

## EAB Group Oyj

Financials  
Finland

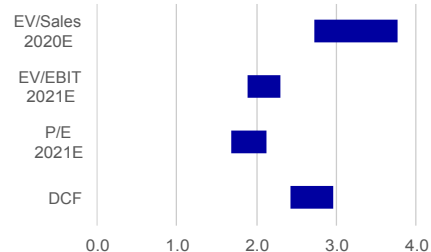
## KEY DATA

Stock country	Finland
Bloomberg	EAB FH
Reuters	EABG.HE
Share price (close)	EUR 3.20
Free Float	35%
Market cap. (bn)	EUR 0.04/EUR 0.04
Website	www.eabgroup.fi
Next report date	28 Aug 2020

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2020E	2021E	2022E
Sales	1 %	1 %	1 %
EBIT (adj)	12 %	11 %	15 %

Source: Nordea estimates

## Nordea Markets - Analysts

Pauli Lohi  
AnalystSvante Krokfors  
Analyst

## Alternative investments to help 2020 profitability

Despite adjusted EBIT staying negative in H2 2019, we see a couple of positive takeaways from the report that should drive the company's profitability turnaround during 2020. First, Alternative Investments' fee income was above our estimate and management said that the segment's fees could exceed UCITS fees during 2020. Second, EAB Group's cost-saving programme has progressed well, according to management, and we expect the 19% personnel cuts to be visible in the 2020 numbers. The weak performance in 2019 was mainly explained by a decline in UCITS fees. Management expects results to turn positive in 2020. We upgrade our fair value range to EUR 2.2-2.6 (1.9-2.3) based on a median of four different valuation methods.

## Alternative Investments sales beat our estimates

Gross fee income from Alternative Investments (AI) beat our estimate by EUR 0.6m, ie 46%. EAB expects the segment to exceed other fee income during 2020. We believe it has better profitability than traditional UCITS funds. We thus expect a positive development for 2020E-21E EBIT. Based on public data, we find that EAB's UCITS funds have also grown measured by AuM, hence we do not expect the relative outperformance of AI products to be at the expense of significant weakness in other areas. Group adjusted EBIT was EUR -0.5m, below our estimate. This is due to doubled costs related to the cost-savings programme, as the outsourced IT services incurred costs before the laid-off personnel had left the company. We thus expect cost savings of EUR 1m to be visible in 2020.

## We raise 2020E EBIT by 12%

We increase 2020E EBIT by 12% and EPS by 16%, owing to our improved sales outlook for the profitable AI products, with a slightly lower outlook for UCITS fund fees. Our expectations for cost savings are unchanged. According to EAB Group's forecast, the 2020 result will be positive. We estimate an EBIT margin of 9.3% and EPS of EUR 0.08 for 2020.

## Valuation

We base our fair value range on a combination of four valuation methods, including a DCF-based valuation and peer valuation using P/E, EV/EBIT, and EV/sales multiples. Based on the median of these valuation methods, we derive a fair value range of EUR 2.2-2.6 (1.9-2.3) per share for EAB Group.

## SUMMARY TABLE - KEY FIGURES

EURm	2016	2017	2018	2019	2020E	2021E	2022E
Net sales	13.6	15.8	19.4	18.1	19.7	21.3	22.4
EBIT (adj)	0.1	-0.1	1.8	-1.4	1.8	2.9	3.4
EBIT (adj) margin	0.5%	-0.6%	9.3%	-7.7%	9.3%	13.8%	15.3%
EPS (adj), EUR	0.00	-0.03	0.09	-0.11	0.08	0.15	0.17
EPS (adj) growth	-99.7%	n.a	-445.3%	-230.8%	-172.6%	76.8%	18.6%
DPS, EUR	0.08	0.07	0.00	0.00	0.04	0.07	0.09
EV/Sales	2.6	3.6	3.2	2.5	2.5	2.2	1.9
EV/EBIT (adj)	480.1	-566.3	34.9	-32.5	27.0	15.7	12.6
P/E (adj)	n.a.	-166.9	32.0	-24.3	38.5	21.8	18.4
P/BV	3.1	3.1	1.8	2.0	2.2	2.1	2.0
Dividend yield (ord)	2.4%	1.7%	3.6%	0.0%	1.3%	2.3%	2.7%
FCF Yield bef acq & disp	-10.1%	3.3%	-7.6%	1.6%	4.1%	6.7%	7.7%
Net debt	1	2	6	7	6	4	1
Net debt/EBITDA	1.4	-3.1	1.4	5.3	1.3	0.6	0.2

