

# SERI Industrial Buy

**MCap: EUR197.0m**

Italy | Capital goods

**Target Price:** EUR8.20 (9.80)  
**Current Price:** EUR3.65  
**Up/downside:** 124.7%  
**Market data:** 18 September 2024

**Change in TP:** -16.3%  
**Change in Sales:** -39.9% 24E/-48.9% 25E  
**Change in Adj EBIT:** NM- 24E/up nm 25E  
**Change in Adj. EPS:** NM- 24E/NM+ 25E

Bloomberg: SERI IM      Reuters: SERK.MI  
Free float      36.2%  
Avg. daily volume (EURm)      0.5  
YTD abs performance      7.8%  
52-week high/low (EUR)      4.58/2.28

## Business update with H1 preview

### Why this report?

SERI will publish its H1 2024 results on 24 September. We expect negative revenue growth, mostly due to pricing, with the company able to keep EBITDA levels, also thanks to the accretive contribution of Teverola 1 sales (still running well below potential). We take this occasion to provide an update on the company's main projects and, given postponements, this has resulted in a deep cut in short-term (2024-26) estimates (c. -50% at the EBITDA level). Given the back-end loaded nature of cash flows, our TP is cut by a lower magnitude, to EUR8.2 (from EUR9.8). We also discuss the IIA acquisition, which is not yet in our numbers, pending the presentation of a plan by the company.

### Key findings

- H1 preview: plastics business down on lower prices; batteries up, further supported by Teverola 1 sales (EUR5m), not there in H1 last year.
- Teverola 1 to accelerate ramp-up in H2 (90 out of 300MWH to be sold in FY, 80 of which in H2). Teverola 2 project finally defined, SERI waiting for bridge financing.
- IIA acquisition: a new challenge (deep turnaround to carry out) at virtually no cost.

### Deconstructing the forecasts

- The postponement of key projects led to a deep cut in 2024-26 estimates; 2027 to be the first year with all projects (almost) at full speed.
- Capex and relative reimbursement also rescheduled. YE net debt figures to be clean from 2027 onwards.

### Investment case

- Historically active in lead-acid batteries and plastic businesses, SERI is now launching li-ion battery production, also thanks to support from public grants, in the framework of the European Battery Alliance. This should allow the company to make a huge step up in size.
- Li-ion battery demand is expected to grow massively, and SERI's niche and value-added proposition should allow it to remain competitive against Asian giants.
- SERI's business entails a high degree of circularity, more than 50% of input for plastic production is recycled. For lead-acid batteries, the percentage grows to 100%. The challenge for the future is to extend this virtuous cycle to the li-ion batteries.

### Catalysts

- In the short term, successful ramp-up of Teverola 1 capacity.
- On-time development of Teverola 2, with advances in R&D on cell chemistry.
- Successful turnaround of Industria Italiana Autobus.

FY to 31/12 (EUR)	12/24E	12/25E	12/26E
Sales (m)	197.0	267.5	778.6
EBITDA adj (m)	22.3	45.1	140.7
EBIT adj (m)	-0.3	21.8	10.1
Net profit adj (m)	-5.2	6.8	2.0
Net financial debt (m)	92.9	274.3	231.7
FCF (m)	-79.8	-349.5	-100.2
EPS adj. and ful. dil.	-0.10	0.13	0.04
Consensus EPS	-0.02	0.19	na
Net dividend	0.00	0.00	0.00

FY to 31/12	12/24E	12/25E	12/26E
P/E adj and ful. dil.	na	28.9	97.7
EV/EBITDA	16.8	12.3	3.7
EV/EBIT	na	25.5	50.8
FCF yield	-40.5%	-177.4%	67.7%
Dividend yield	0.0%	0.0%	0.0%
ND(F+IFRS16)/EBITDA	5.7	6.8	1.9
Gearing	74.2%	207.9%	177.6%
ROIC	-0.1%	2.8%	0.9%
EV/IC	1.0	0.7	0.6

### Sector Most Pref.

Hexagon  
KION  
Valmet  
Vestas Wind Systems

### Sector Least Pref.

Cargotec  
Fluidra  
Krones

### Valuation methodology

- We value SERI using a DCF (WACC: 14.9%, g: 2%), with a 30% discount to fair value to reflect execution risk.
- Teverola 2 is roughly two-thirds of company EV. The remaining one-third is equally split among Teverola 1, P2P project, and business "as is".
- We do not consider market multiples at this stage (contribution of li-ion batteries not reflected in short-term estimates, too few listed peers).

### Risks to our rating

- The main risk is represented by battery prices, which have been steady deflating over the past few years.
- High demand for li-ion batteries could raise questions about raw material prices and availability. SERI's agreement with Argentina's Jemse for lithium supply should partially protect the company from these potential threats.
- Some of SERI's lead-acid battery customers are also competitors.

