

HansaMatrix

Buy

Maintained

Price: EUR 9.45
Price target: EUR 11.12
(From EUR 10.26)

Shortages crimp top line; but down, not out

We have updated our earnings outlook for HansaMatrix, to reflect: 1) the ongoing shortage of semiconductors, due to increased market demand; and 2) about a one-year delay in the rollout of the LightSpace 3D AR headsets, cutting our 2021-23E revenues by c.20% and our 2022-23E EBITDA by c.16%. Regardless, rolling over our DCF, we have increased our 12M price target (PT) to EUR 11.12/share, or by 8%, offering upside of 18%. Earlier this month, the company warned that the availability of components would limit order deliveries, apparently for another two-to-three quarters, before the market returns to equilibrium. The result, we estimate, will be roughly flat 2021E revenues yoy and margin compression in 2H21E, as the unusually profitable sales mix of the first half shifts to a more typical one. Travel and social distancing restrictions have also pushed the deliveries of the first LightSpace headsets into mid-2022E; nonetheless, we still expect to see 2020-24E EBITDA and normalised net profit of CAGRs of 15% and 49%, respectively, which is only partly in the share price, in our view. We maintain our BUY rating on the stock.

On 15 October, management announced a strategic review of alternatives to support further growth and to enhance shareholder value. Options include a sale to a strategic or financial investor, the sale of parts of the company, including a spin-off of its shareholding in LightSpace. It has not set a deadline for completing the review. Nonetheless, the option that management could unlock additional value from the business for shareholders represents addition upside, we believe, for our current PT.

We have cut our 2021-23E revenues by c.20% and our 2022-23E EBITDA by c.16%, to reflect the component shortages, but we believe the mid-term outlook remains solid. We now expect FY21E revenues of EUR 22.1m, or flat yoy, but a c.170bps faster 2022-23E CAGR of 19%, from the lower base. Regardless, the company has a strong order book – it flagged EUR 6.5m of new contracts in the past three months alone – which should support its 2022-23E revenues, in addition to the anticipated LightSpace business, albeit later than management's previous timeline. Component shortages and operating leverage are likely to have a negative impact on the 2H21E margins; we expect a FY21E EBITDA margin of 17.2% vs. 20.2% in 1H, but a small, c.55bps, improvement to c.15% over the next two years. We see the FY21E normalised net profit – excluding the consolidated losses in LightSpace and the revaluation of EIB loans and warrants, all three are non-cash items – doubling yoy, to c.EUR 1.1m, and doubling again in 2023E, to EUR 2.0m, on top-line growth and deleveraging.

The stock looks fairly valued vs. its (mainly) developed market peers. On our 2021-22E EV/EBITDAs of 7.9x and 7.1x, respectively, the stock is trading at a c.7% discount to our peer group median. On our fully-diluted, price to normalised net profit of 17.5x for 2021E, it trades at a c.10% premium vs. the peer consensus median of 15.6x; in 2022-23E, on our numbers, its price to normalised earnings falls to 14.9x and 9.6x, respectively, a 6% premium and a 12% discount, respectively.

Expected events

3Q20 results	November 2021
4Q20 results	Late-February 2022
AGM	May 2022
1Q20 results	Late-May 2022
2Q20 results	August 2022
3Q20 results	November 2022

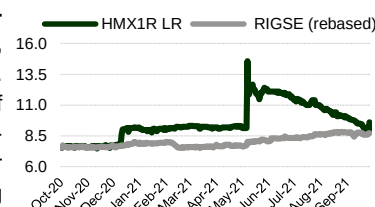
Key data

Market Cap	EUR 17.3m
6M ADTV	EUR 91.4k
Free float	32.1%
Shares outstanding	1,829k
Major Shareholder	Macro Riga (33.9%)
Reuters Code	HMX1R.RI
Bloomberg Code	HMX1R LR
OMX Riga Index	1,291

