

Anora

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Parempaa luvassa" published on 5/11/2023 at 6:47 pm

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Better things to come

Anora's Q1 result was below our expectations and the comparison period, even though net sales grew well. However, the company's guidance remained unchanged and price increases and cost savings should support the development from Q2 onwards. We lowered our estimates for this year but estimate changes for 2024-25 were minor. We still believe that Anora can achieve reasonably good earnings growth in the coming years, in addition to which the expected return is supported by dividends that grow with earnings. We reiterate our Accumulate recommendation and EUR 6.2 target price for the share.

Q1 was weaker than expected as pricing continued lagging

Q1 is seasonally the weakest quarter for Anora and the company had warned it would be weak even before the report. However, net sales growth was good (20% or 8% organic), but adjusted EBITDA of under EUR 8 million was clearly below the comparison period (13 MEUR) and our estimate (10 MEUR). Earnings were especially burdened by production costs remaining high and weaker SEK and NOK, whose impact could not be passed on to prices during Q1 due to delays in price increases. However, Anora has made price increases in the spring and has started fixed cost savings to support earnings development.

2023 guidance was repeated: EUR 80-90 million comparable EBITDA

The company repeated its full-year 2023 guidance: comparable EBITDA is expected to be EUR 80-90 million (2022: 76 MEUR). We expect price increases to gradually compensate for increased costs and weakened currencies and to support margin development in 2023 and 2024. In addition, raw material costs should start easing in H223 and the company's own efforts should lower fixed costs. We estimate small annual net sales growth and improving earnings and margin also in 2024-25. We lowered our 2023 EPS estimate by 6%, while the changes for 2024-25 were 1-2%.

Balance sheet is weak, but we expect it to improve clearly during the year

The company's net debt/EBITDA was 4.0x at the end of Q1 while the target level is under 2.5x. The company expects improving earnings and released working capital to decrease indebtedness clearly in 2023. With our estimates, net debt/EBITDA will fall to the target level at the end of 2023 considering the company's expanded sales program for trade receivables. Thus, we do not believe that high indebtedness causes bigger problems, as Anora refinanced its bank loan at the end of 2023 and should, therefore, not have (re)financing needs in the coming years.

Expected return of some 15% justifies a positive recommendation

We believe that 2023 earnings multiples (e.g. P/E 15x) do not yet seem favorable, but if we look at the P/B ratio, which is 0.7x and 2024 multiples (P/E 11x), the share seems cheap. We expect Anora's return on capital to reach roughly the required return in the coming years, which would justify a P/B ratio close to the book value. We estimate that Anora's sustainable free cash flow is around EUR 40 million which at the current price would mean a free cash flow yield of around 11%. In terms of expected return, some of the earnings growth in the coming years will, therefore, be absorbed by the somewhat elevated multiples, but we also believe that they support the share to some extent. A 5-7% dividend yield is a significant component in the annual expected return that reaches around 15%.

Recommendation

Accumulate

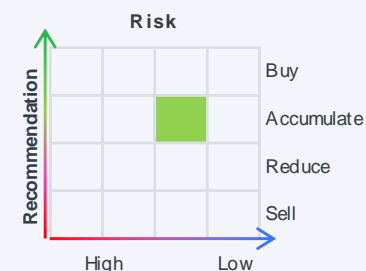
(previous Accumulate)

EUR 6.20

(previous EUR 6.20)

Share price:

5.26



Key figures

	2022	2023e	2024e	2025e
Revenue	702.7	752.5	761.2	776.4
growth-%	6%	7%	1%	2%
EBITDA (oik.)	76.1	81.9	90.2	95.1
EBITDA-% (oik.)	10.8 %	10.9 %	11.8 %	12.2 %
Net Income	17.9	22.3	32.5	37.0
EPS (adj.)	0.39	0.35	0.48	0.55

P/E (adj.)	19.0	15.2	11.0	9.6
P/B	1.0	0.7	0.7	0.7
Dividend yield-%	3.0 %	4.6 %	6.4 %	7.3 %
EV/EBIT (adj.)	18.1	11.0	8.8	7.6
EV/EBITDA	11.5	6.4	5.3	4.8
EV/S	1.1	0.7	0.6	0.6

Source: Inderes

Guidance

(Unchanged)

