

AIXTRON SE

Germany | Technology | MCap EUR 2,498.4m

21 June 2021

INITIATION



MOCVD: Tools for Megatrends

What's it all about?

Strong Q1 order intake and an upgrade of the 2021 guidance have already provided some tailwinds to Aixtron's share price. However, order momentum looks set to continue on the back of strong and sustainable end markets, driven by global megatrends like energy efficiency, cloudification, 5G networks, the EV revolution, 3D sensing and renewable energies. Aixtron as the clear market and technology leader in MOCVD equipment is almost guaranteed to provide the tools for these revolutions. Aixtron's sales CAGR 20-23E in excess of 30% looks remarkable, so investors looking for growth need not look any further. We initiate coverage of Aixtron with a BUY rating and a PT of EUR 28,00, based on DCF and FCF yield 2024E.

BUY (not rated)

Target price	EUR 28.00 (none)
Current price	EUR 22.10
Up/downside	26.7%



MAIN AUTHOR

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Germany | Technology | MCap EUR 2,498.4m | EV EUR 2,249.4m

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Tools for Megatrends

Growth, growth, growth. Aixtron's equipment is used in the early stages of compound semiconductor production. Sales of devices based on these technologies have strong and sustainable end market drivers:

- the need to increase energy efficiency in global IT infrastructure and data centres.
- the requirement of electric vehicles to improve range and efficiency
- the growing need for fast and energy-efficient optical data communications
- and the adoption of 3D sensing in consumer electronics, industrial digitization, and semi-autonomous vehicles.

As a bonus, Aixtron could benefit from the adoption of novel display technologies, providing tools for OLED and Micro LED production.

Strong market leader. Aixtron can address this growth potential from a position of strength. Commanding a world market share in excess of 50% in MOCVD equipment, the company can translate an annual R&D budget of more than 20% of sales into technology leadership and tailored solutions for specific end markets. A broad installed base of tools (more than 3,500 systems sold since 1983) provides reliable revenues for service and spares.

The market already has honored the strong order intake in Q1 2021 and the following upgrade of guidance. However, considering the growth drivers and market projections, this might only be the appetizer, to be followed by quarters or even years of strong news flow. We initiate coverage of Aixtron with a BUY rating and a PT of EUR 28.00, based on DCF and FCF yield 2024E.

AIXTRON SE	2018	2019	2020	2021E	2022E	2023E
Sales	268.8	259.6	269.2	417.3	505.0	611.0
<i>Growth yoy</i>	16.7%	-3.4%	3.7%	55.0%	21.0%	21.0%
EBITDA	52.2	50.2	45.3	100.4	130.6	160.3
EBIT	41.5	39.0	34.8	89.7	117.7	146.6
Net profit	45.9	32.8	34.9	77.5	95.6	119.0
Net debt (net cash)	-263.7	-297.5	-248.9	-316.6	-389.0	-467.7
Net debt/EBITDA	-5.1x	-5.9x	-5.5x	-3.2x	-3.0x	-2.9x
EPS recurring	0.41	0.29	0.31	0.69	0.85	1.05
DPS	0.00	0.00	0.11	0.24	0.30	0.37
<i>Dividend yield</i>	0.0%	0.0%	0.5%	1.1%	1.3%	1.7%
Gross profit margin	43.8%	41.9%	40.2%	40.0%	40.2%	40.3%
EBITDA margin	19.4%	19.3%	16.8%	24.1%	25.9%	26.2%
EBIT margin	15.4%	15.0%	12.9%	21.5%	23.3%	24.0%
ROCE	9.6%	8.3%	6.9%	15.8%	18.5%	20.3%
EV/EBITDA	42.8x	43.9x	49.7x	21.7x	16.2x	12.7x
EV/EBIT	53.9x	56.4x	64.6x	24.3x	17.9x	13.8x
PER	53.9x	75.3x	70.9x	32.2x	26.1x	21.0x
FCF yield	0.2%	1.4%	-1.9%	3.8%	4.2%	4.8%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 22.98 / 8.84
Price/Book Ratio 5.0x

Ticker / Symbols

ISIN DE000A0WMPJ6
WKN A0WMPJ
Bloomberg AIXA:GR

Changes in estimates

		Sales	EBIT	EPS
2020	old	00.0	00.0	00.0
	Δ	-	-	-
2021	old	00.0	00.0	00.0
	Δ	-	-	-
2022	old	00.0	00.0	00.0
	Δ	-	-	-

Key share data

Number of shares: (in m pcs) 113.0
Book value per share: (in EUR) 4.43
Ø trading volume: (12 months) 840,000

Major shareholders

Treasury shares 1.0%
Free Float 99.0%

Company description

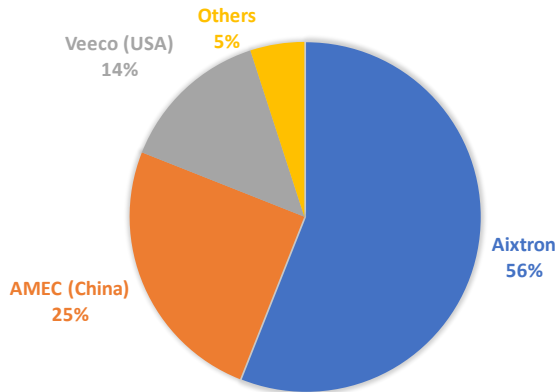
AIXTRON's technology solutions are used by a diverse range of customers worldwide to build advanced components for electronic and optoelectronic applications based on compound semiconductor or organic semiconductor materials. Such components are used in a broad range of innovative applications, technologies and industries. These include laser, LED and display technologies, data transmission, SiC and GaN based energy management and conversion, communications, signaling and lighting technology as well as many other leading-edge applications.