Price performance

52-w range	EUR 7.48-14.56
52-w performance	25.5%
Relative performance	9.6%

HansaMatrix 12M share price performance



Year	Sales EUR k	EBITDA EUR k	Net profit EUR k	EPS EUR	Normalised EPS (EUR)	Normalised EPS yoy	P/ normal- ised EPS (x)	EV/EBITDA (x)	DPS EUR
2018	21,587	3,259	781	0.43	0.70	-5%	13.6	7.9	0.04
2019	24,611	3,719	214	0.11	0.56	-19%	16.8	8.3	0.00
2020	22,589	2,997	-552	-0.27	0.24	-57%	38.7	10.0	0.03
2021E	22,060	3,798	-455	-0.22	0.54	121%	17.5	7.9	0.03
2022E	26,284	3,974	556	0.27	0.64	17%	14.9	7.1	0.04
2023E	31,248	4,714	1,402	0.69	0.99	56%	9.6	5.6	0.10

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Closing Prices as of 19 October 2021

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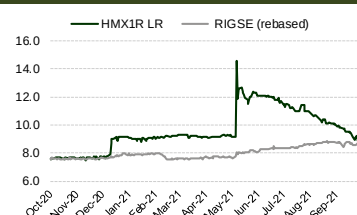
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Company snapshot – BUY, 12M PT EUR 11.12

HansaMatrix

BUY

Bloomberg ticker	HMX1R LV
Closing price (EUR)	9.45
Price Target	11.12
Upside to PT	17.7%
Shares outstanding '000	1,829
MCAP (EUR m)	17.3
Free float	32.1%
6M ADTV (EUR k)	91.4
52 W Range (EUR)	7.48-14.56



COMPANY DESCRIPTION

HansaMatrix is an electronics manufacturing services (EMS) company based in Latvia. The business was co-founded in July 1999 by Mr. Ilmārs Osmaniš, who remains the largest shareholder, with a stake of c.34%. HansaMatrix provides its business-to-business (B2B) customer base with systems development and contract manufacturing – think of something like Foxconn producing iPhones for Apple, or Flextronics and its partnerships with Sony or Motorola – albeit on a smaller, more local scale. Also, while all contract manufacturers share the fact that they make components or finished production based on their customers' designs, HansaMatrix positions itself as a "low volume, high mix" producer, focusing on designing the production process and small runs of specialised or bespoke gear. In the case of its LightSpace 3D augmented reality (AR) headset, the company is an original design manufacturer (ODM) as well. HansaMatrix's positioning in the market enables it to generate higher margins than most of its EMS peers, with EBITDA margins in the low to mid-teens, vs. a median of c.7% for our (mostly developed market) peer group.

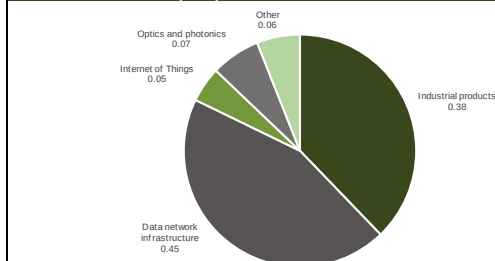
RATIOS

PER SHARE RATIOS	2018	2019	2020	2021E	2022E	2023E	VALUATION RATIOS	2018	2019	2020	2021E	2022E	2023E
EPS, diluted	0.43	0.11	-0.27	-0.22	0.27	0.69	P/Normalised EPS	13.6x	16.8x	38.7x	17.5x	14.9x	9.6x
Normalised EPS, diluted	0.70	0.56	0.24	0.54	0.64	0.99	EV/EBITDA	7.9x	8.3x	10.0x	7.9x	7.1x	5.6x
CFPS	1.28	1.17	1.69	1.06	1.78	2.23	P/CF	7.4x	8.1x	5.6x	8.9x	5.3x	4.2x
BVPS	4.79	4.94	4.63	4.35	4.62	5.35	P/BV	2.0x	1.9x	2.0x	2.2x	2.0x	1.8x
DPS	0.04	0.00	0.03	0.03	0.04	0.10	EV/Sales	1.2x	1.2x	1.3x	1.4x	1.1x	0.8x
							EV, EUR (m)	25,653	30,739	29,976	29,967	28,267	26,365
							FCF, EUR (m)	n.a.	n.a.	2,117	1,922	1,755	1,976
							FCF yield	-1.4%	-11.8%	17.0%	11.1%	10.1%	11.4%
							Dividend yield	0.5%	0.0%	0.3%	0.3%	0.4%	1.1%

