

Photon Energy NV

Netherlands | Utilities | MCap EUR 156.2m

18 August 2023

UPDATE



A difficult Q2 and a substantial guidance downgrade, PT down

What's it all about?

Photon Energy reported Q2 results, showing a decrease in revenues of almost 10% compared to the previous year, driven by lower power generation and trading revenues. Margins were also negatively impacted by a mix effect and the acquisition of Lerta. Photon Energy has downgraded its guidance for FY23 significantly, citing a combination of factors: a slower than expected ramp-up of generation capacity due to delayed grid connection in Romania, declining electricity prices, unfavorable weather conditions and deteriorating market conditions in the trading segment. We adjust estimates to reflect a lower profitability in the trading unit and a more moderate pace of investments into own PV plants. The resulting PT of EUR 3.80 still supports a BUY rating.

BUY (BUY)

Target price	EUR 3.80 (4.25)
Current price	EUR 2.55
Up/downside	49.0%



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Photon Energy NV

Netherlands | Utilities | MCap EUR 156.2m | EV EUR 283.4m

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A difficult Q2 and a substantial guidance downgrade, PT down

Declining revenues in Q2. Photon Energy announced its Q2 results and held a conference call. Revenues of EUR 21.0m were down almost 10% yoy. One major factor was the decline in power generation revenues (-34% yoy), where an increase in production of almost 5% was more than offset by falling prices. The second factor was a 35% yoy decline in trading revenues due to weak demand and lower prices. The additional revenues from New Energy (including the Lerta acquisition) and the good development of Operations & Maintenance (+114% yoy) and Engineering (+61% yoy) could not fully compensate the above-mentioned shortfall.

Margins weighed down by mix and acquisition. Gross margins recovered from the historically low levels of Q1, but were still 4.5 percentage points lower yoy. The yoy decline in the EBITDA margin from 35% to 12% is partly explained by a mix effect, with the share of high-margin power generation declining from almost half in Q2 22 to around a third of revenues in Q2 23. The second factor was an increase in personnel and other expenses, mainly related to the acquisition of Lerta. Nevertheless, Photon Energy just managed to get back into the black on the EBIT line.

Working capital drains cash. Operating cash flow before working capital changes was approximately EUR 4.1m in Q2. However, an increase in working capital, mainly due to higher receivables and lower payables, resulted in an operating cash flow of EUR -6.9m. The higher receivables were partly related to VAT receivables from the Romanian power plants under construction and partly to higher receivables in the trading business. Together with the investment activities, this resulted in a free cash flow of EUR -12.7m in Q2, which was financed by borrowings, leaving the cash position roughly unchanged at EUR 8.2m. Going forward, Photon Energy will focus on working capital management. Combined with a more moderate pace in capex for own PV capacity (200 MWp expected y/e 2024, down from 600 MWp) and the related possibility to sell projects rights, this should serve to significantly reduce financing requirements. It should be noted that the adjusted equity ratio of 29.4% is still well above the 25% level required by the Green Bond covenants.

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Photon Energy NV	2020	2021	2022	2023E	2024E	2025E
Sales	28.3	36.4	94.2	110.5	137.9	160.5
<i>Growth yoy</i>	-6.3%	28.7%	159.1%	17.2%	24.9%	16.4%
EBITDA	8.4	9.6	24.1	10.2	21.3	33.5
EBIT	-0.1	-0.9	14.5	-0.3	9.4	17.9
Net profit	2.1	2.0	4.3	5.2	7.7	24.8
Net debt (net cash)	84.5	89.1	127.3	140.7	171.2	249.3
Net debt/EBITDA	10.0x	9.3x	5.3x	13.8x	8.1x	7.4x
EPS reported	0.04	0.04	0.07	0.09	0.13	0.40
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<i>Dividend yield</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	83.6%	65.0%	53.1%	52.8%	61.2%	65.1%
EBITDA margin	29.9%	26.4%	25.5%	9.2%	15.4%	20.9%
EBIT margin	-0.5%	-2.3%	15.4%	-0.3%	6.8%	11.2%
ROCE	-0.1%	-0.4%	6.6%	-0.1%	2.9%	4.4%
EV/Sales	8.5x	6.7x	3.0x	2.7x	2.4x	2.5x
EV/EBITDA	28.5x	25.6x	11.8x	29.1x	15.4x	12.1x
EV/EBIT	-1,695.0x	-287.9x	19.5x	-874.5x	35.0x	22.7x
PER	62.7x	70.9x	36.5x	29.9x	20.3x	6.3x

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 3.58 / 2.22
Price/Book Ratio 2.6x

Ticker / Symbols

ISIN NL0010391108
WKN A1T9KW
Bloomberg P7V:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	141.9	11.2	0.32
	Δ	-22.1%	na%	-73.5%
2024E	old	170.9	19.5	0.31
	Δ	-19.3%	-51.9%	-58.9%
2025E	old	198.9	30.3	0.55
	Δ	-19.3%	-40.9%	-26.2%

Key share data

Number of shares: (in m pcs) 61.24
Book value per share: (in EUR) 0.99
Ø trading volume: (12 months) 59

Major shareholders

Solar Future 35.5%
Solar Power to the People 32.8%
Treasury Shares 2.4%
Free Float 29.3%

Company description

Photon Energy NV is a solar energy and water treatment solutions company based in the Netherlands that covers the entire lifecycle of its technologies. The Company develops projects in Australia, Hungary, Poland and Romania, and provides operations and maintenance services worldwide. The Company has offices in Europe and Australia.

