

May 28, 2013

Europe | Germany | IT & Software

DR. KALLIWODA
RESEARCH GmbH

Update

BUY

Target price: EUR 17.70

PSI AG

Good Q1/13; Rating increased to BUY

Overview

Industry:	IT Services & Software
Country:	Germany
ISIN:	DE000A1K0300
Reuters:	PSAGn.DE
Bloomberg:	PSAN GR
Website:	www.psi.de

Last price:	15.43
	High Low
Price 52 W.:	17.53 14.33
Market cap. (EURm)	241.81
Number of shares (m)	15.68

Shareholders

RWE AG	17.77%
Employee consortium	9.35%
Harvinder Singh	8.10%
Free float	64.78%

Performance

4 weeks	-0.96%
13 weeks	-9.99%
26 weeks	-0.64%
52 weeks	2.01%
YTD	-2.98%

Dividend

	in EUR	in %
2009	0.21	1.36%
2010	0.23	1.49%
2011	0.25	1.62%
2012E	0.30	1.94%

52-Week Chart



Analyst

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- PSI delivered a strong set of Q1/13 numbers. Revenues came in at €45.4m and thus 11.1% above last year. While EBIT only increased by 2.4% y-o-y to €2.1m due to a higher share of CoGS y-o-y, net income advanced by 18.7% y-o-y to €1.6m on a higher net financial result. Compared to Q1/12, order backlog and intake increased by 3.6% to €145m and 5.8% to €73m respectively.
- Between January and March 2013, the best-performing segment was again Infrastructure management. Due to an expansion of system sales its revenues increased by +76.4% y-o-y to €7.5m and the EBIT margin improved from 10.3% in Q1/12 to 10.9%. With sales of €23m (+10.4% y-o-y) and an EBIT margin of 5.3%, the segment Production management also showed a strong performance y-o-y. This mainly stemmed from solid results of the area "metal industry".
- Despite higher investments into working capital, the operating cash flow went up from €1.8m in Q1/12 to €3.4m. As the cash flow from investing reached €0.3m (Q1/12: €-1.8m) and financing €-1m (€3m), PSI's total cash position increased from €33.3m at the beginning of 2013 to €36.1m. At the end of March 2013, the company had a net gearing of 15.1% (Q1/12: 20.4%).
- After solid Q1/13 results, we have left our estimates unchanged and maintained our 12-months DCF-based price target of €17.70. Given strong order intake between January and March 2013 and an optimistic outlook for the remaining quarters of 2013, we believe that management's guidance of €190m for sales and €14m-17m for EBIT is achievable. As our price target equals an upside of 14.8% at present, we have increased our rating from ACCUMULATE to BUY.

Key Figures

EURm	2009	2010	2011	2012	2013E	2014E
Net sales	146.99	158.69	169.54	180.89	189.93	208.55
EBITDA	11.45	13.94	14.65	16.92	19.60	24.02
EBIT	7.81	9.51	10.67	12.89	15.37	19.37
Net income	6.60	7.05	7.44	9.36	9.29	12.02
EPS	0.46	0.45	0.47	0.60	0.59	0.77
BVPS	4.62	4.35	4.60	4.70	5.00	5.39
RoE	13.20%	10.49%	10.56%	12.77%	12.22%	14.76%
EBIT margin	5.32 %	6.00 %	6.29 %	7.12 %	8.09 %	9.29 %
P/E	33.53	34.28	32.82	25.84	26.04	20.12
P/BVPS	3.34	3.55	3.35	3.28	3.09	2.86
EV/EBITDA	22.44	18.42	17.54	15.18	13.10	10.69

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1 Company profile

PSI AG is a group of companies with over 1,600 employees, which develops and distributes software product solutions for process control. These solutions automate complex core processes of PSI's customers in the segments Energy, Production and Infrastructure management. PSI, which was founded in 1969, operates at numerous German and international sites in Europe, Asia and North America. It develops software products and complete systems for the operation of large energy networks and complex production and logistics processes with the objective to design customers' value creation processes more efficiently. In the segment Energy management systems, PSI provides solutions for operations' management, network utilization, pipeline management, leakage detection and localization, portfolio management, energy trading and distribution. The segment Production management creates optimization and control-technical solutions for production, telematics, logistics, metals and mining. In the Infrastructure segment, the company supplies solutions for traffic systems.

