

SGT German Private Equity

Germany | Financial Services | MCap EUR 7.4m

14 March 2024

UPDATE

Exiting the PE business and focusing on AI; PT down; BUY

What's it all about?

Yesterday, SGT German Private Equity (SGF) announced significant changes, including discontinuing its private equity asset management business and shifting focus to artificial intelligence (AI). Preliminary FY23 results revealed unexpected losses, attributed to failed PE transactions and write-downs. SGF repurchased shares to reverse the PE transaction and plans to operate under the new name "German AI Group." Despite uncertainties, SGF aims to capitalize on AI investment opportunities, leveraging Managing Director Christoph Gerlinger's expertise. While details on the new strategy are pending, SGF's track record and network instill confidence. Our estimates reflect these changes, but lack of clarity prompts caution. Despite the latest share price drop, we maintain our BUY recommendation, with a revised PT of EUR 2.00 (old EUR 3.00), awaiting further updates on the company's strategy.

BUY (BUY)

Target price	EUR 2.00 (3.00)
Current price	EUR 0.77
Up/downside	159.7%

 ResearchHub 



MAIN AUTHOR

Thomas Wissler

t.wissler@mwb-research.com

+49 40 309 293-58

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SGT German Private Equity

Germany | Financial Services | MCap EUR 7.4m | EV EUR 4.0m

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t.wissler@mwb-research.com
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Exiting the PE business and focusing on AI; PT down; BUY

Yesterday, SGT German Private Equity ("SGF") announced far-reaching news, including the discontinuation of its private equity asset management business and a realignment of its existing business model to focus on artificial intelligence. In addition, SGF released prelim. FY23 results.

Discontinuation of the private equity business Due to lower than expected business performance, SGF has decided to discontinue its recently acquired private equity business. Back in 2021, SGF acquired 100% of the shares of the Singapore-based private equity company "SGTPTE" by way of a contribution in kind / non-cash capital increase. Since then, the company has announced one notable deal (Utimaco). A second transaction (ELATEC) has been pending since May last year and, according to yesterday's news, is not expected to be completed soon. As a result, the inflow of assets under management from the PE business fell short of expectations, which in turn had a negative impact on the profitability of the new PE Asset Management segment.

In order to reverse this transaction, SGF has repurchased 36.7m, i.e. all of its shares from its (former) major shareholder SGT Capital LLC free of charge. In total, this represents approximately 79.3% of SGF's outstanding shares and will result in a significant reduction in the number of outstanding shares from currently 46.3m to now approx. 9.6m. SGTPTE's operations will cease at the same time, with termination agreements having been concluded with the management/employees and service providers, which however will not result in any financial burden for SGF.

New business model focus on artificial intelligence At the same time, SGF mentioned that it will now realign its business model. SGF will now focus exclusively on investments in the field of artificial intelligence. Although no further details were given, the company sees very attractive investment and entrepreneurial opportunities in the future due to the transformative power of this new technology. SGF intends to benefit from its sole Managing Director Christoph Gerlinger's many years of experience as a technology investor and entrepreneur, as well as his long-standing network and track record. It remains to be seen whether this will take the form of an investment company investing its own money, as an asset management

-continued-

SGT German PE	2020	2021	2022	2023P	2024E	2025E
Sales	0.9	12.2	10.9	4.0	2.0	2.1
<i>Growth yoy</i>	-94.6%	1,279.3%	-10.5%	-63.2%	-50.0%	5.0%
EBITDA	-1.2	6.8	2.6	-2.5	0.7	0.9
EBIT	-1.3	5.6	-5.3	-74.8	0.7	0.9
Net profit	-0.6	14.5	6.9	-78.4	0.6	0.7
Net debt (net cash)	-5.9	-4.7	-3.4	-0.2	2.4	1.9
Net debt/EBITDA	4.8x	-0.7x	-1.3x	0.1x	3.6x	2.1x
EPS reported	-0.05	0.44	0.16	-1.69	0.06	0.07
DPS	0.00	0.02	0.02	0.00	0.01	0.01
<i>Dividend yield</i>	0.0%	2.6%	2.6%	0.0%	1.1%	1.4%
Gross profit margin	100.0%	80.0%	63.9%	37.5%	83.0%	83.0%
EBITDA margin	-141.4%	55.8%	23.9%	-62.0%	33.0%	43.0%
EBIT margin	-142.3%	46.1%	-48.8%	-1,869.5%	33.0%	43.0%
ROCE	-4.4%	13.2%	-5.2%	-368.4%	3.2%	4.2%
EV/Sales	1.7x	0.2x	0.4x	1.8x	4.9x	4.4x
EV/EBITDA	-1.2x	0.4x	1.5x	-2.9x	14.8x	10.2x
EV/EBIT	-1.2x	0.5x	-0.8x	-0.1x	14.8x	10.2x
PER	-15.0x	1.8x	4.7x	-0.5x	13.2x	10.9x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 2.04 / 0.72
Price/Book Ratio 0.3x

