

MGI

Company report

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Risk-to-reward ratio still attractive

MGI's Q4 figures came in at the top end of the guidance beating our estimates. We raised our 2023-2024 estimates regarding operating profit slightly considering the strong underlying performance of Q4 and our somewhat more positive outlook for current year. At the current market price MGI's valuation is still rather low. We reiterate our Buy recommendation and raise the target price to 26 SEK (prev. 23 SEK).

Q4 operating results above our expectations

MGI's Q4 revenues increased by 15.8% to EUR 92.9 million and adjusted EBIT came in at EUR 28.1 million. Revenues were slightly higher than our estimate of EUR 91.4 million whereas as the adjusted EBIT (28.1 MEUR) handily beat our estimate (19.3 MEUR). Reported EBIT came in at a negative EUR 8.4 million due to a one-time amortization of EUR 23.6 million related to the closing of a handful of MGI's smaller and older MMO games. The company also reported higher financial expenses (14.8 MEUR) that according to the company contained non-interest related charges (recurring cash interest for Q4'22 amounted to 7.4 MEUR). Due to these charges, EPS for Q4 came in at negative EUR 0.18. Adjusted EPS (non-recurring costs and PPA amortization added back) for Q4 meanwhile was EUR 0.05.

Measures taken to deleverage the balance sheet

MGI announced two measures to strengthen their balance sheet. The first one was to securitize their receivables (up to EUR 75 million) enabling the company to sell them for cash. This measure brought in EUR 45 million in Q4. Secondly, the company announced that in February 2023 MGI sold their stake in the Swedish game developer Enad Global 7 ("EG7"). MGI purchased about 8% of EG7's shares in 2021 with the intention to acquire the whole company. With MGI pivoting towards their ad platform the idea of acquiring EG7 was abandoned, and it was only natural to sell the position. According to our estimate, MGI will pocket about EUR 20 million for the shares. Together these actions on a pro forma basis decreased MGI's net debt to adjusted EBITDA ratio to 2.7x (Q3'22 LTM 3.6x). This brings the company's leverage in line with their target of 2-3x and lowers the overall risk profile of the company.

Lower growth expected in 2023

The signs point to slower revenue growth in 2023 and is reflected in our growth estimate of 9% (2022: 28.7%). Due to an uncertain market outlook the company did not provide guidance for 2023 (will likely do so when Q1 results are released). We assume adjusted EBIT will decrease to EUR 68.9 million partially due to not adding back any non-recurring costs (2022: 8.5 MEUR) and due to slightly higher cost estimates. We have also increased our estimate of net financial expenses due to the rise in interest rates since our last report.

Market value on most metrics still low presenting a good risk adjusted opportunity

When accounting for adjustments MGI's shares trade at a low valuation. With our current estimates for 2023 and 2024 the P/E (adj.) multiples are 8.9x and 7.4x. The equivalent figures for EV/EBIT (adj.) multiples are 7.3x and 6.7x. In relation to the ad tech peer group MGI's multiples are significantly lower, and this is relative to a group that has seen their valuations significantly battered during the last twelve months. With the secular trend of more and more advertising going digital, we believe MGI's long-term growth prospects are good. During the last two years the company has also shown good profitability. With these factors in mind, we consider the risk-to-reward ratio to be positive.

Recommendation

Buy
(Previous Buy)

26 SEK
(Previous 23 SEK)

Share price:
18.02 SEK



Key indicators

	2022	2023e	2024e	2025e
Revenue	324.4	353.9	399.1	451.0
growth-%	29 %	9 %	13 %	13 %
EBIT adj.	76.6	68.9	74.4	81.8
EBIT-% adj.	23.6 %	19.5 %	18.6 %	18.1 %
Net Income	-20.3	14.1	20.0	29.9
EPS (adj.)	0.19	0.18	0.21	0.27
P/E (adj.)	8.6	8.9	7.4	5.7
P/B	0.8	0.7	0.7	0.6
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	6.9	7.3	6.7	6.0
EV/EBITDA	6.2	5.7	5.1	4.4
EV/S	1.6	1.4	1.3	1.1