2 Investment case

In the near future, the key development to be watched will be PSI's success in the energy infrastructure game in Germany. In our view, software systems for the control of energy networks are associated with high switching costs. Energy providers will either switch suppliers or decide to stick to them in the long run. Only the winners of the game will face attractive upgrades and maintenance revenues. Given the number of energy networks, there is no room for many survivors. Coming out as a winner will also clear the way for exports of energy products to countries that follow Germany's approach in the long run. Many other growth opportunities besides energy exist for PSI, however due to the stated reasons a large part of the company's value depends on its success in the German energy segment.

PSI's management expect not only increasing revenues but also significant margin improvements. The main drivers of the latter are expected to be (1) scale effects through exports (2) transformation of PSI into a pure software company (3) lower average labor costs resulting from a higher share of the labor pool in target export markets with lower wages and (4) efficiency improvements stemming from a new technology platform. Management expect to increase revenues by an average of 8% a year, while raising EBIT margins by 1% to 2% a year until 2015. By that year, 800 of the then 2,000 employees are expected to work in export markets. In the future, management plan to generate 65% of total revenues in the growth markets Brazil, Canada, Eastern Europe, Russia, Asia, Middle East and Turkey. For full-year 2013, PSI guides for order intake of €200m, revenues of €190m and an EBIT of €14m-17m.

We view PSI's competitive position as strong due to the company's focus on its core competency in network control flow systems and experience in this area. In the past, the company has proved to be able to spot market trends and to position itself accordingly to benefit from these trends. In our view, its dominant market position, specialized workforce, ability to innovate and to react flexibly given its size and software focus provide valuable competitive advantages as well as entry barriers particularly in the German energy market. We believe that PSI is well-positioned to benefit from its growth opportunities and reach its stated goals. Our investment case based valuation does not include a premium for a potential takeover of PSI by a competitor. However, we note that speculation about a takeover does provide a bottom for the share price.

3 SWOT Analysis

Strengths

- **PSI's focus on core competencies in process control** technology with decades of experience, along with its innovation strength and a highly specialized workforce are important competitive advantages and create entry barriers. PSI's products are of high functionality, complexity and carry many unique features. PSI enjoys a first mover advantage and is the quality and volume leader in many of its key growth areas, namely energy smart grid infrastructure, gas & oil, metals, mining and infrastructure.
- **Pilot project approach:** When entering new product and geographic markets the company works together with sector leaders on pilot projects. Performing the research and development decentralized at the location of demand translates into a close customer relationship, a gain of sector knowledge, lower market entry risk, as well as the mitigation of financial risk.

Opportunities

- **Energy segment:** The „Energiewende“ gives PSI the potential to achieve scale effects by shifting its existing product portfolio from high voltage systems to lower network levels. Additionally, the demand for new software solutions such as volatility and resource software components, gas network control systems and software solutions for energy storage systems will increase.
- **Production segment:** New sensor and network technology increases data availability in production processes. This opens up new markets for PSI software solutions, which make production processes more efficient. Recent market entries by PSI are PSImining and solutions for the turbine manufacturing and aircraft maintenance sectors. In the automobile sector, new product developments should lead to more orders.
- **Export growth:** PSI focuses on Eastern markets as it sees the greatest growth potential there while currently facing low competition locally. A positive effect besides larger revenues and scale effects is the diversification away from a sole dependency on the German market. Expansion takes place by winning key reference customers.

Weaknesses

- **Buyers force:** PSI main customers operate in capital intensive sectors which naturally consist of a few large players. PSI itself is a medium sized player resulting in an unfavorable negotiating position. However a resulting pricing power of its customer is lessened by the facts that software expenditures should resemble a smaller portion of PSI customers overall budget, that PSI produces high-quality products that make a customer's operation more efficient translating in fast amortization, and PSI's complex products are mainly located in important parts of the value chain where quality is more important than price.
- **Business cycle risk:** PSI's customers are mainly from very cyclical sectors. The exposure to business cycle risk is somewhat diminished by the fact that the company delivers products mainly related to efficiency and cost cutting gains.

Threats

- **Increasing rivalry** among competitors in the Energy Infrastructure market: Large hardware suppliers recently acquired PSI's software competitors. On the one hand, this permits them to differentiate themselves from fellow hardware suppliers. If on the other hand the intention was to gain control of the energy software market then rivalry will intensify e.g. by price competition or hardware suppliers locking their systems to alien software providers. Management note that PSI enjoys greater economic independence in acquiring software related contracts relative to its software competitors, which are now entangled in powerful hardware divisions.
- **A lack of qualified staff** evoked from a current structural shortage of supply in the software labor sector would impede the seizure of the company's opportunities. PSI mitigates the risk by investing heavily in the training of its employees and collaborating with universities. Part of the routine software development has been moved to Eastern Europe and the technology platform enables an efficient knowledge transfer and standardization. These moves set free valuable engineering capacity.