Ticker / Symbols

ISIN DE000A1MMEV4
WKN A1MMEV
Bloomberg SGF:GR

Changes in estimates

		Sales	EBIT	EPS
2023P	old	14.0	5.2	0.10
	Δ	-71.4%	na%	na%
2024E	old	22.7	12.2	0.23
	Δ	-91.2%	-94.6%	-74.8%
2025E	old	20.9	11.1	0.21
	Δ	-90.0%	-91.9%	-66.6%

Key share data

Number of shares: (in m pcs) 9.60
Book value per share: (in EUR) 2.38
Ø trading vol.: (12 months) 5,000

Major shareholders

Frankf. Aktienfonds f. Stiftungen 10.1%
Christoph Gerlinger and family 8.0%
Member of the Supervisory Board 5.4%
Free Float 71.7%

Company description

SGT German Private Equity - in the future known as "German AI Group" - is a global alternative investment manager. After exiting the PE asset management business at the end of 2023, the company will focus on investments in the highly transformative field of artificial intelligence. In addition, the company holds significant assets from its former Heritage VC portfolio.

firm with recurring asset management fees or a hybrid of both. SGF plans to announce further details during the second quarter. In the meantime, SGF will operate and rebrand under the new name "German AI Group".

Prelim. FY23 results For FY23, SGF now expects an operating loss of EUR 0.07 per share (IFRS consolidated, preliminary and unaudited) instead of the projected net income of EUR 0.10 per share (mwb est. EUR 0.10). This is due to the fact that, as a result of the aforementioned failure to close the PE transaction in May 2023, certain sales expectations of SGTPE are no longer considered to be realized and, in addition, sales of EUR 3m booked in H1 23 have to be reversed. In addition, there was an extraordinary one-time goodwill write-down of EUR 72.3m recognized in the consolidated balance sheet in connection with the acquisition of SGTPE and the residual carrying amount of an intangible asset in connection with a joint venture with an Asian financial services provider of EUR 2.2m. The venture segment of SGF (the former German Startups Group), also expects to write down its VC portfolio by EUR 3.6m in 2023 as a result of a general decline in the valuation of VC investments. The book value of SGF's equity as of year end 2023 would decrease slightly from EUR 2.15 to approximately EUR 1.95 per share, taking into account these losses and write-downs and the actual reduction in the number of shares outstanding as of 31.12.2023.

Action We have made several model adjustments:

- Including the preliminary operating loss of EUR 0.07 per share in 2023
- Additional consideration of the several one-off write-downs
- Elimination of the PE asset management business from our estimates as of 2024
- Reduction of the number of shares by 36.7m as of our FY24 estimates
- Increase in free float to above 70%.

However, it should be noted that our estimates should be taken with a grain of salt as the company has not yet released an updated strategy for its new AI focus.

Conclusion While the decision to make the cut was tough, it is understandable given the circumstances of not meeting expectations. Detailed information on the upcoming repositioning is still lacking. However, it is undeniable that the new focus represents a growth market with untapped potential. Under the leadership of Christoph Gerlinger, the management team has the necessary pedigree for success, with extensive experience as technology investors and entrepreneurs. In addition, the "old SGF" has a positive track record with successful investments such as Delivery Hero, MisterSpex, Chrono24 and Scalable Capital, as well as a robust network to access deals. Whether the new focus will take the form of a holding company, a recurring revenue asset manager, or a hybrid of both remains to be seen, with further details to be announced in the second quarter.

For this reason, we believe that our own estimates are currently not very meaningful for deriving a valuation for SGF. Rather, we consider the current book value per share of around EUR 2.00 to be the most realistic approximation for a valuation at this stage. Against this backdrop, we consider yesterday's drop in share price as exaggerated and therefore maintain our BUY recommendation but lower our PT to EUR 2.00 (old: EUR 3.00). A detailed update will follow with the publication of the company's new detailed strategy.