Source: Inderes

Guidance

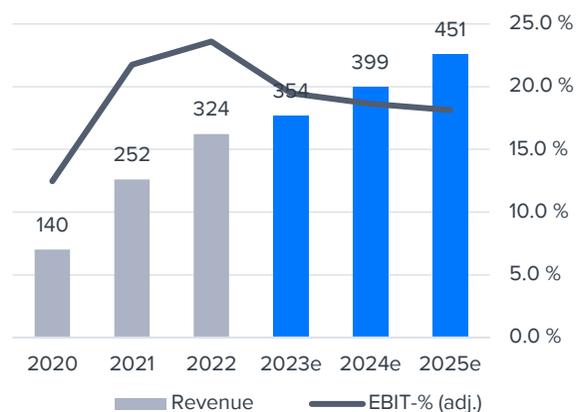
(No guidance)

Share price



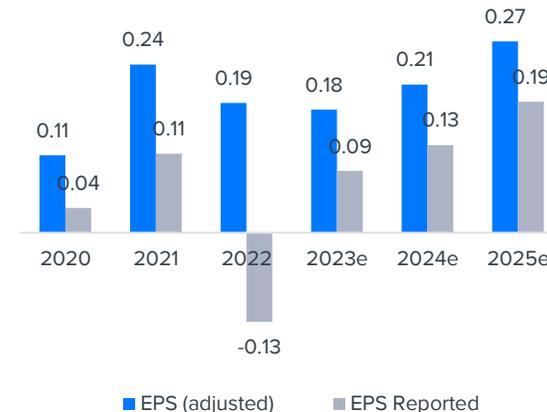
Lähde: Millistream Market Data AB

Revenue & operating profit%



Source: Inderes

Earnings per share



Source: Inderes



Value drivers

- Double-digit growth in the programmatic ad market
- A number of proprietary targeting solutions for a post identifier and cookie-less world
- Low valuation multiples with upside potential as the strategy progresses and growth continues
- A trusted end-to-end omnichannel platform
- Own first-party content that provides data to the ad platform



Risk factors

- Failing to maintain/increase market share in programmatic advertising
- Market disruption due to technological or regulatory reasons
- Slowdown in advertising spending
- Rapid slowdown in first party games revenue

Valuation	2023e	2024e	2025e
Share price (€)	1.57	1.57	1.57
Number of shares, millions	159.2	159.2	159.2
Market cap (€)	250	250	250
EV (€)	505	501	489
P/E (adj.)	8.9	7.4	5.7
P/E	17.7	12.5	8.4
P/FCF	5.9	8.6	7.4
P/B	0.7	0.7	0.6
P/S	0.7	0.6	0.6
EV/Sales	1.4	1.3	1.1
EV/EBITDA	5.7	5.1	4.4
EV/EBIT (adj.)	7.3	6.7	6.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Adjusted operating profit significantly above our estimates

Revenue in line with our expectations

Q4 revenue increased 15.8 % compared to the comparison period and was 2% above our expectations. Organic growth constituted most of the growth coming in at 13 %. On segment level, the substantially larger SSP segment grew 13.3% while the smaller DSP segment grew an impressive 41%. Revenue was mostly driven by new customers with MGI reporting a 96% Net dollar expansion rate, which states how much existing customers spent on the platform compared to the comparable quarter. A figure below 100% means that the customers spent less than in the previous period. The lower level is driven by lower ad prices (CPMs) as the overall number of ad impressions delivered increased to a new all time high of 181 billion (Q4'21: 173 billion).

The fourth quarter is traditionally the strongest quarter for ad tech companies and so it was in 2022 for MGI with revenue coming in at EUR 92.9 million.

Revenue growth, however, slowed compared to Q1, Q2, and Q3. This was partially due to low contribution from in-organic growth and partially reflects the softening of ad spend due to market headwinds. Uncertain macro economic environment has led to advertiser being more cautious with their ad budgets. This decrease in demand leads to lower CPMs (Cost Per Thousand) of ad impressions delivered.

Q4 earnings a mixed batch

The underlying operative performance of MGI continued strong. On an adjusted basis the company reported a strong increase in EBITDA (adj.) and EBIT (adj.) beating our estimates handily. The large difference to our estimates is partly explained by MGI adding back non-recurring costs of EUR 5.1 million compared to our estimate of EUR 1 million. The rest of the difference is explained by lower 'Purchased services & Other operating expenses' as a share of revenue (63%) compared to our estimate (68%).

However, during the quarter the company discontinued some of their smaller and older MMO games and subsequently took a 23.6 MEUR one-time amortization of non-core games assets. This caused the EBIT figure to come in at a negative EUR 8.4 million. The company also reported significantly higher net financial expenses (14.8 MEUR) that further lower the net earnings. According to the company the recurring cash interest for Q4'22 amounted to EUR 7.4 million.