Guidance downgrade. Photon Energy has significantly lowered its FY23 guidance: revenues are now expected to be EUR 110m (previously EUR 150m) and EBITDA EUR 10m (previously EUR 29m). While we had expected the company to miss guidance after a difficult Q1, the magnitude of the downgrade is a surprise. This is due to a combination of factors: a slower than expected ramp-up of generation capacity due to delayed grid connection in Romania, declining electricity prices, unfavorable weather conditions and deteriorating market conditions in the trading segment. While it appears that the guidance was based on an blue-sky scenario (literally and figuratively), some of these factors were difficult to foresee and beyond the company's control. We expect the revised guidance to be more conservative, and the recent jump in German electricity futures could finally indicate some tailwinds from the pricing front.

Australia with surprise potential. The RayGen demo plant in Carwarp (Australia) seems to be nearing completion, and it will be officially opened on 31 August. This could draw attention to the commercial viability of the technology. The downsized but still huge (200 MWp DC) Yadnarie project could be ready-to-build in 12 months, and four new project in New South Wales with a combined capacity of 455 MWp (AC) have been added to the pipeline. Also in Australia, the testing of the PFAS remediation technology has been extended with encouraging results and potential bigger follow-up projects. Commercialization is under development. The market potential is substantial, only yesterday the Environmental Protection Agency in the U.S. has released data showing that the drinking water of 26 million Americans is contaminated with PFAS (see for example [here](#)).

Still a BUY. We adjust estimates to reflect a lower profitability in the trading unit and a more moderate pace of investments into own PV plants. The resulting **PT of EUR 3.80** still justifies a **BUY rating**.

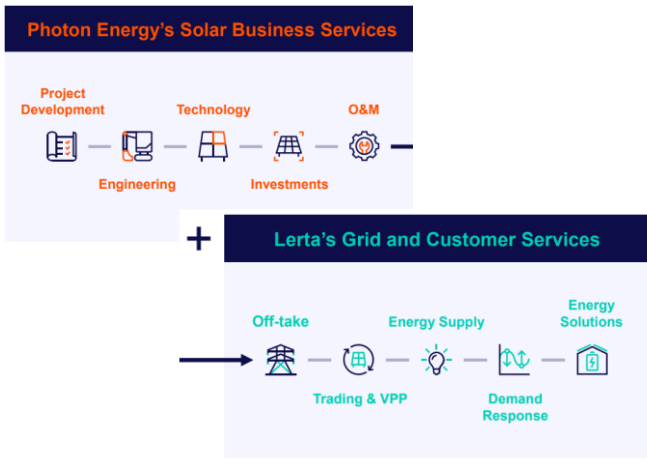
The following table displays the quarterly performance of **Photon Energy NV**:

P&L data	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Sales	10.2	11.7	9.1	23.2	35.4	26.4	19.3	21.0
yoy growth in %	13.8%	130.3%	99.9%	135.7%	247.2%	125.3%	111.0%	-9.8%
Gross profit	8.1	4.4	6.2	14.3	20.3	9.3	6.2	11.9
Gross margin in %	79.0%	37.3%	67.5%	61.4%	57.4%	35.3%	32.4%	56.9%
EBITDA	4.4	0.9	2.0	8.1	12.7	1.2	0.3	2.5
EBITDA margin in %	43.5%	8.0%	22.2%	35.0%	35.9%	4.6%	1.7%	11.9%
EBIT	0.4	-1.0	0.5	4.6	9.7	-0.4	-1.6	0.1
EBIT margin in %	4.1%	-8.9%	5.8%	20.0%	27.5%	-1.3%	-8.1%	0.5%
EBT	-1.1	-1.2	-1.3	2.6	7.3	-2.4	-4.2	-2.8
taxes paid	0.3	-0.2	-0.1	0.6	1.3	-1.4	0.0	0.5
tax rate in %	-30.9%	20.0%	10.5%	22.5%	18.1%	58.4%	0.0%	-17.0%
net profit	-1.4	-1.0	-1.4	2.0	6.0	-3.8	-4.2	-3.3
yoy growth in %	na%	na%	na%	na%	na%	na%	na%	na%
EPS	-0.03	-0.02	-0.03	0.04	0.11	-0.07	-0.08	-0.06

Source: Company data; AlsterResearch

Investment case in six charts

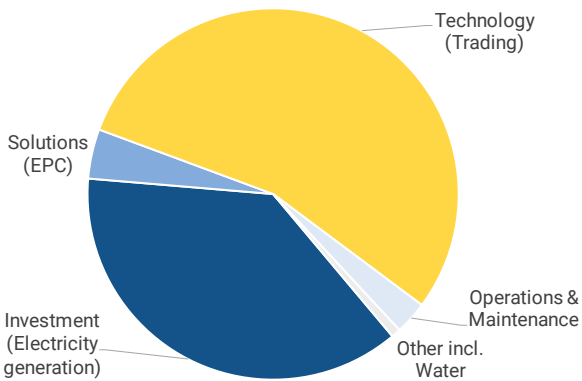
Business Model



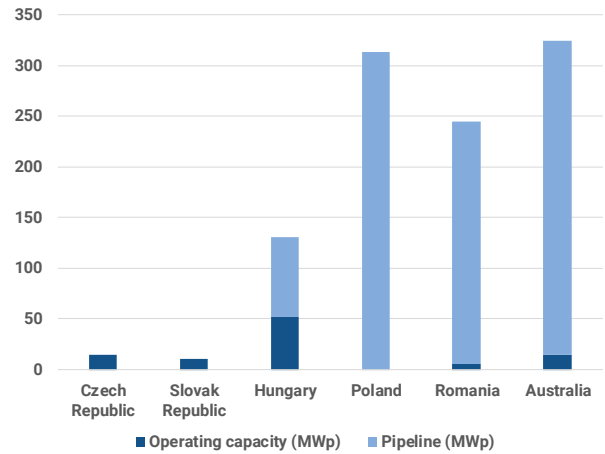
Geographical Presence



External Revenue Shares (2022)