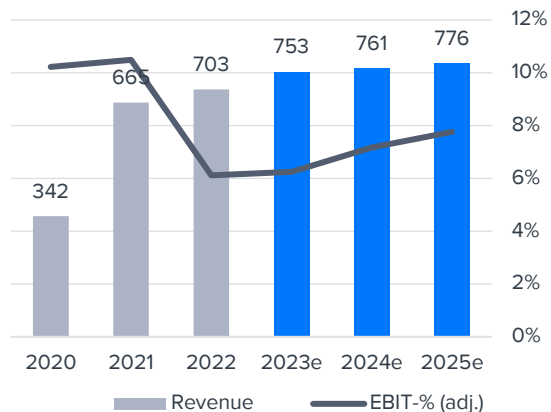
In 2023, Anora's comparable EBITDA is expected to be between EUR 80-90 million.

Share price



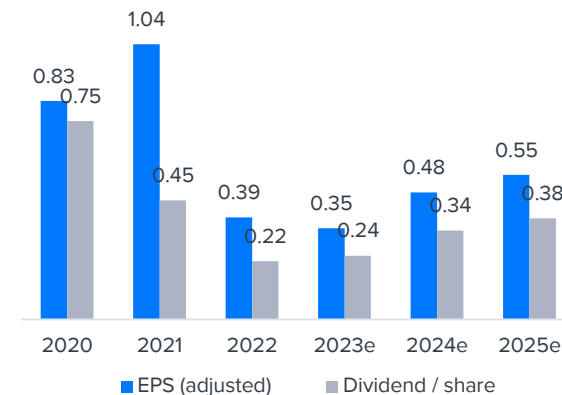
Source: Millistream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Strong market position and extensive product portfolio
- Stable market and profitability
- Synergy benefits from the merger will support growth and profitability in coming years
- Good dividend payment capacity



Risk factors

- Normalization of demand after COVID depressed earnings
- Price fluctuations of barley affects earnings
- Anora will continue to seek acquisitions which involves risks related to the price and integration

Valuation	2023e	2024e	2025e
Share price	5.26	5.26	5.26
Number of shares, millions	67.6	67.6	67.6
Market cap	356	356	356
EV	515	481	457
P/E (adj.)	15.2	11.0	9.6
P/E	16.0	11.0	9.6
P/FCF	2.4	5.8	6.2
P/B	0.7	0.7	0.7
P/S	0.5	0.5	0.5
EV/Sales	0.7	0.6	0.6
EV/EBITDA	6.4	5.3	4.8
EV/EBIT (adj.)	11.0	8.8	7.6
Payout ratio (%)	73.3 %	70.0 %	70.0 %
Dividend yield-%	4.6 %	6.4 %	7.3 %

Source: Inderes

Q1 result below expectations and the comparison period

Net sales grew by nearly 20%, supported by Globus Wine

Anora's net sales grew by nearly 20% in Q1, while we expected an increase of about 10%. Growth was supported by Globus Wine acquired last summer, whose contribution was bigger than we expected and grew strongly from the comparison period. Excluding Globus growth was 2%, weakened by currency development and supported by price increases. Organic growth (excluding Globus and in comparable currencies) was 8%. At segment level, net sales exceeded our estimates especially in the Wine segment, which was supported by Globus' good net sales, but other segments also exceeded our expectations. In the Spirits segment, international growth in line with the strategy was good according to the company, over 10%. According to the company, Nordic market development in volumes was -2.5% in Q1 and in value at about last year's level.

Result below our expectations

Weakened SEK and NOK also had an impact on profitability. Currencies were clearly weaker than in the comparison periods in Q1 and NOK has deteriorated throughout Q1. In addition, production costs remained high. Anora can raise prices in the monopoly sales chains for alcohol only rarely and the effect of weaker exchange rates can be passed on to prices only during spring. This caused pressure on the gross margin of Q1, which decreased by nearly 5 percentage points from the comparison period and was 40.5% or at the same level as in Q4. Globus Wine's gross margin that is lower than for the rest of the Group also affected the development relative to the comparison period (when Globus was not included in the figures). The company also commented that fixed costs had increased. Due to these factors, the Q1 result was clearly below the comparison period and also consensus estimates as expected, although the result was also below our

estimates. At segment level, Spirits met our expectations, but other segments were below our estimates and all segments weakened from the comparison period. Below EBITDA depreciation was slightly lower than our estimates, but financial expenses were higher.