Reporting date  
Conference call  
Dial in number

24 September  
TBC  
TBC

## H1 preview

### EBITDA holding up well in spite of lower turnover. Teverola 1 contribution still minor

We expect SERI's H1 2024 revenues to be down c. 9% YOY as the combined result of lower turnover in the plastics business has not been compensated for by growth in the battery segment. The figure should also include the negative effect (calculated at c. 3pps) of the change in perimeter, i.e. the closure of a lead battery plant in China.

By division, pricing normalisation on plastics products should push revenues for the division down 23% YOY in a context of overall stable volumes. On the other hand, the battery business should be up YOY by 20%, thanks to the contribution from Teverola 1 lithium batteries, accounting for c. EUR5m (explaining c. three quarters of growth). Traditional lead-acid batteries should show a slightly negative pricing in a context of higher volumes.

In spite of negative revenues, we expect SERI to be able to keep previous year's EBITDA, thanks to cost normalisation, operating leverage on batteries, and the accretive contribution of Teverola 1.

In terms of debt, we expect the company to close the semester at EUR86m, or EUR53m pre-IFRS16, broadly in line with the Q1 figure.

**Table 1: H1 2024 preview**

EURm	H1 2024E	H1 2023A	YOY chg.
Total revenues	83.0	90.9	-8.7%
o/w plastics (gross)	45.0	58.5	-23.0%
o/w batteries (gross)	40.0	33.4	19.8%
adj. EBITDA	7.5	7.2	4.8%
%	9.0%	7.9%	
EBIT	(6.5)	(6.7)	-3.4%
%	-7.8%	-7.4%	
Net profit	(8.0)	(7.0)	13.1%
Net debt	86.0	130.1	-33.9%

Source: Kepler Cheuvreux

## Update on main projects

### Teverola 1: ramp-up continues (at a slow pace)

While bottlenecks in the production of electrodes and in the formation of cells have been overcome, demand for domestic storage systems in the Italian market has slowed down following the phase-out of tax incentives, and competition has intensified. Also, the fact that it does not have control over inverter production has been somewhat hampering SERI's activity in the space. In order to safeguard pricing (so far holding at above EUR500/kWh, but, in any case, expected to decline going forward), we think the company should accelerate the ongoing process of turning more and more to commercial and industrial clients, with bigger and more customised projects.

After sales for c. 10MWh estimated for H1, we think SERI could close the year at c. 90MWh (or c. 30% of the theoretical capacity; 50%+ in H2). This should lead to nearly EUR50m of revenues from the plant in the current year, along with a positive EBITDA (a portion of fixed costs absorbed by grants linked to the IPCEI project – as Teverola 1 could be considered as a pilot for Teverola 2). Given the ongoing delays, we now turn more prudent on 2025, assuming a c. 80% saturation of the plant capacity, before arriving at full speed in 2026. As anticipated, pricing is still seen steadily declining going forward (also due to the expected broadening of the targeted applications, some of them not needing an inverter).

### Teverola 2: key decisions taken, ready to start with the investment

Months after the hiring of the Chief Technology Officer Dominique Ligeois, the set-up for the Teverola 2 plant has been finally decided. SERI will (mostly) manufacture water-based lithium iron phosphate prismatic cells. Our understanding is that production will be segmented into a few cell formats in order to be more flexible and address a larger number of end-markets (smaller cells for

domestic storage, for instance, medium-sized for motive power, including the recently acquired Industria Italiana Autobus – see the next chapter, large-sized for large storage systems).

What is still missing to start the investment is financing: SERI has to collect money from banks in order to pay for the start of the works (then it will be reimbursed by the Italian government with a c. six-month lag). We expect the company to soon close negotiations with the banks in order to pay for the first tranche of investments (c. 20%) by the end of the year. Given the delays in the start of the projects, we now expect the first volumes from Teverola 2 (c. 35% of the capacity) to be sold in 2026, and for the plant to go at (almost) full speed by 2027. Also due to delays, and to the decided set-up, we expect the investment to be more expensive than previously anticipated (c. EUR420m vs. EUR360m), still within the EUR505m grant (SERI will have less room to get opex reimbursed).

**Table 2: Teverola 2 capex and capex reimbursement expected schedule**

	2024	2025	2026	2027
Expected capex	105	231	84	-
Expected reimbursement	21	168	101	67

Source: Kepler Cheuvreux

### **P2P project: waiting for final approval of public funds**

The P2P project, in a JV with Unilever, is currently waiting for a final agreement between SERI and the Italian government on the financing structure. In mid-2023, a preliminary agreement was reached, foreseeing c. EUR30m in grants and c. EUR50m in subsidised financing on a total expected capex of EUR109m. The end of 2023 has seen some changes in the state aid legislation, with provisions more favourable to SERI, which asked for changes to the composition of the financing (grant up to c. EUR40m; subsidised financing down to c. EUR40m). The company is now waiting for the Italian bureaucracy to greenlight the new financing structure. We imagine that also in this case, given the delays, the final amount of capex could grow to beyond the original EUR109m, and that the start-up of the plant could be delayed (start-up of the plant unlikely before mid-2026).