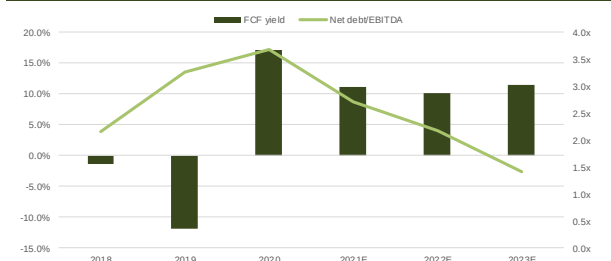
COMPANY FINANCIALS

INCOME STATEMENT, EUR '000	2018	2019	2020	2021E	2022E	2023E	BALANCE SHEET, EUR '000	2018	2019	2020	2021E	2022E	2023E
Revenues	21,587	24,611	22,589	22,060	26,284	31,248	PP&E	9,850	14,143	13,440	13,273	12,355	11,732
COGS	-17,986	-20,972	-20,016	-18,984	-22,695	-26,614	Intangible assets	196	1,160	1,247	1,318	1,316	1,307
Gross profit	3,601	3,639	2,573	3,076	3,589	4,633	Non-current financial assets	7,964	7,202	7,333	6,930	6,930	6,930
Distribution costs	-918	-825	-857	-596	-789	-937	Non-current assets	18,009	22,505	22,020	21,521	20,600	19,969
Administrative expense	-1,735	-1,806	-1,738	-1,799	-1,925	-2,098	Inventories	2,496	3,052	1,972	3,626	3,817	4,280
Other operating income	565	420	779	632	632	632	Trade receivables	857	957	756	967	1,008	1,199
Other operating expense	-119	-113	-54	-60	-66	-78	Other current assets	1,611	3,043	3,255	1,193	1,193	1,193
EBITDA	3,259	3,719	2,997	3,798	3,974	4,714	Cash and cash equivalents	2,377	254	830	1,414	2,374	1,376
Depreciation	-1,864	-2,403	-2,294	-2,544	-2,532	-2,562	Current assets	7,341	7,307	6,813	7,201	8,392	8,049
Operating profit	1,395	1,316	703	1,254	1,442	2,152	Total Assets	25,350	29,812	28,833	28,721	28,992	28,018
Loss from investments in associates	-483	-623	-325	-381	-275	-150	Share capital	4,265	4,265	4,265	4,265	4,265	4,265
Financial income	47	33	10	15	15	15	Retained earnings, reserves	2,343	2,608	2,293	1,838	2,339	3,666
Financial expense	-177	-499	-940	-1,342	-612	-596	Minority interests	0	117	0	0	0	0
Profit before tax	781	226	-552	-455	570	1,420	Asset revaluation reserve	2,162	2,039	1,915	1,853	1,853	1,853
Income tax	0	-18	0	0	-14	-19	Total Equity	8,770	9,028	8,473	7,956	8,457	9,784
Minority interests	0	7	0	0	0	0	Non-current borrowings	7,166	9,660	9,076	9,108	7,689	5,966
Net profit	781	214	-552	-455	556	1,402	Other financial liabilities	1,346	1,346	1,652	2,366	2,366	2,366
Normalized net profit	1,272	1,144	497	1,102	1,293	2,013	Prepayments received	464	150	0	0	0	0
							Deferred income	403	1,022	724	711	711	711
							Non-current liabilities	9,379	12,178	11,453	12,185	10,765	9,042
							Trade and other payables	3,091	3,724	3,497	2,659	3,168	3,767
							Other liabilities	1,880	2,181	2,347	3,009	3,009	3,009
							Current borrowings	2,231	2,701	2,790	2,619	3,298	2,122
							Total current liabilities	7,201	8,605	8,633	8,288	9,476	8,899
							Total liabilities and equity	25,350	29,812	28,559	28,428	28,699	27,725
							Net debt	7,020	12,106	11,036	10,313	8,613	6,712
							Gearing	2.2x	3.3x	3.7x	2.7x	2.2x	1.4x

REVENUES BY SECTOR (2020)



NET DEBT/EBITDA AND FCF



Valuation

We value HansaMatrix using both a 10Y DCF model and peer multiples, giving each an equal weight. On this basis, we arrive at a DCF-based 12M PT of EUR 11.12/share (previously EUR 10.26/share), on a fully-diluted basis, or upside of c.18% to the current level.