Due to the one-time amortization and the higher net financial expenses, the reported EPS came in at a negative EUR 0.18. The adjusted EPS was EUR 0.05 (adjusted for PPA amortization and non-recurring costs).

Estimates MEUR / EUR	Q4'21	Q4'22	Q4'22e	Q4'22e	Consensus		Difference (%)	2022
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
Revenue	80.2	92.9	91.4				2 %	324
EBITDA (adj.)	23.3	31.5	23.9				32 %	93.2
EBIT (adj.)	19.4	28.1	19.3				46 %	76.6
EBIT	13.7	-8.4	14.7				-157 %	26.6
PTP	4.8	-23.2	6.0				-488 %	-11.3
EPS (adj.)	0.09	0.05	0.06				-16 %	0.19
EPS (reported)	0.05	-0.18	0.03				-797 %	-0.13
Revenue growth-%	64.7 %	15.8 %	14.0 %				1.8 pp	28.7 %
EBIT-% (adj.)	24.2 %	30.2 %	21.1 %				9.1 pp	23.6 %

Source: Inderes

Slight increase in estimates

2023 the year of lower growth

MGI refrained from providing guidance for 2023 as of now. However, they will most likely do it when the Q1 results are released. This decision was taken due to the low visibility the company has on the development of advertising market in 2023. Based on the company's comments they are still expecting growth this year, albeit at a slower pace.

Our revenue growth estimate for 2023 is 9%. This lower level of growth is to account for further slowdown in ad spending during 2023. The current market sentiment has been that due to macro economic worries advertisers will head into 2023 with smaller advertising budgets. The underlying growth trend of advertising shifting to the programmatic space is still alive and well and therefore we think that despite a slowdown in ad

spending MGI can still reach revenue growth of 9%.

Based on the Q4 results, we reviewed our profitability estimates and decided to slightly raise our estimates regarding operating profit to account for the better-than-expected operating margins of Q4. Our new estimate for adjusted EBIT in 2023 and 2024 now stands at EUR 68.9 million and EUR 74.4 million, respectively.

Due to the rising interest rates and the securitization of receivables that MGI entered in Q4, we decided to increase our estimates for net financial expenses. This change led to a slight decrease in our estimates for pre-tax profit and net earnings.

Overall, our assumption is that MGI can continue to grow while maintaining a relatively stable profitability.

Estimate revisions	2022	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	323	324	0 %	352	354	1 %	398	399	0 %
EBITDA	81.1	84.8	4 %	87.3	89.3	2 %	96.7	99.0	2 %
EBIT (exc. NRIs)	67.8	76.6	13 %	66.5	68.9	4 %	72.7	74.4	2 %
EBIT	49.7	26.6	-46 %	52.5	54.9	5 %	58.7	60.6	3 %
PTP	17.8	-11.3	-164 %	19.3	18.8	-2 %	26.9	26.7	-1 %
EPS (excl. NRIs)	0.19	0.19	-5 %	0.18	0.18	-1 %	0.21	0.21	-1 %
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation still attractive

MGI continues to trade at low multiples

MGI's adjusted P/E multiple based on our estimates for the years 2023 and 2024 are 8.9x and 7.4x, while the adjusted EV/EBIT multiple is 7.3x and 6.7x over the same period. The estimates for 2023 and 2024 assume growth in revenues, but lower adjusted EBIT compared to 2022. These multiples are on the low side for a company that over the last year delivered an 29% revenue growth rate (18% organic) and increased their adjusted EBIT by 45% (30% margin). While adding 130 new software clients and had a 97% client retention rate while delivering a 670 billion ad impressions.

During the year we did see the Net dollar expansion rate dip below 100% which indicates softness in ad spending. There is the expectation that this softness will continue in 2023, but at the same time there has lately been some signals from the market participants that 2023 might turn out better than expected. However, over the long-term MGI's primary market, programmatic advertising, has a strong tailwind with more and more advertising being conducted digitally and specifically programmatically. For the foreseeable future the programmatic ad market is expected to grow around 10% per year with certain sub sectors such as CTV and mobile expected to grow even faster. With the strong profitability MGI has shown over the last two years and the long-term tailwind we assess the risk return ratio for MGI's shares to be attractive at this market valuation.