Indebtedness clearly over the target level

Although the company had sold more of its trade receivables during Q1, net debt fell only slightly from the situation at the end of the year and net debt/adjusted EBITDA was 4.0x which is the same level as at the end of 2022. This clearly exceeds the target level (under 2.5x). However, the company expects that through destocking, improving earnings and operating cash flow it will be significantly closer to its target level by the end of the year. Our estimate expects the company to reach the target level already at the end of 2023.

Estimates MEUR / EUR	Q1'22	Q1'23	Q1'23e	Q1'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	133	160	146	149			9%	753
EBITDA (adj.)	13.0	7.9	10.0	-			-21%	81.9
EBITDA	11.9	6.9	10.0	13.3			-31%	80.9
EBIT (adj.)	5.2	-0.7	1.0	-			-170%	47.0
EBIT	4.1	-1.7	1.0	4.9			-270%	45.9
EPS (reported)	0.03	-0.08	-0.03	0.01			158%	0.33
Revenue growth-%	-0.5 %	19.5 %	9.4 %	11.9 %			10.1 pp	7.1 %
EBIT-% (adj.)	3.9 %	-0.4 %	0.7 %			-	-1.1 pp	6.2 %

Source: Inderes & Bloomberg, 4 analysts (consensus)

Estimate cuts for 2023

Full-year guidance remains unchanged

Despite the weak quarter, the company stated that it had gone as expected and reiterated its guidance, i.e. expects full-year comparable EBITDA margin to be EUR 75-85 million (2022: 76 MEUR). NOK that has been on a weakening trend throughout the start of the year is the negative factor compared to the company's expectations but it alone does not cause changes to the guidance. The company already expects support in Q2 from price increases and fixed cost cuts, and lower raw material costs should also support the second half of the year. Thus, the company should be able to improve its performance during the year. Seasonally Q1 is also the company's weakest quarter.

Our estimate for comparable EBITDA for the whole year is EUR 82 million. For this year, our net sales

estimate rose slightly driven by high Q1 net sales, but at EPS level our estimate decreased by 6% mainly due to higher financial expenses.

No major changes in 2024-25 estimates

We only made 1-2% changes to our 2024-25 estimates. We still see a positive margin trend in the coming years, as pricing is better aligned with costs and the synergy benefits sought by the company through mergers and other efficiency measures become visible in profitability.

Estimate revisions MEUR / EUR	2023e		Change %	2024e		Change %	2025e		Change %
	Old	New		Old	New		Old	New	
Revenue	740	753	2%	755	761	1%	770	776	1%
EBITDA (adj.)	83.0	81.9	-1%	90.7	90.2	-1%	95.5	95.1	0%
EBIT (exc. NRIs)	47.0	47.0	0%	55.2	54.6	-1%	60.9	60.3	-1%
EBIT	47.0	45.9	-2%	55.2	54.6	-1%	60.9	60.3	-1%
PTP	31.5	29.2	-7%	41.7	41.1	-2%	47.4	46.8	-1%
EPS (excl. NRIs)	0.37	0.35	-6%	0.49	0.48	-2%	0.55	0.55	-1%
DPS	0.26	0.24	-6%	0.34	0.34	-2%	0.39	0.38	-1%

Source: Inderes

Valuation and recommendation 1/2

Valuation summary – Accumulate

Anora's expected return for the next few years consist of both a dividend yield and moderate earnings growth, as merger synergies materialize and the current headwind from raw material prices and currencies alleviates and/or is compensated for with price increases. We do not find the share's valuation level for 2023 attractive measured with earnings multiples considering the modest organic growth potential. However, looking at other valuation methods and the earnings multiples for the coming years, the overall valuation picture seems favorable.

We believe the share's expected total return mainly consists of dividend yield, but also in part of earnings growth, even though some of it is used to absorb multiples. Therefore, our recommendation for the share is Accumulate with a EUR 6.2 target price.

Value of DCF mode above current share price

Due to the stable industry, steady growth and relatively easily predictable business, the DCF model is, in our opinion, a relevant valuation method for Anora. Our DCF model gives Anora a debt-free value of about EUR 820 million, which means that the value of the share capital is about EUR 430 million, or EUR 6.4 per share. Here we treat sold receivables as debt. However, the DCF model assumes better profitability than currently in the longer term, whose materialization naturally entails uncertainty. On the other hand, we expect profitability to rise above our medium-term assumptions in the coming years.