12M price target

Valuation method	DCF	Multiples
Valuation or fair value	12.70	9.54
Weight	50%	50%
12M PT (EUR)	11.12	
Upside to PT	18%	

Source: Bloomberg, WOOD Research

DCF valuation

The key assumptions in our DCF model include:

- ✓ A WACC of 10.5% (previously 12%), starting with a risk free rate of 5.5% for Latvia (unchanged), and an equity risk premium of 6.0% (unchanged).
- ✓ We apply a levered beta of 1.53x (previously 2.20x), starting with an unlevered beta from the Damodaran sector beta database of 0.95x (previously 1.12x) for European Electronics (General) manufacturers.
- ✓ We calculate the terminal value as the average of: 1) the perpetuity with a 1% terminal growth rate; and 2) an exit EV/EBITDA of 6.0x (both unchanged).
- ✓ To reflect the potentially dilutive impact of the 205,298 EIB warrants, we subtract the market value of the warrants, to arrive at a fully-diluted equity value.

DCF valuation

EUR '000s	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	1,254	1,442	2,152	2,581	3,308	3,699	3,995	4,154	4,237	4,322
NOPLAT	1,254	1,407	2,123	2,516	3,233	3,615	3,904	4,060	4,142	4,225
Depreciation	2,544	2,532	2,562	2,609	2,652	2,684	2,705	2,716	2,714	2,701
Change in NWC	-283	-122	-56	-194	-287	-264	-262	-272	-277	-283
Capex	-750	-1,500	-2,100	-2,300	-2,358	-2,416	-2,477	-2,539	-2,602	-2,667
FCF	2,765	2,317	2,529	2,632	3,240	3,618	3,871	3,965	3,976	3,975
PV of FCF	2,501	1,897	1,873	1,763	1,965	1,985	1,921	1,781	1,616	1,461

	I. Perpetuity (g=1%)	II. Exit EV/EBITDA 6x		
Sum of PV	18,763	18,763	Risk-Free Rate	5.5%
PV of Terminal value	15,341	15,303	Levered Beta	1.53
Total EV	34,104	34,066	Risk premium	6.0%
Net Debt (2020)	-11,036	-11,036	Cost of Equity	14.7%
Dividend paid	-55	-55	Cost of Debt	4.5%
Equity value	23,013	22,975	Tax Rate	2.2%
Market value of warrants	-1,971	-1,971	Effective Cost of Debt	4.4%
Diluted equity value	21,042	21,004	Weight of Equity	59.7%
Equity value per share	11.50	11.48	Weight of Debt	40.3%
Average		11.49	WACC	10.5%
12M PT		12.70		

Source: WOOD Research

DCF PT sensitivity to WACC and terminal growth rate

WACC/terminal growth	-1.0%	-0.5%	0.0%	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%
8.5%	15.42	16.02	16.70	17.46	18.32	19.30	20.43	21.75	23.32
9.0%	14.17	14.70	15.28	15.92	16.65	17.48	18.42	19.51	20.78
9.5%	13.05	13.50	14.01	14.56	15.18	15.88	16.68	17.58	18.62
10.0%	12.03	12.42	12.86	13.34	13.87	14.47	15.14	15.90	16.77
10.5%	11.09	11.44	11.82	12.24	12.70	13.21	13.79	14.43	15.16
11.0%	10.24	10.54	10.87	11.24	11.64	12.08	12.58	13.13	13.75
11.5%	9.45	9.72	10.01	10.33	10.68	11.07	11.49	11.96	12.49
12.0%	8.72	8.96	9.21	9.50	9.80	10.14	10.51	10.92	11.37
12.5%	8.04	8.25	8.48	8.73	9.00	9.30	9.62	9.98	10.37