Source: Company data and Nordea estimates

# H2 results review and estimate changes

<p>Costs doubled in H2 – personnel cuts to impact H1 2020 costs</p>	<p><b>H2 improved h/h, more savings to be visible in H1 2020</b> EAB Group's H2 2019 comparable sales were in line with our estimate and adjusted EBIT was EUR 0.5m below our forecast. The deviation was related to the company's cost saving programme. EAB reduced its own personnel while outsourcing some IT functions, which doubled some costs in H2. EAB was able to cut 19% of its personnel during 2019, but many of the employees did not leave until the final months of the year, hence the savings impact was not yet fully visible in the results.</p>
<p>Alternative Investment fees to exceed UCITS fees by 2020</p>	<p>On revenue development, fundraising in Alternative Investments (AI) has developed favourably. Most of the funds will likely to be invested during 2020, after which the capital will start continuously generating fee income. The company expects fees from AI products to exceed the fees from UCITS funds by 2020. We find this development positive given the stable nature and better profitability of these fixed-term products. Other funds, such as the semi-open-ended rental income fund, have also grown recently. Fee income from UCITS fees was EUR 3.2m.</p>
<p>Proposed return of capital to shareholders of EUR 0.05 per share</p>	<p>EAB Group's board of directors requested authorisation to distribute a maximum return of capital of EUR 0.05 from the non-restricted equity fund. This proposed capital distribution is technically not a dividend. It is subject to approval by the Financial Supervisory Authority and the timing of the payment has not been disclosed by EAB Group. For 2018, EAB Group distributed EUR 0.10 per share in April 2019.</p>

## H2 2019 RESULTS: DEVIATION FROM ESTIMATES

EURm	Actual	NDA est.	Deviation	Consensus	Deviation	Actual	Actual			
	H2 19	H2 19E	vs. actual	H2 19E	vs. actual	H1 19	h/h	H2 18	y/y	
<b>Comparable sales</b>	<b>8.9</b>	<b>8.9</b>	<b>- 0 %</b>	<b>9.3</b>	<b>-0.4 -4 %</b>	<b>9.2</b>	<b>-3 %</b>	<b>9.8</b>	<b>-9 %</b>	
<b>Adj. EBIT</b>	<b>(0.5)</b>	<b>0.0</b>	<b>-0.5 n.a.</b>	<b>0.3</b>	<b>-0.8 -267 %</b>	<b>(0.8)</b>	<b>-38 %</b>	<b>0.4</b>	<b>-225 %</b>	
Adj. EBIT margin	-5.6%	0.4%	-6.0pp	3.2%	-8.8pp	-8.7%	3.1pp	4.1%	-9.7pp	
<b>EPS</b>	<b>(0.04)</b>	<b>(0.01)</b>	<b>318 %</b>	<b>0.01</b>	<b>-0.02 -613 %</b>	<b>(0.06)</b>	<b>-31 %</b>	<b>0.00</b>	<b>n.a.</b>	
<b>Return of capital*</b>	<b>0.05</b>	<b>-</b>		<b>0.03</b>	<b>-0.03 67 %</b>			<b>0.10</b>	<b>-50 %</b>	
* For 2018-19, EAB Group intends to distribute return of capital instead of paying dividends										
Fees from UCITS-funds	3.2	3.5	-9 %			3	7 %	3.7	-14 %	
Fees from alternative funds	1.9	1.3	46 %			1.2	58 %	1.0	90 %	
Performance-based fees	0.3	0.9	-67 %			0.9	-67 %	1.1	-73 %	
Other segments	3.6	3.3	9 %			4.2	-14 %	4.0	-10 %	