Earnings-based valuation expensive in 2023, favorable after that

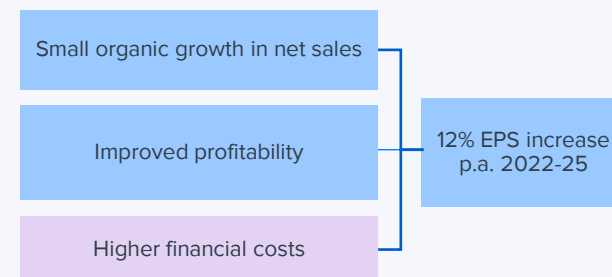
Anora's P/E ratio for 2023 is 15x and the historical average (Anora/former Altia) is 12x. However, the historical ratios of former Arcus have been somewhat higher, P/E 14-18x. The earnings multiples for 2023 are a bit high in our opinion considering the modest return on capital and growth outlook. Looking at next year, the valuation is already attractive as ratios fall to P/E ~11x and EV/EBIT ~9x. The valuation of peers is clearly higher, but we see it as justified. As the companies in the peer group mainly produce alcoholic beverages themselves, their margin and return on capital are clearly higher than Anora's (Anora also has a lot of partner brand distribution). The more international business of the peers also enables a better growth profile. Thus, the valuation of these companies must be much higher than Anora's. Thus we do not believe their valuation is directly comparable to Anora.

As regards the EV-based valuation, we note that Anora has a relatively high lease liability relative to its value in its balance sheet, over EUR 100 million, which is not actual financial liability. On the other hand, it has of over EUR 90 million sold receivables off-balance-sheet which can be considered debt-like liabilities.

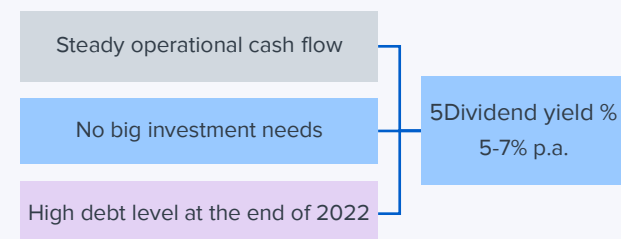
TSR drivers 2022-2025

■ Positive ■ Neutral ■ Negative

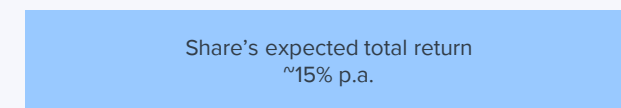
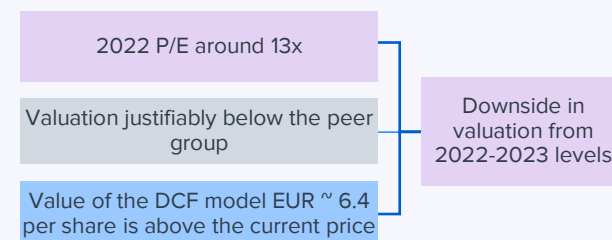
Profit drivers



Dividend yield drivers



Valuation multiple drivers



Valuation and recommendation 2/2

Balance sheet-based valuation is attractive

With our estimates, Anora's return on capital (both ROE and ROCE) will be around 7-8% in 2024-25. We examine these years because at that time most merger synergies should be visible and the earnings level should better correspond to the company's current potential. This rate of return is practically the same as our return requirement (8.0% for equity, 7.5% for total capital). Therefore, the balance sheet-based valuation of the share, or P/B, should be around 1.0x. The same is true for the EV/IC ratio (i.e. enterprise value/invested capital). At the current share price, both the P/B and EV/IC ratios for 2022-24 are 0.7-0.8x. With this indicator the share is already attractive. The book value per share for 2022-23 is slightly over EUR 7, so our target price is a bit below it.

Expected return is good 10% in the longer term

We believe Anora has the possibility of substantially increasing its volumes within the existing production facilities. Thus, growth in the foreseeable future will not require significant factory investments and the company can use its free cash flow mainly for dividends and possible acquisitions.