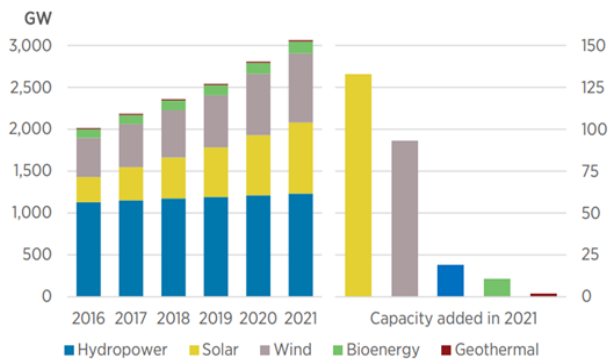


Capacity and pipeline

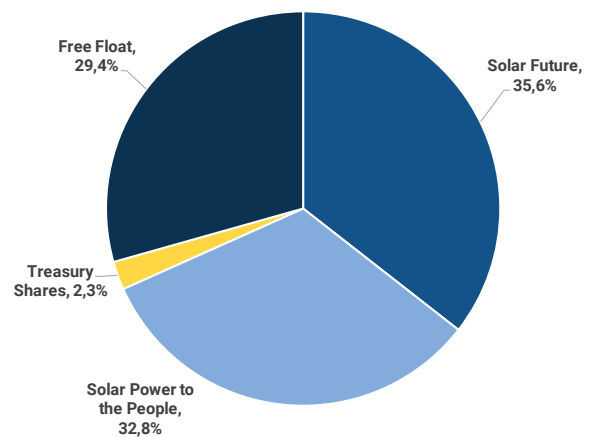


Fastest growing renewable energy

Renewable power capacity growth



Major shareholders



Source: Company data; AlsterResearch; IRENA

SWOT analysis

Strengths

- early mover in the PV market with expertise in the whole system life cycle
- unique focus on and understanding of CEE market
- visible growth trajectory with a growing share of recurring revenue
- strong ESG credentials translating into lower cost of capital (-> green bond)
- transparent and detailed reporting and comprehensive capital market communications
- strong management team and high standards of corporate governance

Weaknesses

- still a relatively small player
- high leverage and capital needs to fulfill project pipeline
- strong seasonality in solar business (mitigated by Australian projects)
- analysis of underlying profitability complex due the nature of the business (FX and derivatives effects, strong contribution of OCI, capital gains on resale of projects and high share of internal revenues in business segments)

Opportunities

- fragmented competition in the 1 MWp – 20 MWp PV sweet spot
- solar power finally competitive without subsidies
- access to promising technology (RayGen) via equity participation
- catch up potential in CEE and a well filled project pipeline
- increasing electricity prices combined with a shift to selling electricity at market prices
- high prices for fossil energy and geopolitical tailwinds
- increasing interest in behind-the-meter projects
- increasing share of renewables leads to greater demand for grid flexibility and VPP services
- PFAS water remediation potentially huge market

Threats

- water business line could distract focus
- volatile market prices and supply bottlenecks for solar panels
- large-scale project risk (cost overruns, change in market conditions during development etc.)
- regulatory risks, for example retroactive adjustments to feed-in tariffs or price caps

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 0.07 per share based on 2023E and EUR 6.16 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	2023E	2024E	2025E	2026E	2027E
EBITDA	10.2	21.3	33.5	43.8	49.2
- Maintenance capex	7.7	8.8	11.9	13.2	14.6
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	-4.1	-2.0	-0.6	1.2	1.8
= Adjusted FCF	6.6	14.4	22.2	29.4	32.8
Actual Market Cap	156.2	156.2	156.2	156.2	156.2
+ Net debt (cash)	140.7	171.2	249.3	272.7	292.3
+ Pension provisions	0.0	0.0	0.0	0.0	0.0
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	12.8	12.8	12.8	12.8	12.8
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	127.9	158.4	236.5	259.9	279.5
= Actual EV'	284.1	314.5	392.7	416.0	435.6
Adjusted FCF yield	2.3%	4.6%	5.7%	7.1%	7.5%
base hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
ESG adjustment	1.0%	1.0%	1.0%	1.0%	1.0%
adjusted hurdle rate	5.0%	5.0%	5.0%	5.0%	5.0%
Fair EV	132.1	287.9	444.8	587.4	656.9
- <i>EV Reconciliations</i>	127.9	158.4	236.5	259.9	279.5
Fair Market Cap	4.2	129.5	208.3	327.5	377.5
No. of shares (million)	61.2	61.2	61.2	61.2	61.2
Fair value per share in EUR	0.07	2.11	3.40	5.35	6.16
Premium (-) / discount (+)	-97.3%	-17.1%	33.4%	109.8%	141.7%

Sensitivity analysis FV						
	3.0%	1.5	5.2	8.2	11.7	13.3
Adjusted hurdle rate	4.0%	0.6	3.3	5.2	7.7	8.8
	5.0%	0.1	2.1	3.4	5.3	6.2
	6.0%	-0.3	1.3	2.2	3.7	4.4
	7.0%	-0.5	0.8	1.3	2.6	3.1