Source: Company data, Thomson Reuters consensus and Nordea estimates

<p>Strength in AI products implies improving EBIT in 2020-21</p>	<p><b>We raise 2020E EBIT by 12% owing to strong progress in AI products</b> We raise our EBIT estimate by 12% for 2020 and 11% for 2021 owing to the positive development in fundraising for Alternative Investment products. The impact of this progress will be visible with a lag as the continuous fees will start coming in when the capital has been invested. On the other hand, we lower our UCITS fee estimate slightly, which partly offsets the strength in AI products. Moreover, we estimate lower performance fees in 2020 compared to 2019, as there are currently no AI funds approaching carried interest. We include savings of EUR 1m in personnel costs as we believe the company has progressed well in its cost saving programme.</p>
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**ESTIMATE REVISIONS (EURm)**

EURm	New estimates			Old estimates			Difference		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
<b>Comparable sales</b>	<b>19.7</b>	<b>21.3</b>	<b>22.4</b>	<b>19.6</b>	<b>21.0</b>	<b>22.1</b>	<b>1 %</b>	<b>1 %</b>	<b>1 %</b>
<b>Adj. EBIT</b>	<b>1.8</b>	<b>2.9</b>	<b>3.4</b>	<b>1.6</b>	<b>2.7</b>	<b>3.0</b>	<b>12 %</b>	<b>11 %</b>	<b>15 %</b>
Adj. EBIT margin	9.3%	13.8%	15.3%	8.3%	12.7%	13.5%	1.0pp	1.1pp	1.8pp
<b>Adj. EPS</b>	<b>0.08</b>	<b>0.15</b>	<b>0.17</b>	<b>0.07</b>	<b>0.13</b>	<b>0.15</b>	<b>16 %</b>	<b>12 %</b>	<b>17 %</b>
<b>Gross sales by segment</b>									
Fees from UCITS-funds	6.6	6.6	6.6	7.0	7.5		-6 %	-12 %	
Fees from alternative funds	5.4	6.4	7.0	3.2	4.0		69 %	60 %	
Performance-based fees	0.9	1.8	1.9	1.9	2.0		-53 %	-10 %	
Other segments	7.0	6.7	7.0	7.7	7.7		-9 %	-13 %	

Source: Nordea estimates

We are below consensus for 2020 EBIT but almost in line for 2021

Despite the uptick in our EBIT estimates for Alternative Investments, we are still 26% below consensus on 2020E adjusted EBIT. For 2021E, we are almost in line with consensus. The difference for 2020E is mainly due to our lower profitability assumptions compared to consensus; we are only slightly below consensus on 2020E net sales.

**OUR ESTIMATES VS CONSENSUS**

EURm	Nordea estimates			Consensus estimates			Difference %		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
<b>Sales</b>	<b>19.7</b>	<b>21.3</b>	<b>22.4</b>	<b>20.5</b>	<b>22.0</b>	<b>24.0</b>	<b>-4 %</b>	<b>-3 %</b>	<b>-7 %</b>
<b>Adj. EBIT</b>	<b>1.8</b>	<b>2.9</b>	<b>3.4</b>	<b>2.5</b>	<b>3.0</b>	<b>4.0</b>	<b>-26 %</b>	<b>-2 %</b>	<b>-15 %</b>
Adj. EBIT margin	9.3%	13.8%	15.3%	12.2%	13.6%	16.7%	-2.9pp	0.2pp	-1.4pp
<b>Adj. EPS</b>	<b>0.08</b>	<b>0.15</b>	<b>0.17</b>	<b>0.11</b>	<b>0.16</b>	<b>0.22</b>	<b>-24 %</b>	<b>-8 %</b>	<b>-21 %</b>

Source: Nordea estimates and Reuters consensus

# Factors to consider when investing in EAB

EAB Group, an asset manager with a broad service offering, achieved a sales CAGR of 17% during 2016-18, 6.4% of which was organic. The company strengthened its position in asset management by acquiring Alfred Berg Finland in 2017. In 2019, the company's net sales turned to a 7% decline, driven by a drop in traditional UCITS fund fees, partly caused by the weakness in stock markets during late 2018. Now, EAB Group is seeking growth from more profitable products like alternative investment funds, while simultaneously implementing cost savings. We find the company's organic growth target of 15% per year ambitious, given by our flattish outlook for net subscriptions in the UCITS funds market. We see potential in the alternative investment products that provide stability and could help the company to improve its profitability. To reach its EBIT margin target of 35%, EAB Group must deliver continuous sales growth at a high level, while keeping its group costs under control.