Table of content

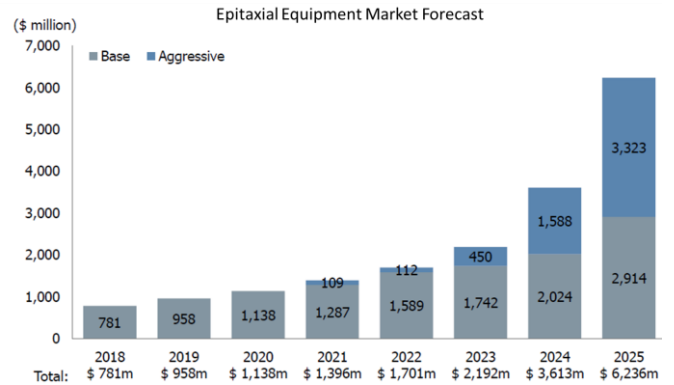
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Investment case in almost six charts

MOCVD equipment market share



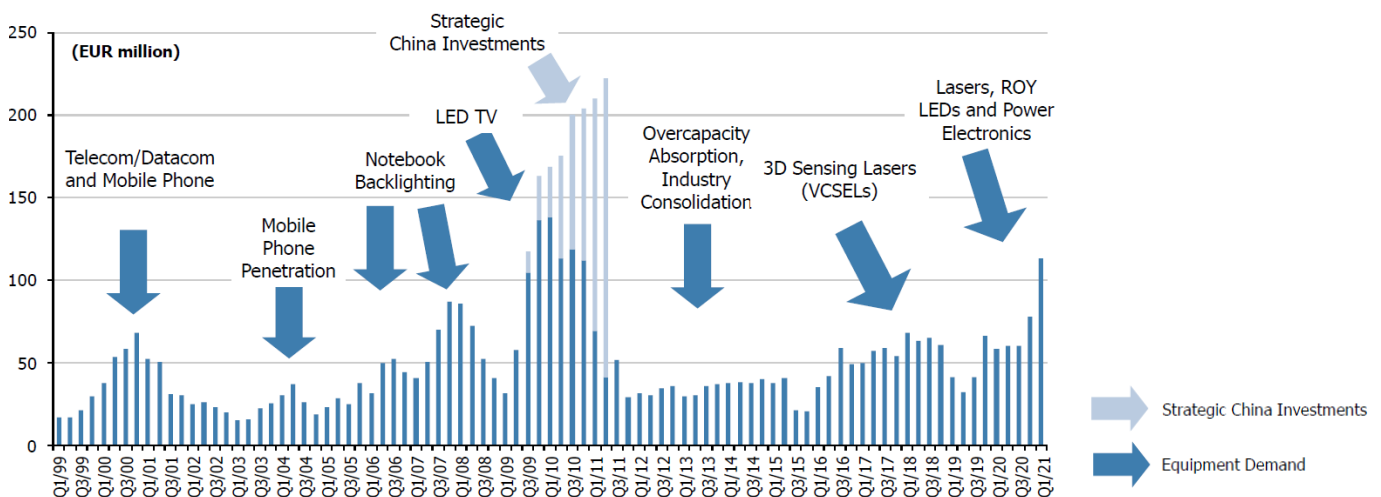
Market Growth



Applications



Quarterly Order Intake

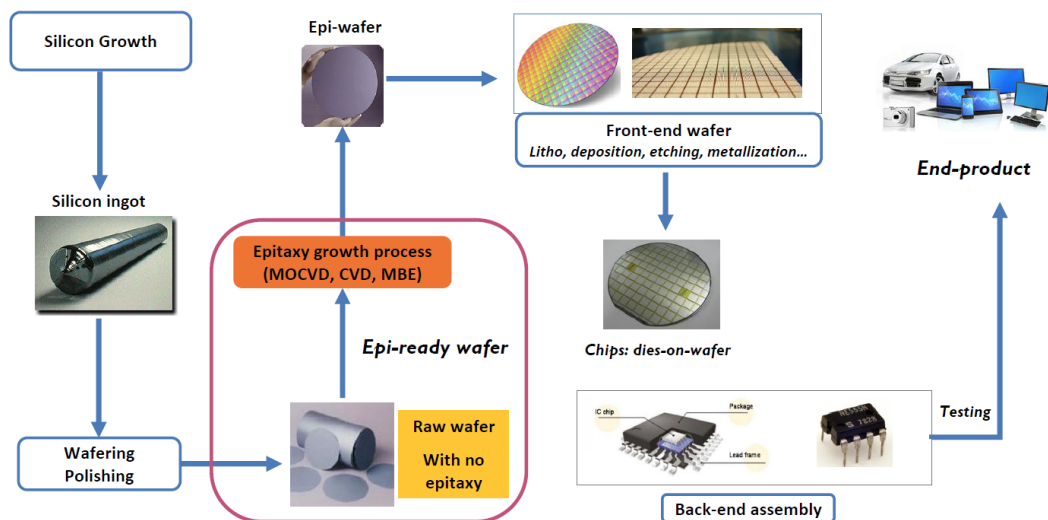


Source: Aixtron, AlsterResearch, Yole Developpement

Company background

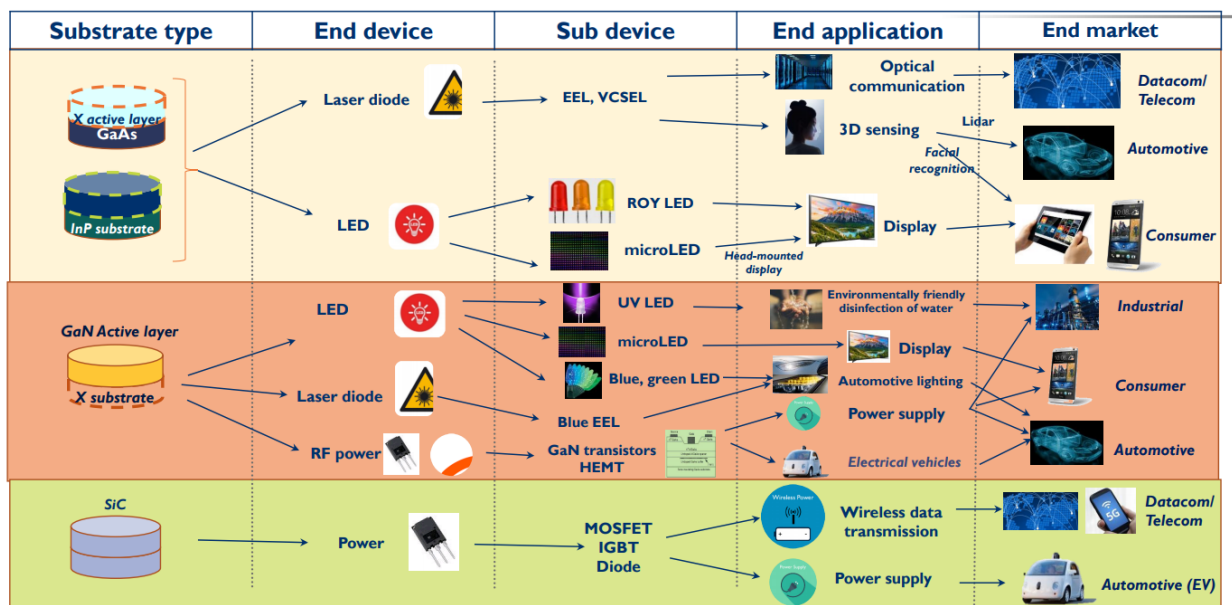
Products & services

Aixtron's product range consists of customer-specific systems for the deposition of complex semiconductor materials on different substrates. The bulk of sales is generated with the MOCVD (metal organic chemical vapor deposition) systems. The price of such a system can easily exceed EUR 2m, for example for a high capacity MOCVD reactor. Aixtron's machines are used for epitaxy growth, i.e. the formation of ordered crystalline layers on a crystalline substrate. This step is one of the first in the semiconductor production process.