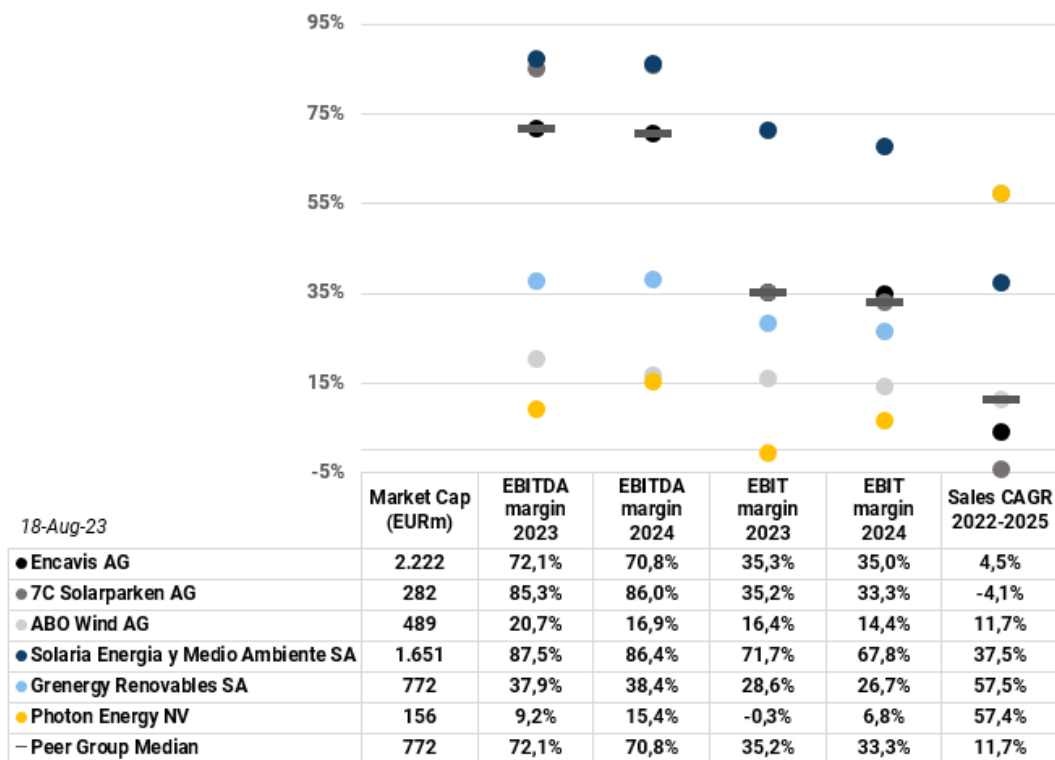
Source: Company data; AlsterResearch

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6.0%. 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 **Photon Energy NV** 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 Photon Energy NV consists of the stocks displayed in the chart below. As of 18 August 2023 the median market cap of the peer group was EUR 771.6m, compared to EUR 156.2m for Photon Energy NV. In the period under review, the peer group was more profitable than Photon Energy NV. The expectations for sales growth are lower for the peer group than for Photon Energy NV.

Peer Group – Key data

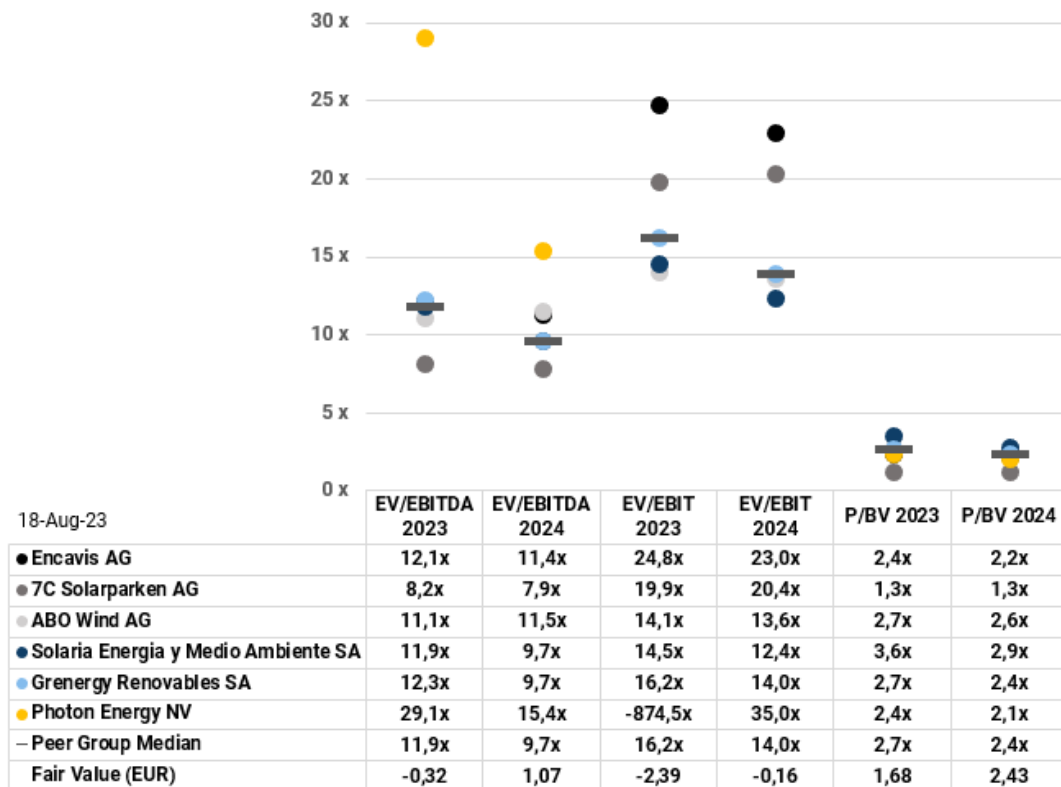


Source: Sentieo, AlsterResearch

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2023, EV/EBITDA 2024, EV/EBIT 2023, EV/EBIT 2024, P/BV 2023 and P/BV 2024.