### **Industria Italiana Autobus (IIA) acquisition**

#### **An additional challenge for SERI**

On 19 June, SERI announced the acquisition (which was then finalised on 11 July) of 98% of the capital of Industria Italiana Autobus (IIA), an Italian (loss-making) company that manufactures public transport vehicles under the Menarinibus brand.

The history of IIA dates back to 1919 when Ettore Menarini (whose name became synonymous with the brand) founded a shop dedicated to bodywork repairs and the construction of horse-drawn touring carriages. Throughout the years, IIA has experienced several ownership changes, yet over thirty thousand buses have rolled out of its factory, cementing its status as one of the most iconic names in the bus industry. In 2018, the company returned to state control and now operates from two primary locations: the headquarters and historical production site in Bologna, which also houses the R&D department, and the main manufacturing hub in Flumeri (Southern Italy, close to Naples), one of Europe's largest bus production facilities (total area of 1m+ sqm).

Products currently offered include both mid-short sized buses (Vivacity) and larger ones (Citymood). Although traditionally focused on vehicles with internal combustion engines, IIA has recently expanded its production line to include fully electric models: SERI's plan is to transform 100% of IIA's production into electric buses, with batteries internally sourced from the Teverola 2 plant (we understand that the capacity to be devoted to IIA is marginal, i.e. c. 250/300MWh per year).

The acquisition terms envisaged the purchase of 98% of IIA from Invitalia (agency under the Italian Ministry of Economy) and Leonardo. Invitalia will retain a 2% stake in IIA, along with veto power on certain matters, to ensure that public interests are safeguarded and that the industrial plan is effectively executed.

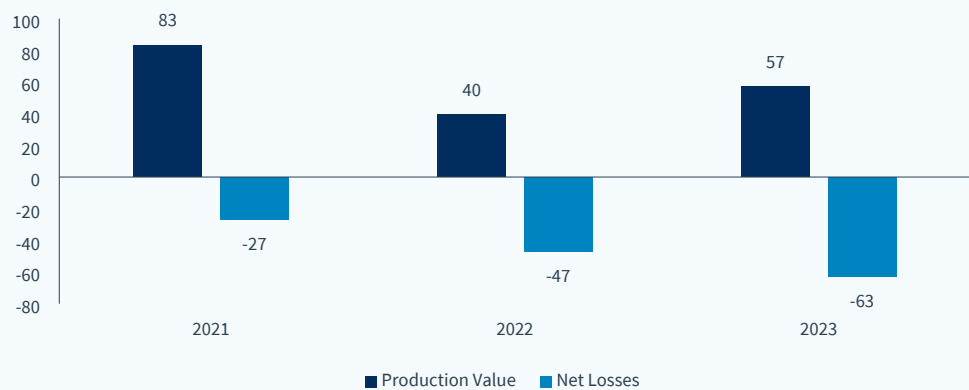
IIA introduces additional execution risks to SERI's investment thesis, as it requires a significant turnaround given the increasing losses over recent years (net losses of EUR63m, EUR48m and EUR27m for FY 2023, FY 2022 and FY 2021, respectively). With personnel costs at 63% of the revenues (based on FY 2022's P&L), SERI will need to ramp up volumes and streamline operations

to bring the company to breakeven, all under the watchful eye of the government, which faces the dual challenge of rescuing the company without resorting to massive downsizing.

The terms of the transaction are however quite favourable for SERI:

- The acquisition took place through an initial capital increase, after the sellers reset and reconstituted the share capital. As part of the capital increase, SERI will invest EUR50m (in kind) by integrating lithium battery technology into IIA.
- The sellers transferred their shares to SERI at virtually no additional cost.
- The book value of IIA will be around EUR190m, with enough room (and cash available) to cover expected losses on existing backlog (running until early 2026).
- Post-transaction, the gross financial debt is estimated at EUR55m, of which EUR35m owed to the sellers, repayable in instalments with the final payment due in December 2027.

Chart 1: IIA's FY 2021-23 results (EURm)



Source: Kepler Cheuvreux, Company

While the closing of the transaction has already been signed, we have learned from broad press coverage that discussions between SERI, unions, and the Italian government are still ongoing, in particular concerning employment levels and rightsizing of the production capacity. Also, discussions are ongoing on the potential entry of a Chinese player in IIA's capital, in order to support the relaunch of the company (mainly supply chain, we guess). We think that once all the pieces of the puzzle fall into place, SERI will discuss with the financial community its ambitions on IIA. In the meantime, we are not including this acquisition in our estimates.