Peer group valuation and DCF indicates that the shares are undervalued

Compared to our peer group consisting mostly of American ad tech companies MGI's share trades at a significant discount. Peer group median EV/EBIT multiple for 2023 and 2024 is 19.6x and 12.8x. We do

concede that perhaps some sort of discount could be warranted due to MGI's smaller size and their shorter track record as a pure play ad tech company. However, we do not believe it should be as large as it is currently. Looking at the peer groups median EV/EBITDA multiples for 2023 (11.1x) and 2024 (8.7x) we see that the entire sector, including MGI trades at rather low multiples.

According to our DCF-model MGI's value is about 29 SEK a share, which is about 61% above yesterday's closing price. Our model assumes that MGI will grow revenues in line with the expected growth of the programmatic market and will do so with an adjusted EBIT margin between 19.5 – 15.0%. Our model starts out in line with the strong figures of 2022 and 2021 and slowly tapers of both the revenue growth rate and profitability as we near the term period. Therefore, we think the model is not overly aggressive when it comes to assumptions.

Reiterating buy recommendation and raising target price to SEK 26

We decided to raise the target price to SEK 26 (prev.) 23 SEK. At this share price MGI's adjusted P/E multiple for the years 2023 and 2024 are 13.3x and 11.1x. The adjusted EV/EBIT multiple for the same years are 9.1x and 8.4x. At this valuation MGI's multiples are more in line with their peer group and better reflects MGI growth potential. The higher target price is also supported by our DCF model.

At our new target price MGI's multiples are still not especially high and as the strategy progresses, we still see further room for upside. In the short-term, however, the persisting uncertainty regarding ad spend might continue to pressure the valuations of entire ad tech sector and MGI.

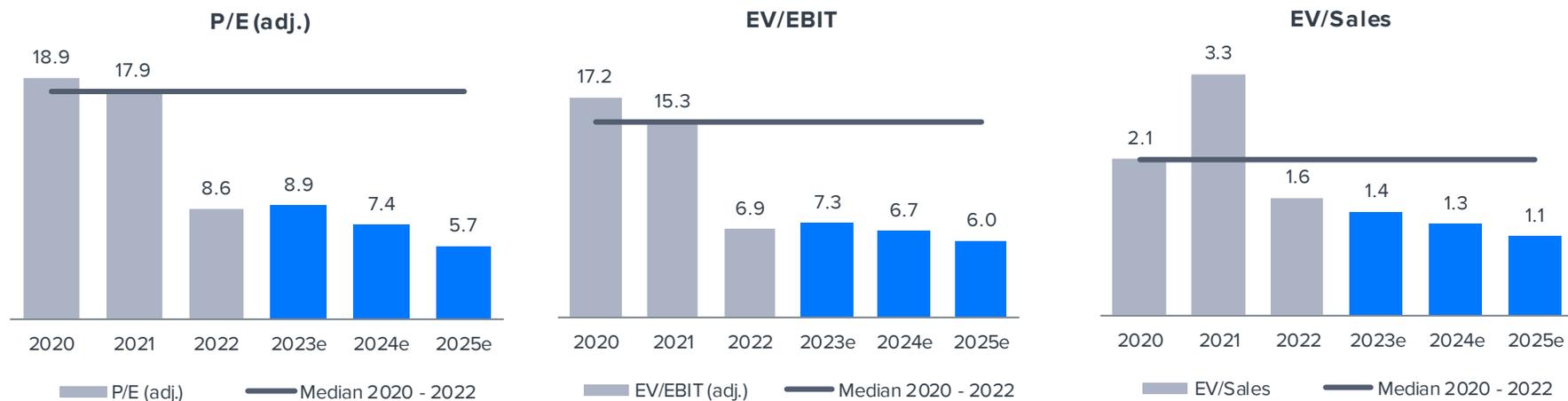
Valuation	2023e	2024e	2025e
Share price (€)	1.57	1.57	1.57
Number of shares, millions	159.2	159.2	159.2
Market cap (€)	250	250	250
EV (€)	505	501	489
P/E (adj.)	8.9	7.4	5.7
P/E	17.7	12.5	8.4
P/FCF	5.9	8.6	7.4
P/B	0.7	0.7	0.6
P/S	0.7	0.6	0.6
EV/Sales	1.4	1.3	1.1
EV/EBITDA	5.7	5.1	4.4
EV/EBIT (adj.)	7.3	6.7	6.0
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023e	2024e	2025e	2026e
Share price (€)	2.10	4.30	1.60	1.57	1.57	1.57	1.57
Number of shares, millions	85.5	141.7	159.2	159.2	159.2	159.2	159.2
Market cap (€)	246	644	255	250	250	250	250
EV (€)	301	840	525	505	501	489	453
P/E (adj.)	18.9	17.9	8.6	8.9	7.4	5.7	4.9
P/E	58.7	37.9	neg.	17.7	12.5	8.4	6.8
P/FCF	neg.	neg.	neg.	5.9	8.6	7.4	4.6
P/B	1.4	2.1	0.8	0.7	0.7	0.6	0.6
P/S	1.8	2.6	0.8	0.7	0.6	0.6	0.5
EV/Sales	2.1	3.3	1.6	1.4	1.3	1.1	0.9
EV/EBITDA	11.3	12.9	6.2	5.7	5.1	4.4	3.8
EV/EBIT (adj.)	17.2	15.3	6.9	7.3	6.7	6.0	5.2
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Applovin Corp	4729	6779	26.2	18.6	6.8	5.8	2.5	2.3	52.0	26.1	2.3
Magnite Inc	1470	1848	12.9	10.5	11.1	8.7	3.6	3.1	19.0	12.7	2.2
Trade Desk Inc	25485	24120	39.0	30.1	35.6	28.2	13.5	10.8	49.1	39.4	11.9
PubMatic Inc	753	597	19.6	12.8	7.0	5.5	2.3	1.9	36.6	22.2	1.9
DoubleVerify Holdings Inc	4115	3889	45.3	30.3	24.5	18.8	7.4	6.0	79.0	51.4	4.4
Criteo SA	1750	1405	6.8	6.5	5.4	4.7	1.5	1.4	12.7	11.0	1.6
Liveramp Holdings Inc	1433	1006	17.2	12.7	15.8	11.1	1.8	1.7	32.0	22.2	1.6
MGI (Inderes)	250	505	7.3	6.7	5.7	5.1	1.4	1.3	8.9	7.4	0.7
Average			23.9	17.4	15.1	11.8	4.7	3.9	40.1	26.4	3.7
Median			19.6	12.8	11.1	8.7	2.5	2.3	36.6	22.2	2.2
Diff-% to median			-63 %	-47 %	-49 %	-42 %	-44 %	-45 %	-76 %	-67 %	-67 %