Applying these to Photon Energy NV results in a range of fair values from EUR 0.01 to EUR 2.43.

Peer Group – Multiples and valuation

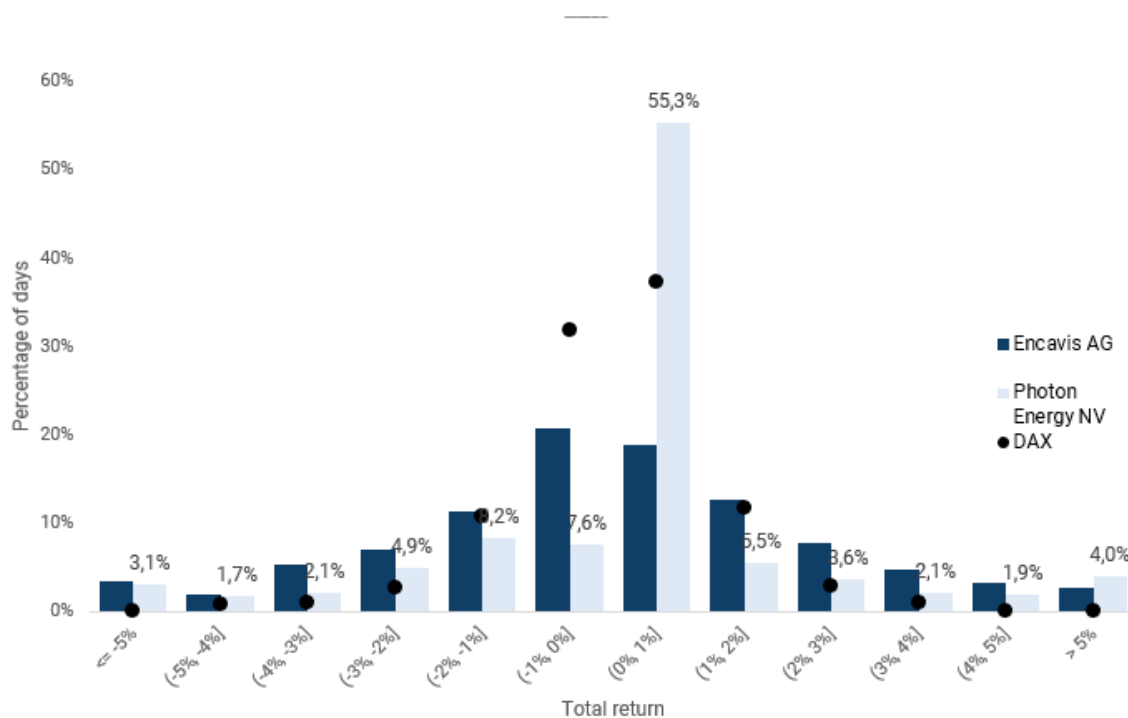


Source: Sentio, AlsterResearch

Risk

The chart displays the **distribution of daily returns of Photon Energy NV** over the last 3 years, compared to the same distribution for Encavis AG. 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 Photon Energy NV, the worst day during the past 3 years was 30/06/2021 with a share price decline of -29.6%. The best day was 05/01/2021 when the share price increased by 15.3%.

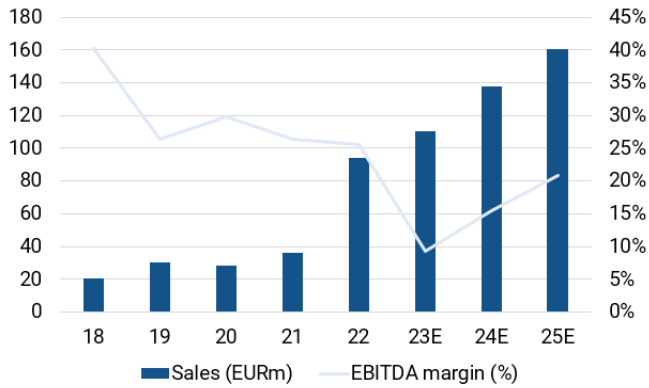
Risk – Daily Returns Distribution (trailing 3 years)