## Sales growth is key to improving profitability

Broad product range with emphasis on asset management

EAB Group offers a broad range of financial services, with UCITS funds and Alternative Investments being the largest source of income (57% of gross sales in 2019 including performance-based fees). UCITS funds are the largest product category, generating 34% of group sales (excluding performance-based fees). EAB Group, however, expects that the Alternative Investments will exceed UCITS fees by 2020, implying strong growth in the segment. The rest of net sales come from full mandate wealth management services, including legal, brokerage and lending services.

We expect sales growth to improve profitability for 2020 and beyond

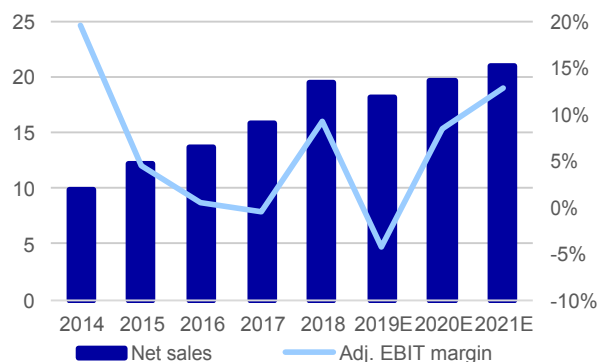
The company has been able to grow its net sales significantly in the past along with the growing amount of capital under management; the net sales CAGR over the past 2016-18 years has been around 6.4% organically and 17% in total. However, 2019 was a year with negative top-line growth, as indicated by the profit warning in August 2019. EAB Group's EBIT was EURm -1.3m negative for 2019 but management expects the result to turn profitable in 2020.

We expect the growth path to continue in 2020 after a weak 2019, and with the company's relatively high share of fixed costs providing good operating leverage, increasing sales should help EAB Group to improve its EBIT margin. If the market takes a turn for the worse, however, it could lead to negative sales growth for EAB Group, as well as the other asset managers, and hamper EAB's profitability further.

Growth through alternative investment funds

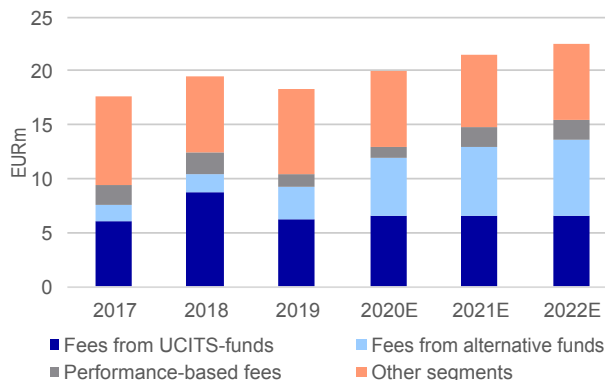
The alternative investment funds are currently a key growth area for the company as the volatile stock market drives investors to look for alternative investment products. EAB Group has existing investment commitments of around EUR 100m to real estate funds (as of 2019) that are likely to be invested during 2020 and start generating continuous fee income. The company is also planning new private asset funds, which would focus on unlisted debt, the global real estate market and renewable energy infrastructure.

NET SALES AND ADJUSTED EBIT MARGIN (EURm AND %)



Source: Company data and Nordea estimates

GROSS SALES SPLIT 2017-22E (EURm)