4 Valuation

DCF model

In order to value PSI, we have used our DCF model, which derives a 12-months price target for the stock of €17.70. Compared to the current market level, this corresponds to an upside of 14.8%.

WACC assumptions

Growth assumptions

Long-term growth rate	2.0%
Assimilation phase (from 2016)	5 years
Sales growth at the beginning	7.0%
Margin development (p.a)	-1 BP

Equity

Risk-free rate	2.2%
Market risk premium	5.0%
Beta	1.42

Equity costs

9.3%

Debt costs

Debt costs (before tax)	6.0%
Tax rate on interest	30.0%

Debt costs (after tax)

4.2%

Equity

Equity	70
Debt	30
Gearing	42.9%

WACC

7.78%

Discounted Cash Flow Model (Basis 05/2013)

in EURm	Phase 1								
	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Net sales	189.93	208.55	225.86	241.66	252.54	261.88	269.74	276.48	282.01
(y-o-y change)	5.0%	9.8%	8.3%	7.0%	4.5%	3.7%	3.0%	2.5%	2.0%
EBIT	15.37	19.37	22.56	26.07	27.24	27.99	28.83	29.27	29.46
(EBIT margin)	8.1%	9.3%	10.0%	10.8%	10.8%	10.7%	10.7%	10.6%	10.5%
NOPLAT	10.76	13.56	15.79	18.25	19.07	19.59	20.18	20.49	20.62
+ Depreciation	4.24	4.65	5.04	5.39	5.63	5.84	6.02	6.17	6.29
= Net operating cash flow	14.99	18.21	20.83	23.64	24.70	25.43	26.20	26.66	26.91
- Total investments (Capex and WC)	0.94	-7.80	-8.09	-8.32	-8.06	-8.13	-8.16	-8.21	-29.83
Capital expenditure	-5.38	-5.96	-6.32	-6.65	-6.81	-6.99	-7.14	-7.28	-7.38
Working capital	6.33	-1.84	-1.77	-1.67	-1.25	-1.14	-1.02	-0.93	-22.45
= Free cash flow (FCF)	15.94	10.41	12.74	15.32	16.64	17.30	18.03	18.45	-2.91
PV of FCF's	15.19	9.21	10.45	11.66	11.75	11.34	10.96	10.41	-1.52

PV of FCFs in explicit period	89.44
PV of FCFs in terminal period	179.40
Enterprise value (EV)	268.85
+ Net cash / - net debt	-11.36
+ Investments / - Minorities	0.00
Shareholder value	257.48
Number of shares outstanding (m)	15.68
WACC	7.78%
Equity costs	9.3%
Debt costs before tax	6.0%
Tax rate	30.0%
Debt costs after tax	4.2%
Equity ratio	70.0%
Debt ratio	30.0%
Fair value per share in € (today)	16.42
Fair value per share in € (in 12 months)	17.70

WACC	Terminal EBIT margin						
	7.5%	8.5%	9.5%	10.5%	11.5%	12.5%	13.5%
4.8%	28.86	32.19	35.53	38.86	42.19	45.52	48.85
5.8%	21.26	23.51	25.77	28.03	30.28	32.54	34.79
6.8%	16.83	18.48	20.12	21.77	23.41	25.06	26.70
7.8%	13.94	15.19	16.45	17.70	18.96	20.21	21.46
8.8%	11.90	12.88	13.87	14.86	15.84	16.83	17.82
9.8%	10.37	11.17	11.96	12.76	13.55	14.35	15.14

Source: Dr. Kalliwoda Research GmbH

5 Q1/13 results

Revenues

In Q1/13, PSI generated total sales of €45.4m (+11.1% y-o-y), in which high-margin software licenses had a share of 15.1% (Q1/12: 11.1%). In the same period, order backlog and intake increased by 3.6% to €145m and 5.8% to €73m respectively.