The following table displays the quarterly performance of **SGT German Private Equity**:

P&L data	H2 2019	H1 2020	H2 2020	H1 2021	H2 2021	H1 2022	H2 2022	H1 2023
Sales	13.5	1.0	1.4	2.9	11.1	9.1	1.8	4.7
yoy growth in %	35.4%	-88.4%	-89.9%	185.8%	716.8%	213.6%	-83.7%	-48.7%
Gross profit	10.5	1.0	1.4	2.9	8.7	7.8	-0.8	2.7
Gross margin in %	78.0%	100.0%	100.0%	100.0%	78.1%	85.5%	-44.5%	57.1%
EBITDA	3.4	-0.1	-1.0	0.6	6.2	6.3	-3.7	0.5
EBITDA margin in %	25.0%	-7.4%	-76.6%	21.9%	55.5%	69.6%	-205.3%	11.3%
EBIT	3.2	-0.1	-1.0	-0.4	6.0	5.7	-11.0	0.3
EBIT margin in %	23.8%	-7.8%	-76.8%	-14.0%	54.2%	62.8%	-609.2%	6.8%
EBT	2.9	-0.3	-0.5	-0.3	16.4	17.6	-10.9	0.5
taxes paid	-0.0	-0.1	0.0	-0.1	2.1	1.2	-1.3	0.3
tax rate in %	-1.3%	40.3%	-4.0%	39.9%	12.8%	6.7%	12.2%	61.6%
net profit	2.8	-0.2	-0.6	-0.2	14.3	16.5	-9.6	0.2
yoy growth in %	na%	na%	na%	na%	na%	na%	na%	-98.7%
EPS	0.25	-0.02	-0.05	-0.02	0.26	0.34	-0.18	0.00

Source: Company data; mwb research; Sales incl. losses from financial investments and services received

SWOT analysis

Strengths

- Experienced and high caliber management
- Access to deal flow.
- Network of partnering co-investors, institutional clients, portfolio company managers, investment banks and consulting firms.

Weaknesses

- Heritage venture capital value creation highly volatile and therefore less appropriate for a stock market listing

Opportunities

- New focus on AI - a transformative business segment
- Stock listing offers access to fresh capital and publicity of being the only German listed PE company.

Threats

- Costly and time-consuming regulations could become a burden for market participants.
- Fierce competition among investors could drive up acquisition multiples and consequently dilute investors' returns.

Valuation

DCF Model

The DCF model results in a **fair value of EUR 2.69 per share**:

Top-line growth: We expect SGT German Private Equity to grow revenues at a CAGR of 1.6% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from -368.4% in 2023P to 3.9% in 2031E.

WACC. Starting point is a historical equity beta of 1.30. Unlevering and correcting for mean reversion yields an asset beta of 1.50. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 14.4%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 0.5 this results in a long-term WACC of 10.8%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	0.6	0.7	0.6	0.6	0.7	0.7	0.7	0.7	
Depreciation & amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in working capital	-3.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	
Chg. in long-term provisions	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Capex	0.0	-0.0	-0.0	-0.1	-0.1	-0.1	-0.1	-0.1	
Cash flow	-2.6	0.6	0.5	0.5	0.5	0.5	0.5	0.6	6.4
Present value	-2.4	0.5	0.4	0.3	0.3	0.3	0.2	0.2	2.9
WACC	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	10.8%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	2.8	Planning horizon avg. revenue growth (2024E-2031E)	1.6%
Mid-year adj. total present value	2.9	Terminal value growth (2031E - infinity)	2.0%
Net debt / cash at start of year	-0.2	Terminal year ROCE	3.9%
Financial assets	22.7	Terminal year WACC	10.8%
Provisions and off b/s debt	0.0		
Equity value	25.8	Terminal WACC derived from	
No. of shares outstanding	9.6	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	25.0%
		Equity beta	1.30
		Unlevered beta (industry or company)	1.50
		Target debt / equity	0.5
		Relevered beta	2.06
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	14.4%