Source: Company data and Nordea estimates

AuM development impacted by market conditions

**Market CAGR of 9% in 2009-20 – UCITS funds demand clearly cyclical**

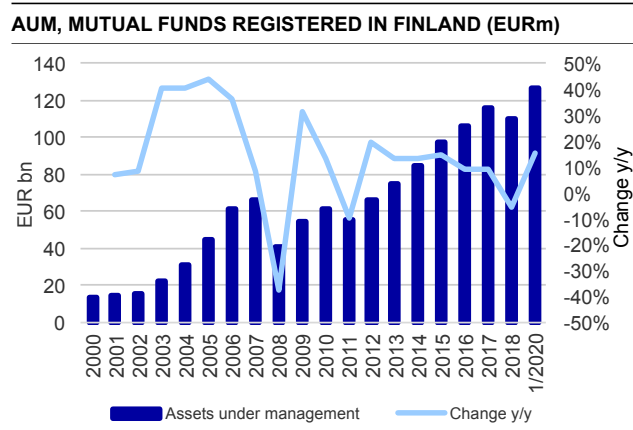
AuM in Finland-registered mutual funds increased at a CAGR of 9% from 2009 to January 2020. The positive development was due to both positive net subscriptions and capital gains within the funds. However, we note that net subscriptions tend to increase after positive market performance and vice versa. Thus, 2019 market conditions seem to have been challenging for companies like EAB Group, since many investors may have withdrawn their funds following the market turmoil in the latter half of 2018. On the other hand, the current positive swing could boost UCITS fees in 2020.

Market pricing affected negatively by regulation and investor cost awareness

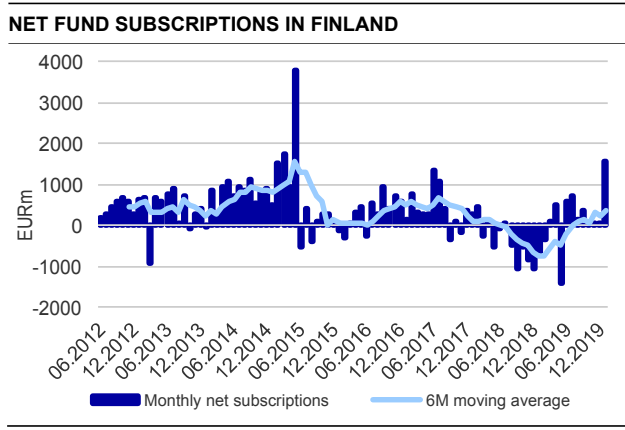
With regards to pricing and profitability in the asset management business, there have been a couple of drivers lately that have impacted service pricing in particular, in our view. The rise in ETF products has increased cost awareness among clients and regulation has forced asset managers to price their products in a more transparent way.

ESG megatrends could provide an opportunity for the EAB Group

On the other hand, sustainability themes have created an additional reason for investors to pay for active asset management, and thus the ESG megatrend could help to lift or at least maintain the current pricing levels within the industry. We believe that this could be a future growth driver for EAB Group as the company has strived to grow with its new renewable energy funds and selling BNP Paribas-managed sustainability impact funds.



Source: Investment Research Finland



Source: Investment Research Finland and Thomson Reuters

EAB Group targets EBIT margin of 35%

**Financial targets seem ambitious after 2019 headwinds**

The financial targets set by EAB Group are ambitious as the company seeks to double its net sales within the next five years and improve its EBIT margin to 35%, which is far higher than in the company's historical results. To reach the 35% EBIT margin target, we calculate that EAB needs to grow its net sales by 85% during 2020-23 (CAGR ~17%) and simultaneously keep ~80% of its costs unchanged, including personnel costs. We believe the company's strategic operational measures are logical, however, and could help it to progress towards improved profitability over time.

Alternative investments driving growth in 2020-21

The private asset funds, where demand has actually grown, are one key factor in improving the company's profitability, as investors are looking for alternative investments due to market volatility and low interest rates. EAB Group currently has approximately EUR 100m of investment commitments from its clients (to a real estate fund), which will be invested during 2020, we believe. We expect this should result in fee income growth. Moreover, the cost-savings programme introduced in 2019 has progressed well and could support the profitability beginning from 2020, according to our estimates.