Source: Yole Developpement 2020

The key applications that require epitaxy growth are laser diodes (optoelectronics), LEDs, radio frequency (RF) power amplifiers and switches and power transistors. These devices are used in different end markets and applications, for example in optical communication networks, 3D sensing, Micro LED displays, wireless data transmission and in the power supply of electric vehicles.



Source: Yole Developpement 2020

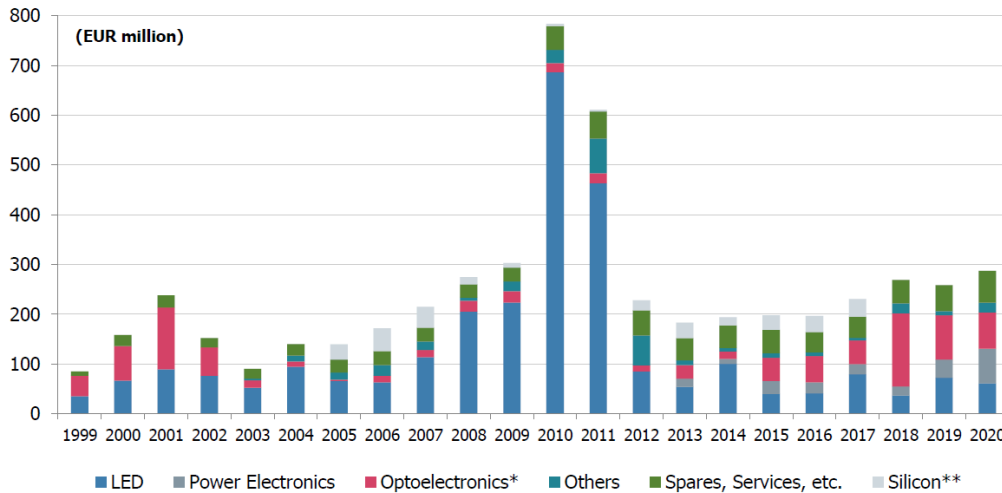
A single digit percentage of sales is generated with equipment for other deposition processes like plasma enhanced CVD used for example in the production of carbon nanotubes. Aixtron has also developed systems for organic vapor phase deposition which can be used in the production of OLEDs.

Roughly 80% of sales are generated with the sale of equipment, the remainder with service and spare parts.

Growth

Aixtron in the past has been highly cyclical, not only due to the inherent capex cycles in the semiconductor industry, but also due to the emergence and decline of new products and end markets for devices produced on Aixtron equipment.

Annual Total Revenues by Application (including After Sales)



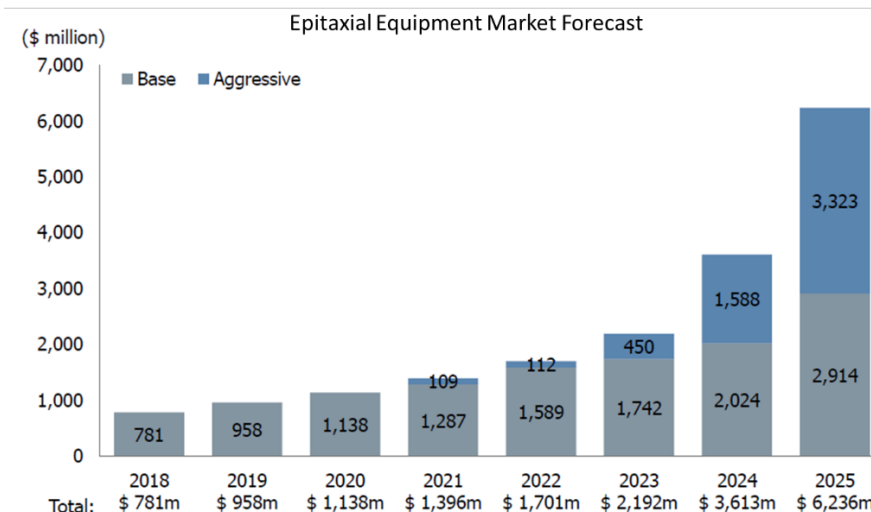
Source: Aixtron

Medium to long term growth are driven by global mega-trends like

- the shift to electric vehicles and renewable energies,
- 3D sensing lasers for autonomous driving, facial recognition and industry 4.0,
- components for 5G networks
- and – as a wild card – Micro LED displays.

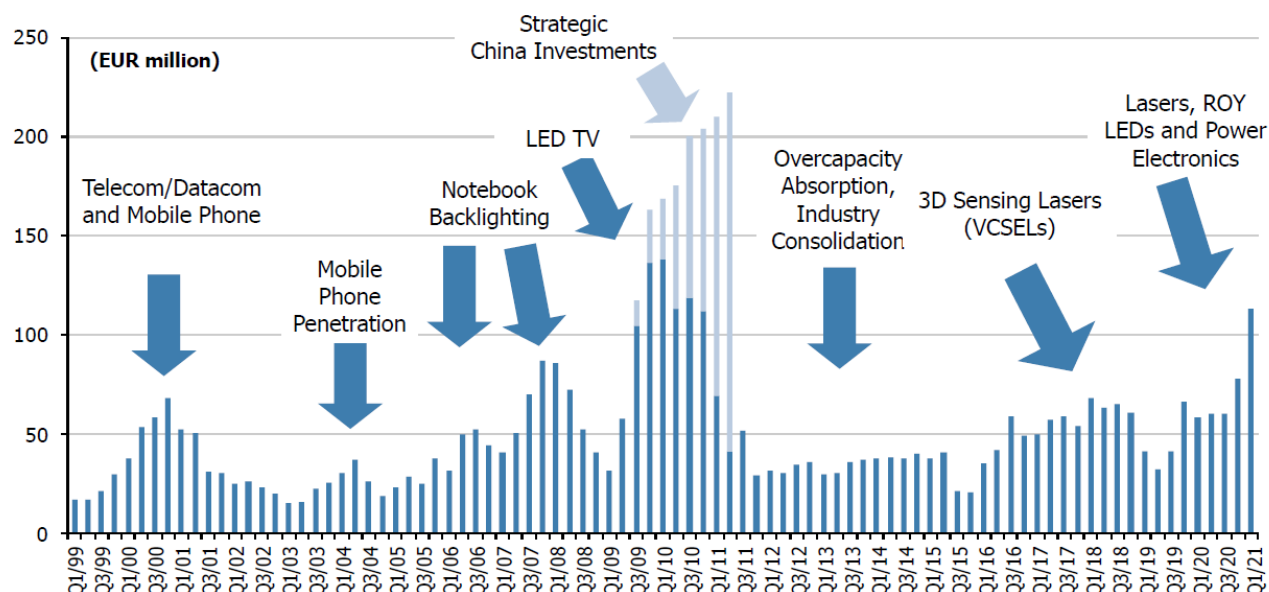
It is still too early to say whether Micro LED technology will scale well enough to replace LCD and OLED displays in consumer electronics, but if they do, the potential is enormous.

