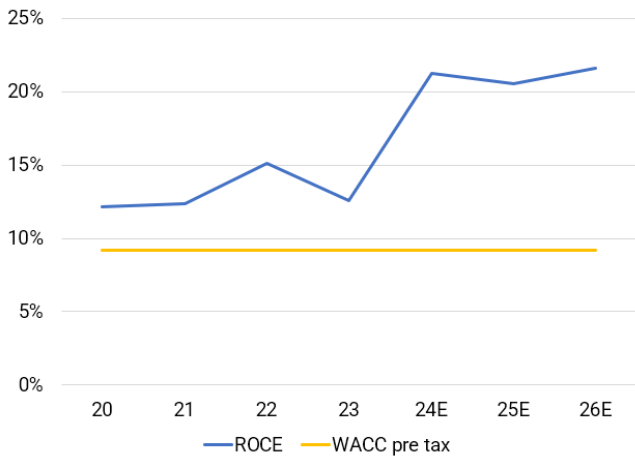
Sales vs. EBITDA margin development



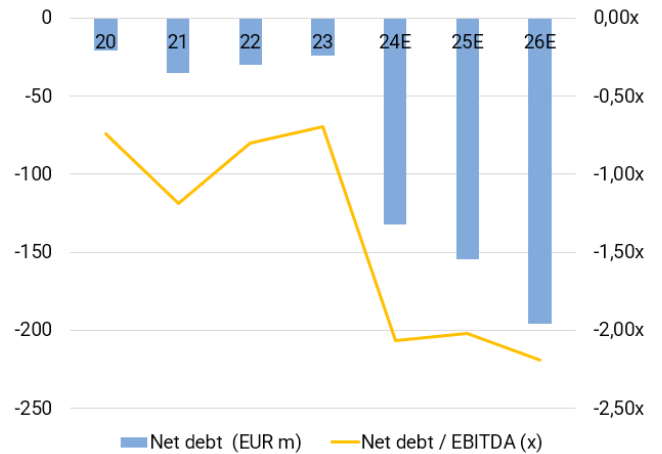
EPS, DPS in EUR & yoy EPS growth



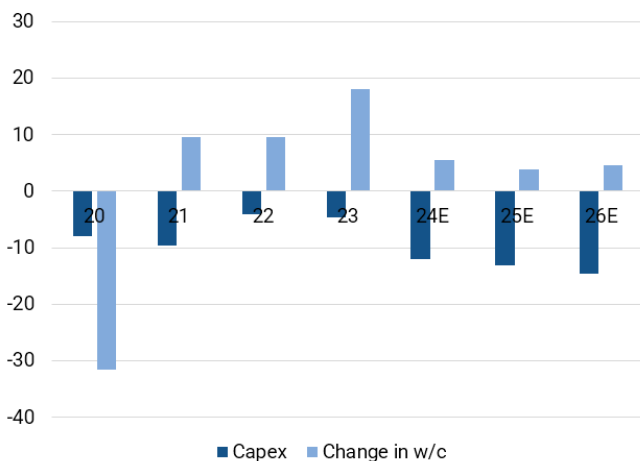
ROCE vs. WACC (pre tax)



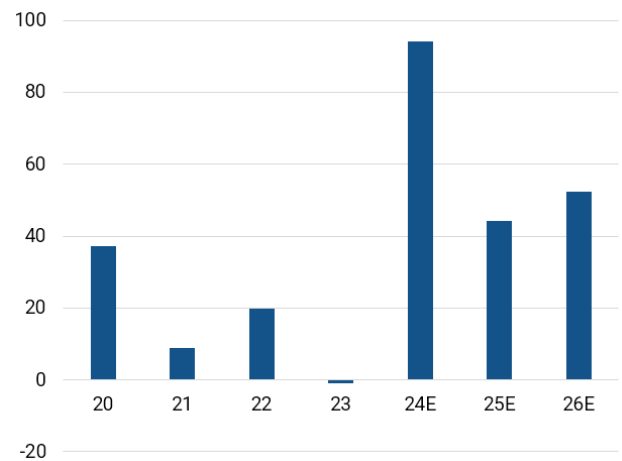
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Sales	263.4	260.0	304.3	398.3	440.1	488.5
Sales growth	4.5%	-1.3%	17.0%	30.9%	10.5%	11.0%
Cost of sales	169.2	159.3	200.4	244.1	266.3	292.1
Gross profit	94.2	100.6	103.9	154.1	173.8	196.4
SG&A expenses	47.8	40.7	45.6	57.8	62.9	69.4
Research and development	22.1	28.7	31.3	39.4	42.2	46.4
Other operating expenses (income)	1.8	-0.2	-0.8	0.0	0.0	0.0
EBITDA	29.5	37.4	34.7	64.0	76.5	89.3
Depreciation	6.4	5.0	5.3	5.6	6.7	7.9
EBITA	23.2	32.4	29.3	58.4	69.7	81.4
Amortisation of goodwill and intangible assets	0.7	1.0	1.5	1.4	1.1	0.8
EBIT	22.5	31.5	27.8	57.0	68.7	80.6
Financial result	-0.5	-0.3	0.5	-0.3	-0.2	-0.2
Recurring pretax income from continuing operations	22.0	31.2	28.3	56.7	68.4	80.4
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	22.0	31.2	28.3	56.7	68.4	80.4
Taxes	6.1	7.9	11.0	13.9	16.8	19.8
Net income from continuing operations	16.0	23.3	17.3	42.7	51.6	60.7
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	100.0	51.6	60.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	16.0	24.5	4.7	100.0	51.6	60.7
Average number of shares	19.12	19.12	19.12	19.12	19.12	19.12
EPS reported	0.83	1.22	0.91	5.23	2.70	3.17