Source: Refinitiv / Inderes

Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	252	65.9	78.1	87.6	92.9	324	71.8	84.3	95.8	102	354	399	451	503
EBITDA	65.0	16.9	20.0	21.4	26.5	84.8	16.9	21.1	24.1	27.3	89.3	99.0	110	119.6
Depreciation	-28.2	-7.1	-8.1	-8.1	-34.9	-58.1	-8.6	-8.6	-8.6	-8.6	-34.4	-38.3	-42.0	-46.0
EBIT (excl. NRI)	54.9	13.6	16.4	18.5	28.1	76.6	11.8	16.0	19.0	22.2	68.9	74.4	81.8	87.5
EBIT	36.8	9.8	12.0	13.3	-8.4	26.6	8.3	12.5	15.5	18.7	54.9	60.6	68.0	73.7
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-21.9	-6.6	-7.7	-8.8	-14.8	-38.0	-7.2	-8.8	-9.9	-10.2	-36.1	-33.9	-28.1	-24.6
PTP	14.9	3.1	4.2	4.4	-23.2	-11.3	1.1	3.6	5.7	8.4	18.8	26.7	39.9	49.1
Taxes	1.2	-0.6	-1.2	-1.3	-5.9	-9.1	-0.3	-0.9	-1.4	-2.1	-4.7	-6.7	-10.0	-12.3
Minority interest	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	16.1	2.5	3.0	3.2	-29.1	-20.3	0.8	2.7	4.3	6.3	14.1	20.0	29.9	36.8
EPS (adj.)	0.24	0.04	0.05	0.05	0.05	0.19	0.03	0.04	0.05	0.06	0.18	0.21	0.27	0.32
EPS (rep.)	0.11	0.02	0.02	0.02	-0.18	-0.13	0.01	0.02	0.03	0.04	0.09	0.13	0.19	0.23
Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	79.8 %	26.8 %	36.7 %	39.3 %	15.8 %	28.7 %	9.0 %	8.0 %	9.3 %	9.9 %	9.1 %	12.8 %	13.0 %	11.5 %
Adjusted EBIT growth-%	214.1 %	45.3 %	46.9 %	23.9 %	44.6 %	39.5 %	-13.5 %	-2.7 %	2.9 %	-21.1 %	-10.0 %	8.0 %	9.9 %	7.0 %
EBITDA-%	25.8 %	25.6 %	25.7 %	24.4 %	28.5 %	26.1 %	23.5 %	25.0 %	25.2 %	26.7 %	25.2 %	24.8 %	24.4 %	23.8 %
Adjusted EBIT-%	21.8 %	20.7 %	21.0 %	21.1 %	30.2 %	23.6 %	16.4 %	18.9 %	19.9 %	21.7 %	19.5 %	18.6 %	18.1 %	17.4 %
Net earnings-%	6.4 %	3.9 %	3.9 %	3.6 %	-31.3 %	-6.3 %	1.1 %	3.2 %	4.4 %	6.2 %	4.0 %	5.0 %	6.6 %	7.3 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	650	824	807	808	809
Goodwill	412	588	588	588	588
Intangible assets	194	204	206	206	208
Tangible assets	4.7	5.5	5.7	5.8	6.0
Associated companies	1.2	1.0	1.0	1.0	1.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	27.4	19.2	0.0	0.0	0.0
Deferred tax assets	11.5	6.7	6.7	6.7	6.7
Current assets	284	221	247	174	164
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	5.9	5.9	5.9	5.9	5.9
Receivables	97.5	65.1	74.3	87.8	104
Cash and equivalents	180	150	166	79.8	54
Balance sheet total	934	1045	1054	981	973