**FINANCIAL TARGETS FOR THE NEXT THREE TO FIVE YEARS**

- To double the net sales in the next 5 years
  - Average organic growth of 15%
  - Average non-organic growth of 10%
- Increase comparable EBIT margin to 35%

Source: Company data

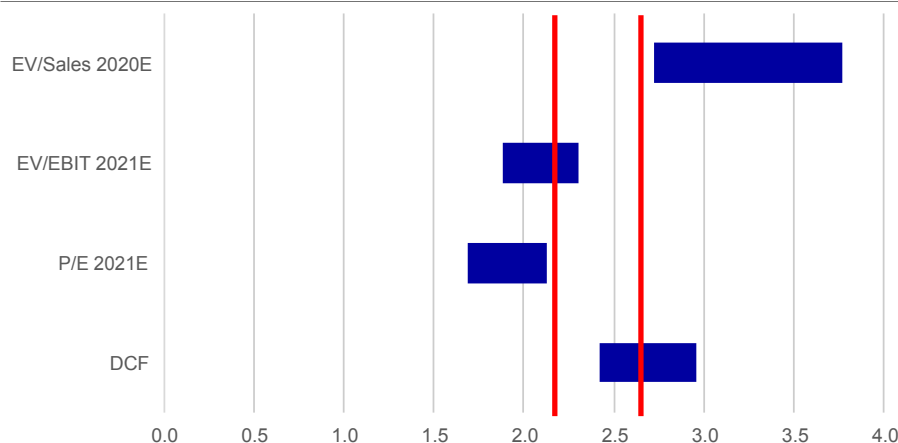
### Valuation

Given our assumption that EAB Group can deliver revenue growth and an operating profit margin in line with our expectations, we estimate a fair value range of EUR 2.2-2.6 per share based on a median of four different valuation approaches. This valuation range is represented as the red lines in the chart below.

Sector P/E gives an overly negative view, EV/sales looks too positive

We believe solely using EV/EBIT or P/E multiples would be misleading, given that the company is in the middle of a turnaround process. EV/sales alone shows an overly positive view, given that the company will likely not reach sector-average equivalent profitability within the next two to three years. We believe the fair range lies between these relative valuation methods and our DCF valuation model supports this view.

#### VALUATION SUMMARY (EUR/SHARE)



The EUR 2.2-2.6 fair value range is the result of four different valuation methods

Source: Nordea estimates

We would stress that the valuation is highly sensitive to assumptions about organic growth. For example, a 5 pp variation in organic growth during 2020E-21E would result in an EBIT margin change of 2-4 pp.

#### MULTIPLES' SENSITIVITY TO 2020E-21E GROWTH

Average growth for	Our estimate				Peers' trading range			
2020-21	-7 %	-2 %	3 %	8 %	13 %	18 %	23 %	
Key estimates for 2021E								
Net sales	15.8	17.6	19.4	<b>21.3</b>	23.3	25.4	27.6	
EBIT margin	3 %	7 %	11 %	<b>14 %</b>	17 %	19 %	21 %	
EPS	0.00	0.05	0.10	<b>0.15</b>	0.20	0.25	0.31	
EV/EBIT	neg.	38x	23x	<b>16x</b>	12x	10x	8x	11-13x
EV/Sales	3.0x	2.7x	2.4x	<b>2.2x</b>	2.0x	1.9x	1.7x	3-4x
P/E	neg.	64x	32x	<b>21x</b>	15x	12x	10x	11-14x

A 5 pp increase in organic growth for 2021E-20E alters the EBIT margin by ~2-4 pp

Source: Nordea estimates

### Risks

We believe that the largest risks for EAB Group's operations are macroeconomic and market-related, as an economic slowdown could hamper the performance of funds and thus affect fees negatively. The internal risks are related to ability to attract customers to invest in EAB's funds over the long term. Sales could suffer if the performance in EAB Group's funds fails to meet the expectations set out by the investors.