As a consequence of these strong drivers in the end markets, the epitaxy equipment market is expected to grow 21% CAGR 2020-2025E in a conservative scenario, and 41% CAGR 2020-2025E in an aggressive scenario including a market breakthrough of Micro LEDS.



Source: Yole Developpement 2020

This boom has just started to materialize in order intake for Aixtron, picking up strongly in Q4 2020 and Q1 2021:



Source: Aixtron

Sitting on an order backlog of EUR 223m – the highest level for the last 10 years – visibility on strong top line growth for the next quarters is excellent.

P&L data	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Sales	63.3	52.6	75.1	41.0	56.0	64.1	108.1	49.5
yoy growth in %	14.8%	-17.1%	-14.5%	-40.4%	-11.5%	22.0%	44.0%	20.9%
Gross profit	25.9	22.1	34.0	14.6	22.9	25.8	45.0	17.3
Gross margin in %	40.9%	42.1%	45.3%	35.6%	40.8%	40.2%	41.7%	34.9%
EBITDA	11.8	8.1	17.1	-1.1	5.7	10.9	28.9	4.8
EBITDA margin in %	18.7%	15.4%	22.8%	-2.7%	10.1%	17.0%	26.7%	9.7%
EBIT	9.3	5.5	14.4	-1.1	3.3	8.2	24.5	2.2
EBIT margin in %	14.7%	10.4%	19.2%	-2.7%	5.8%	12.8%	22.6%	4.5%
EBT	9.5	5.6	14.6	-0.9	3.3	8.2	24.5	-0.7
taxes paid	2.2	1.2	2.3	-0.1	0.0	1.1	-0.4	-4.4
tax rate in %	23.5%	21.4%	16.0%	11.8%	0.4%	13.4%	-1.6%	669.0%
net profit	7.4	4.5	12.3	-0.7	3.4	7.3	24.9	4.1
yoy growth in %	98.6%	-61.2%	-32.0%	na%	-53.4%	60.8%	101.5%	na%
EPS	0.06	0.04	0.12	-0.01	0.03	0.07	0.22	0.04

Source: Company data; AlsterResearch

Given recent trends, Aixtron has **upgraded guidance** for 2021 to

- order intake of EUR 420m – 460m
- revenues of EUR 400m – 440m
- a gross margin of approximately 40% of sales
- and an EBIT margin of 20% to 22% of sales.

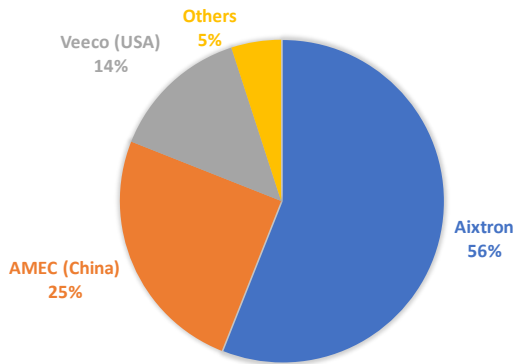
AIXTRON's customers are engaged in the manufacturing of LEDs, lasers, high frequency devices, power electronics and other optoelectronic devices. Some of these customers are vertically integrated device manufacturers who serve the entire value chain as far as the end consumer. Others are independent manufacturers of components or epitaxial wafers who deliver the products made on AIXTRON equipment to the next link in the value chain, namely, the electronic device manufacturers. The company's customers also include research centers and universities. Most of the world's leading electronic device manufacturers produce in Asia and consequently, the majority of AIXTRON sales continue to be delivered into this region.

Regional sales split (common size)	2018	2019	2020	2021E	2022E	2023E
Domestic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Europe (ex domestic)	25.9%	15.5%	15.2%	15.5%	15.5%	15.5%
The Americas	20.2%	16.1%	11.6%	16.1%	16.1%	16.1%
Asia	53.8%	68.4%	73.2%	68.4%	68.4%	68.4%
Rest of World	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100%	100%	100%	100%	100%	100%

Competition

Aixtron is the clear leader in the market for MOCVD equipment, commanding a market share in excess of 50%, followed by AMEC (China) and Veeco (USA). These three dominate the MOCVD market with a share of around 95%.

MOCVD equipment market share








Source: Aixtron, AlsterResearch

Depending on the targeted application of the devices, the requirements regarding the epitaxy differ. While for example in LED production, cost-effectiveness is the overriding requirement, the production of laser diodes demands a high uniformity and power devices need a high degree of electrical isolation. Aixtron has the clout and research budget (20% of sales or more) to innovate and tailor systems to the requirements of the diverse user groups.

EPITAXY ATTRIBUTES VS. APPLICATION REQUIREMENTS

1

Devices Driver	 Laser	 LED		 RF	 Power	 Sensors / Detectors
	Laser diode	LED		RF	Power	Sensors / Detectors
		Traditional LED, miniLEDs	µLED			
Cost-effective	3	1	2	2	2	1
Growth rate	2	1	3	1	1	2
Uniformity	1	2	1	3	2	2
Defect	2	2	1	2	3	3
Electrical isolating qualities	4	4	4	4	1	1
Device sensitivity	1	3	1	3	2	2

1 Strong differentiator
2 Very important
3 Less critical
4 Not very important or differentiating

Source: Yole Developpement 2020

In the production of OLEDs, Aixtron is a newcomer and trying to enter the market with a different technology (OVPD) than established players. First efforts at commercializing with an Asian customer were not successful, and efforts to find a launching customer are ongoing.