### Estimates and valuation update

#### Deep cut to 2024-26 estimates. TP cut by a lower magnitude given project duration

After reviewing the timing of the main projects (not seen together at full speed before 2027), we are making deep cuts to our 2024-26 estimates (c. 50% at the adj. EBITDA level). The mismatch between capex and public reimbursement (net of the c. 20% downpayment already cashed-in in 2023) will lead to a net financial position peaking in 2025 (at over EUR300m, or c. 7x EV/EBITDA) and fully normalising by the end of 2027.

Table 3: Changes in estimates

EURm	2024E			2025E			2026E		
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
Sales	328	197	-39.9%	524	268	-48.9%	1,382	779	-43.7%
Adj. EBITDA	53	22	-58.2%	77	45	-41.6%	287	141	-50.9%
%	16.2%	11.3%		14.8%	16.9%		20.7%	18.1%	
EBIT	29	(0)	nm	5	22	nm	162	10	nm
%	9.0%	-0.2%		1.0%	8.2%		11.7%	1.3%	
Net result	16	(5)	nm	(4)	7	nm	103	2	nm
Net debt	121	126	3.8%	171	307	nm	32	265	nm

Source: Kepler Cheuvreux

Given that the bulk of the company’s cash flows are expected to be back-end loaded, the cut in our DCF-based TP has been more modest compared to that of short-term estimates: -16%, from EUR9.8 to EUR8.2 (post an execution discount kept at 30%). Given the upside to the current share price, we maintain our Buy rating.

**Table 4: Summary DCF**

<b>EURm</b>	
PV of future cash flows	209.0
PV of terminal value	544.6
<b>Enterprise value</b>	<b>753.6</b>
<b>Adj. Net (Debt)/Cash 2024E</b>	<b>(92.9)</b>
Minorities	(52.0)
Pension liabilities	(4.2)
Other net assets/(liabilities)	31.1
<b>Equity value</b>	<b>635.5</b>
Long-term growth rate	2.00%
Outstanding shares (m)	54.0
<b>Equity value p.s.</b>	<b>11.8</b>
Execution discount	30%
<b>TP</b>	<b>8.2</b>

Source: Kepler Cheuvreux

If we were to run separate DCFs for the four main businesses, Teverola 2 would account for c. two-thirds of total EV. Spreading existing debt pro-quota (of its weight on EV), the current market value of SERI is basically reflecting the pre-execution discount we are assigning to the business as is, Teverola 1, and the P2P project (considering the WACC of 14.9% used).

**Company description**

Known as a lead-acid battery and plastics compound/component manufacturer, SERI has been emerging as one of the leading European li-ion battery producers, with over 8 GWh pipeline to be built thanks to c. EUR0.5bn in public grants in the frame of the European Battery Alliance. Other than playing in a structurally growing market, the company has been a champion in circularity of lead, plastics and, in prospect, of lithium. SERI has been listed since 2017 and is controlled by the Civitillo family.

**Management**

Roberto Maviglia, Chairman  
Vittorio Civitillo, CEO

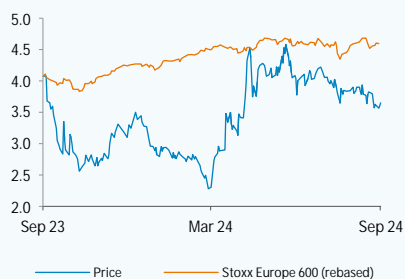


**Key shareholders**

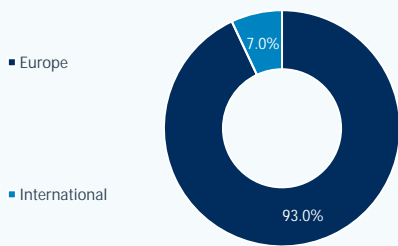
Free float	36.20%
Civitillo family	56.40%
Neuberger Berman	7.40%