# Reported numbers and forecasts

## INCOME STATEMENT: ANNUAL ESTIMATES

EURm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Net revenue	12.1	13.6	15.8	19.4	18.1	19.7	21.3	22.4
Revenue growth	22 %	12 %	16 %	23 %	-7 %	9 %	8 %	5 %
of which total organic	22 %	7 %	4 %	8 %	-7 %	9 %	8 %	5 %
Fee based costs	-6.1	-7.7	-6.2	-4.1	-3.8	-3.8	-3.8	-3.8
Personnel costs	-4.0	-4.6	-6.9	-7.6	-8.0	-7.2	-7.7	-8.1
Other administrative costs	-2.2	-2.4	-4.7	-3.6	-4.1	-3.6	-3.6	-3.8
D&A	-0.5	-0.6	-1.9	-2.3	-2.7	-2.7	-2.8	-2.8
Other costs	-1.0	-1.1	-0.6	-0.5	-0.7	-0.5	-0.5	-0.5
Credit losses	0.0	0.0	0.0	0.0	-0.3	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.2	-0.1	0.0	0.0	0.0
<b>EBIT</b>	<b>0.5</b>	<b>0.1</b>	<b>-2.6</b>	<b>1.8</b>	<b>-1.4</b>	<b>1.8</b>	<b>2.9</b>	<b>3.4</b>
EBIT margin %	4 %	1 %	-16 %	9 %	-8 %	9.3%	13.8%	15.3%
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.0	0.0	-0.1	0.1	0.0	0.0	0.0	0.0
Net financials	0.0	0.0	-0.1	-0.3	-0.4	-0.4	-0.4	-0.4
Income taxes	0.6	-0.1	0.4	-0.1	0.2	-0.3	-0.5	-0.6
Net income	1.8	0.6	-2.3	1.4	-1.6	1.2	2.0	2.4
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income to equityholders	1.8	0.6	-2.3	1.4	-1.6	1.1	2.0	2.4
<b>EPS</b>	<b>0.09</b>	<b>0.00</b>	<b>-0.20</b>	<b>0.09</b>	<b>-0.11</b>	<b>0.08</b>	<b>0.15</b>	<b>0.17</b>

Source: Company data and Nordea estimates

## INCOME STATEMENT: INTERIM ESTIMATES

EURm	H1 17	H2 17	H1 18	H2 18	H1 19	H2 19	H1 20E	H2 20E
Net revenue	7.5	8.5	9.6	9.8	9.2	8.9	9.8	10.2
Revenue growth	-14 %	16 %	22 %	9 %	-5 %	-9 %	5 %	13 %
Fee based costs	-3.4	-2.1	-1.6	-2.5	-2.0	-1.8	-2.0	-1.9
Personnel costs	-3.1	-2.7	-3.7	-3.9	-4.2	-3.8	-3.6	-3.6
Other administrative costs	-1.3	-1.9	-1.7	-1.9	-1.9	-2.2	-1.8	-1.8
D&A	-0.5	-0.8	-1.0	-1.3	-1.3	-1.4	-1.4	-1.3
Other costs	-0.7	-0.7	-0.6	0.1	-0.4	-0.3	-0.3	-0.2
Credit losses	0.0	0.0	0.0	0.0	-0.3	0.0	0.0	0.0
Associates	0	0.0	0.05	0.2	0.0	-0.1	0.0	0.0
<b>EBIT</b>	<b>0.2</b>	<b>-0.4</b>	<b>1.4</b>	<b>0.4</b>	<b>-0.8</b>	<b>-0.5</b>	<b>0.7</b>	<b>1.1</b>
EBIT margin %	3 %	-5 %	15 %	4 %	-9 %	-6 %	7 %	11 %
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.0	-0.1	-0.1	0.2	0.0	0.0	0.0	0.0
Net financials	0.0	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2
Income taxes	-0.1	1.6	-0.1	0.0	0.1	0.1	-0.1	-0.2
Net income	0.1	1.2	1.2	0.2	-0.8	-0.6	0.4	0.7
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income to equityholders	0.1	0.0	0.0	0.0	-0.8	-0.7	0.4	0.7
<b>EPS</b>	<b>0.01</b>	<b>0.10</b>	<b>0.09</b>	<b>0.00</b>	<b>-0.06</b>	<b>-0.04</b>	<b>0.03</b>	<b>0.05</b>

