init SE

(CDAX, Other, IXX GR)

WARBURG RESEARCH

Buy	
EUR 41.50	(EUR 40.00)
Price	EUR 22.20
Upside	86.9 %

Value Indicators:	EUR
DCF:	41.60
FCF-Value Potential:	34.42

Warburg ESG Risk Score:	2.7
ESG Score (MSCI based):	3.0
Balance Sheet Score:	4.0
Market Liquidity Score:	1.0

Description:

Init provides hardware and software solutions to public transport companies worldwide

Market Snapshot:	EUR m
Market cap:	221.0
No. of shares (m):	10.0
EV:	236.7
Freefloat MC:	114.5
Ø Trad. Vol. (30d):	137.07 th

Shareholders:	
Freefloat	51.81 %
Mr. & Mrs. Dr. G.Greschner	42.58 %
Remaining board members	4.71 %
Employee shares	0.53 %
Own shares	0.37 %

Key Figures (WRe):	2022e
Beta:	1.2
Price / Book:	2.1 x
Equity Ratio:	48 %
Net Fin. Debt / EBITDA:	0.1 x
Net Debt / EBITDA:	0.5 x

Profitability surpasses expectations

Stated Figures Q3/2022:

FY End: 31.12. in EUR m	Q3 22	Q3 22e	Q3 21	yoy	9M 22	9M 22e	9M 21	yoy
Sales	**50.48**	46.44	40.38	25 %	**131.14**	127.10	125.06	5 %
EBIT	**7.3**	3.4	2.2	229 %	**10.2**	6.2	10.5	-3 %
Margin	*14.6 %*	*7.2 %*	*5.5 %*		*7.8 %*	*4.9 %*	*8.4 %*	
EPS	**0.51**	0.07	0.21	143 %	**0.69**	0.26	0.74	-7 %

Comment on Figures:

- Sales increased by 25% driven by stronger after-sales business than anticipated
- The higher revenue share of the highly profitable after sales business improved the product mix and thus profitability

Init has published third-quarter figures, which exceeded our expectations, and confirmed the guidance for the full year. Sales grew by 25.0% yoy to EUR 50.5m, which was 8.7% above our estimate of EUR 46.4m. The supply situation is showing first signs of improvement, which led to a recovery and a catch-up effect in the highly profitable after-sales business, which was especially affected by some component shortages. The higher revenue share of the after-sales business also had positive effect on the product mix. The gross margin improved notably compared to both H1 22 (35.4%) and Q3 21 (33.2%) and reached 42.0% in Q3 22. Despite an increase in OPEX of 24.1% driven by higher personnel costs and marketing expenses, the EBIT margin increased by more than 9pp yoy to 14.6%. The EBIT of EUR 7.3m was more than double our estimate (WRe EUR 3.4m).

Over the nine-month period, sales increased by 4.9% to EUR 131.1m and the EBIT of EUR 10.2m almost reached the previous year's value of EUR 10.5m. While we considered the full-year guidance to be ambitious after the weak H1 performance, it now appears well within reach after the strong Q3. Moreover, with an improving supply situation, we now expect a highly profitably Q4, which is seasonally the strongest quarter for the after-sales business. Against this background, we have increased our estimates for the full year.

For the coming year, we still see significant growth potential as indicated by the increasing number of large project tenders. This is not reflected in the 9M order intake, which only increased by 2.9% to EUR 142.2m. However, the company has just announced a large follow-up order from the project in Houston with a volume of EUR 40m in Q4, which will contribute to the top line over the next three years.

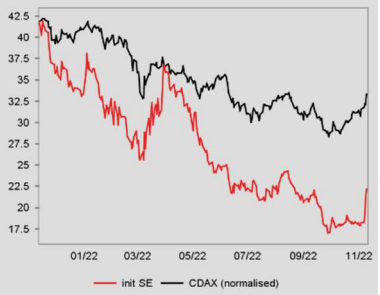
We expect more larger orders in the coming quarters and a return to the 15% p.a. growth path next year. With our increased estimates, we raise our target price to EUR 41.50 and confirm our Buy recommendation.

Changes in Estimates:

FY End: 31.12. in EUR m	2022e (old)	+ / -	2023e (old)	+ / -	2024e (old)	+ / -
Sales	190.2	1.2 %	226.2	0.0 %	265.5	0.0 %
EBIT	15.0	25.5 %	26.2	0.0 %	34.5	0.0 %
EPS	1.05	26.7 %	1.79	0.0 %	2.36	0.0 %

Comment on Changes:

- 2022 estimates increased after Q3 figures surpass the estimates
- Improvement in the supply situation should drive the highly profitable after-sales business in Q4



Rel. Performance vs CDAX:

1 month:	7.6 %
6 months:	-18.6 %
Year to date:	-14.7 %
Trailing 12 months:	-27.9 %

Company events:

FY End: 31.12. in EUR m	CAGR (21-24e)	2018	2019	2020	2021	2022e	2023e	2024e
Sales	14.5 %	135.7	156.5	180.7	176.7	192.4	226.2	265.5
Change Sales yoy		4.0 %	15.3 %	15.5 %	-2.2 %	8.9 %	17.6 %	17.4 %
Gross profit margin		*33.9 %*	*34.0 %*	*34.4 %*	*35.5 %*	*38.0 %*	*35.7 %*	*35.5 %*
EBITDA	17.9 %	10.9	23.5	28.9	27.4	28.7	36.2	44.9
Margin		*8.1 %*	*15.0 %*	*16.0 %*	*15.5 %*	*14.9 %*	*16.0 %*	*16.9 %*
EBIT	25.3 %	6.4	16.2	19.6	17.6	18.9	26.2	34.5
Margin		*4.7 %*	*10.4 %*	*10.9 %*	*9.9 %*	*9.8 %*	*11.6 %*	*13.0 %*
Net income	23.8 %	2.4	11.3	14.9	12.4	13.2	17.8	23.5
EPS	23.6 %	0.24	1.13	1.50	1.25	1.33	1.79	2.36
EPS adj.	23.6 %	0.24	1.13	1.50	1.25	1.33	1.79	2.36
DPS	2.9 %	0.12	0.40	0.55	0.55	0.60	0.60	0.60
Dividend Yield		0.7 %	2.3 %	2.0 %	1.4 %	2.7 %	2.7 %	2.7 %
FCFPS		1.00	1.55	1.74	1.24	1.43	1.63	1.86
FCF / Market cap		5.7 %	8.8 %	6.3 %	3.1 %	6.5 %	7.4 %	8.4 %
EV / Sales		1.5 x	1.2 x	1.7 x	2.3 x	1.2 x	1.0 x	0.9 x
EV / EBITDA		18.5 x	8.2 x	10.4 x	14.9 x	8.2 x	6.5 x	5.2 x
EV / EBIT		31.8 x	11.8 x	15.4 x	23.2 x	12.5 x	9.0 x	6.8 x
P / E		73.8 x	15.6 x	18.5 x	31.6 x	16.7 x	12.4 x	9.4 x
P / E adj.		73.8 x	15.6 x	18.5 x	31.6 x	16.7 x	12.4 x	9.4 x
FCF Potential Yield		2.8 %	8.9 %	7.4 %	5.0 %	8.8 %	10.5 %	13.0 %
Net Debt		24.7	15.0	25.0	13.2	14.8	15.1	13.1
ROCE (NOPAT)		2.8 %	12.0 %	14.5 %	11.4 %	11.7 %	15.1 %	18.8 %
Guidance:		Sales: EUR 190-200m, EBIT: EUR 15-20m						

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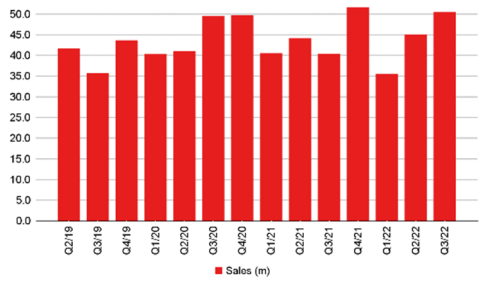
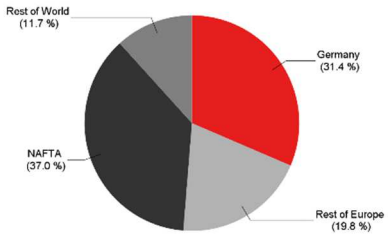
Sales development
in EUR m



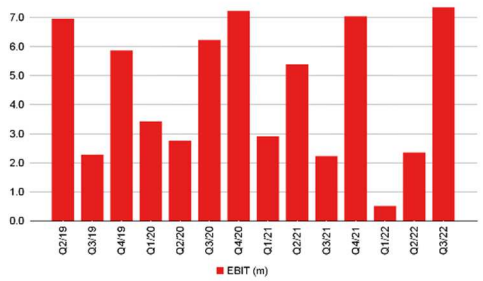
Source: Warburg Research

Sales by regions
2021; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

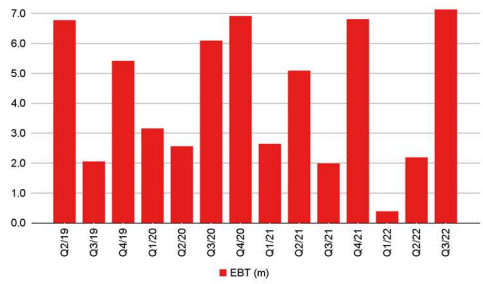
Company Background

- Init is a leading supplier of hardware and software solutions for public transportation and covers a vast part of the value creation of its customers.
- Founded in 1983 as a university spin-off, init provides its services to more than 700 customers worldwide with >25 subsidiaries and offices and >900 employees
- 55% of group sales are generated with new projects. The remaining 45% consists of recurring after-sales and service revenues, such as delivery, maintenance, follow-up orders and operational services.
- The product portfolio includes electronic ticketing (45% of sales), intermodal transport control systems (25%), automated passenger counting (20%) and timetable planning and dispatching (5%).