**Key data charts**

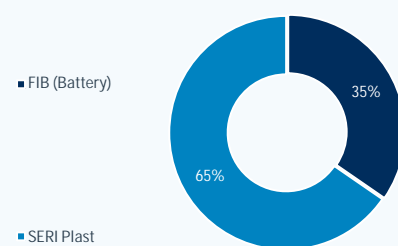
**Price performance**



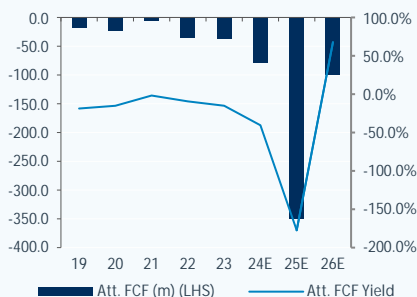
**Sales split by region**



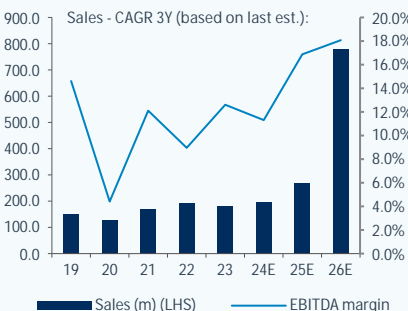
**Sales split by division**



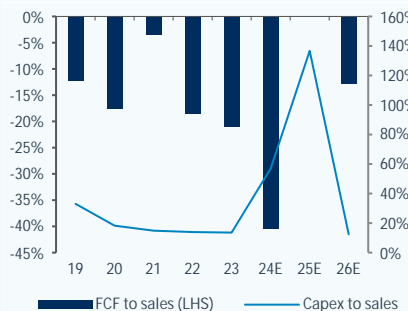
**FCF**



**Sales and EBITDA margin**



**FCF and Capex to sales**



**SWOT analysis**

**Strengths**

- Integrated along the battery value chain.
- Player in the circular economy space.
- Exposure to structurally growing demand.
- M&A track record.

**Weaknesses**

- Small scale compared to largest battery manufacturers.
- Customer Concentration.
- Exposure to old lead-acid technology.
- Limited track record on financial markets.

**Opportunities**

- Lithium project is a game-changer for SERI.
- Tie-ups with tier one battery users.
- Circularity scope potentially enlargeable.
- R&D success on more advanced battery technologies.

**Threats**

- Battery price deflation and product obsolescence.
- Raw material price inflation and availability.
- Having competitors as customers.
- Execution risk

**Valuation table**

Market data as of: 18 September 2024

FY to 31/12 (EUR)	12/18	12/19	12/20	12/21	12/22	12/23	12/24E	12/25E	12/26E
<b>Per share data (EUR)</b>									
EPS adjusted	-0.05	0.10	-0.13	0.01	-0.06	-0.11	-0.10	0.13	0.04
% Change		+chg	-chg	+chg	-chg	-chg	+chg	+chg	-70.4%
EPS adjusted and fully diluted		0.08	-0.11	0.01	-0.06	-0.11	-0.10	0.13	0.04
% Change			-chg	+chg	-chg	-chg	+chg	+chg	-70.4%
EPS reported	0.11	0.03	-0.08	-0.03	-0.08	-0.22	-0.10	0.13	0.04
% Change		-70.4%	-chg	+chg	-chg	-chg	+chg	+chg	-70.4%
EPS Consensus							-0.02	0.19	
Cash flow per share	0.24	0.65	0.02	0.40	-0.17	-0.25	0.60	0.30	-0.07
Book value per share	2.46	2.46	2.36	2.50	2.66	2.42	2.32	2.45	2.48
DPS		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Number of shares, YE (m)	48.1	48.1	48.1	48.3	54.0	54.0	54.0	54.0	54.0
Nbr of shares, fully diluted, YE (m)	57.0	57.0	57.0	57.2	54.0	54.0	54.0	54.0	54.0
<b>Share price</b>									
Latest price / year end	2.0	1.6	4.3	9.7	5.2	3.4	3.7	3.7	3.7
52 week high	5.5	2.8	4.6	10.7	9.9	6.7	4.6		
52 week low	2.0	1.4	1.6	4.0	5.0	2.6	2.3		
Average price (Year)	3.6	1.8	3.0	7.2	7.0	4.5	3.7	3.7	3.7
<b>Enterprise value (EURm)</b>									
Market capitalisation	171.4	84.6	143.1	349.9	377.9	244.0	197.0	197.0	197.0
Net financial debt	25.6	51.6	77.0	75.0	79.0	33.8	92.9	274.3	231.7
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IFRS 16 debt	16.0	17.4	19.0	23.0	25.3	33.0	33.0	33.0	33.0
Market value of minorities				0.0	52.0	52.0	52.0	52.0	52.0
MV of equity affiliates (net of tax)				0.0	0.0	0.0	0.0	0.0	0.0
Others				0.0	0.0	0.0	0.0	0.0	0.0
Enterprise value				447.9	534.2	362.9	374.9	556.4	513.8
<b>Valuation</b>									
P/E adjusted	na	17.7	na	na	na	na	na	28.9	97.7
P/E adjusted and fully diluted		21.0	na	na	na	na	na	28.9	97.7
P/E consensus							na	19.2	
P/BV	1.4	0.7	1.3	2.9	2.6	1.9	1.6	1.5	1.5
P/CF	14.9	2.7	na	18.3	na	na	6.1	12.2	na
Dividend yield (%)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Share buybacks over market cap (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Attributable FCF yield (%)	-13.6%	-18.7%	-15.1%	-1.8%	-9.4%	-15.1%	-40.5%	-177.4%	67.7%
ROE (%)		4.0%	-5.5%	0.4%	-2.5%	-4.3%	-4.1%	5.3%	1.5%
ROIC (%)		3.1%	-0.7%	0.0%	-0.8%	-1.0%	-0.1%	2.8%	0.9%
EV/Sales				2.65	2.77	2.00	1.90	2.08	0.66
EV/EBITDA adj.				21.8	30.9	15.8	16.8	12.3	3.7
EV/EBIT adj.				na	na	na	na	25.5	50.8
EV/NOPAT				na	na	na	na	35.9	71.5
EV/IC				1.8	1.9	1.2	1.0	0.7	0.6
ROIC/WACC				0.0	na	na	na	0.2	0.1
EV/IC over ROIC/WACC				na	na	na	na	4.0	10.0