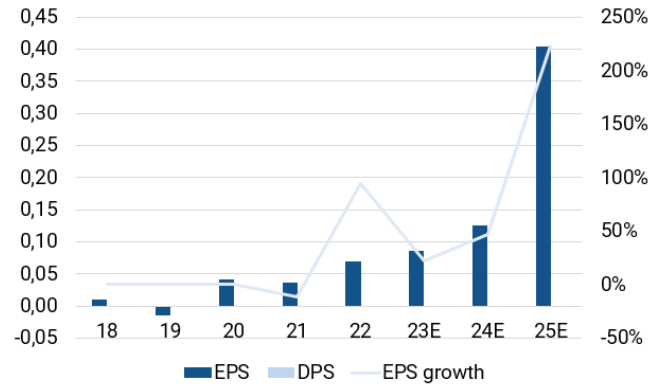
Source: Sentio, AlsterResearch

Financials in six charts

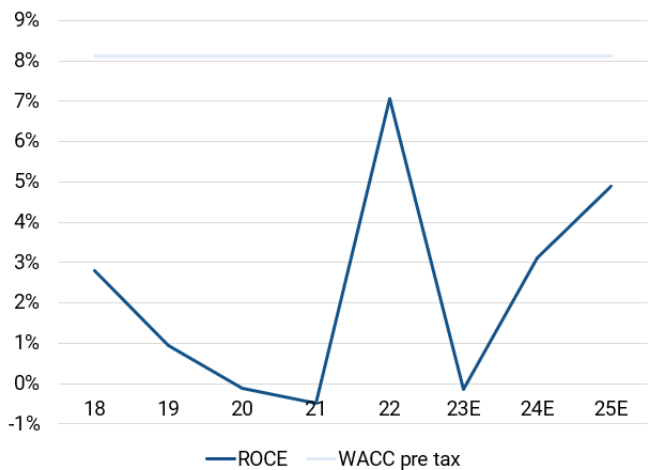
Sales vs. EBITDA margin development



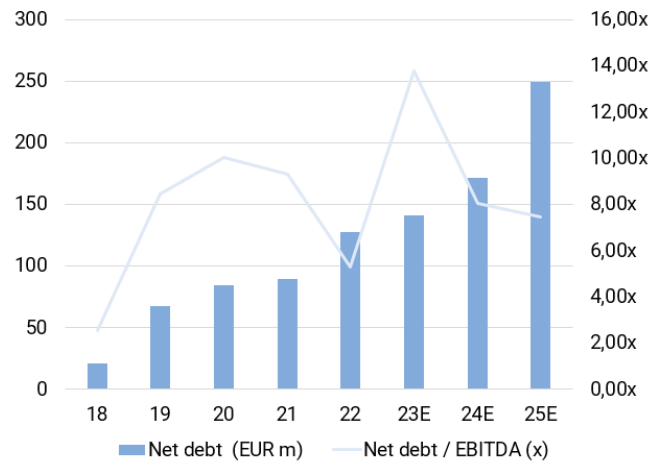
EPS, DPS in EUR & yoy EPS growth



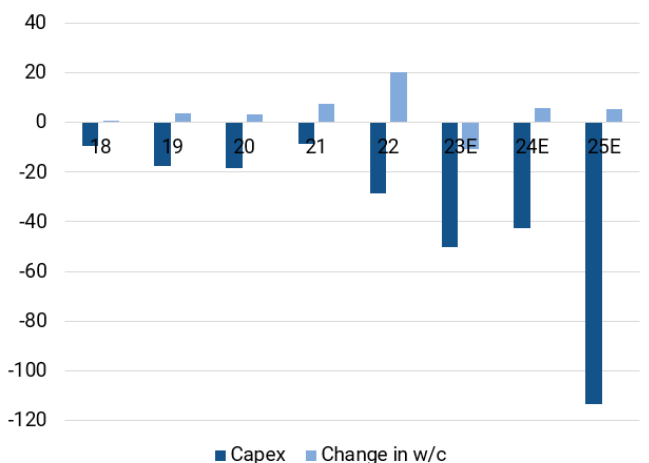
ROCE vs. WACC (pre tax)



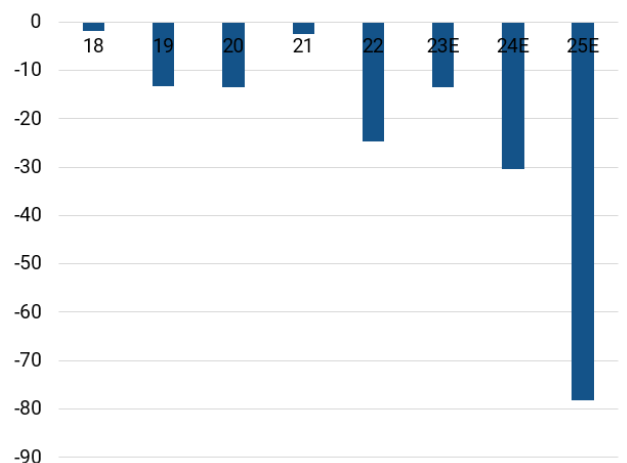
Net debt and net debt/EBITDA



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	2023E	2024E	2025E
Net sales	28.3	36.4	94.2	110.5	137.9	160.5
Sales growth	-6.3%	28.7%	159.1%	17.2%	24.9%	16.4%
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	28.3	36.4	94.2	110.5	137.9	160.5
Material expenses	4.6	12.7	44.1	52.1	53.5	56.1
Gross profit	23.6	23.6	50.1	58.3	84.4	104.4
Other operating income	0.4	0.6	0.6	1.1	1.4	1.6
Personnel expenses	5.8	6.7	9.5	31.6	43.8	50.0
Other operating expenses	9.7	7.7	17.0	17.7	20.7	22.5
EBITDA	8.4	9.6	24.1	10.2	21.3	33.5
Depreciation	8.3	10.7	9.0	9.6	11.1	14.8
EBITA	0.1	-1.1	15.1	0.6	10.2	18.7
Amortisation of goodwill and intangible assets	0.3	-0.2	0.6	0.9	0.8	0.8
EBIT	-0.1	-0.9	14.5	-0.3	9.4	17.9
Financial result	-6.4	-5.2	-8.3	-13.3	-15.9	-19.9
Recurring pretax income from continuing operations	-6.5	-6.1	6.2	-13.7	-6.6	-2.0
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-6.5	-6.1	6.2	-13.7	-6.6	-2.0
Taxes	2.2	0.5	3.5	-4.1	-2.0	-0.6
Net income from continuing operations	-8.7	-6.6	2.8	-9.6	-4.6	-1.4
Result from discontinued operations (net of tax)	10.8	8.5	1.5	14.8	12.3	26.1
Net income	2.1	2.0	4.3	5.2	7.7	24.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	2.1	2.0	4.3	5.2	7.7	24.8
Average number of shares	51.20	54.36	61.24	61.24	61.24	61.24
EPS reported	0.04	0.04	0.07	0.09	0.13	0.40