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Sales	100%	100%	100%	100%	100%	100%
Cost of sales	64%	61%	66%	61%	61%	60%
Gross profit	36%	39%	34%	39%	39%	40%
SG&A expenses	18%	16%	15%	15%	14%	14%
Research and development	8%	11%	10%	10%	10%	10%
Other operating expenses (income)	1%	-0%	-0%	0%	0%	0%
EBITDA	11%	14%	11%	16%	17%	18%
Depreciation	2%	2%	2%	1%	2%	2%
EBITA	9%	12%	10%	15%	16%	17%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	9%	12%	9%	14%	16%	17%
Financial result	-0%	-0%	0%	-0%	-0%	-0%
Recurring pretax income from continuing operations	8%	12%	9%	14%	16%	16%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	8%	12%	9%	14%	16%	16%
Taxes	2%	3%	4%	3%	4%	4%
Net income from continuing operations	6%	9%	6%	11%	12%	12%
Result from discontinued operations (net of tax)	0%	0%	-4%	14%	0%	0%
Net income	6%	9%	2%	25%	12%	12%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	6%	9%	2%	25%	12%	12%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	5.6	5.9	5.5	4.1	3.0	2.2
Goodwill	18.4	18.6	18.5	18.5	18.5	18.5
Property, plant and equipment	44.5	48.9	31.1	37.5	43.9	50.7
Financial assets	1.8	1.8	1.2	1.2	1.2	1.2
FIXED ASSETS	70.3	75.1	56.3	61.2	66.6	72.6
Inventories	99.5	150.5	166.7	194.0	207.9	224.1
Accounts receivable	47.4	57.0	52.9	69.3	76.6	85.0
Other current assets	0.0	0.0	33.9	33.9	33.9	33.9
Liquid assets	53.4	61.9	49.0	141.7	161.4	200.0
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	14.1	15.6	17.3
CURRENT ASSETS	208.8	278.0	313.4	453.1	495.5	560.4
TOTAL ASSETS	279.2	353.2	369.7	514.3	562.1	633.0
SHAREHOLDERS EQUITY	156.9	177.7	176.6	290.8	320.4	369.7
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	2.1	2.3	2.5
Other provisions	9.6	11.6	12.9	16.9	18.6	20.7
Non-current liabilities	29.9	32.8	26.4	28.3	27.8	27.6
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	33.0	36.0	39.5
Advance payments received on orders	36.7	77.9	87.0	113.9	125.9	139.7
Other liabilities (incl. from lease and rental contracts)	14.0	8.8	20.4	26.7	29.5	32.8
Deferred taxes	9.0	7.0	11.8	11.8	11.8	11.8
Deferred income	4.5	6.0	7.3	9.6	10.6	11.8
Current liabilities	92.4	142.6	166.7	195.1	213.9	235.6
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	279.2	353.2	369.7	514.3	562.1	633.0