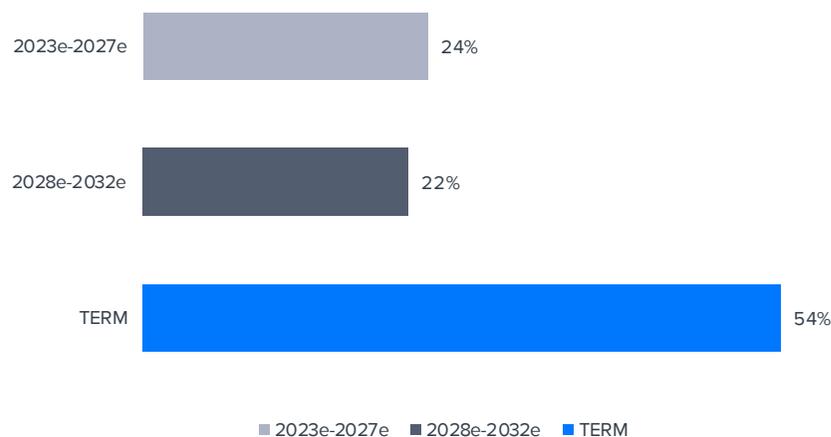
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	307	322	336	356	386
Share capital	150	159	159	159	159
Retained earnings	21.7	1.4	15.5	35.5	65.4
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	136	162	162	162	162
Minorities	0.1	-1.2	-1.2	-1.2	-1.2
Non-current liabilities	383	503	489	384	332
Deferred tax liabilities	23.2	24.4	24.4	24.4	24.4
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	344	389	390	300	263
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	16.0	89.6	74.6	59.6	44.6
Current liabilities	243	219	229	242	255
Short term debt	32.0	31.9	32.0	32.5	30.1
Payables & other non-financial	77.1	100.0	109	122	138
Other current liabilities	134	87.6	87.6	87.6	87.6
Balance sheet total	934	1045	1054	981	973