Profit and loss (common size)	2020	2021	2022	2023E	2024E	2025E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	0%	0%	0%	0%	0%	0%
Total sales	100%	100%	100%	100%	100%	100%
Material expenses	16%	35%	47%	47%	39%	35%
Gross profit	84%	65%	53%	53%	61%	65%
Other operating income	1%	2%	1%	1%	1%	1%
Personnel expenses	21%	19%	10%	29%	32%	31%
Other operating expenses	34%	21%	18%	16%	15%	14%
EBITDA	30%	26%	26%	9%	15%	21%
Depreciation	29%	29%	10%	9%	8%	9%
EBITA	0%	-3%	16%	1%	7%	12%
Amortisation of goodwill and intangible assets	1%	-1%	1%	1%	1%	0%
EBIT	-1%	-2%	15%	-0%	7%	11%
Financial result	-23%	-14%	-9%	-12%	-12%	-12%
Recurring pretax income from continuing operations	-23%	-17%	7%	-12%	-5%	-1%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-23%	-17%	7%	-12%	-5%	-1%
Taxes	8%	1%	4%	-4%	-1%	-0%
Net income from continuing operations	-31%	-18%	3%	-9%	-3%	-1%
Result from discontinued operations (net of tax)	38%	23%	2%	13%	9%	16%
Net income	7%	5%	5%	5%	6%	15%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	7%	5%	5%	5%	6%	15%

Source: Company data; AlsterResearch

Balance sheet (EURm)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (exl. Goodwill)	1.3	0.8	13.0	12.1	11.3	10.5
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	126.3	127.5	145.3	186.0	217.7	316.1
Financial assets	7.5	14.1	12.8	12.8	12.8	12.8
FIXED ASSETS	135.1	142.5	171.2	210.9	241.8	339.4
Inventories	1.0	2.2	15.8	11.4	11.7	12.3
Accounts receivable	6.1	9.1	27.8	27.2	34.0	39.6
Other current assets	2.2	2.9	3.2	3.2	3.2	3.2
Liquid assets	14.3	39.4	21.4	49.3	58.8	40.7
Deferred taxes	0.0	0.3	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.3	0.3	0.9	0.9	1.1	1.3
CURRENT ASSETS	23.9	54.2	69.1	92.0	108.8	97.0
TOTAL ASSETS	158.9	196.6	240.2	303.0	350.7	436.5
SHAREHOLDERS EQUITY	40.2	51.7	60.7	65.9	73.6	98.4
MINORITY INTEREST	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2
Long-term debt	92.8	100.0	138.2	180.0	220.0	280.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	10.8	11.1	12.0	22.1	20.7	20.9
Non-current liabilities	103.6	111.1	150.2	202.1	240.7	300.9
short-term liabilities to banks	6.0	28.5	10.4	10.0	10.0	10.0
Accounts payable	3.7	2.3	12.4	12.9	13.2	13.8
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	4.9	3.2	4.4	9.9	11.0	11.2
Deferred taxes	0.6	0.0	2.3	2.3	2.3	2.3
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	15.2	34.0	29.5	35.1	36.6	37.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	158.9	196.6	240.2	303.0	350.7	436.5