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	2%	2%	1%	1%	1%	0%
Goodwill	7%	5%	5%	4%	3%	3%
Property, plant and equipment	16%	14%	8%	7%	8%	8%
Financial assets	1%	1%	0%	0%	0%	0%
FIXED ASSETS	25%	21%	15%	12%	12%	11%
Inventories	36%	43%	45%	38%	37%	35%
Accounts receivable	17%	16%	14%	13%	14%	13%
Other current assets	0%	0%	9%	7%	6%	5%
Liquid assets	19%	18%	13%	28%	29%	32%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	3%	2%	3%	3%	3%	3%
CURRENT ASSETS	75%	79%	85%	88%	88%	89%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	56%	50%	48%	57%	57%	58%
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%	6%	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%	22%	22%	22%
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%	38%	38%	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	100.0	51.6	60.7
Depreciation of fixed assets (incl. leases)	6.4	5.0	5.3	5.6	6.7	7.9
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	1.1	0.8
Others	4.8	3.1	10.2	4.5	2.0	2.3
Cash flow from operations before changes in w/c	27.9	33.6	21.7	111.5	61.4	71.7
Increase/decrease in inventory	-29.5	-48.2	-29.4	-27.3	-13.9	-16.2
Increase/decrease in accounts receivable	1.9	-4.4	-2.4	-16.4	-7.3	-8.4
Increase/decrease in accounts payable	14.5	4.6	1.7	5.9	3.0	3.5
Increase/decrease in other w/c positions	3.7	38.2	12.2	32.1	14.3	16.5
Increase/decrease in working capital	-9.5	-9.6	-18.0	-5.6	-3.9	-4.6
Cash flow from operating activities	18.4	23.9	3.7	106.0	57.5	67.1
CAPEX	-9.6	-4.1	-4.6	-11.9	-13.2	-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	6.1	-13.2	-14.7
Cash flow before financing	8.8	6.1	-4.4	112.0	44.3	52.4
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	-22.1	-11.4
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	-24.6	-13.9
Increase/decrease in liquid assets	5.3	-0.7	-12.7	92.7	19.7	38.6
Liquid assets at end of period	52.1	51.4	38.7	131.4	151.1	189.7

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	74.5	82.3	91.4
The Americas	30.8	33.0	45.6	59.7	66.0	73.3
Asia	174.7	174.7	201.7	264.1	291.8	323.9
Rest of World	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	263.4	260.0	304.3	398.3	440.1	488.5

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%	18.7%	18.7%	18.7%
The Americas	11.7%	12.7%	15.0%	15.0%	15.0%	15.0%
Asia	66.3%	67.2%	66.3%	66.3%	66.3%	66.3%
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	5.23	2.70	3.17
Cash flow per share	0.96	1.25	0.20	5.25	2.66	3.10
Book value per share	8.21	9.30	9.24	15.21	16.76	19.34
Dividend per share	0.16	0.20	0.20	1.15	0.60	0.70
Valuation						
P/E	67.6x	44.0x	229.5x	10.8x	20.9x	17.8x
P/CF	58.5x	45.1x	288.4x	10.7x	21.2x	18.2x
P/BV	6.9x	6.1x	6.1x	3.7x	3.4x	2.9x
Dividend yield (%)	0.3%	0.4%	0.4%	2.0%	1.1%	1.2%
FCF yield (%)	1.7%	2.2%	0.3%	9.3%	4.7%	5.5%
EV/Sales	4.0x	4.1x	3.5x	2.4x	2.1x	1.8x
EV/EBITDA	35.5x	28.2x	30.5x	14.8x	12.1x	9.9x
EV/EBIT	46.6x	33.5x	38.0x	16.6x	13.5x	11.0x
Income statement (EURm)						
Sales	263.4	260.0	304.3	398.3	440.1	488.5
yoy chg in %	4.5%	-1.3%	17.0%	30.9%	10.5%	11.0%
Gross profit	94.2	100.6	103.9	154.1	173.8	196.4
Gross margin in %	35.8%	38.7%	34.1%	38.7%	39.5%	40.2%
EBITDA	29.5	37.4	34.7	64.0	76.5	89.3
EBITDA margin in %	11.2%	14.4%	11.4%	16.1%	17.4%	18.3%
EBIT	22.5	31.5	27.8	57.0	68.7	80.6
EBIT margin in %	8.5%	12.1%	9.1%	14.3%	15.6%	16.5%
Net profit	16.0	24.5	4.7	100.0	51.6	60.7
Cash flow statement (EURm)						
CF from operations	18.4	23.9	3.7	106.0	57.5	67.1
Capex	-9.6	-4.1	-4.6	-11.9	-13.2	-14.7
Maintenance Capex	0.0	0.0	0.0	5.6	6.7	7.9
Free cash flow	8.8	19.8	-0.9	94.0	44.3	52.4
Balance sheet (EURm)						
Intangible assets	24.0	24.4	24.0	22.6	21.5	20.7
Tangible assets	44.5	48.9	31.1	37.5	43.9	50.7
Shareholders' equity	156.9	177.7	176.6	290.8	320.4	369.7
Pension provisions	5.3	5.0	1.6	2.1	2.3	2.5
Liabilities and provisions	33.3	48.6	39.4	28.3	27.8	27.6
Net financial debt	-35.1	-30.0	-24.1	-132.3	-154.5	-195.6
w/c requirements	85.4	102.5	105.5	116.3	122.5	129.8
Ratios						
ROE	10.2%	13.8%	2.7%	34.4%	16.1%	16.4%
ROCE	11.8%	13.9%	12.9%	17.8%	19.7%	20.3%
Net gearing	-22.4%	-16.9%	-13.6%	-45.5%	-48.2%	-52.9%
Net debt / EBITDA	-1.2x	-0.8x	-0.7x	-2.1x	-2.0x	-2.2x

Source: Company data; mwb research

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