Source: WOOD Research

Peer multiples

Peer multiples

	LCU	Mkt cap (USD m)	EV/EBITDA			P/Norm. Net			EBITDA margin			Dividend yield		
			21E	22E	23E	21E	22E	23E	21E	22E	23E	21E	22E	23E
HANSAMATRIX	EUR	17	7.9	7.1	5.6	17.5	14.9	9.6	17%	15%	15%	0%	0%	1%
INCAP OYJ	EUR	335	13.8	11.6	n.a.	20.3	16.8	15.1	16%	16%	16%	1%	1%	n.a.
KITRON ASA	NOK	331	10.2	9.1	8.1	15.6	13.2	11.3	10%	10%	10%	4%	5%	6%
INISSION AB	SEK	52	10.1	6.2	5.6	13.1	11.9	10.2	6%	8%	9%	8%	9%	11%
SCANFIL OYJ	EUR	522	9.2	8.2	7.5	15.5	14.3	13.4	8%	9%	9%	2%	2%	3%
HANZA HOLDING AB	SEK	107	6.8	5.9	5.3	10.9	10.7	9.8	9%	9%	10%	1%	2%	3%
AUSTRIA TECHNOLOGIE & SYSTEM	EUR	1,274	7.1	7.9	6.7	31.7	25.7	14.3	21%	22%	24%	1%	2%	1%
HON HAI PRECISION INDUSTRY	TWD	45,949	5.1	4.4	3.9	11.0	9.8	8.9	4%	4%	4%	5%	5%	6%
FLEX LTD	USD	8,027	6.7	6.7	5.7	14.4	10.3	9.7	7%	6%	6%	0%	0%	0%
JABIL INC	USD	7,853	5.0	4.5	4.4	11.3	9.7	9.1	7%	7%	7%	1%	1%	1%
PLEXUS CORP	USD	2,280	11.1	9.8	9.1	18.5	16.1	15.4	7%	7%	7%	n.a.	n.a.	n.a.
FABRINET	USD	3,120	15.2	12.9	11.3	22.8	17.6	16.3	10%	12%	12%	0%	n.a.	n.a.
EMS peers median			8.6	7.5	5.7	15.6	13.7	10.7	9%	9%	9%	1%	2%	3%
HansaMatrix vs. peers			-7%	-5%	-1%	14%	10%	-10%	92%	66%	63%	-69%	-78%	-59%

Source: Bloomberg, WOOD Research

For our EMS peer group, we have selected both companies that HansaMatrix itself considers to be its nearest peers (Incap, Kitron, Inission, HANZA Holding), but also the two giants of the field, Hon Hai Precision Industry (Foxconn) and Flex (Flextronics), and several, mainly developed market, peers from the EU and the US. Compared to this group, HansaMatrix trades at a 7% discount vs. its peers on our 2021E EV/EBITDA – 7.9x vs. 8.6x for its peers, on the consensus – and in line with its peers on 2023E multiples (5.6x vs. 5.7x for its peers). On our 2021E price to normalised earnings of 17.5x, HansaMatrix trades at a 14% premium vs. its peers, but at a 10% discount by 2023E (9.6x vs. 10.7x for its peers, on the consensus), by which year, we should already begin to see the impact of lower losses from LightSpace, along with lower interest costs, as the company deleverages.

Using the company's normalised earnings in our peer valuation – which excludes primarily HansaMatrix's share of losses in LightSpace and the revaluation of EIB loans and warrants, all three of which are non-cash items and leave us with a more clear picture of the businesses' earnings ability, in our view – there is still a sizable disconnect between our DCF PT and the fair value of the stock based on peer multiples. We believe this is driven mainly by the expected ramp-up in the LightSpace headset volumes being fully captured by our DCF, but not in 2022E and 2023E (the first and second year on the market, respectively). We note that management expects 500 and 1,000 unit sales in the first two years, while the number grows past 7,000 units in 2026E – at which point, LightSpace itself should start to break even – and 25,000 in 2027E. The share price, we continue to believe, already partly reflects the potential of LightSpace for the company, but not yet the full discounted value, in our view.