Discounted cash flow / share	2.69
upside/(downside)	249.0%

Share price	0.77
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Sensitivity analysis DCF							
Change in WACC (%-points)	Long term growth					Share of present value	
	1.0%	0.5%	1.0%	1.5%	2.0%		
2.0%	2.5	2.6	2.6	2.6	2.6	2024E-2027E	-42.1%
1.0%	2.6	2.6	2.6	2.6	2.6	2028E-2031E	38.2%
0.0%	2.6	2.6	2.7	2.7	2.7	terminal value	103.9%
-1.0%	2.7	2.7	2.7	2.7	2.8		
-2.0%	2.7	2.8	2.8	2.8	2.9		

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 2.95 per share based on 2024E and EUR 3.31 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	0.7	0.9	0.9	0.9	0.9
- Maintenance capex	0.0	0.0	0.0	0.0	0.0
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	0.1	0.2	0.3	0.3	0.3
= Adjusted FCF	0.6	0.7	0.6	0.6	0.7
Actual Market Cap	35.7	35.7	35.7	35.7	35.7
+ Net debt (cash)	2.4	1.9	1.4	1.0	0.6
+ 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	22.7	22.7	22.7	22.7	22.7
- Acc. dividend payments	0.0	0.1	0.2	0.3	0.4
<i>EV Reconciliations</i>	-20.3	-20.9	-21.4	-21.9	-22.4
= Actual EV'	15.4	14.8	14.2	13.7	13.2
Adjusted FCF yield	3.7%	4.6%	4.5%	4.7%	4.9%
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	8.0	9.7	9.1	9.2	9.3
- <i>EV Reconciliations</i>	-20.3	-20.9	-21.4	-21.9	-22.4
Fair Market Cap	28.3	30.6	30.5	31.2	31.7
No. of shares (million)	9.6	9.6	9.6	9.6	9.6
Fair value per share in EUR	2.95	3.18	3.18	3.24	3.31
Premium (-) / discount (+)	282.8%	313.4%	313.1%	321.4%	329.4%

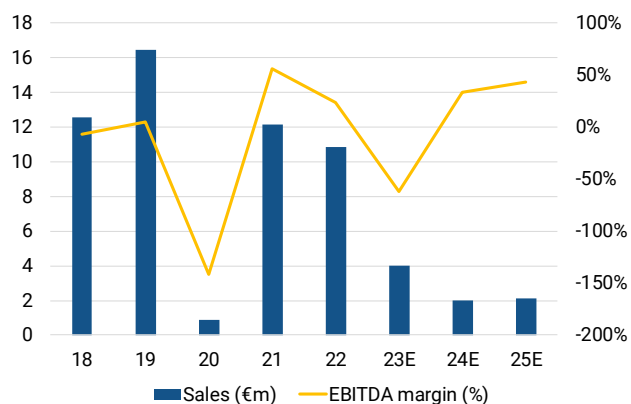
Sensitivity analysis FV						
Adjusted hurdle rate	5.0%	3.3	3.6	3.6	3.6	3.7
	6.0%	3.1	3.4	3.3	3.4	3.5
	7.0%	2.9	3.2	3.2	3.2	3.3
	8.0%	2.8	3.1	3.1	3.1	3.2
	9.0%	2.8	3.0	3.0	3.0	3.1

Source: Company data; mwb research

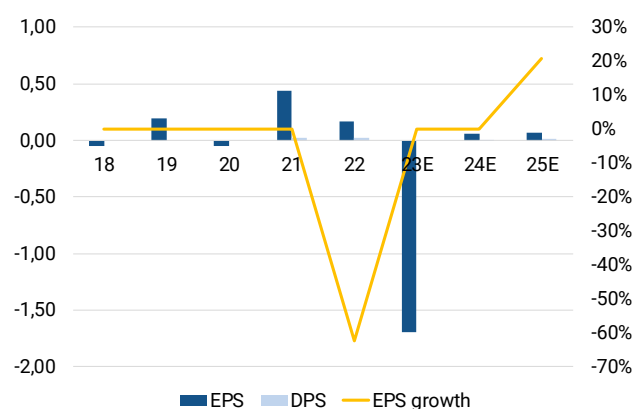
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments 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.**