With 50.7%, the segment Production management had the highest share in total sales. Due to a particularly strong development of the area “metal industry” revenues increased by 10.4% y-o-y to €23m. Driven by an expansion of system sales and strong demand in South East Asia and Poland, Infrastructure management reported the highest sales growth in Q1/13 (+76.4% to €7.5m). However, with revenues declining by 5.6% to €14.9m, the negative trend in the Energy management segment continued. Although in the area “Oil & Gas” PSI gained two large orders from Germany and Russia, the area “Electrical Energy” continued to suffer from weak demand in Germany following the introduction of a new energy policy in 2011 and the introduction of a new standardised product.

Q1/13 vs. previous year

in EURm	Q1/13	Q1/12	change y-o-y (%)
Net sales	45.36	40.84	11.1%
EBITDA	3.00	3.00	-0.1%
EBITDA margin	6.6%	7.3%	
EBIT	2.09	2.04	2.4%
EBIT margin	4.6%	5.0%	
Net income	1.56	1.31	18.7%
Net margin	3.4%	3.2%	

Source: Company data, Dr. Kalliwoda Research GmbH

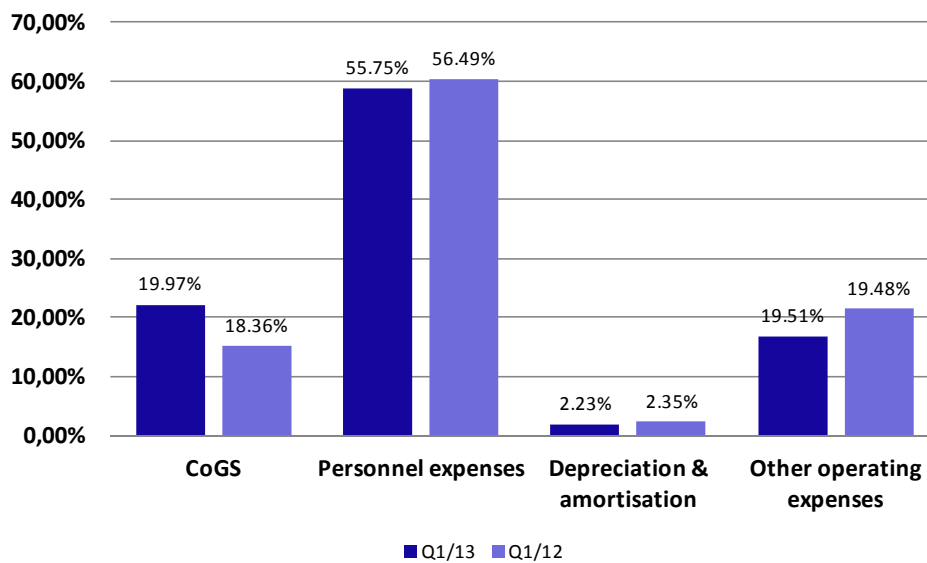
Sales and EBIT margins according to segments Q1/13 vs. Q1/12

	Q1/13	Q1/12		Q1/13	Q1/12
Energy management			Infrastructure management		
Sales €m	14.89	15.77	Sales €m	7.47	4.24
Share in total sales	32.8%	38.6%	Share in total sales	16.5%	10.4%
EBIT margin	2.4%	5.2%	EBIT margin	10.9%	10.3%
Production management			Group		
Sales €m	23.00	20.84	Total Sales	45.36	40.84
Share in total sales	50.7%	51.0%	change y-o-y	11.1%	
EBIT margin	5.3%	5.6%			

Source: Company data, Dr. Kalliwoda Research GmbH

Profitability

Share in total sales Q1/13 vs. Q1/12



Source: Company data, Dr. Kalliwoda Research GmbH

In Q1/13, EBIT (+2.4% to €2.1m) developed weaker than sales. The reasons were lower operating margins in the segments Energy (2.4% vs. 5.2% in Q1/12) and Production management (5.3% vs. 5.6%), which together accounted for 83.5% of PSI's total revenues. As net financial result improved y-o-y (€-74k vs. €-444k), net income increased by 8.7% to €1.6m.

Balance Sheet and Cash Flow

At the end of March 2013, the most important positions on PSI's balance sheet were (1) equity of €75.4m (equity ratio of 38.5%) (2) intangible assets of €47.3m and (3) Receivables from long-term manufacturing of €46.7m. With interest-bearing debt of €47.5m (90.2% long-term) and liquid funds of €36.1m, net gearing equalled 15.1%.