Suppliers

Aixtron purchases components and most of the assemblies required to manufacture the equipment from third-party suppliers and contractors. For strategic reasons, there are typically several suppliers for each equipment component/assembly. However, for a few key components with distinctive technical features, Aixtron is dependent on single suppliers. Assembly is performed at Aixtron's own production facility with the help of external service providers and is managed and supervised by Aixtron employees. Final testing is performed by Aixtron employees.

Management



Dr. Felix J. Grawert
CEO since 2017
formerly McKinsey
and Infineon



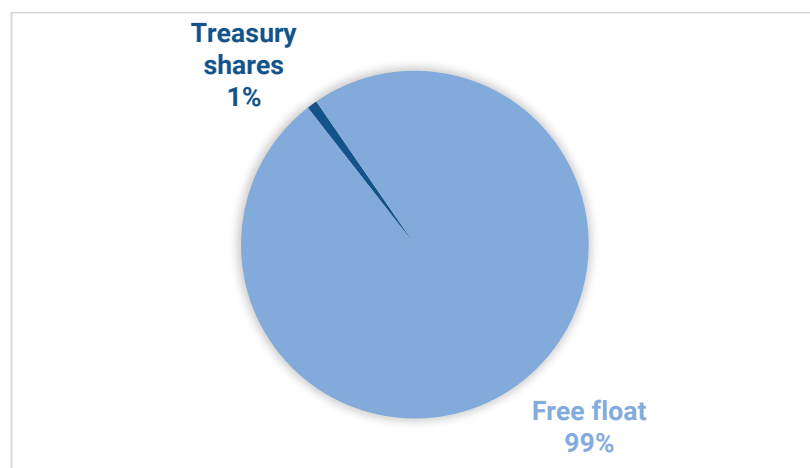
Dr. Jochen Link
COO since 2020
formerly Wincor Nixdorf
and McKinsey



Dr. Christian Danninger
CFO since 2021
formerly SANY, AHC,
Engel Austria

Source: Aixtron, AlsterResearch

Shareholders



Source: Aixtron

SWOT-Analysis

Strengths

- clear market leader with more than 50% market share in MOCVD
- substantial R&D budget and strong technology portfolio
- installed base of 3,500 systems driving service and spares business
- strong balance sheet and cash position

Weaknesses

- so far only little progress in OLED market
- cyclical

Opportunities

- exposure to several megatrends, like 5G mobile communications, IoT, renewable energy and the EV revolution
- Micro LEDs as a substitute to LCD and OLED displays could provide massive boost to growth

Threats

- New entrants into the MOCVD market from China

Valuation

The DCF model results in a price target of EUR 27.56 per share. Key model assumptions:

- Top-line growth: We expect Aixtron to continue benefitting from strong structural growth. Hence our growth estimates for 2021-28E is in the range of 13% p.a.
- The long-term growth rate is set at 2%.
- WACC. We model a weighted average cost of capital of 7.9%, reflecting 100% equity financing, a 5.0% risk premium, unlevered beta of 0.98x and 2% risk free rate.

DCF (EUR m) (except per share data and beta)	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Terminal value
NOPAT	76.3	94.1	117.3	142.0	171.8	180.3	187.6	193.2	
Depreciation & amortization	10.7	12.9	13.6	14.5	15.5	16.6	17.8	18.8	
Change in working capital	16.3	7.0	-2.7	-3.5	-4.2	-1.2	-1.0	-0.8	
Chg. in long-term provisions	0.5	1.5	1.8	2.2	2.6	0.8	0.6	0.5	
Capex	-24.2	-16.4	-18.3	-20.3	-22.4	-23.5	-24.4	-18.1	
Cash flow	79.5	99.1	111.7	134.8	163.3	173.1	180.5	193.6	3,353.4
Present value	76.4	88.3	92.2	103.1	115.8	113.7	110.0	109.3	1,893.2
WACC	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%

DCF per share derived from	
Total present value	2,702.0
Mid-year adj. total present value	2,806.6
Net debt / cash at start of year	-248.9
Financial assets	60.5
Provisions and off b/s debt	0.0
Equity value	3,116.0
No. of shares outstanding	113.0
Discounted cash flow / share	27.56
upside/(downside)	24.7%

Share price	22.10
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DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2021E - 2028E)	13.4%
Terminal value growth (2028E - infinity)	2.0%
Terminal year ROCE	19.2%
Terminal year WACC	7.9%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	20.0%
Equity beta	0.97
Unlevered beta (industry or company)	0.98
Target debt / equity	0.0
Relevered beta	0.98
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	7.9%

Sensitivity analysis DCF								
Change in WACC (%-points)	Long term growth					Share of present value		
		1.0%	1.5%	2.0%	2.5%	3.0%		
	2.0%	19.7	20.4	21.1	21.9	22.9	2021E - 2024E	13.3%
	1.0%	22.0	22.8	23.9	25.0	26.4	2025E - 2028E	16.6%
	0.0%	24.9	26.1	27.6	29.3	31.3	terminal value	70.1%
	-1.0%	28.8	30.6	32.8	35.5	38.8		
	-2.0%	34.4	37.2	40.8	45.4	51.6		

Source: AlsterResearch

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 14.90 per share based on 2021E and EUR 33.50 per share on 2025E estimates. **We value Aixtron on 2024E, which results in a price target of EUR 28.** It thus supports the DCF based fair value calculations.

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	2021E	2022E	2023E	2024E	2025E
EBITDA	100.4	130.6	160.3	191.9	230.2
- Maintenance capex	8.6	10.3	10.6	11.2	11.9
- Minorities	0.8	1.0	1.3	1.6	1.9
- tax expenses	13.5	23.6	29.4	35.6	43.0
= Adjusted FCF	77.5	95.7	118.9	143.6	173.4
Actual Market Cap	2,498.4	2,498.4	2,498.4	2,498.4	2,498.4
+ Net debt (cash)	-316.6	-389.0	-467.7	-561.2	-674.6
+ Pension provisions	0.0	0.0	0.0	0.0	0.0
+ Off balance sheet financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	60.5	60.5	60.5	60.5	60.5
- Acc. dividend payments	12.3	39.4	72.9	114.5	164.9
<i>EV Reconciliations</i>	-389.4	-488.9	-601.0	-736.3	-900.0
= Actual EV'	2,109.0	2,009.4	1,897.3	1,762.1	1,598.4
Adjusted RW_FCF yield	3.7%	4.8%	6.3%	8.1%	10.8%
base hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
Fair EV	1,290.9	1,594.2	1,982.1	2,393.3	2,889.5
- <i>EV Reconciliations</i>	-389.4	-488.9	-601.0	-736.3	-900.0
Fair Market Cap	1,680.3	2,083.2	2,583.2	3,129.6	3,789.5
No. of shares (million)	113.0	113.0	113.0	113.0	113.0
FV per share in EUR	14.86	18.43	22.85	27.68	33.52
Premium (-) / discount (+)	-32.7%	-16.6%	3.4%	25.3%	51.7%