Financials in six charts

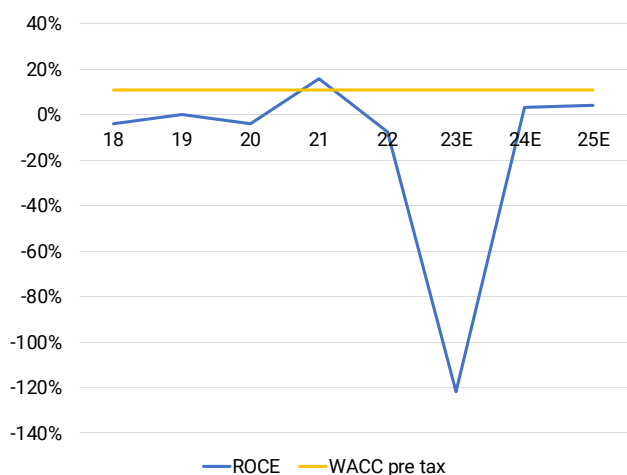
Sales vs. EBITDA margin development



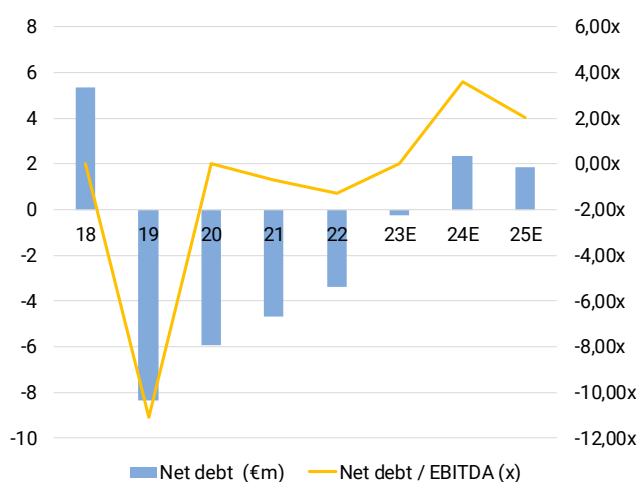
EPS, DPS in EUR & yoy EPS growth



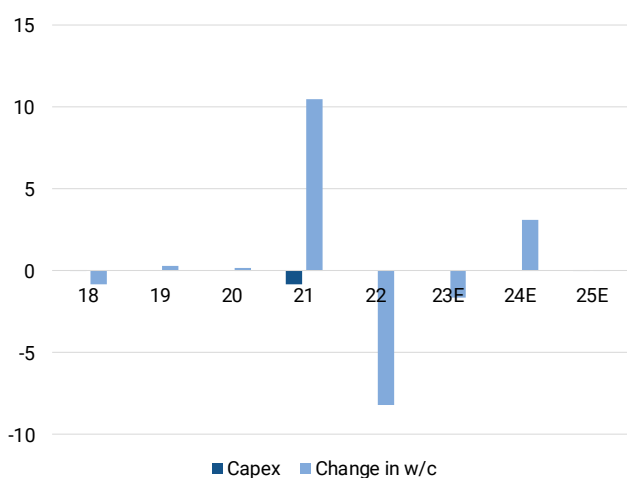
ROCE vs. WACC (pre tax)



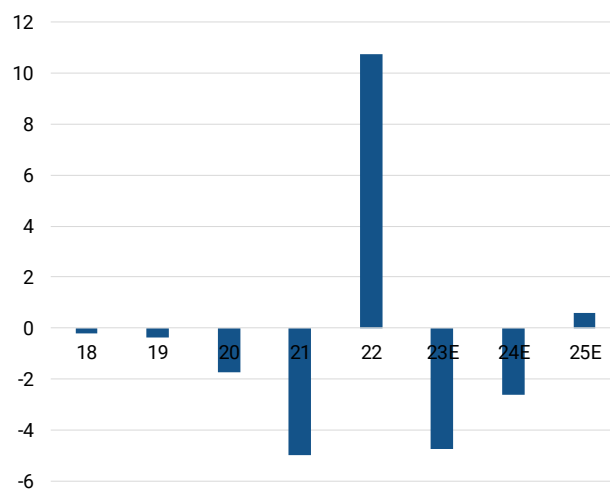
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2020	2021	2022	2023P	2024E	2025E
Net sales	0.9	12.2	10.9	4.0	2.0	2.1
Sales growth	-94.6%	1,279.3%	-10.5%	-63.2%	-50.0%	5.0%
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	0.9	12.2	10.9	4.0	2.0	2.1
Material expenses	0.0	2.4	3.9	2.5	0.3	0.4
Gross profit	0.9	9.7	7.0	1.5	1.7	1.7
Other operating income	0.1	0.1	0.8	0.1	0.0	0.0
Personnel expenses	0.1	0.4	0.8	1.1	0.8	0.6
Other operating expenses	2.1	2.7	4.4	3.0	0.2	0.2
EBITDA	-1.2	6.8	2.6	-2.5	0.7	0.9
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	-1.3	6.8	2.6	-2.5	0.7	0.9
Amortisation of goodwill and intangible assets	0.0	1.2	7.9	72.3	0.0	0.0
EBIT	-1.3	5.6	-5.3	-74.8	0.7	0.9
Financial result	0.4	10.4	12.0	-3.6	0.0	0.0
Recurring pretax income from continuing operations	-0.8	16.0	6.7	-78.4	0.7	0.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-0.8	16.0	6.7	-78.4	0.7	0.9
Taxes	-0.1	2.0	-0.1	0.0	0.1	0.2
Net income from continuing operations	-0.7	14.1	6.9	-78.4	0.6	0.7
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-0.7	14.1	6.9	-78.4	0.6	0.7
Minority interest	0.2	0.4	0.0	0.0	0.0	0.0
Net profit (reported)	-0.6	14.5	6.9	-78.4	0.6	0.7
Average number of shares	10.74	33.13	41.74	46.30	9.60	9.60
EPS reported	-0.05	0.44	0.16	-1.69	0.06	0.07