Fair value on peer multiples

EUR '000s	P/normalised net	EV/EBITDA
Median 2021-23E peer group multiples	13.3	7.3
Average 2021-23E forecasted earnings	1,469	4,162
EV		30,381
Net Debt (2020)		-11,036
Market value of warrants		-1,971
Dividend paid		-55
Diluted equity value	19,541	17,320
Fair value (EUR/share)	9.60	9.47
Weight	50%	50%
Fair value (EUR/share)		9.54

Source: Bloomberg, WOOD Research

Financials

Income statement

EUR '000s	2017	2018	2019	2020	2021E	2022E	2023E	2024E
Industrial products	6,737	7,462	9,856	8,566	7,038	9,168	10,903	11,603
Data network infrastructure	10,191	9,884	9,788	10,059	12,167	13,165	14,784	16,263
Internet of Things	1,075	1,314	1,686	1,115	1,288	1,447	1,490	1,533
Optics and photonics	707	1,429	2,153	1,555	786	1,584	3,105	4,375
Other	940	1,498	1,128	1,363	781	920	966	1,014
Revenues	19,649	21,587	24,611	22,589	22,060	26,284	31,248	34,788
COGS	-15,923	-17,986	-20,972	-20,016	-18,984	-22,695	-26,614	-29,422
Gross profit	3,726	3,601	3,639	2,573	3,076	3,589	4,633	5,367
Distribution costs	-783	-918	-825	-857	-596	-789	-937	-1,044
Administrative expense	-1,473	-1,735	-1,806	-1,738	-1,799	-1,925	-2,098	-2,287
Other operating income	456	565	420	779	632	632	632	632
Other operating expense	-49	-119	-113	-54	-60	-66	-78	-87
EBITDA	3,660	3,259	3,719	2,997	3,798	3,974	4,714	5,190
Depreciation	-1,782	-1,864	-2,403	-2,424	-2,544	-2,532	-2,562	-2,609
Operating profit	1,877	1,395	1,316	703	1,254	1,442	2,152	2,581
Loss from investments in associates	-108	-483	-623	-325	-381	-275	-150	-138
Financial income	94	47	33	10	15	15	15	15
Financial expense	-416	-177	-499	-940	-1,342	-612	-596	-569
Profit before tax	1,448	781	226	-552	-455	570	1,420	1,890
Income tax	231	0	-18	0	0	-14	-19	-47
Minority interests	0	0	7	0	0	0	0	0
Net profit	1,679	781	214	-552	-455	556	1,402	1,843
Net profit before minorities	1,679	781	208	-552	-455	556	1,402	1,843
Loss/Profit from investments in associates	108	483	623	326	381	275	150	138
EIB warrant fair value change provisions	0	0	0	307	713	0	0	0
EIB loan fair value change provisions	0	8	246	294	332	332	332	332
Interest expense related to operating leases	0	0	66	123	130	130	130	130
Deferred tax liabilities	-451	0	0	0	130	0	0	0
Normalised net profit	1,336	1,272	1,144	497	1,102	1,293	2,013	2,442
Gross margin	19.0%	16.7%	14.8%	11.4%	13.9%	13.7%	14.8%	15.4%
EBITDA margin	18.6%	15.1%	15.1%	13.3%	17.2%	15.1%	15.1%	14.9%
EBIT margin	9.6%	6.5%	5.3%	3.1%	5.7%	5.5%	6.9%	7.4%
Net margin	8.5%	3.6%	0.9%	-2.4%	-2.1%	2.1%	4.5%	5.3%
Shares for diluted EPS	1,829	1,829	2,035	2,035	2,035	2,035	2,035	2,035
EPS	0.92	0.38	0.11	-0.27	-0.22	0.27	0.69	0.91
Normalised earnings per share	0.73	0.70	0.56	0.24	0.54	0.64	0.99	1.20
DPS	0.08	0.04	0.00	0.03	0.03	0.04	0.10	0.14
Payout	9%	10%	0%	n.m.	n.m.	15%	15%	15%