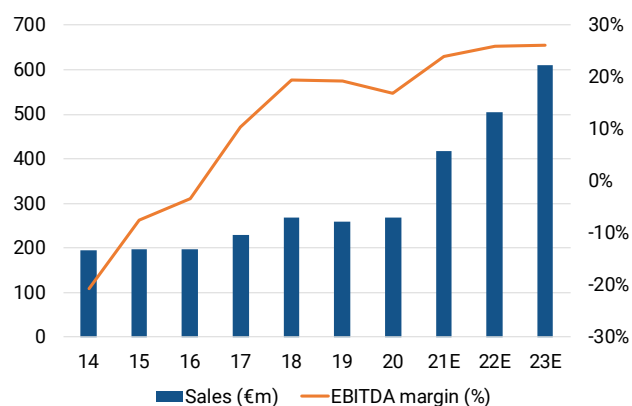
Sensitivity analysis fair value					
Adjusted hurdle rate	4.0%	20.6	25.5	31.6	38.3
	5.0%	17.1	21.2	26.4	31.9
	6.0%	14.9	18.4	22.8	27.7
	7.0%	13.2	16.4	20.3	24.7
	8.0%	12.0	14.9	18.5	22.4

Source: Company data; AlsterResearch

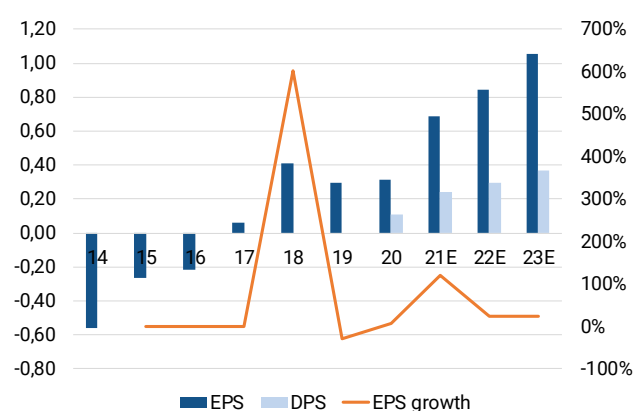
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable, based on the overall Leeway ESG Score. 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

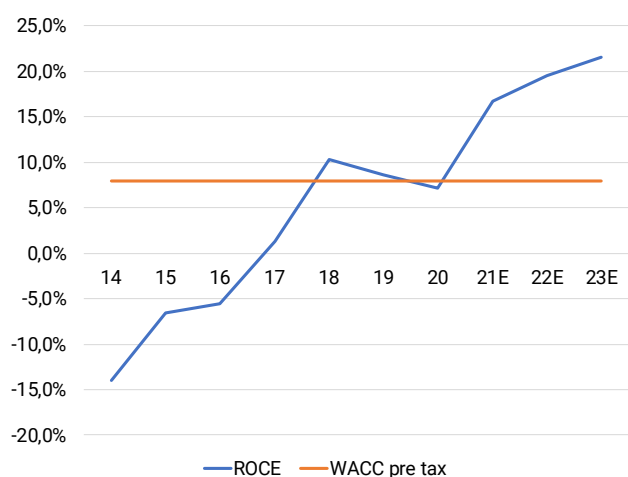
Sales vs. EBITDA margin development



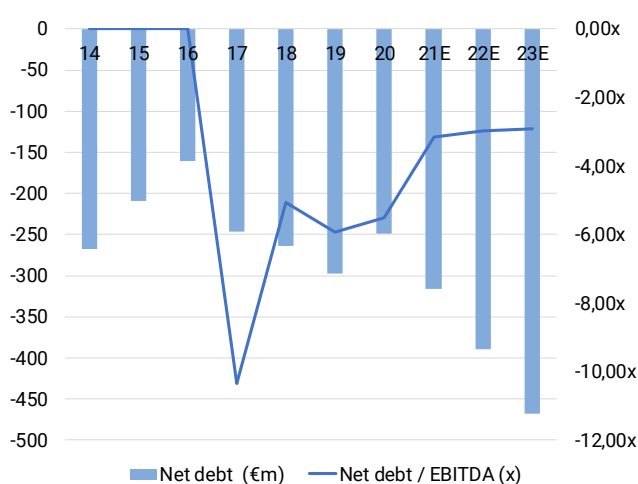
EPS, DPS in EUR & yoy EPS growth



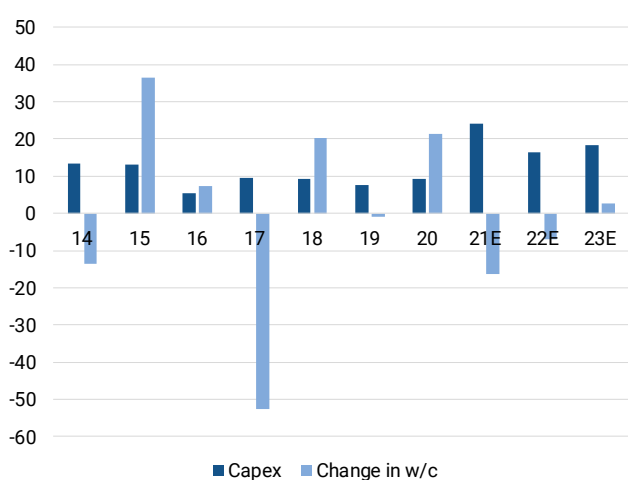
ROCE vs. WACC (pre tax)