Competitive Quality

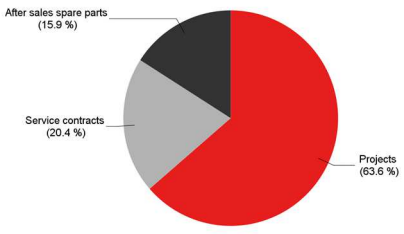
- Revenue growth is driven by structural mega-trends like smart city mobility concepts, urbanisation and growing environmental awareness.
- Focused business model with highly scalable modular platform solutions and low capex requirements
- Long-standing relationships with more than 700 customers worldwide yield significant cross-selling potential
- Large installed base includes >300 APC systems, >130 ICTS/RTPI, >120 personal assignment, >100 planning, and >130 ticketing systems, while >120,000 equipped vehicles generate a profitable stream of recurring revenues
- Deep integration into its clients' processes along the value chain creates significant switching costs for init's customers

EBT development
in EUR m



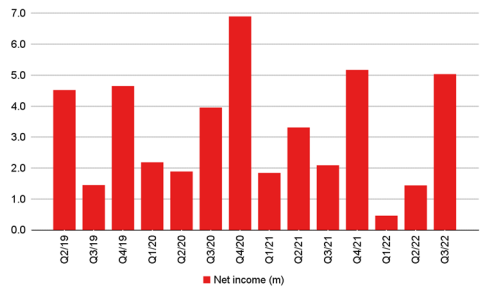
Source: Warburg Research

Sales by segments
2021



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

	Detailed forecast period			Transitional period										Term. Value
Figures in EUR m	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	
Sales	192.4	226.2	265.5	304.0	345.0	386.4	429.0	474.0	521.4	557.9	585.8	603.4	618.4	
Sales change	*8.9 %*	*17.6 %*	*17.4 %*	*14.5 %*	*13.5 %*	*12.0 %*	*11.0 %*	*10.5 %*	*10.0 %*	*7.0 %*	*5.0 %*	*3.0 %*	*2.5 %*	*2.5 %*
EBIT	18.9	26.2	34.5	38.9	43.1	46.4	47.2	47.4	52.1	55.8	58.6	60.3	61.8	
EBIT-margin	*9.8 %*	*11.6 %*	*13.0 %*	*12.8 %*	*12.5 %*	*12.0 %*	*11.0 %*	*10.0 %*	*10.0 %*	*10.0 %*	*10.0 %*	*10.0 %*	*10.0 %*	
Tax rate (EBT)	*27.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	*30.0 %*	
NOPAT	13.8	18.4	24.2	27.2	30.2	32.5	33.0	33.2	36.5	39.1	41.0	42.2	43.3	
Depreciation	9.8	10.0	10.4	9.7	9.3	10.0	10.7	11.8	13.0	13.9	14.6	15.1	15.5	
in % of Sales	*5.1 %*	*4.4 %*	*3.9 %*	*3.2 %*	*2.7 %*	*2.6 %*	*2.5 %*	*2.5 %*	*2.5 %*	*2.5 %*	*2.5 %*	*2.5 %*	*2.5 %*	
Changes in provisions	0.2	0.2	0.2	1.7	1.8	1.8	1.8	1.9	2.0	1.6	1.2	0.8	0.6	
Change in Liquidity from														
- Working Capital	3.2	5.1	7.9	8.9	11.1	11.2	11.5	12.2	12.8	9.9	7.5	4.7	4.1	
- Capex	6.9	7.7	8.8	9.1	10.0	11.0	11.6	12.3	13.0	13.9	14.6	15.1	15.5	
Capex in % of Sales	*3.6 %*	*3.4 %*	*3.3 %*	*3.0 %*	*2.9 %*	*2.9 %*	*2.7 %*	*2.6 %*	*2.5 %*	*2.5 %*	*2.5 %*	*2.5 %*	*2.5 %*	
- Other	4.2	4.2	4.2	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	9.5	11.5	13.9	20.6	20.2	21.3	22.5	22.5	25.7	30.8	34.7	38.2	39.9	41
PV of FCF	9.5	10.6	11.8	16.1	14.5	14.1	13.8	12.7	13.3	14.7	15.3	15.5	14.9	252
share of PVs	7.44 %			33.81 %										58.75 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	9.00 %	Financial Strength	1.20
Cost of debt (after tax)	2.8 %	Liquidity (share)	1.30
Market return	8.25 %	Cyclicality	0.90
Risk free rate	2.75 %	Transparency	1.20
		Others	1.20
WACC	**8.56 %**	**Beta**	**1.16**

Valuation (m)

Present values 2034e	177		
Terminal Value	252		
Financial liabilities	31		
Pension liabilities	11		
Hybrid capital	0		
Minority interest	1		
Market val. of investments	0		
Liquidity	28	No. of shares (m)	10.0
Equity Value	**414**	**Value per share (EUR)**	**41.60**

Sensitivity Value per Share (EUR)

		Terminal Growth						
Beta	WACC	1.75 %	2.00 %	2.25 %	**2.50 %**	2.75 %	3.00 %	3.25 %
1.36	9.6 %	32.90	33.48	34.10	34.77	35.48	36.25	37.08
1.26	9.1 %	35.65	36.35	37.11	37.92	38.79	39.74	40.77
1.21	8.8 %	37.18	37.95	38.78	39.68	40.66	41.72	42.87
1.16	8.6 %	38.82	39.68	40.60	**41.60**	42.69	43.88	45.17
1.11	8.3 %	40.59	41.55	42.57	43.69	44.91	46.24	47.71
1.06	8.1 %	42.52	43.57	44.72	45.98	47.35	48.85	50.52
0.96	7.6 %	46.87	48.20	49.65	51.24	53.00	54.95	57.12