Despite higher investments into working capital (€77m vs. €1.7m in Q1/12), PSI's operating cash flow increased from €1.8m to €3.4m. The reason was a strong increase of other liabilities y-o-y (mainly personnel and tax liabilities). While cash flow from investing improved from €-1.8m in Q1/12 to €0.3m due to the sale of subsidiaries, cash flow from financing (€-1m vs. €1.3m) was affected by repayment of debt and a share buyback. Between January and March 2013, total cash inflow amounted to €2.8m.

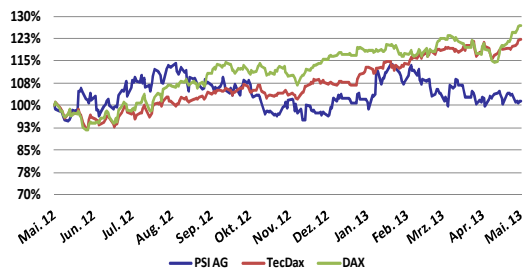
6 Outlook

After Q1/13 results, we have kept our estimates and price target of €17.70, however due to an upside of 14.8% at present our rating goes up from ACCUMULATE to BUY. We like PSI's strong order intake in Q1/13 and management's positive outlook for the remaining quarters of 2013. Both make us believe that the company's current guidance of €190m for sales and €14-17m for EBIT remains realistic.

In March 2013, PSI founded a new subsidiary in Brazil, PSI Metals Brazil Ltda., which is expected to strengthen the company's activities in fast-growing Latin America. It will focus on the distribution of PSI's solutions to the region's steel industry and local support of existing customers. In our view, Latin America will become one of PSI's key markets in the near future.