**Income statement**

FY to 31/12 (EUR)	12/18	12/19	12/20	12/21	12/22	12/23	12/24E	12/25E	12/26E
<b>Sales</b>	<b>129.7</b>	<b>151.0</b>	<b>129.5</b>	<b>169.3</b>	<b>192.9</b>	<b>181.6</b>	<b>197.0</b>	<b>267.5</b>	<b>778.6</b>
<i>Sales % Change</i>		16.4%	-14.2%	30.8%	13.9%	-5.8%	8.4%	35.8%	191.0%
Gross profit									
<i>Gross profit margin (%)</i>									
EBITDA reported	19.0	19.4	3.1	20.1	17.7	17.6	22.3	45.1	140.7
<b>EBITDA adjusted</b>	<b>15.3</b>	<b>22.1</b>	<b>5.7</b>	<b>20.5</b>	<b>17.3</b>	<b>22.9</b>	<b>22.3</b>	<b>45.1</b>	<b>140.7</b>
<b>EBITDA margin (%)</b>	<b>11.8%</b>	<b>14.6%</b>	<b>4.4%</b>	<b>12.1%</b>	<b>9.0%</b>	<b>12.6%</b>	<b>11.3%</b>	<b>16.9%</b>	<b>18.1%</b>
<i>EBITDA adjusted % Change</i>		44.4%	-74.1%	258.8%	-15.7%	32.5%	-2.7%	102.7%	211.7%
Depreciation and amortisation	-11.5	-12.5	-12.2	-20.2	-21.7	-26.1	-20.7	-20.7	-122.9
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial result and associates	-2.5	-0.2	-1.6	-0.8	-0.2	-2.7	-1.9	-2.6	-7.7
EBIT reported	4.9	6.7	-10.7	-0.9	-4.1	-11.2	-0.3	21.8	10.1
<b>EBIT adjusted</b>	<b>2.2</b>	<b>10.4</b>	<b>-5.4</b>	<b>0.0</b>	<b>-4.5</b>	<b>-4.8</b>	<b>-0.3</b>	<b>21.8</b>	<b>10.1</b>
<b>EBIT margin (%)</b>	<b>1.7%</b>	<b>6.9%</b>	<b>-4.2%</b>	<b>0.0%</b>	<b>-2.4%</b>	<b>-2.6%</b>	<b>-0.2%</b>	<b>8.2%</b>	<b>1.3%</b>
<i>EBIT adjusted % Change</i>		370.9%	-chg	+chg	-chg	-chg	+chg	+chg	-53.7%
Net financial items	-3.6	-3.4	-3.7	-3.8	-5.9	-6.5	-7.0	-12.3	-12.3
Associates	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before tax	1.3	3.3	-14.1	-4.7	-9.9	-17.7	-7.3	9.6	-2.1
Tax	4.0	-1.4	9.8	3.2	5.5	6.5	2.1	-2.8	0.6
<i>Tax rate (%)</i>	-302%	43%	70%	68%	55%	36%	29%	29%	29%
Net profit from continuing op.	5.3	1.9	-4.3	-1.5	-4.4	-11.2	-5.2	6.8	-1.5
Net profit from disc. activities	0.0	0.0	0.0	0.0	0.0	-1.2	0.0	0.0	0.0
Net profit before minorities	5.3	1.9	-4.3	-1.5	-4.4	-12.4	-5.2	6.8	-1.5
Minorities	0.0	-0.3	0.2	0.0	0.1	0.5	0.0	0.0	3.5
<b>Net profit reported</b>	<b>5.3</b>	<b>1.6</b>	<b>-4.1</b>	<b>-1.5</b>	<b>-4.4</b>	<b>-12.0</b>	<b>-5.2</b>	<b>6.8</b>	<b>2.0</b>
Adjustments	-7.6	3.2	-2.3	2.0	1.1	6.1	0.0	0.0	0.0
<b>Net profit adjusted</b>	<b>-2.2</b>	<b>4.8</b>	<b>-6.4</b>	<b>0.4</b>	<b>-3.3</b>	<b>-5.9</b>	<b>-5.2</b>	<b>6.8</b>	<b>2.0</b>
<b>Net profit margin (%)</b>	<b>-1.7%</b>	<b>3.2%</b>	<b>-5.0%</b>	<b>0.2%</b>	<b>-1.7%</b>	<b>-3.2%</b>	<b>-2.6%</b>	<b>2.5%</b>	<b>0.3%</b>
<i>Net profit adjusted % Change</i>		+chg	-chg	+chg	-chg	-chg	+chg	+chg	-70.4%
EPS reported (EUR)	0.11	0.03	-0.08	-0.03	-0.08	-0.22	-0.10	0.13	0.04
EPS adjusted (EUR)	-0.05	0.10	-0.13	0.01	-0.06	-0.11	-0.10	0.13	0.04
EPS adj. and fully diluted (EUR)		0.08	-0.11	0.01	-0.06	-0.11	-0.10	0.13	0.04
<i>EPS adj. and fully diluted % Change</i>			-chg	+chg	-chg	-chg	+chg	+chg	-70.4%
DPS (EUR)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>DPS % Change</i>									
<i>Payout ratio (%)</i>		0%	0%	0%	0%	0%	0%	0%	0%
Consensus Sales (EURm)							272.6	333.4	
Consensus EBITDA (EURm)							32.1	51.7	
Consensus EBIT (EURm)							5.5	22.7	
Consensus EPS (EUR)							-0.02	0.19	