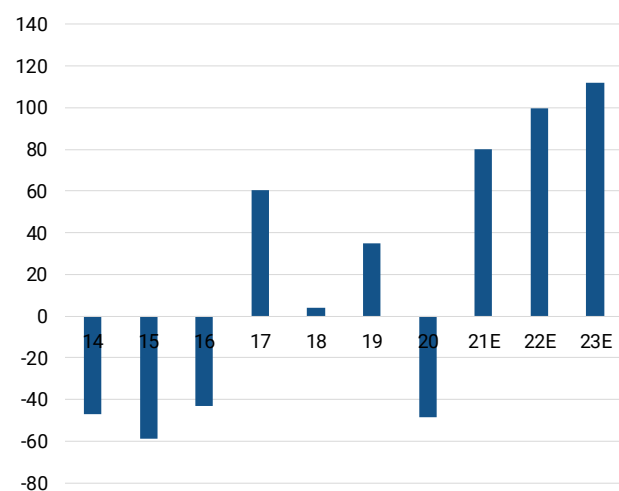
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Aixtron, AlsterResearch

Financials

Profit and loss (EUR m)	2018	2019	2020	2021E	2022E	2023E
Sales	268.8	259.6	269.2	417.3	505.0	611.0
Sales growth	16.7%	-3.4%	3.7%	55.0%	21.0%	21.0%
Cost of sales	151.2	150.9	161.0	250.4	302.0	364.8
Gross profit	117.6	108.7	108.3	166.9	203.0	246.2
SG&A expenses	27.2	25.5	26.9	29.2	34.8	41.5
Research and development	52.2	54.9	58.3	66.8	73.2	85.5
Other operating expenses (income)	-4.0	-11.7	-12.6	-18.8	-22.7	-27.5
EBITDA	52.2	50.2	45.3	100.4	130.6	160.3
Depreciation	9.9	10.1	9.5	9.5	11.4	11.8
EBITA	42.2	40.0	35.7	90.9	119.2	148.5
Amortisation of goodwill and intangible assets	0.8	1.0	0.9	1.2	1.5	1.8
EBIT	41.5	39.0	34.8	89.7	117.7	146.6
Financial result	1.0	0.7	0.2	0.5	0.5	0.5
Recurring pretax income from continuing operations	42.5	39.7	35.1	90.2	118.2	147.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	42.5	39.7	35.1	90.2	118.2	147.1
Taxes	-3.4	7.2	0.6	13.5	23.6	29.4
Net income from continuing operations	45.9	32.5	34.5	76.7	94.5	117.7
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	45.9	32.5	34.5	76.7	94.5	117.7
Minority interest	0.0	0.4	0.4	0.8	1.0	1.3
Net profit (reported)	45.9	32.8	34.9	77.5	95.6	119.0
Average number of shares	111.82	111.84	111.84	113.05	113.05	113.05
EPS reported	0.41	0.29	0.31	0.69	0.85	1.05

Profit and loss (common size)	2018	2019	2020	2021E	2022E	2023E
Sales	100%	100%	100%	100%	100%	100%
Cost of sales	56%	58%	60%	60%	60%	60%
Gross profit	44%	42%	40%	40%	40%	40%
SG&A expenses	10%	10%	10%	7%	7%	7%
Research and development	19%	21%	22%	16%	15%	14%
Other operating expenses (income)	-1%	-4%	-5%	-5%	-5%	-5%
EBITDA	19%	19%	17%	24%	26%	26%
Depreciation	4%	4%	4%	2%	2%	2%
EBITA	16%	15%	13%	22%	24%	24%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	15%	15%	13%	22%	23%	24%
Financial result	0%	0%	0%	0%	0%	0%
Recurring pretax income from continuing operations	16%	15%	13%	22%	23%	24%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	16%	15%	13%	22%	23%	24%
Taxes	-1%	3%	0%	3%	5%	5%
Net income from continuing operations	17%	13%	13%	18%	19%	19%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	17%	13%	13%	18%	19%	19%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	17%	13%	13%	19%	19%	19%

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2018	2019	2020	2021E	2022E	2023E
Intangible assets (excl. Goodwill)	2.1	2.4	2.9	3.8	4.6	5.2
Goodwill	71.6	72.4	71.0	71.0	71.0	71.0
Property, plant and equipment	63.1	64.5	63.5	76.1	78.8	82.9
Financial assets	13.3	11.7	60.5	60.5	60.5	60.5
FIXED ASSETS	150.1	151.0	197.8	211.4	214.8	219.5
Inventories	73.5	79.0	79.1	96.0	111.7	134.9
Accounts receivable	40.1	29.2	41.3	57.2	62.3	75.3
Other current assets	4.5	3.4	4.7	4.7	4.7	4.7
Liquid assets	263.7	298.3	249.7	316.6	389.0	467.7
Deferred taxes	0.0	0.0	14.4	14.4	14.4	14.4
Deferred charges and prepaid expenses	6.9	2.0	3.4	4.2	5.0	6.1
CURRENT ASSETS	388.8	412.0	392.6	493.1	587.1	703.1
TOTAL ASSETS	538.9	563.0	590.4	704.5	801.9	922.7
SHAREHOLDERS EQUITY	428.6	462.7	495.4	559.8	627.2	711.4
MINORITY INTEREST	1.1	1.4	1.0	1.0	1.0	1.0
Long-term debt	0.0	0.0	0.0	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	1.8	4.5	6.6	7.1	8.6	10.4
Non-current liabilities	1.8	4.5	6.6	7.1	8.6	10.4
short-term liabilities to banks	0.0	0.9	0.7	0.0	0.0	0.0
Accounts payable	27.8	19.4	10.8	20.6	24.8	30.0
Advance payments received on orders	53.3	51.1	50.8	79.3	95.9	116.1
Other liabilities (incl. from lease and rental contracts)	25.6	22.3	24.0	36.7	44.4	53.8
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.7	0.8	1.0	0.0	0.0	0.0
Current liabilities	107.4	94.3	87.5	136.6	165.2	199.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	538.9	563.0	590.4	704.5	801.9	922.7