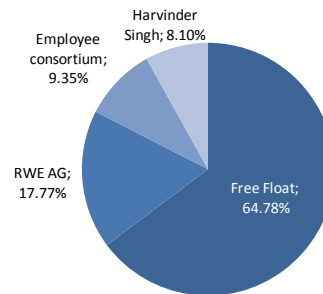
7 Stock and shareholder structure

Stock Price Development



Source: Thomson Reuters Knowledge

Shareholder Structure



Source: Company data, Dr. Kalliwoda Research GmbH

8 Profit and loss statements

Profit and loss statement - PSI AG						
in EURm	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Sales split						
<i>Energy management</i>	59.79	65.46	68.89	62.29	65.22	71.40
<i>Production management</i>	62.21	67.27	78.59	89.42	94.27	103.93
<i>Infrastructure management</i>	24.98	25.96	22.07	29.17	30.44	33.22
Net sales	146.99	158.69	169.54	180.89	189.93	208.55
<i>Change in inventories</i>	0.07	0.06	-0.03	-0.22	-0.24	-0.25
Total Output	147.06	158.75	169.52	180.66	189.69	208.29
<i>Cost of goods sold</i>	-28.49	-26.30	-31.12	-36.13	-37.93	-41.65
Gross profit	118.57	132.45	138.39	144.54	151.76	166.64
<i>Other operating income</i>	3.59	6.66	5.06	8.52	3.79	4.17
<i>Personnel costs</i>	-83.63	-94.16	-95.78	-100.85	-105.51	-115.44
<i>Depreciation & Amortization</i>	-3.63	-4.43	-3.98	-4.03	-4.24	-4.65
<i>Other operating expenses</i>	-27.09	-31.00	-33.03	-35.29	-30.44	-31.35
EBIT	7.81	9.51	10.67	12.89	15.37	19.37
<i>Net financial results</i>	-0.87	-1.64	-1.94	-1.55	-2.10	-2.20
EBT	6.95	7.88	8.72	11.34	13.27	17.17
<i>Income taxes</i>	-0.34	-0.83	-1.28	-1.98	-3.98	-5.15
<i>Minority interests</i>	0.00	0.00	0.00	0.00	0.00	0.00
Net income / loss	6.60	7.05	7.44	9.36	9.29	12.02
<i>EPS</i>	0.46	0.45	0.47	0.60	0.59	0.77
<i>DPS</i>	0.21	0.23	0.25	0.30	0.31	0.32
Change y-o-y						
<i>Net sales</i>	n.a	7.96%	6.84%	6.69%	5.00%	9.80%
<i>Total Output</i>	n.a	7.95%	6.78%	6.58%	5.00%	9.81%
<i>Cost of goods sold</i>	n.a	-7.67%	18.32%	16.07%	5.00%	9.81%
<i>Gross profit</i>	n.a	11.70%	4.49%	4.44%	5.00%	9.81%
<i>Other operating income</i>	n.a	85.38%	-24.00%	68.51%	-55.49%	9.81%
<i>Personnel costs</i>	n.a	12.60%	1.71%	5.30%	4.62%	9.41%
<i>Depreciation & Amortization</i>	n.a	21.87%	-10.03%	1.33%	5.00%	9.80%
<i>Other operating expenses</i>	n.a	14.44%	6.56%	6.85%	-13.74%	2.97%
<i>EBIT</i>	n.a	21.76%	12.10%	20.82%	19.25%	26.07%
<i>Net financial results</i>	n.a	88.26%	18.64%	-20.14%	35.48%	4.76%
<i>EBT</i>	n.a	13.43%	10.74%	29.93%	17.03%	29.45%
<i>Income taxes</i>	n.a	142.98%	54.03%	54.45%	101.29%	29.45%
<i>Net income / loss</i>	n.a	6.72%	5.63%	25.71%	-0.77%	29.45%
<i>EPS</i>	n.a	-2.17%	4.44%	27.01%	-0.77%	29.45%
<i>DPS</i>	n.a	n.a	8.70%	20.00%	3.33%	3.23%
Share in total sales						
<i>Net sales</i>	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
<i>Total Output</i>	86.74 %	93.63 %	99.98 %	106.56 %	111.88 %	122.86 %
<i>Cost of goods sold</i>	-16.80 %	-15.51 %	-18.36 %	-19.97 %	-19.97 %	-19.97 %
<i>Gross profit</i>	69.93 %	78.12 %	81.63 %	79.91 %	79.90 %	79.91 %
<i>Other operating income</i>	2.12 %	3.93 %	2.98 %	4.71 %	2.00 %	2.00 %
<i>Personnel costs</i>	-49.33 %	-55.54 %	-56.49 %	-55.75 %	-55.55 %	-55.35 %
<i>Depreciation & Amortization</i>	-2.14 %	-2.61 %	-2.35 %	-2.23 %	-2.23 %	-2.23 %
<i>Other operating expenses</i>	-15.98 %	-18.28 %	-19.48 %	-19.51 %	-16.03 %	-15.03 %
<i>EBIT</i>	4.61 %	5.61 %	6.29 %	7.12 %	8.09 %	9.29 %
<i>Net financial results</i>	-0.51 %	-0.96 %	-1.14 %	-0.86 %	-1.11 %	-1.05 %
<i>EBT</i>	4.10 %	4.65 %	5.15 %	6.27 %	6.98 %	8.23 %
<i>Income taxes</i>	-0.20 %	-0.49 %	-0.75 %	-1.09 %	-2.10 %	-2.47 %
<i>Net income / loss</i>	3.89 %	4.16 %	4.39 %	5.17 %	4.89 %	5.76 %

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9 Balance sheets

Balance sheet - PSI AG						
in EURm	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Assets						
Cash and cash equivalents	20.77	28.88	33.85	33.34	45.94	55.99
Inventories	2.84	3.40	4.05	4.02	4.22	4.63
Trade accounts and notes receivables	33.75	27.94	31.16	34.07	35.77	39.28
Receivables from long-term manufacturing	32.69	37.24	37.55	42.24	42.07	46.19
Other current assets	3.50	6.68	3.86	4.63	4.32	4.75
Current assets	93.54	104.15	110.47	118.30	132.32	150.84
Property, plant and equipment	9.34	13.71	14.46	14.24	15.24	16.24
Other intangibles assets	4.66	2.67	2.26	2.96	3.11	3.41
Goodwill	43.92	43.92	43.92	44.53	44.53	44.53
Shares in associated companies	0.36	0.40	0.21	0.43	0.23	0.26
Deferred tax assets	2.90	4.31	4.33	5.98	3.20	0.00
Non-current assets	61.19	65.01	65.19	68.14	66.31	64.44
Total assets	154.74	169.16	175.66	186.44	198.63	215.27
Liabilities						
Trade payables	14.61	15.41	16.98	15.65	16.22	17.58
Other liabilities	23.15	25.77	27.71	27.98	31.04	34.08
Liabilities from long-term manufacturing	15.40	16.15	20.23	18.55	22.67	24.89
Financial liabilities	1.56	2.49	2.34	5.45	5.35	5.25
Provisions	0.48	0.29	0.24	0.18	0.19	0.21
Current liabilities	55.19	60.11	67.50	67.80	75.46	82.00
Long-term bank debt	0.84	5.67	0.80	3.90	3.85	3.80
Pension provisions	30.10	33.61	32.10	39.00	40.95	44.96
Deferred tax liabilities	2.31	1.67	2.36	2.11	0.00	0.00
Long-term liabilities	33.25	40.95	35.26	45.00	44.80	48.76
Total liabilities	88.45	101.07	102.75	112.80	120.26	130.76
Shareholders equity	66.29	68.09	72.91	73.64	78.38	84.51
Minority interests	0.00	0.00	0.00	0.00	0.00	0.00
Total equity and liabilities	154.74	169.16	175.66	186.44	198.63	215.27