**Cash flow statement**

Market data as of: 18 September 2024

FY to 31/12 (EUR)	12/18	12/19	12/20	12/21	12/22	12/23	12/24E	12/25E	12/26E
Net profit before minorities	5.3	1.9	-4.3	-1.5	-4.4	-12.4	-5.2	6.8	-1.5
Depreciation and amortisation	11.5	12.5	12.2	20.2	21.7	26.1	20.7	20.7	122.9
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in working capital	-7.9	1.5	-18.2	-2.2	-14.9	-12.2	14.9	-14.0	-132.7
Others	2.5	15.5	11.1	2.7	-11.4	-15.0	1.9	2.6	7.7
<b>Levered post tax CF before capex</b>	<b>11.5</b>	<b>31.3</b>	<b>0.8</b>	<b>19.1</b>	<b>-9.1</b>	<b>-13.5</b>	<b>32.3</b>	<b>16.1</b>	<b>-3.6</b>
% Change		171.9%	-97.4%	2263.0%	-chg	-chg	+chg	-50.2%	-chg
Capex	-33.7	-49.9	-23.7	-25.2	-26.9	-24.7	-112.2	-365.6	-96.6
Capex / Sales (%)	26.0%	33.1%	18.3%	14.9%	13.9%	13.6%	57.0%	136.7%	12.4%
<b>Free cash flow</b>	<b>-22.2</b>	<b>-18.6</b>	<b>-22.8</b>	<b>-6.0</b>	<b>-36.0</b>	<b>-38.2</b>	<b>-79.8</b>	<b>-349.5</b>	<b>-100.2</b>
% Change		+chg	-chg	+chg	-chg	-chg	-chg	-chg	+chg
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Divestments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share buy back	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital increases	0.0	0.0	0.0	8.0	23.0	0.0	0.0	0.0	0.0
Others	-3.4	-7.4	-2.5	0.0	9.0	83.4	20.8	168.0	142.8
<b>Change in net financial debt</b>	<b>25.6</b>	<b>26.0</b>	<b>25.3</b>	<b>-2.0</b>	<b>4.0</b>	<b>-45.2</b>	<b>59.0</b>	<b>181.5</b>	<b>-42.6</b>
Change in cash and cash equiv.		13.4	16.6	-16.3	5.8	37.1	15.3	10.0	10.0
Attributable FCF	-23.3	-15.8	-21.7	-6.2	-35.5	-36.8	-79.8	-349.5	133.4
Attributable FCF / Net profit(%)	1,040.3%	-330.7%	337.0%	-1,469.6%	1,071.6%	627.8%	1,536.9%	-5,129.8%	6,613.6%
Cash flow per share (EUR)	0.24	0.65	0.02	0.40	-0.17	-0.25	0.60	0.30	-0.07
% Change		171.9%	-97.4%	2252.4%	-chg	-chg	+chg	-50.2%	-chg
Attributable FCF per share (EUR)	-0.48	-0.33	-0.45	-0.13	-0.66	-0.68	-1.48	-6.47	2.47
% Change		+chg	-chg	+chg	-chg	-chg	-chg	-chg	+chg