Source: Company data and Nordea estimates

**BALANCE SHEET**

EURm	2016	2017	2018	2019	2020E	2021E	2022E
Intangible assets	6.5	14.5	13.4	13.8	13.8	13.8	13.8
of which R&D	1.7	1.9	2.3	2.3	2.3	2.3	2.3
of which other intangibles	0.3	3.6	2.0	2.4	2.4	2.4	2.4
of which goodwill	4.5	9.0	9.1	9.1	9.1	9.1	9.1
Tangible assets	2.3	1.9	3.2	2.9	3.2	3.4	3.7
of which machinery plant	2.3	1.9	0.6	0.3	0.6	0.8	1.1
of which property	0.0	0.0	2.6	2.6	2.6	2.6	2.6
of which land	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest bearing assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	1.0	2.9	2.8	2.8	2.0	1.0	0.0
Other non-interest bearing assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total non-current assets</b>	<b>19.2</b>	<b>30.0</b>	<b>33.9</b>	<b>31.7</b>	<b>31.2</b>	<b>30.4</b>	<b>29.7</b>
Accounts receivable	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other current assets	0.3	1.2	1.3	3.0	3.3	3.5	3.7
Cash and bank	0.8	2.0	1.1	0.5	1.6	3.9	6.1
Assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total assets</b>	<b>20.3</b>	<b>33.2</b>	<b>36.3</b>	<b>35.2</b>	<b>36.0</b>	<b>37.9</b>	<b>39.5</b>
Shareholders equity	12.3	21.8	22.0	19.2	19.7	21.1	22.5
of which preferred stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which Equity part of hybrid debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interest	0.3	0.1	0.1	0.1	0.1	0.1	0.1
<b>Total Equity</b>	<b>12.6</b>	<b>21.9</b>	<b>22.1</b>	<b>19.3</b>	<b>19.8</b>	<b>21.2</b>	<b>22.6</b>
Deferred tax	0.0	0.3	0.3	0.3	0.3	0.3	0.3
Long term interest bearing debt	1.8	4.2	7.0	7.4	7.4	7.4	7.4
Non-current liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities	4.9	3.8	3.9	4.0	4.0	4.0	4.0
Convertible debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholder debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hybrid debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total non-current liabilities</b>	<b>6.7</b>	<b>8.3</b>	<b>11.2</b>	<b>11.7</b>	<b>11.7</b>	<b>11.7</b>	<b>11.7</b>
Short-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other current liabilities	1.1	3.0	3.1	4.2	4.6	4.9	5.2
Short term interest bearing debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total current liabilities</b>	<b>1.1</b>	<b>3.0</b>	<b>3.1</b>	<b>4.2</b>	<b>4.6</b>	<b>4.9</b>	<b>5.2</b>
Liabilities for assets held for sale	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total liabilities and equity</b>	<b>20.4</b>	<b>33.2</b>	<b>36.4</b>	<b>35.2</b>	<b>36.0</b>	<b>37.9</b>	<b>39.5</b>

Source: Company data and Nordea estimates



**CASH FLOW STATEMENT**

EURm	2016	2017	2018	2019	2020E	2021E	2022E
<b>EBITDA adjusted for associates</b>	<b>0.7</b>	<b>-0.7</b>	<b>3.9</b>	<b>1.4</b>	<b>4.6</b>	<b>5.7</b>	<b>6.2</b>
Paid taxes	0.0	0.0	0.0	0.2	-0.3	-0.5	-0.6
Net financials	0.0	0.0	0.0	-0.4	-0.4	-0.4	-0.4
Change in Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in other LT non-IB assets/liabilities	1.5	-4.7	-3.0	2.4	0.8	1.0	1.0
Dividends / cash injections to/from associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid to minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hybrid debt interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other adjustments to reconcile to cash flow	-1.6	4.4	2.7	-2.6	0.0	0.0	0.0
Funds from operations (FFO)	0.6	-1.0	3.6	1.0	4.7	5.8	6.2
Change in NWC	-1.6	1.2	-3.7	1.5	0.1	0.1	0.1
Cash flow from operations (CFO)	-1.0	0.2	-0.1	2.5	4.8	5.9	6.3
Capital Expenditure	-2.4	1.6	-4.2	-1.9	-3.0	-3.0	-3.1
Free Cash Flow before A&D	-3.4	1.8	-4.3	0.6	1.8	2.9	3.2
Proceeds from sale of assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Free cash flow</b>	<b>-3.4</b>	<b>1.8</b>	<b>-4.3</b>	<b>0.6</b>	<b>1.8</b>	<b>2.9</b>	<b>3.2</b>
Funds distributed to shareholders	-0.7	-0.7	-0.7	-1.3	-0.7	-0.6	-1.0

Source: Company data and Nordea estimates

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