		Delta EBIT-margin						
Beta	WACC	-1.5 pp	-1.0 pp	-0.5 pp	**+0.0 pp**	+0.5 pp	+1.0 pp	+1.5 pp
1.36	9.6 %	28.44	30.55	32.66	34.77	36.88	38.99	41.10
1.26	9.1 %	31.06	33.35	35.63	37.92	40.20	42.49	44.77
1.21	8.8 %	32.54	34.92	37.30	39.68	42.07	44.45	46.83
1.16	8.6 %	34.14	36.63	39.12	**41.60**	44.09	46.58	49.07
1.11	8.3 %	35.88	38.49	41.09	43.69	46.30	48.90	51.50
1.06	8.1 %	37.79	40.52	43.25	45.98	48.70	51.43	54.16
0.96	7.6 %	42.18	45.20	48.22	51.24	54.26	57.28	60.29

- The minority interest in CarMediaLab, TQA and SQM has not played a significant role in recent years
- To calculate the minorities, we multiplied the current book value with our target P/B 2022 of 4.0x
- Adjustments for the IFRS 16 effect are included in the "other" line
- Depreciation of usage rights is excluded from our D&A estimates in the transitional period

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived via the perpetuity of a given year's "FCF potential" with consideration of the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Net Income before minorities	2.4	11.3	14.9	12.4	13.2	17.8	23.5
+ Depreciation + Amortisation	4.6	7.2	9.2	9.8	9.8	10.0	10.4
- Net Interest Income	-0.9	-1.0	-0.9	-1.0	-0.7	-0.8	-0.9
- Maintenance Capex	2.2	2.5	2.9	2.8	3.1	3.6	4.2
+ Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Free Cash Flow Potential	**5.7**	**17.0**	**22.2**	**20.5**	**20.7**	**24.9**	**30.5**
FCF Potential Yield (on market EV)	2.8 %	8.9 %	7.4 %	5.0 %	8.8 %	10.5 %	13.0 %
WACC	8.56 %	8.56 %	8.56 %	8.56 %	8.56 %	8.56 %	8.56 %
= Enterprise Value (EV)	**202.8**	**192.3**	**301.8**	**407.6**	**236.1**	**236.4**	**234.5**
= Fair Enterprise Value	**66.8**	**199.1**	**259.4**	**239.4**	**241.8**	**291.4**	**356.7**
- Net Debt (Cash)	2.4	2.4	2.4	2.4	3.8	3.9	1.7
- Pension Liabilities	10.8	10.8	10.8	10.8	11.0	11.2	11.4
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Market value of minorities	0.9	0.9	0.9	0.9	0.9	0.9	0.9
+ Market value of investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Fair Market Capitalisation	**52.7**	**185.1**	**245.4**	**225.3**	**226.1**	**275.4**	**342.7**
Number of shares, average	10.0	10.0	10.0	10.0	10.0	10.0	10.0
= Fair value per share (EUR)	**5.27**	**18.50**	**24.64**	**22.63**	**22.71**	**27.66**	**34.42**
premium (-) / discount (+) in %					2.3 %	24.6 %	55.0 %

Sensitivity Fair value per Share (EUR)

	11.56 %	3.55	13.40	17.88	16.39	16.41	20.07	25.12
	10.56 %	4.02	14.80	19.71	18.07	18.11	22.12	27.63
	9.56 %	4.59	16.50	21.92	20.11	20.17	24.60	30.67
WACC	**8.56 %**	**5.27**	**18.50**	**24.64**	**22.63**	**22.71**	**27.66**	**34.42**
	7.56 %	6.18	21.23	28.09	25.81	25.92	31.53	39.16
	6.56 %	7.34	24.68	32.58	29.96	30.11	36.58	45.34
	5.56 %	8.91	29.38	38.70	35.60	35.81	43.45	53.75

- Maintenance capex is estimated at 1.6% of sales, reflecting low level of production equipment required
- The minority interest in iris, CarMediaLab, TQA and SQM has not played a significant role in recent years
- To calculate the minorities, we multiplied the current book value with our target P/B 2019 of 5.5x
- WACC is assumed at 7.4% consistent with cost of capital calculated in our DCF model