Profit and loss (common size)	2020	2021	2022	2023P	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	0%	20%	36%	63%	17%	17%
Gross profit	100%	80%	64%	38%	83%	83%
Other operating income	12%	1%	8%	3%	0%	0%
Personnel expenses	15%	3%	7%	28%	40%	30%
Other operating expenses	239%	22%	41%	75%	10%	10%
EBITDA	-141%	56%	24%	-62%	33%	43%
Depreciation	1%	0%	0%	0%	0%	0%
EBITA	-142%	56%	24%	-62%	33%	43%
Amortisation of goodwill and intangible assets	0%	10%	73%	1,808%	0%	0%
EBIT	-142%	46%	-49%	-1,870%	33%	43%
Financial result	48%	86%	110%	-90%	0%	0%
Recurring pretax income from continuing operations	-94%	132%	62%	-1,960%	33%	43%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-94%	132%	62%	-1,960%	33%	43%
Taxes	-10%	16%	-1%	0%	5%	11%
Net income from continuing operations	-84%	116%	63%	-1,960%	28%	32%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-84%	116%	63%	-1,960%	28%	32%
Minority interest	21%	3%	0%	0%	0%	0%
Net profit (reported)	-63%	119%	63%	-1,960%	28%	32%

Source: Company data; mwb research

Balance sheet (EURm)	2020	2021	2022	2023P	2024E	2025E
Intangible assets (excl. Goodwill)	0.1	10.4	2.5	0.0	0.0	0.0
Goodwill	0.0	72.2	72.2	0.0	0.0	0.0
Property, plant and equipment	0.0	0.0	0.2	0.2	0.2	0.2
Financial assets	22.2	17.6	22.7	22.7	22.7	22.7
FIXED ASSETS	22.3	100.2	97.6	22.9	22.9	22.9
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.0	11.0	1.7	0.2	0.5	0.6
Other current assets	0.4	0.1	0.2	0.0	0.0	0.0
Liquid assets	5.9	4.8	6.1	0.2	-2.4	-1.9
Deferred taxes	0.0	0.1	0.1	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	6.3	16.1	8.2	0.4	-1.8	-1.2
TOTAL ASSETS	28.6	116.3	105.8	23.3	21.0	21.7
SHAREHOLDERS EQUITY	28.2	42.3	99.4	20.1	20.7	21.3
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	0.0	2.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.0	0.0	0.5	0.2	0.1	0.1
Non-current liabilities	0.0	0.0	2.5	0.2	0.1	0.1
short-term liabilities to banks	0.0	0.2	0.7	0.0	0.0	0.0
Accounts payable	0.2	0.7	1.4	2.0	0.1	0.1
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)	0.0	70.2	0.6	1.0	0.1	0.1
Deferred taxes	0.1	1.9	1.2	0.0	0.0	0.0
Deferred income	0.0	1.0	0.0	0.0	0.0	0.0
Current liabilities	0.3	73.9	4.0	3.0	0.2	0.3
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	28.6	116.3	105.8	23.3	21.0	21.7