Organic growth, however, ties up working capital which limits the return on capital generated by growth. The impact of growth on earnings and return on capital naturally depends on what type of products the company can grow with. However, with our current estimates, growth is rather neutral from the point of view of return on capital and hence value creation. Therefore, the company's level of return on capital is mainly determined by its profitability level.

We do not believe in significant value creation opportunities through acquisitions either, as the next natural step would be on the Central European market where cost synergies with Anora are likely to be small.

Although the return on capital is on level with the required return in our estimates also looking further ahead, Anora's expected return is reasonable with the current valuation also in the longer term. If Anora would distribute its entire free cash flow as dividends (some 40 MEUR) the dividend yield would be approximately 11%. In our opinion, this describes Anora's long-term annual return potential well. So the return is somewhat above our 8% required return.

Valuation	2023e	2024e	2025e
Share price	5.26	5.26	5.26
Number of shares, millions	67.6	67.6	67.6
Market cap	356	356	356
EV	515	481	457
P/E (adj.)	15.2	11.0	9.6
P/E	16.0	11.0	9.6
P/FCF	2.4	5.8	6.2
P/B	0.7	0.7	0.7
P/S	0.5	0.5	0.5
EV/Sales	0.7	0.6	0.6
EV/EBITDA	6.4	5.3	4.8
EV/EBIT (adj.)	11.0	8.8	7.6
Payout ratio (%)	73.3 %	70.0 %	70.0 %
Dividend yield-%	4.6 %	6.4 %	7.3 %

Source: Inderes

Investment profile

1. **Strong market position, stable profitability and extensive product portfolio**
2. **Synergy benefits of the merger will support growth and profitability in coming years**
3. **Historically a rather stable market**
4. **We believe return on capital will remain at the level of their costs**
5. **Possibility of continued expansion in the European market with acquisitions**
6. **Stable and good dividend distributor**

Source: Inderes

Potential



- **Synergies** between Altia and Arcus and the merger synergies of the Globus Wine acquisition will become fully visible in the next few years (especially potential sales synergies).
- **Geographical expansion** With Anora's extensive Nordic brand portfolio, the company has a better opportunity to increase sales in the export markets (in spirits)
- **Complementing acquisitions** The company is interested in further growth through acquisitions, where the next logical step would be Central Europe. This could again generate new cross-selling synergies