Valuation

	2018	2019	2020	2021	2022e	2023e	2024e
Price / Book	2.3 x	2.1 x	3.1 x	3.8 x	2.1 x	2.0 x	1.8 x
Book value per share ex intangibles	5.67	6.75	5.97	7.36	7.50	8.03	9.14
EV / Sales	1.5 x	1.2 x	1.7 x	2.3 x	1.2 x	1.0 x	0.9 x
EV / EBITDA	18.5 x	8.2 x	10.4 x	14.9 x	8.2 x	6.5 x	5.2 x
EV / EBIT	31.8 x	11.8 x	15.4 x	23.2 x	12.5 x	9.0 x	6.8 x
EV / EBIT adj.*	31.8 x	11.8 x	15.4 x	23.2 x	12.5 x	9.0 x	6.8 x
P / FCF	17.6 x	11.4 x	16.0 x	31.9 x	15.5 x	13.6 x	11.9 x
P / E	73.8 x	15.6 x	18.5 x	31.6 x	16.7 x	12.4 x	9.4 x
P / E adj.*	73.8 x	15.6 x	18.5 x	31.6 x	16.7 x	12.4 x	9.4 x
Dividend Yield	0.7 %	2.3 %	2.0 %	1.4 %	2.7 %	2.7 %	2.7 %
FCF Potential Yield (on market EV)	2.8 %	8.9 %	7.4 %	5.0 %	8.8 %	10.5 %	13.0 %

*Adjustments made for: -

Consolidated profit and loss

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Sales	**135.7**	**156.5**	**180.7**	**176.7**	**192.4**	**226.2**	**265.5**
Change Sales yoy	4.0 %	15.3 %	15.5 %	-2.2 %	8.9 %	17.6 %	17.4 %
COGS	89.7	103.2	118.5	114.0	119.3	145.4	171.2
Gross profit	**46.0**	**53.2**	**62.2**	**62.7**	**73.1**	**80.8**	**94.3**
Gross margin	*33.9 %*	*34.0 %*	*34.4 %*	*35.5 %*	*38.0 %*	*35.7 %*	*35.5 %*
Research and development	11.5	10.4	11.0	12.6	13.5	14.7	17.0
Sales and marketing	16.7	16.7	18.0	19.7	23.5	24.4	26.3
Administration expenses	10.7	13.3	16.8	17.4	19.0	19.2	19.9
Other operating expenses	3.3	0.5	0.3	0.4	1.3	0.7	1.1
Other operating income	2.6	4.0	3.5	4.9	3.1	4.5	4.5
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**10.9**	**23.5**	**28.9**	**27.4**	**28.7**	**36.2**	**44.9**
Margin	*8.1 %*	*15.0 %*	*16.0 %*	*15.5 %*	*14.9 %*	*16.0 %*	*16.9 %*
Depreciation of fixed assets	3.1	5.8	7.1	7.7	7.7	7.9	8.2
EBITA	**7.9**	**17.6**	**21.8**	**19.7**	**21.0**	**28.3**	**36.6**
Amortisation of intangible assets	1.5	1.4	2.1	2.1	2.1	2.0	2.1
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**6.4**	**16.2**	**19.6**	**17.6**	**18.9**	**26.2**	**34.5**
Margin	*4.7 %*	*10.4 %*	*10.9 %*	*9.9 %*	*9.8 %*	*11.6 %*	*13.0 %*
EBIT adj.	**6.4**	**16.2**	**19.6**	**17.6**	**18.9**	**26.2**	**34.5**
Interest income	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Interest expenses	0.9	1.1	1.0	1.0	0.7	0.8	0.9
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**5.5**	**15.2**	**18.7**	**16.5**	**18.1**	**25.4**	**33.6**
Margin	*4.0 %*	*9.7 %*	*10.4 %*	*9.4 %*	*9.4 %*	*11.2 %*	*12.7 %*
Total taxes	3.1	3.9	3.8	4.1	4.9	7.6	10.1
Net income from continuing operations	**2.4**	**11.3**	**14.9**	**12.4**	**13.2**	**17.8**	**23.5**
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	**2.4**	**11.3**	**14.9**	**12.4**	**13.2**	**17.8**	**23.5**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**2.4**	**11.3**	**14.9**	**12.4**	**13.2**	**17.8**	**23.5**
Margin	*1.8 %*	*7.2 %*	*8.3 %*	*7.0 %*	*6.9 %*	*7.9 %*	*8.9 %*
Number of shares, average	10.0	10.0	10.0	10.0	10.0	10.0	10.0
EPS	**0.24**	**1.13**	**1.50**	**1.25**	**1.33**	**1.79**	**2.36**
EPS adj.	0.24	1.13	1.50	1.25	1.33	1.79	2.36

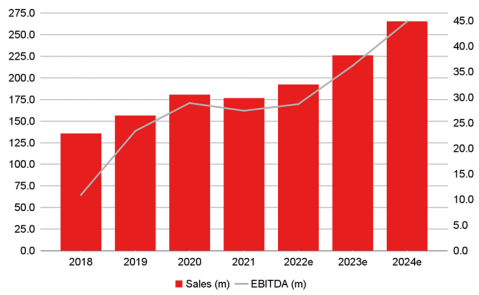
*Adjustments made for:

Guidance: Sales: EUR 190-200m, EBIT: EUR 15-20m

Financial Ratios

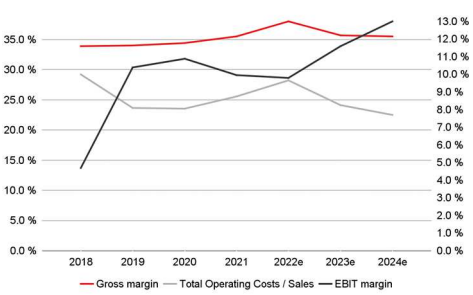
	2018	2019	2020	2021	2022e	2023e	2024e
Total Operating Costs / Sales	29.2 %	23.6 %	23.5 %	25.5 %	28.2 %	24.1 %	22.5 %
Operating Leverage	-6.5 x	10.1 x	1.4 x	4.8 x	0.8 x	2.2 x	1.8 x
EBITDA / Interest expenses	11.6 x	21.2 x	28.9 x	26.2 x	38.5 x	45.1 x	50.3 x
Tax rate (EBT)	55.6 %	25.6 %	20.2 %	24.8 %	27.0 %	30.0 %	30.0 %
Dividend Payout Ratio	49.3 %	35.3 %	36.6 %	44.0 %	45.2 %	33.6 %	25.4 %
Sales per Employee	170,491	180,674	179,056	167,449	168,861	183,820	199,775

Sales, EBITDA
in EUR m



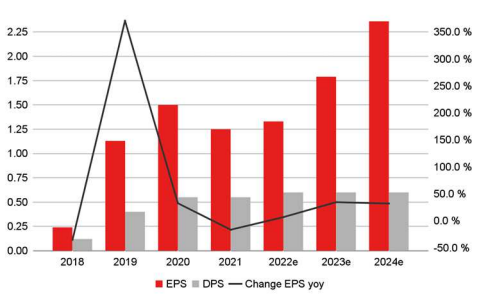
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

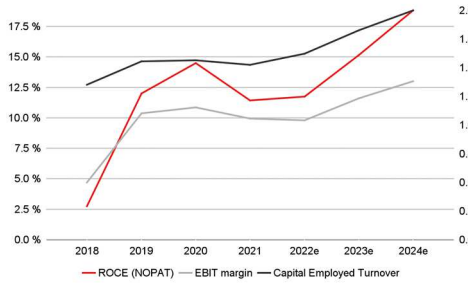
Consolidated balance sheet

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Assets							
Goodwill and other intangible assets	18.8	17.8	31.1	29.3	29.1	28.9	28.6
thereof other intangible assets	9.8	8.8	18.6	16.8	16.6	16.4	16.1
thereof Goodwill	9.0	9.0	12.5	12.5	12.5	12.5	12.5
Property, plant and equipment	35.6	50.8	57.4	55.7	53.0	50.9	49.6
Financial assets	2.6	1.9	2.0	2.2	2.2	2.2	2.2
Other long-term assets	2.8	3.2	3.1	3.3	3.3	3.3	3.3
Fixed assets	**59.9**	**73.7**	**93.5**	**90.4**	**87.6**	**85.3**	**83.7**
Inventories	27.9	27.8	32.6	34.3	36.3	40.4	45.8
Accounts receivable	26.1	43.0	38.7	32.0	35.8	42.8	50.2
Liquid assets	20.6	26.2	32.3	28.2	26.0	25.9	28.1
Other short-term assets	33.9	29.7	29.6	31.9	31.9	31.9	31.9
Current assets	**108.6**	**126.7**	**133.2**	**126.5**	**130.0**	**141.0**	**156.0**
Total Assets	**168.5**	**200.4**	**226.6**	**216.9**	**217.5**	**226.3**	**239.7**
Liabilities and shareholders' equity							
Subscribed capital	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Capital reserve	5.3	5.7	6.6	7.6	7.6	7.6	7.6
Retained earnings	60.5	70.5	80.3	87.3	95.1	107.0	124.5
Other equity components	-0.2	-0.9	-6.7	-2.6	-9.2	-16.0	-22.8
Shareholders' equity	75.6	85.4	90.3	102.4	103.6	108.6	119.4
Minority interest	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total equity	**75.8**	**85.5**	**90.5**	**102.6**	**103.8**	**108.8**	**119.6**
Provisions	20.1	22.6	25.8	21.8	22.0	22.2	22.4
thereof provisions for pensions and similar obligations	9.5	11.1	11.8	10.8	11.0	11.2	11.4
Financial liabilities (total)	35.8	30.1	45.5	30.6	29.8	29.8	29.8
Short-term financial liabilities	18.4	17.8	17.5	14.1	14.1	14.1	14.1
Accounts payable	9.4	8.6	7.5	6.9	9.5	15.5	20.4
Other liabilities	27.3	53.6	57.2	55.0	52.5	50.0	47.5
Liabilities	**92.7**	**114.9**	**136.1**	**114.3**	**113.7**	**117.4**	**120.0**
Total liabilities and shareholders' equity	**168.5**	**200.4**	**226.6**	**216.9**	**217.5**	**226.3**	**239.7**