Source: Company data, WOOD Research

Changes in revenue forecasts

EUR k	NEW			OLD			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Industrial products	7,038	9,168	10,903	10,232	11,862	13,064	-31%	-23%	-17%
Data network infrastructure	12,167	13,165	14,784	11,724	13,796	15,203	4%	-5%	-3%
Internet of Things	1,288	1,447	1,490	1,705	1,964	2,122	-24%	-26%	-30%
Optics and photonics	786	1,584	3,105	2,669	3,193	6,167	-71%	-50%	-50%
Other	781	920	966	1,567	1,745	1,837	-50%	-47%	-47%
Revenues	22,060	26,284	31,248	27,896	32,559	38,393	-21%	-19%	-19%

Source: WOOD Research

Changes in earnings forecasts

EUR k	NEW			OLD			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenues	22,060	26,284	31,248	27,896	32,559	38,393	-21%	-19%	-19%
Gross profit	3,076	3,589	4,633	3,887	4,989	6,208	-21%	-28%	-25%
EBITDA	3,798	3,974	4,714	3,851	4,703	5,623	-1%	-16%	-16%
Operating profit	1,254	1,442	2,152	1,382	2,153	2,987	-9%	-33%	-28%
Net profit	-454	558	1,388	650	1,602	2,532	n.m.	-65%	-45%
Normalised net profit	1,103	1,294	2,000	n.a.	n.a.	n.a.	n.m.	n.m.	n.m.

Source: WOOD Research

Balance sheet

EUR '000	2017	2018	2019	2020	2021E	2022E	2023E	2024E
ODM assets	21	16	310	310	360	360	360	360
Other intangible assets	191	180	490	576	597	595	586	572
Goodwill	0	0	361	361	361	361	361	361
Total intangible assets	212	196	1,160	1,247	1,318	1,316	1,307	1,293
Total property, plant and equipment	9,213	9,850	14,143	13,440	13,273	12,355	11,732	11,252
Investments in subsidiaries, associates and other	1,670	1,820	2,593	2,272	1,902	1,902	1,902	1,902
Other investment loans	1,018	3,589	4,461	4,962	4,962	4,962	4,962	4,962
Loans to shareholders	1,912	2,502	0	0	0	0	0	0
Other financial assets	0	124	84	39	23	23	23	23
Other non-current receivables	53	53	64	61	43	43	43	43
Total non-current financial assets	4,653	7,964	7,202	7,333	6,930	6,930	6,930	6,930
Inventories	2,684	2,496	3,052	1,972	3,626	3,817	4,280	4,765
Trade receivables (with factoring)	912	857	957	756	967	1,008	1,199	1,334
Loan to shareholder	550	0	540	552	557	557	557	557
Other current assets	180	1,611	2,503	2,703	636	636	636	636
Cash and cash equivalents	259	2,377	254	830	1,414	2,374	1,376	1,786
Total current financial assets	4,585	7,341	7,307	6,813	7,201	8,392	8,049	9,079
Total assets	18,662	25,350	29,812	28,833	28,721	28,992	28,018	28,555
Share capital and share premium	4,265	4,265	4,265	4,265	4,265	4,265	4,265	4,265
Reserves	0	1	1	2	2	2	2	2
Non-current asset revaluation reserve	2,286	2,162	2,039	1,915	1,853	1,853	1,853	1,853
Retained earnings brought forward	-95	1,561	2,392	2,843	2,291	1,836	2,337	3,664
Retained earnings for the period	1,679	781	214	-552	-455	501	1,327	1,653
Minority share	0	0	117	0	0	0	0	0
Total equity	8,135	8,770	9,028	8,473	7,956	8,457	9,784	11,437
Loans from credit institutions	2,715	6,503	7,931	7,390	6,642	5,223	3,500	2,500
Lease liabilities	618	663	1,729	1,686	2,466	2,466	2,466	2,466
Other financial liabilities	0	1,346	1,346	1,652	2,366	2,366	2,366	2,366
Prepayments received from customers	0	464	150	0	0	0	0	0
Government grants	573	403	1,022	724	711	711	711	711
Deferred income tax liabilities	0	0	0	273	293	293	293	293
Total non-current liabilities	3,906	9,379	12,178	11,726	12,478	11,058	9,335	8,335
Loans from credit institutions	1,529	2,038	1,874	1,829	1,639	2,319	1,143	599
Lease liabilities	438	193	826	960	980	980	980	980
Prepayments	517	689	1,043	789	721	721	721	721
Trade payables	2,773	3,091	3,724	3,497	2,659	3,168	3,767	4,194
Taxes payable	669	564	560	814	552	552	552	552
Other liabilities	207	206	240	251	208	208	208	208
Government grants	170	170	102	186	177	177	177	177
Accrued liabilities	319	250	237	307	1,352	1,352	1,352	1,352
Total current liabilities	6,621	7,201	8,605	8,633	8,288	9,476	8,899	8,782
Total equity and liabilities	18,662	25,350	29,812	28,833	28,721	28,992	28,018	28,555
NOPAT	1,592	1,395	1,209	703	1,254	1,407	2,123	2,516
ROCE	14.0%	9.2%	6.1%	3.4%	6.2%	7.0%	11.3%	12.8%
Net debt	5,041	7,020	12,106	11,036	10,313	8,613	6,712	4,758
Gearing	1.4	2.2	3.3	3.7	2.7	2.2	1.4	0.9