Balance sheet (common size)	2020	2021	2022	2023E	2024E	2025E
Intangible assets (excl. Goodwill)	1%	0%	5%	4%	3%	2%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	80%	65%	60%	61%	62%	72%
Financial assets	5%	7%	5%	4%	4%	3%
FIXED ASSETS	85%	72%	71%	70%	69%	78%
Inventories	1%	1%	7%	4%	3%	3%
Accounts receivable	4%	5%	12%	9%	10%	9%
Other current assets	1%	1%	1%	1%	1%	1%
Liquid assets	9%	20%	9%	16%	17%	9%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	15%	28%	29%	30%	31%	22%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	25%	26%	25%	22%	21%	23%
MINORITY INTEREST	-0%	-0%	-0%	-0%	-0%	-0%
Long-term debt	58%	51%	58%	59%	63%	64%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	7%	6%	5%	7%	6%	5%
Non-current liabilities	65%	57%	63%	67%	69%	69%
short-term liabilities to banks	4%	14%	4%	3%	3%	2%
Accounts payable	2%	1%	5%	4%	4%	3%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	3%	2%	2%	3%	3%	3%
Deferred taxes	0%	0%	1%	1%	1%	1%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	10%	17%	12%	12%	10%	9%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EURm)	2020	2021	2022	2023E	2024E	2025E
Net profit/loss	-6.5	-5.9	6.2	5.2	7.7	24.8
Depreciation of fixed assets (incl. leases)	8.3	10.7	8.9	9.6	11.1	14.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.7	0.9	0.8	0.8
Others	6.4	9.0	7.8	10.1	-1.4	0.2
Cash flow from operations before changes in w/c	8.2	13.7	23.6	25.8	18.2	40.6
Increase/decrease in inventory	0.1	-1.2	-13.4	4.4	-0.3	-0.6
Increase/decrease in accounts receivable	-1.8	-1.6	-10.9	0.5	-6.8	-5.6
Increase/decrease in accounts payable	-1.6	-2.4	5.0	0.5	0.3	0.6
Increase/decrease in other w/c positions	-0.1	-2.5	-0.5	5.6	0.9	0.0
Increase/decrease in working capital	-3.3	-7.6	-19.9	11.0	-5.9	-5.5
Cash flow from operating activities	4.8	6.1	3.7	36.9	12.3	35.1
CAPEX	-18.3	-8.6	-28.4	-50.3	-42.8	-113.2
Payments for acquisitions	-0.0	0.0	-6.2	0.0	0.0	0.0
Financial investments	-1.9	-5.6	0.4	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-20.2	-14.2	-34.3	-50.3	-42.8	-113.2
Cash flow before financing	-15.3	-8.1	-30.6	-13.5	-30.5	-78.1
Increase/decrease in debt position	18.6	29.8	18.0	41.4	40.0	60.0
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	0.0	0.0	0.0	0.0
Others	-6.7	-6.9	-8.7	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	11.9	22.9	9.3	41.4	40.0	60.0
Increase/decrease in liquid assets	-3.4	14.8	-21.2	27.9	9.5	-18.1
Liquid assets at end of period	9.9	32.5	11.3	39.2	48.7	30.6

Source: Company data; AlsterResearch

Regional sales split (EURm)	2020	2021	2022	2023E	2024E	2025E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0
Europe (ex domestic)	22.8	29.3	89.1	107.6	133.3	153.8
The Americas	0.0	0.0	0.0	0.0	0.0	0.0
Asia	0.0	0.0	0.0	0.0	0.0	0.0
Rest of World	5.5	7.1	5.1	2.8	4.6	6.7
Total sales	28.3	36.4	94.2	110.5	137.9	160.5

Regional sales split (common size)	2020	2021	2022	2023E	2024E	2025E
Domestic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Europe (ex domestic)	80.6%	80.6%	94.6%	97.5%	96.7%	95.8%
The Americas	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	19.4%	19.4%	5.4%	2.5%	3.3%	4.2%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Ratios	2020	2021	2022	2023E	2024E	2025E
Per share data						
Earnings per share reported	0.04	0.04	0.07	0.09	0.13	0.40
Cash flow per share	-0.04	-0.04	-0.06	0.48	0.06	0.38
Book value per share	0.79	0.95	0.99	1.08	1.20	1.61
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	62.7x	70.9x	36.5x	29.9x	20.3x	6.3x
P/CF	-72.3x	-57.3x	-45.5x	5.4x	44.9x	6.7x
P/BV	3.2x	2.7x	2.6x	2.4x	2.1x	1.6x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-1.4%	-1.7%	-2.2%	18.7%	2.2%	14.9%
EV/Sales	8.5x	6.7x	3.0x	2.7x	2.4x	2.5x
EV/EBITDA	28.5x	25.6x	11.8x	29.1x	15.4x	12.1x
EV/EBIT	-1,695.0x	-287.9x	19.5x	-874.5x	35.0x	22.7x
Income statement (EURm)						
Sales	28.3	36.4	94.2	110.5	137.9	160.5
yoy chg in %	-6.3%	28.7%	159.1%	17.2%	24.9%	16.4%
Gross profit	23.6	23.6	50.1	58.3	84.4	104.4
Gross margin in %	83.6%	65.0%	53.1%	52.8%	61.2%	65.1%
EBITDA	8.4	9.6	24.1	10.2	21.3	33.5
EBITDA margin in %	29.9%	26.4%	25.5%	9.2%	15.4%	20.9%
EBIT	-0.1	-0.9	14.5	-0.3	9.4	17.9
EBIT margin in %	-0.5%	-2.3%	15.4%	-0.3%	6.8%	11.2%
Net profit	2.1	2.0	4.3	5.2	7.7	24.8
Cash flow statement (EURm)						
CF from operations	4.8	6.1	3.7	36.9	12.3	35.1
Capex	-18.3	-8.6	-28.4	-50.3	-42.8	-113.2
Maintenance Capex	6.6	8.5	7.2	7.7	8.8	11.9
Free cash flow	-13.5	-2.5	-24.7	-13.5	-30.5	-78.1
Balance sheet (EURm)						
Intangible assets	1.3	0.8	13.0	12.1	11.3	10.5
Tangible assets	126.3	127.5	145.3	186.0	217.7	316.1
Shareholders' equity	40.2	51.7	60.7	65.9	73.6	98.4
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	109.6	139.6	160.6	212.1	250.7	310.9
Net financial debt	84.5	89.1	127.3	140.7	171.2	249.3
w/c requirements	3.5	9.0	31.2	25.8	32.5	38.0
Ratios						
ROE	5.2%	3.8%	7.0%	7.9%	10.4%	25.2%
ROCE	-0.1%	-0.4%	6.6%	-0.1%	2.9%	4.4%
Net gearing	210.3%	172.4%	209.6%	213.4%	232.6%	253.4%
Net debt / EBITDA	10.0x	9.3x	5.3x	13.8x	8.1x	7.4x

Source: Company data; AlsterResearch

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