Financial Ratios

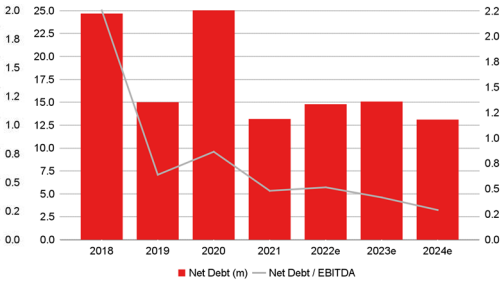
	2018	2019	2020	2021	2022e	2023e	2024e
Efficiency of Capital Employment							
Operating Assets Turnover	1.7 x	1.4 x	1.5 x	1.6 x	1.7 x	1.9 x	2.2 x
Capital Employed Turnover	1.4 x	1.6 x	1.6 x	1.5 x	1.6 x	1.8 x	2.0 x
ROA	4.1 %	15.4 %	16.0 %	13.7 %	15.1 %	20.9 %	28.1 %
Return on Capital							
ROCE (NOPAT)	2.8 %	12.0 %	14.5 %	11.4 %	11.7 %	15.1 %	18.8 %
ROE	3.3 %	14.1 %	17.0 %	12.9 %	12.8 %	16.8 %	20.6 %
Adj. ROE	3.3 %	14.1 %	17.0 %	12.9 %	12.8 %	16.8 %	20.6 %
Balance sheet quality							
Net Debt	24.7	15.0	25.0	13.2	14.8	15.1	13.1
Net Financial Debt	15.2	3.9	13.3	2.4	3.8	3.9	1.7
Net Gearing	32.6 %	17.5 %	27.7 %	12.8 %	14.3 %	13.9 %	11.0 %
Net Fin. Debt / EBITDA	138.8 %	16.5 %	45.9 %	8.6 %	13.1 %	10.7 %	3.8 %
Book Value / Share	7.6	8.5	9.1	10.3	10.4	10.9	12.0
Book value per share ex intangibles	5.7	6.8	6.0	7.4	7.5	8.0	9.1

ROCE Development



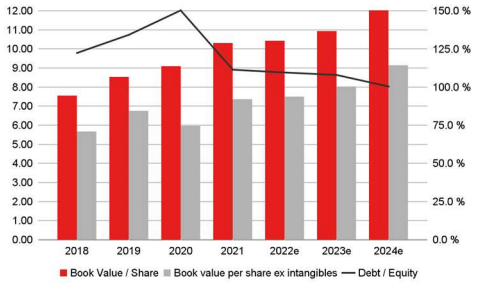
Source: Warburg Research

Net debt
in EUR m



Source: Warburg Research

Book Value per Share
in EUR



Source: Warburg Research

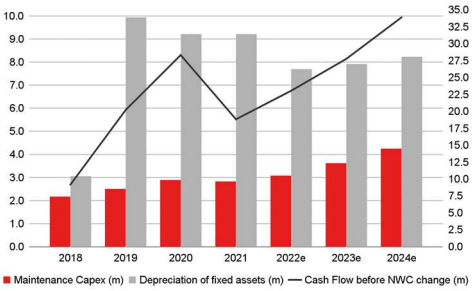
Consolidated cash flow statement

In EUR m	2018	2019	2020	2021	2022e	2023e	2024e
Net income	2.4	11.3	14.9	12.4	13.2	17.8	23.5
Depreciation of fixed assets	3.1	9.9	9.2	9.2	7.7	7.9	8.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.5	1.4	2.1	2.1	2.1	2.0	2.1
Increase/decrease in long-term provisions	-0.6	2.4	2.7	-4.3	0.2	0.2	0.2
Other non-cash income and expenses	2.7	-4.8	-0.7	-0.7	-0.2	-0.2	-0.2
Cash Flow before NWC change	**9.2**	**20.2**	**28.3**	**18.8**	**23.0**	**27.8**	**33.9**
Increase / decrease in inventory	-1.5	0.4	-4.1	-0.7	-2.0	-4.1	-5.4
Increase / decrease in accounts receivable	10.8	-11.5	1.7	11.3	-3.8	-7.0	-7.4
Increase / decrease in accounts payable	-2.8	8.0	-0.5	-9.7	2.6	6.0	4.9
Increase / decrease in other working capital positions	-2.8	4.0	-1.0	-3.7	1.3	1.3	1.3
Increase / decrease in working capital (total)	3.6	0.9	-3.9	-2.8	-1.9	-3.8	-6.6
Net cash provided by operating activities [1]	**12.8**	**21.1**	**24.4**	**16.0**	**21.2**	**24.0**	**27.3**
Investments in intangible assets	-0.4	-0.4	-1.6	-1.6	-1.9	-1.8	-1.9
Investments in property, plant and equipment	-2.4	-5.3	-5.5	-2.1	-5.0	-5.9	-6.9
Payments for acquisitions	-0.4	0.0	-7.8	0.0	-6.0	-6.0	-6.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.3	0.1	0.3	0.3	0.0	0.0	0.0
Net cash provided by investing activities [2]	**-2.9**	**-5.6**	**-14.6**	**-3.4**	**-12.9**	**-13.7**	**-14.8**
Change in financial liabilities	-6.1	-5.8	7.4	-8.1	-0.8	0.0	0.0
Dividends paid	-2.3	-1.3	-4.0	-5.5	-5.5	-6.0	-6.0
Purchase of own shares	-0.5	-0.2	-2.2	-0.7	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	-2.8	-3.9	-3.5	-4.2	-4.4	-4.4
Net cash provided by financing activities [3]	**-9.0**	**-10.1**	**-2.8**	**-17.7**	**-10.5**	**-10.4**	**-10.4**
Change in liquid funds [1]+[2]+[3]	**1.0**	**5.4**	**7.0**	**-5.1**	**-2.2**	**-0.1**	**2.2**
Effects of exchange-rate changes on cash	-0.1	0.1	-1.0	1.1	0.0	0.0	0.0
Cash and cash equivalent at end of period	20.6	26.2	32.2	28.2	25.9	25.9	28.0