Balance sheet (common size)	2020	2021	2022	2023P	2024E	2025E
Intangible assets (excl. Goodwill)	0%	9%	2%	0%	0%	0%
Goodwill	0%	62%	68%	0%	0%	0%
Property, plant and equipment	0%	0%	0%	1%	1%	1%
Financial assets	78%	15%	21%	97%	108%	105%
FIXED ASSETS	78%	86%	92%	98%	109%	106%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	0%	9%	2%	1%	3%	3%
Other current assets	1%	0%	0%	0%	0%	0%
Liquid assets	21%	4%	6%	1%	-11%	-9%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	22%	14%	8%	2%	-9%	-6%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	99%	36%	94%	86%	98%	98%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	0%	0%	2%	0%	0%	0%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	0%	0%	0%	1%	0%	0%
Non-current liabilities	0%	0%	2%	1%	0%	0%
short-term liabilities to banks	0%	0%	1%	0%	0%	0%
Accounts payable	1%	1%	1%	9%	1%	1%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	0%	60%	1%	4%	1%	1%
Deferred taxes	0%	2%	1%	0%	0%	0%
Deferred income	0%	1%	0%	0%	0%	0%
Current liabilities	1%	64%	4%	13%	1%	1%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2020	2021	2022	2023P	2024E	2025E
Net profit/loss	-0.7	14.1	6.9	-78.4	0.6	0.7
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	1.2	7.9	72.3	0.0	0.0
Others	-0.9	-10.6	-6.3	-0.3	-0.1	0.0
Cash flow from operations before changes in w/c	-1.6	4.7	8.5	-6.4	0.5	0.7
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.0	-11.0	9.3	1.5	-0.3	-0.1
Increase/decrease in accounts payable	0.0	0.5	0.8	0.6	-1.9	0.0
Increase/decrease in other w/c positions	-0.1	0.0	-1.9	-0.4	-0.9	0.0
Increase/decrease in working capital	-0.2	-10.5	8.2	1.6	-3.1	-0.1
Cash flow from operating activities	-1.8	-5.8	10.8	-4.7	-2.6	0.6
CAPEX	0.0	0.8	0.0	0.0	0.0	-0.0
Payments for acquisitions	-0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-9.2	0.0	-2.4	0.0	0.0	0.0
Income from asset disposals	11.3	4.8	0.1	0.0	0.0	0.0
Cash flow from investing activities	2.1	5.6	-2.4	0.0	0.0	-0.0
Cash flow before financing	0.3	-0.2	8.4	-4.7	-2.6	0.6
Increase/decrease in debt position	-3.3	0.0	2.6	-2.8	0.0	0.0
Purchase of own shares	-1.1	0.0	-7.0	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	-0.7	-0.8	0.0	-0.1
Others	-0.3	0.0	-2.9	2.4	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	-4.6	0.0	-8.0	-1.2	0.0	-0.1
Increase/decrease in liquid assets	-4.3	-0.2	0.4	-5.9	-2.6	0.5
Liquid assets at end of period	0.5	0.4	0.8	-5.1	-7.7	-7.2

Source: Company data; mwb research

Regional sales split (EURm)	2020	2021	2022	2023P	2024E	2025E
Domestic	0.9	12.2	10.9	4.0	2.0	2.1
Europe (ex domestic)	0.0	0.0	0.0	0.0	0.0	0.0
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	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	0.9	12.2	10.9	4.0	2.0	2.1