Balance sheet (common size)	2018	2019	2020	2021E	2022E	2023E
Intangible assets (excl. Goodwill)	0%	0%	0%	1%	1%	1%
Goodwill	13%	13%	12%	10%	9%	8%
Property, plant and equipment	12%	11%	11%	11%	10%	9%
Financial assets	2%	2%	10%	9%	8%	7%
FIXED ASSETS	28%	27%	34%	30%	27%	24%
Inventories	14%	14%	13%	14%	14%	15%
Accounts receivable	7%	5%	7%	8%	8%	8%
Other current assets	1%	1%	1%	1%	1%	1%
Liquid assets	49%	53%	42%	45%	49%	51%
Deferred taxes	0%	0%	2%	2%	2%	2%
Deferred charges and prepaid expenses	1%	0%	1%	1%	1%	1%
CURRENT ASSETS	72%	73%	66%	70%	73%	76%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	80%	82%	84%	79%	78%	77%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	0%	0%	0%	0%	0%	0%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	0%	1%	1%	1%	1%	1%
Non-current liabilities	0%	1%	1%	1%	1%	1%
short-term liabilities to banks	0%	0%	0%	0%	0%	0%
Accounts payable	5%	3%	2%	3%	3%	3%
Advance payments received on orders	10%	9%	9%	11%	12%	13%
Other liabilities (incl. from lease and rental contracts)	5%	4%	4%	5%	6%	6%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	20%	17%	15%	19%	21%	22%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2018	2019	2020	2021E	2022E	2023E
Net profit/loss	45.9	32.5	34.5	76.7	94.5	117.7
Depreciation of fixed assets (incl. leases)	9.9	10.1	9.5	9.5	11.4	11.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	1.2	1.5	1.8
Others	-22.6	-0.7	-61.7	0.5	1.5	1.8
Cash flow from operations before changes in w/c	33.2	42.0	-17.7	87.9	109.0	133.2
Increase/decrease in inventory	-30.4	-5.2	-0.7	-17.0	-15.6	-23.2
Increase/decrease in accounts receivable	-20.1	11.5	-12.9	-15.9	-5.1	-13.1
Increase/decrease in accounts payable	13.1	-8.7	-7.7	9.7	4.2	5.2
Increase/decrease in other w/c positions	17.1	3.2	-0.2	39.4	23.5	28.4
Increase/decrease in working capital	-20.2	0.8	-21.5	16.3	7.0	-2.7
Cash flow from operating activities	13.0	42.8	-39.2	104.2	115.9	130.4
CAPEX	-9.2	-7.8	-9.3	-24.2	-16.4	-18.3
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-7.5	0.9	-32.2	0.0	0.0	0.0
Income from asset disposals	0.6	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-16.1	-6.9	-41.5	-24.2	-16.4	-18.3
Cash flow before financing	-3.1	35.9	-80.6	80.0	99.5	112.1
Increase/decrease in debt position	0.0	-1.1	-0.9	-0.7	0.0	0.0
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	-12.3	-27.1	-33.4
Others	10.4	-0.1	-0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	2.4	-0.1	-2.0	0.0	0.0	0.0
Cash flow from financing activities	12.8	-1.4	-2.9	-13.0	-27.1	-33.4
Increase/decrease in liquid assets	9.7	34.6	-83.6	66.9	72.4	78.7
Liquid assets at end of period	236.2	270.8	187.3	254.2	326.6	405.2

Source: Company data; AlsterResearch

Regional sales split (EURm)	2018	2019	2020	2021E	2022E	2023E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0
Europe (ex domestic)	69.7	40.3	41.0	64.8	78.4	94.8
The Americas	54.4	41.9	31.3	67.4	81.5	98.6
Asia	144.7	177.5	197.0	285.3	345.2	417.7
Rest of World	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	268.8	259.6	269.2	417.3	505.0	611.0

Regional sales split (common size)	2018	2019	2020	2021E	2022E	2023E
Domestic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Europe (ex domestic)	25.9%	15.5%	15.2%	15.5%	15.5%	15.5%
The Americas	20.2%	16.1%	11.6%	16.1%	16.1%	16.1%
Asia	53.8%	68.4%	73.2%	68.4%	68.4%	68.4%
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; AlsterResearch

Ratios	2018	2019	2020	2021E	2022E	2023E
Per share data						
Earnings per share reported	0.41	0.29	0.31	0.69	0.85	1.05
Cash flow per share	0.04	0.30	-0.43	0.85	0.93	1.06
Book value per share	3.83	4.14	4.43	4.95	5.55	6.29
Dividend per share	0.00	0.00	0.11	0.24	0.30	0.37
Valuation						
P/E	53.9x	75.3x	70.9x	32.2x	26.1x	21.0x
P/CF	617.2x	73.4x	-51.8x	26.1x	23.6x	20.9x
P/BV	5.8x	5.3x	5.0x	4.5x	4.0x	3.5x
Dividend yield (%)	0.0%	0.0%	0.5%	1.1%	1.3%	1.7%
FCF yield (%)	0.2%	1.4%	-1.9%	3.8%	4.2%	4.8%
EV/Sales	8.3x	8.5x	8.4x	5.2x	4.2x	3.3x
EV/EBITDA	42.8x	43.9x	49.7x	21.7x	16.2x	12.7x
EV/EBIT	53.9x	56.4x	64.6x	24.3x	17.9x	13.8x
Income statement (EURm)						
Sales	268.8	259.6	269.2	417.3	505.0	611.0
yoy chg in %	16.7%	-3.4%	3.7%	55.0%	21.0%	21.0%
Gross profit	117.6	108.7	108.3	166.9	203.0	246.2
Gross margin in %	43.8%	41.9%	40.2%	40.0%	40.2%	40.3%
EBITDA	52.2	50.2	45.3	100.4	130.6	160.3
EBITDA margin in %	19.4%	19.3%	16.8%	24.1%	25.9%	26.2%
EBIT	41.5	39.0	34.8	89.7	117.7	146.6
EBIT margin in %	15.4%	15.0%	12.9%	21.5%	23.3%	24.0%
Net profit	45.9	32.8	34.9	77.5	95.6	119.0
Cash flow statement (EURm)						
CF from operations	13.0	42.8	-39.2	104.2	115.9	130.4
Capex	-9.2	-7.8	-9.3	-24.2	-16.4	-18.3
Maintenance Capex	8.9	9.1	8.6	8.6	10.3	10.6
Free cash flow	3.7	35.1	-48.5	80.0	99.5	112.1
Balance sheet (EURm)						
Intangible assets	73.7	74.7	73.9	74.8	75.5	76.2
Tangible assets	63.1	64.5	63.5	76.1	78.8	82.9
Shareholders' equity	428.6	462.7	495.4	559.8	627.2	711.4
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	1.8	5.3	7.3	7.1	8.6	10.4
Net financial debt	-263.7	-297.5	-248.9	-316.6	-389.0	-467.7
w/c requirements	32.5	37.8	58.7	53.3	53.2	64.2
Ratios						
ROE	10.7%	7.0%	7.0%	13.7%	15.1%	16.5%
ROCE	9.6%	8.3%	6.9%	15.8%	18.5%	20.3%
Net gearing	-61.5%	-64.3%	-50.3%	-56.6%	-62.0%	-65.7%
Net debt / EBITDA	-5.1x	-5.9x	-5.5x	-3.2x	-3.0x	-2.9x

Source: Company data; AlsterResearch

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