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10 Cash flow statements

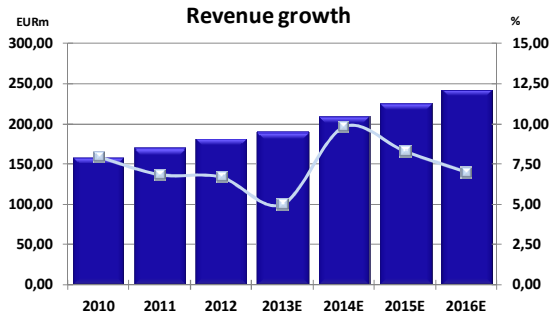
Cash flow statement - PSI AG						
in EURm	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Net income / loss	6.60	7.05	7.44	9.36	9.29	12.02
Depreciation & Amortization	3.63	4.43	3.98	4.03	4.24	4.65
Change of working capital	-5.65	-0.21	-2.82	-8.97	6.33	-1.84
Others	-0.19	1.88	6.76	-3.62	0.69	3.22
Net operating cash flow	4.40	13.14	15.37	0.81	20.54	18.05
Cash flow from investment	-15.87	-6.82	-1.60	-3.63	-5.38	-5.96
Free cash flow	-11.47	6.32	13.76	-2.82	15.15	12.09
Cash flow from financing	8.58	1.46	-8.95	2.27	-2.55	-2.05
Change of cash	-2.89	8.12	4.96	-0.51	12.60	10.05
Cash at the beginning of the period	23.65	20.77	28.88	33.85	33.34	45.94
Cash at the end of the period	20.77	28.88	33.85	33.34	45.94	55.99

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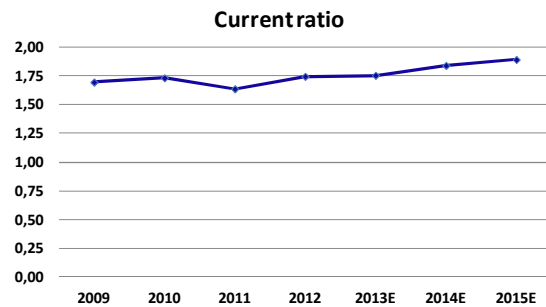
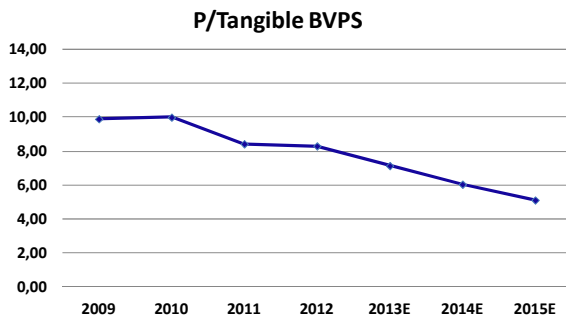
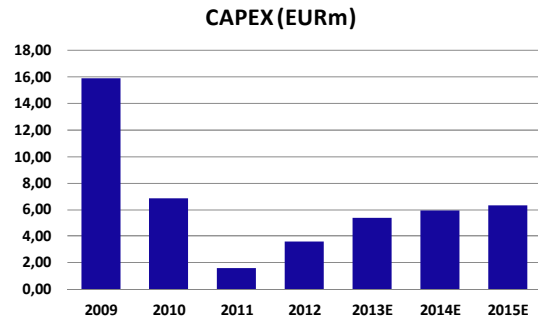
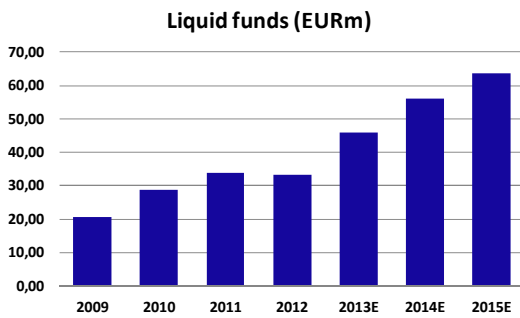
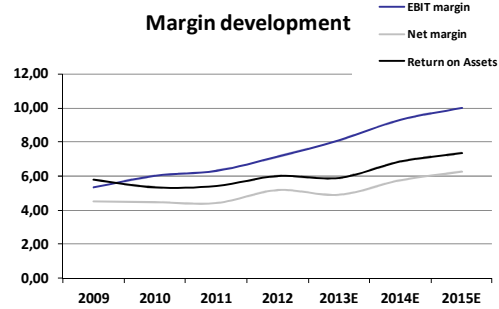
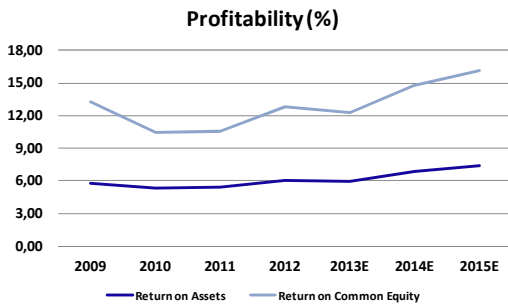
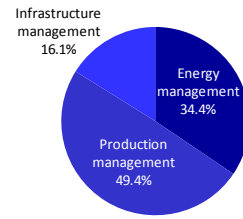
11 Financial ratios