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	28.7 %	9.1 %	12.8 %	13.0 %	11.5 %	9.0 %	8.0 %	6.0 %	5.0 %	5.0 %	2.0 %	2.0 %
EBIT-%	8.2 %	15.5 %	15.2 %	15.1 %	14.7 %	14.0 %	13.5 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %
EBIT (operating profit)	26.6	54.9	60.6	68.0	73.7	76.7	79.9	81.5	85.6	89.9	91.7	
+ Depreciation	58.1	34.4	38.3	42.0	46.0	49.4	52.6	55.3	58.3	61.1	60.2	
- Paid taxes	-2.9	-4.7	-6.7	-10.0	-12.3	-14.0	-15.9	-17.3	-18.7	-19.8	-20.2	
- Tax, financial expenses	-8.0	-9.0	-8.5	-7.0	-6.2	-5.2	-4.1	-3.1	-2.7	-2.7	-2.7	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	8.6	-0.2	-0.8	-0.6	-1.2	-2.6	-3.6	-4.1	-4.8	-5.4	-6.1	
Operating cash flow	82.4	75.4	83.0	92.5	100	104	109	112	118	123	123	
+ Change in other long-term liabilities	73.6	-15.0	-15.0	-15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-236.3	-17.8	-39.0	-43.5	-45.7	-48.1	-50.5	-53.1	-55.6	-58.2	-60.9	
Free operating cash flow	-80.3	42.6	29.0	33.9	54.3	56.3	58.4	59.3	62.0	65.0	61.9	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-80.3	42.6	29.0	33.9	54.3	56.3	58.4	59.3	62.0	65.0	61.9	882
Discounted FCFF		39.6	24.7	26.5	38.8	36.8	35.0	32.5	31.2	29.9	26.1	372
Sum of FCFF present value		693	654	629	603	564	527	492	460	428	398	372
Enterprise value DCF		693										
- Interesting bearing debt		-421.3										
+ Cash and cash equivalents		150										
-Minorities		0.9										
-Dividend/capital return		0.0										
Equity value DCF		423										
Equity value DCF per share		2.7										
Equity value DCF per share (SEK)		29.4										

Cash flow distribution



Wacc

Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	7.0 %
Equity Beta	1.20
Market risk premium	4.75 %
Liquidity premium	1.60 %
Risk free interest rate	2.5 %
Cost of equity	9.8 %
Weighted average cost of capital (WACC)	9.2 %

Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	140.2	252.2	324.4	353.9	399.1	EPS (reported)	0.04	0.11	-0.13	0.09	0.13
EBITDA	26.5	65.0	84.8	89.3	99.0	EPS (adj.)	0.11	0.24	0.19	0.18	0.21
EBIT	11.0	36.8	26.6	54.9	60.6	OCF / share	0.29	1.06	0.52	0.47	0.52
PTP	3.9	14.9	-11.3	18.8	26.7	FCF / share	-0.29	-1.66	-0.50	0.27	0.18
Net Income	3.1	16.1	-20.3	14.1	20.0	Book value / share	2.07	2.17	2.03	2.12	2.24
Extraordinary items	-6.4	-18.1	-49.9	-14.0	-13.8	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	385.8	934.1	1044.7	1053.6	981.3	Revenue growth-%	67 %	80 %	29 %	9 %	13 %
Equity capital	176.8	307.5	321.7	335.9	355.9	EBITDA growth-%	71 %	145 %	30 %	5 %	11 %
Goodwill	164.0	412.0	587.7	587.7	587.7	EBIT (adj.) growth-%	67 %	214 %	40 %	-10 %	8 %
Net debt	55.2	195.8	271.3	255.7	252.2	EPS (adj.) growth-%	31 %	117 %	-23 %	-5 %	20 %
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	18.9 %	25.8 %	26.1 %	25.2 %	24.8 %
EBITDA	26.5	65.0	84.8	89.3	99.0	EBIT (adj.)-%	12.5 %	21.8 %	23.6 %	19.5 %	18.6 %
Change in working capital	-0.3	82.0	8.6	-0.2	-0.8	EBIT-%	7.9 %	14.6 %	8.2 %	15.5 %	15.2 %
Operating cash flow	25.1	150.2	82.4	75.4	83.0	ROE-%	2.2 %	6.6 %	-6.4 %	4.3 %	5.8 %
CAPEX	-53.2	-389.4	-236.3	-17.8	-39.0	ROI-%	4.3 %	7.7 %	3.7 %	7.3 %	8.4 %
Free cash flow	-24.8	-234.8	-80.3	42.6	29.0	Equity ratio	45.8 %	32.9 %	30.8 %	31.9 %	36.3 %
Valuation multiples	2020	2021	2022	2023e	2024e	Gearing	31.2 %	63.7 %	84.3 %	76.1 %	70.9 %
EV/S	2.1	3.3	1.6	1.4	1.3						
EV/EBITDA (adj.)	11.3	12.9	6.2	5.7	5.1						
EV/EBIT (adj.)	17.2	15.3	6.9	7.3	6.7						
P/E (adj.)	18.9	17.9	8.6	8.9	7.4						
P/B	1.4	2.1	0.8	0.7	0.7						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
12.12.2022	Buy	23 SEK	16.9 SEK
01.03.2023	Buy	26 SEK	18.0 SEK



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