Source: Company data, WOOD Research

Cash flow statement

EUR '000	2017	2018	2019	2020	2021E	2022E	2023E	2024E
Profit before tax	1,448	781	226	-468	-468	570	1,420	1,890
Depreciation and amortization	1,807	1,903	2,446	2,424	2,544	2,532	2,562	2,609
Interest expense	247	158	410	248	255	243	227	200
Interest income	-94	-47	-33	-10	-6	0	0	0
Impairments	-43	-55	122	-94	-123	0	0	0
Income from grant recognition	-170	-170	-102	-227	-100	0	0	0
Gain on sale of PP&E	-3	-7	-56	0	0	0	0	0
Group's share of loss of an associate	108	483	623	526	381	275	150	138
(Increase)/ decrease in inventories	-1,045	-1,018	601	917	572	-590	-464	-485
(Increase)/ decrease in receivables	274	-232	-3,107	1,278	-253	-41	-190	-136
Increase/ (decrease) in payables	1,123	877	1,440	-1,258	-602	509	598	427
Interest paid	-247	-151	-409	-248	-255	-243	-227	-200
Corporate income tax paid	83	-177	-18	0	0	0	0	0
Cash from operating activities	3,490	2,346	2,143	3,086	2,672	3,255	4,076	4,442
Capex	-2,114	-2,530	-3,502	-969	-750	-1,500	-2,100	-2,300
Sale of PP&E	34	14	63	28	0	0	0	0
Changes in IFRS 16 values	0	0	0	18	0	0	0	0
Investments in and loans to other companies	-1,262	-3,081	-3,526	-504	-11	0	0	0
Cash from investing activities	-3,342	-5,597	-6,965	-1,428	-761	-1,500	-2,100	-2,300
Dividends paid	-55	-146	-73	0	-55	-55	-75	-189
Grants received	0	0	722	0	319	0	0	0
Increase in share capital	0	0	0	0	0	0	0	0
Change in debt	-1,072	5,733	527	-849	-1,016	-1,480	-5,798	0
Change in leases	857	-217	-476	-235	-575	0	0	0
Loans repaid from related companies	0	0	2,000	0	0	0	0	0
Cash from financing activities	-271	5,369	2,700	-1,084	-1,327	-795	-2,974	-1,732
Change in cash	-123	2,118	-2,122	575	584	960	-997	410
Cash at the beginning of the year	382	259	2,377	254	830	1,414	2,374	1,376
Cash at the end of the year	259	2,377	254	830	1,414	2,374	1,376	1,786
FCF	1,376	-184	-1,359	2,117	1,922	1,755	1,976	2,142
FCF yield	9.9%	-1.4%	-11.8%	17.0%	11.3%	10.3%	11.6%	12.6%

Source: Company data, WOOD Research

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