**Balance sheet**

FY to 31/12 (EUR)	12/18	12/19	12/20	12/21	12/22	12/23	12/24E	12/25E	12/26E
Cash and cash equivalents	8.0	21.4	38.0	21.7	27.5	64.7	80.0	90.0	100.0
Inventories	35.8	55.4	48.2	63.6	75.8	74.4	67.3	85.3	253.3
Accounts receivable	44.7	43.6	39.4	37.0	32.3	35.3	41.4	56.9	168.9
Other current assets	0.0	0.0	9.9	9.3	15.4	19.7	10.0	10.0	10.0
<b>Current assets</b>	<b>88.5</b>	<b>120.3</b>	<b>135.6</b>	<b>131.6</b>	<b>151.0</b>	<b>194.1</b>	<b>198.7</b>	<b>242.2</b>	<b>532.2</b>
Tangible assets	38.4	74.3	81.0	79.0	73.5	64.1	149.7	488.4	455.5
Goodwill	54.4	54.4	54.3	55.0	55.0	54.3	54.3	54.3	54.3
Other Intangible assets	6.1	7.8	9.3	12.3	18.1	29.7	33.9	38.3	43.0
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-current assets	28.6	27.1	39.1	46.0	55.3	69.7	71.4	73.2	75.1
<b>Non-current assets</b>	<b>127.5</b>	<b>163.6</b>	<b>183.8</b>	<b>192.3</b>	<b>202.0</b>	<b>217.8</b>	<b>309.3</b>	<b>654.2</b>	<b>627.9</b>
Short term debt	8.0	15.0	21.0	58.1	38.3	36.4	15.0	15.0	15.0
Accounts payable	32.6	45.1	37.8	47.9	46.5	40.3	44.6	64.1	211.4
Other short term liabilities	4.9	12.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>45.5</b>	<b>72.4</b>	<b>58.8</b>	<b>106.0</b>	<b>84.8</b>	<b>76.8</b>	<b>59.6</b>	<b>79.1</b>	<b>226.4</b>
Long term debt	25.6	58.0	94.0	38.7	68.3	62.0	157.9	349.3	316.7
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IFRS16 Debt	16.0	17.4	19.0	23.0	25.3	33.0	33.0	33.0	33.0
Other long term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	8.8	16.1	33.6	35.3	31.1	109.8	132.4	303.0	453.5
<b>Non-current liabilities</b>	<b>50.4</b>	<b>91.5</b>	<b>146.6</b>	<b>97.0</b>	<b>124.6</b>	<b>204.8</b>	<b>323.3</b>	<b>685.4</b>	<b>803.3</b>
Shareholders' equity	118.5	118.4	113.6	120.5	143.5	130.5	125.3	132.1	134.1
Minority interests	1.6	1.8	0.4	0.4	0.0	-0.1	-0.1	-0.1	-3.7
<b>Total equity</b>	<b>120.1</b>	<b>120.1</b>	<b>114.0</b>	<b>120.9</b>	<b>143.5</b>	<b>130.3</b>	<b>125.1</b>	<b>132.0</b>	<b>130.4</b>
<b>Balance sheet total</b>	<b>216.0</b>	<b>284.0</b>	<b>319.3</b>	<b>323.9</b>	<b>353.0</b>	<b>411.9</b>	<b>508.0</b>	<b>896.4</b>	<b>1,160.1</b>
% Change		31.5%	12.4%	1.4%	9.0%	16.7%	23.3%	76.4%	29.4%
Book value per share (EUR)	2.46	2.46	2.36	2.50	2.66	2.42	2.32	2.45	2.48
% Change		-0.1%	-4.1%	5.6%	6.5%	-9.1%	-4.0%	5.4%	1.5%
Net financial debt	25.6	51.6	77.0	75.0	79.0	33.8	92.9	274.3	231.7
IFRS16 Debt	16.0	17.4	19.0	23.0	25.3	33.0	33.0	33.0	33.0
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt	41.6	69.0	96.0	98.0	104.3	66.8	125.9	307.4	264.7
Net fi. debt (+IFRS16) / EBITDA (x)	2.7	3.1	16.8	4.8	6.0	2.9	5.7	6.8	1.9
Trade working capital	48.0	53.9	49.8	52.7	61.5	69.3	64.1	78.1	210.8
Net working capital	43.1	41.6	59.8	62.0	76.9	89.1	74.1	88.1	220.8
NWC/Sales	33.2%	27.5%	46.1%	36.6%	39.9%	49.0%	37.6%	32.9%	28.4%
Inventories/sales	27.6%	36.7%	37.2%	37.6%	39.3%	40.9%	34.2%	31.9%	32.5%
Invested capital	170.6	205.2	243.5	254.3	278.9	306.9	383.5	742.4	848.7
Net fin. debt / FCF (x)	-1.2	-2.8	-3.4	-12.4	-2.2	-0.9	-1.2	-0.8	-2.3
Gearing (%)	21.3%	43.0%	67.5%	62.1%	55.1%	25.9%	74.2%	207.9%	177.6%
Goodwill / Equity (%)	45.3%	45.3%	47.7%	45.5%	38.4%	41.7%	43.4%	41.2%	41.7%

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# Local insight, European scale.



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