Fiscal year	2009	2010	2011	2012	2013E	2014E	2015E	2016E
Gross margin	80.63%	83.43%	81.64%	80.00%	80.00%	80.00%	80.00%	80.00%
EBITDA margin	7.79%	8.78%	8.64%	9.35%	10.32%	11.52%	12.22%	13.02%
EBIT margin	5.31%	5.99%	6.29%	7.13%	8.10%	9.30%	10.00%	10.80%
Net margin	4.49%	4.44%	4.39%	5.18%	4.90%	5.77%	6.29%	6.86%
Return on equity (ROE)	13.20%	10.49%	10.56%	12.77%	12.22%	14.76%	16.09%	17.26%
Return on assets (ROA)	5.81%	5.36%	5.44%	6.02%	5.91%	6.87%	7.37%	7.88%
Return on capital employed (ROCE)	7.46%	7.80%	8.41%	8.97%	8.73%	10.17%	10.95%	11.70%
Net debt (in EURm)	11.74	12.89	1.39	15.01	4.21	-1.98	-6.16	-11.69
Net gearing	17.70%	18.93%	1.91%	20.38%	5.37%	-2.34%	-6.72%	-11.67%
Equity ratio	42.84%	40.25%	41.51%	39.50%	39.46%	39.26%	39.51%	40.17%
Current ratio	1.69	1.73	1.64	1.74	1.75	1.84	1.89	1.95
Quick ratio	1.05	1.06	1.02	1.06	1.14	1.22	1.27	1.32
Net interest cover	8.99	5.82	5.49	8.31	7.32	8.81	9.81	10.86
Net debt/EBITDA	1.03	0.92	0.09	0.89	0.21	-0.08	-0.22	-0.37
Tangible BVPS	1.56	1.54	1.83	1.86	2.16	2.55	3.01	3.55
Capex/Sales	-23.74%	-4.28%	-2.56%	-2.83%	-2.83%	-2.86%	-2.80%	-2.75%
Working capital/Sales	13.35%	11.30%	6.90%	12.60%	8.67%	8.78%	8.88%	8.99%
EV/Sales	1.72	1.60	1.49	1.40	1.33	1.21	1.12	1.05
EV/EBITDA	22.12	18.16	17.29	14.96	12.92	10.54	9.17	8.05
EV/EBIT	32.40	26.61	23.74	19.65	16.48	13.07	11.22	9.71
P/Tangible BVPS	9.90	10.00	8.43	8.31	7.14	6.05	5.12	4.34
P/E	33.53	34.28	32.82	25.84	26.04	20.12	17.05	14.59
P/FCF	38.22	17.55	-85.78	15.94	19.98	21.66	17.69	16.21

Source: Company data, Dr. Kalliwoda Research GmbH



Sales split 2012



Source: Company data, Dr. Kalliwoda Research GmbH

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