Financial Ratios

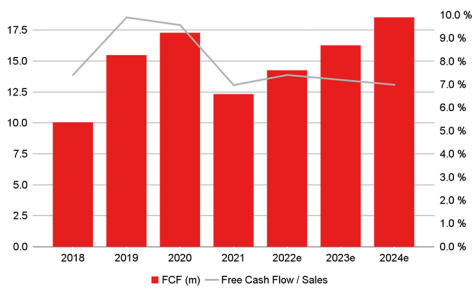
	2018	2019	2020	2021	2022e	2023e	2024e
Cash Flow							
FCF	10.0	15.5	17.3	12.3	14.3	16.3	18.5
Free Cash Flow / Sales	7.4 %	9.9 %	9.6 %	7.0 %	7.4 %	7.2 %	7.0 %
Free Cash Flow Potential	5.7	17.0	22.2	20.5	20.7	24.9	30.5
Free Cash Flow / Net Profit	411.8 %	136.6 %	115.8 %	99.3 %	107.8 %	91.4 %	78.7 %
Interest Received / Avg. Cash	0.3 %	0.4 %	0.3 %	0.1 %	0.0 %	0.0 %	0.0 %
Interest Paid / Avg. Debt	2.4 %	3.4 %	2.6 %	2.7 %	2.5 %	2.7 %	3.0 %
Management of Funds							
Investment ratio	2.0 %	3.6 %	4.0 %	2.1 %	3.6 %	3.4 %	3.3 %
Maint. Capex / Sales	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %	1.6 %
Capex / Dep	60.4 %	78.4 %	77.3 %	37.4 %	70.6 %	77.3 %	84.6 %
Avg. Working Capital / Sales	33.6 %	33.5 %	34.3 %	33.8 %	30.4 %	27.7 %	26.1 %
Trade Debtors / Trade Creditors	277.4 %	502.6 %	512.5 %	462.2 %	376.8 %	276.1 %	246.1 %
Inventory Turnover	3.2 x	3.7 x	3.6 x	3.3 x	3.3 x	3.6 x	3.7 x
Receivables collection period (days)	70	100	78	66	68	69	69
Payables payment period (days)	38	30	23	22	29	39	43
Cash conversion cycle (Days)	140	166	151	146	142	125	118

CAPEX and Cash Flow
in EUR m



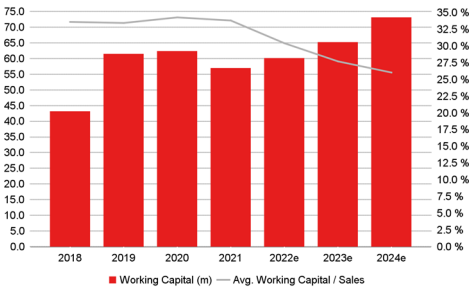
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
init SE	3, 5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005759807.htm

INVESTMENT RECOMMENDATION

Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	**Buy:**	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	**Hold:**	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	**Sell:**	The price of the analysed financial instrument is expected to fall over the next 12 months.
"-"	**Rating suspended:**	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

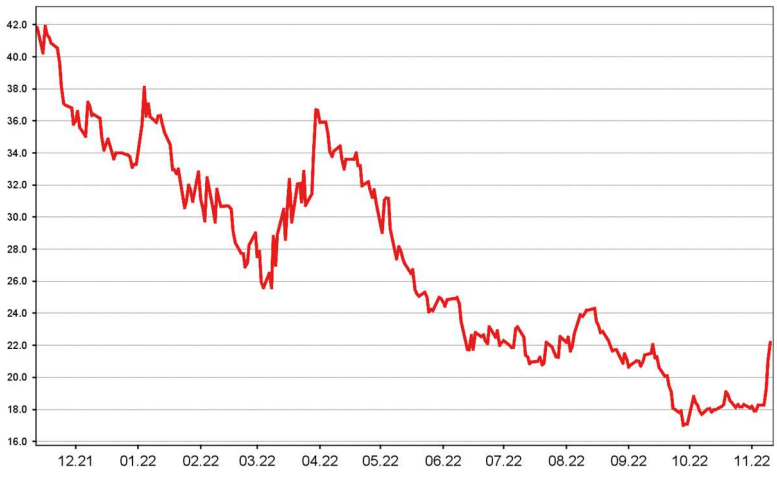
Rating	Number of stocks	% of Universe
Buy	163	75
Hold	43	20
Sell	6	3
Rating suspended	4	2
Total	**216**	**100**

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING …

… taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	46	82
Hold	7	13
Sell	1	2
Rating suspended	2	4
Total	**56**	**100**

PRICE AND RATING HISTORY INIT SE AS OF 11.11.2022



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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