Regional sales split (common size)	2020	2021	2022	2023P	2024E	2025E
Domestic	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Europe (ex domestic)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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	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	2020	2021	2022	2023P	2024E	2025E
Per share data						
Earnings per share reported	-0.05	0.44	0.16	-1.69	0.06	0.07
Cash flow per share	-0.16	-0.18	0.26	-0.10	-0.27	0.06
Book value per share	2.63	1.28	2.38	0.43	2.16	2.22
Dividend per share	0.00	0.02	0.02	0.00	0.01	0.01
Valuation						
P/E	-15.0x	1.8x	4.7x	-0.5x	13.2x	10.9x
P/CF	-4.7x	-4.4x	3.0x	-7.5x	-2.8x	11.9x
P/BV	0.3x	0.6x	0.3x	1.8x	0.4x	0.3x
Dividend yield (%)	0.0%	2.6%	2.6%	0.0%	1.1%	1.4%
FCF yield (%)	-21.3%	-22.9%	33.5%	-13.3%	-35.4%	8.4%
EV/Sales	1.7x	0.2x	0.4x	1.8x	4.9x	4.4x
EV/EBITDA	-1.2x	0.4x	1.5x	-2.9x	14.8x	10.2x
EV/EBIT	-1.2x	0.5x	-0.8x	-0.1x	14.8x	10.2x
Income statement (EURm)						
Sales	0.9	12.2	10.9	4.0	2.0	2.1
yoy chg in %	-94.6%	1,279.3%	-10.5%	-63.2%	-50.0%	5.0%
Gross profit	0.9	9.7	7.0	1.5	1.7	1.7
Gross margin in %	100.0%	80.0%	63.9%	37.5%	83.0%	83.0%
EBITDA	-1.2	6.8	2.6	-2.5	0.7	0.9
EBITDA margin in %	-141.4%	55.8%	23.9%	-62.0%	33.0%	43.0%
EBIT	-1.3	5.6	-5.3	-74.8	0.7	0.9
EBIT margin in %	-142.3%	46.1%	-48.8%	-1,869.5%	33.0%	43.0%
Net profit	-0.6	14.5	6.9	-78.4	0.6	0.7
Cash flow statement (EURm)						
CF from operations	-1.8	-5.8	10.8	-4.7	-2.6	0.6
Capex	0.0	0.8	0.0	0.0	0.0	-0.0
Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	-1.8	-5.0	10.8	-4.7	-2.6	0.6
Balance sheet (EURm)						
Intangible assets	0.1	82.6	74.7	0.0	0.0	0.0
Tangible assets	0.0	0.0	0.2	0.2	0.2	0.2
Shareholders' equity	28.2	42.3	99.4	20.1	20.7	21.3
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	0.0	0.2	3.2	0.2	0.1	0.1
Net financial debt	-5.9	-4.7	-3.4	-0.2	2.4	1.9
w/c requirements	-0.2	10.3	0.3	-1.8	0.4	0.5
Ratios						
ROE	-2.6%	33.3%	6.9%	-389.2%	2.7%	3.2%
ROCE	-4.4%	13.2%	-5.2%	-368.4%	3.2%	4.2%
Net gearing	-21.0%	-11.0%	-3.4%	-1.2%	11.4%	8.7%
Net debt / EBITDA	4.8x	-0.7x	-1.3x	0.1x	3.6x	2.1x

Source: Company data; mwb research

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Contacts

mwb research AG
Mittelweg 142
20148 Hamburg
Germany

Tel.: +49 40 309 293-52
Email.: contact@mwb-research.com
Website: www.mwb-research.com
Research: www.research-hub.de

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-53
E-Mail: h.hof@mwb-research.com

LEON MÜHLENBRUCH
Analyst
Tel: +49 40 309 293-57
E-Mail: l.muehlenbruch@mwb-research.com

LEVENT YILMAZ
Senior Analyst
Tel: +49 40 309 293-123
E-Mail: l.yilmaz@mwb-research.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-58
E-Mail: t.wissler@mwb-research.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-55
E-Mail: o.wojahn@mwb-research.com

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-56
E-Mail: a.zienkowicz@mwb-research.com

Sales

HOLGER NASS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: h.nass@mwb-research.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-52
E-Mail: h.gabert@mwb-research.com

mwb fairtrade
Wertpapierhandelsbank AG
Rottenbacher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
Website: www.mwbfairtrade.com
E-Mail: info@mwbfairtrade.com

Sales / Designated Sponsoring / Corporate Finance

ALEXANDER DEUSS
Institutional Sales
Tel: +49 40 36 0995-22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995-23
E-Mail: sguenon@mwbfairtrade.com

JAN NEYNABER
Institutional Sales
Tel: +49 69 1387-1255
E-Mail: jneynaber@mwbfairtrade.com

DIRK WEYERHÄUSER
Corporate Finance
Tel: +49 69 1387-1250
E-Mail: dweyerhaeuser@mwbfairtrade.com

Locations

HAMBURG (Research)
Mittelweg 142
20148 Hamburg
+49 40 309 293-52

HAMBURG (Corporates & Markets)
Kleine Johannisstraße 4
20457 Hamburg
+49 40 360 995-0

FRANKFURT A.M.
Unterlindau 29
60323 Frankfurt am Main
+49 40 360 995-22

MUNICH
Rottenbacher Str. 28
82166 Gräfelfing
+49 89-85852-0

BERLIN
Kurfürstendamm 151
10709 Berlin

HANNOVER
An der Börse 2
30159 Hannover

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