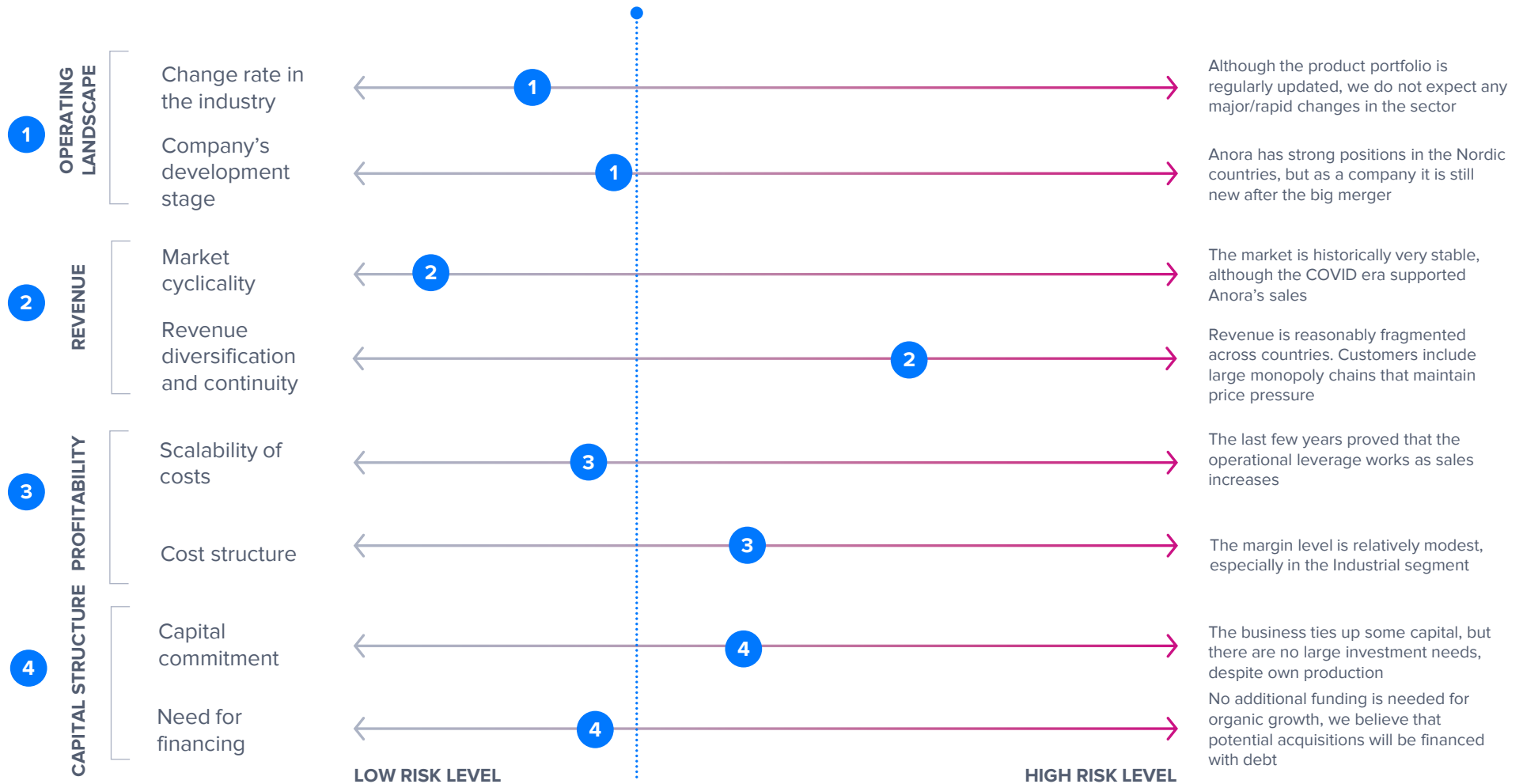
Risks



- **The normalization of demand after the COVID era and weak consumer demand depress the market this year**
- **Exposure to barley price variation:** Barley is the company's main raw material and its price increase has had a negative impact on earnings this year.
- **An error in product safety or other deterioration in a brand/brand reliability may result in a drop in demand:** However, this risk is mitigated by Anora's geographical dispersion and several different brands
- **Acquisition risks:** Price paid in possible future acquisitions and integration of operations generate their own operational risk

Risk profile of the business model

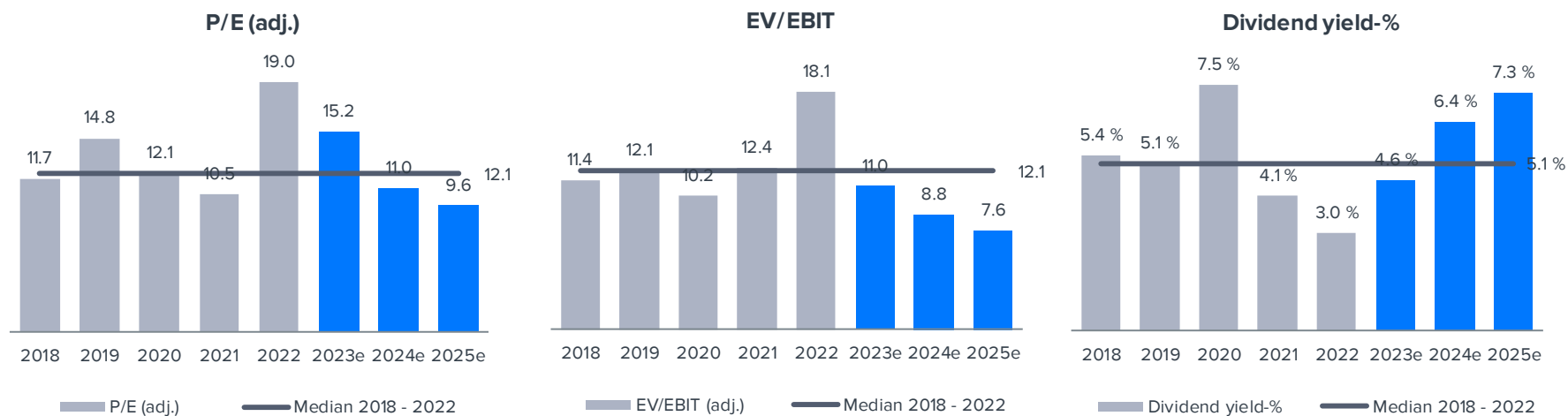
Assessment of Anora's overall business risk



Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	7.10	8.20	9.98	10.9	7.36	5.26	5.26	5.26	5.26
Number of shares, millions	36.1	36.1	36.1	46.6	67.6	67.6	67.6	67.6	67.6
Market cap	257	296	361	736	498	356	356	356	356
EV	304	325	357	864	778	515	481	457	427
P/E (adj.)	11.7	14.8	12.1	10.5	19.0	15.2	11.0	9.6	7.4
P/E	17.0	16.1	20.3	11.9	27.7	16.0	11.0	9.6	7.4
P/FCF	73.7	8.2	7.0	neg.	neg.	2.4	5.8	6.2	5.9
P/B	1.7	2.0	2.3	1.5	1.0	0.7	0.7	0.7	0.7
P/S	0.7	0.8	1.1	1.1	0.7	0.5	0.5	0.5	0.4
EV/Sales	0.9	0.9	1.0	1.3	1.1	0.7	0.6	0.6	0.5
EV/EBITDA	8.9	7.6	8.9	9.1	11.5	6.4	5.3	4.8	4.3
EV/EBIT (adj.)	11.4	12.1	10.2	12.4	18.1	11.0	8.8	7.6	6.4
Payout ratio (%)	91.3 %	82.6 %	152.7 %	71.2 %	82.9 %	73.3 %	70.0 %	70.0 %	70.0 %
Dividend yield-%	5.4 %	5.1 %	7.5 %	4.1 %	3.0 %	4.6 %	6.4 %	7.3 %	9.5 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Brown-Forman	28145	30515	28.5	24.6	25.9	22.9	8.0	7.5	38.4	31.4	1.2	1.3	9.8
Davide Campari Milano	14055	15491	24.0	21.4	20.7	18.5	5.2	4.9	31.5	27.7	0.6	0.6	4.6
Diageo	92826	111934	18.2	17.3	16.4	15.6	5.7	5.5	21.8	20.3	2.3	2.4	9.8
Remy-Cointreau	7872	8200	19.3	19.7	17.3	17.3	5.3	5.4	27.3	27.7	1.5	1.6	4.5
Constellation Brands	37775	49198	18.4	17.0	15.9	14.8	5.7	5.4	21.4	19.5	1.4	1.6	4.3
Olvi	605	587	10.4	8.6	6.8	6.0	0.9	0.9	17.0	11.4	4.3	4.6	2.1
Royal Unibrew	4119	4775	21.3	18.5	16.0	14.2	2.7	2.6	24.6	20.8	2.3	2.6	5.6
Anora (Inderes)	356	515	11.0	8.8	6.4	5.3	0.7	0.6	15.2	11.0	4.6	6.4	0.7
Average			20.0	18.2	17.0	15.6	4.8	4.6	26.0	22.7	2.0	2.1	5.8
Median			19.3	18.5	16.4	15.6	5.3	5.4	24.6	20.8	1.5	1.6	4.6
Diff-% to median			-43%	-52%	-61%	-66%	-87%	-88%	-38%	-47%	208%	310%	-84%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	665	133	166	182	222	703	160	181	184	228	753	761	776	792
Wine	303	53.2	70.4	85.1	108	317	73.3	85.0	85.0	110	353	357	364	371
Spirits	225	44.9	59.5	57.1	72.3	234	48.9	60.0	56.0	79.0	244	249	254	259
Industrial	255	60.8	67.5	78.5	78.7	286	67.5	66.0	75.0	72.0	281	283	289	295
Group and eliminations	-117.5	-25.5	-31.6	-38.8	-37.2	-133.2	-30.2	-30.0	-32.0	-33.0	-125	-128	-130	-133
EBITDA	95.2	11.9	15.4	21.7	18.9	67.9	6.9	19.5	26.0	28.5	80.9	90.2	95.1	100
Depreciation	-31.2	-7.8	-7.8	-9.0	-8.6	-33.2	-8.6	-8.8	-8.8	-8.8	-35.0	-35.6	-34.8	-33.2
EBIT (excl. NRI)	69.8	5.2	11.2	14.3	12.3	42.9	-0.7	10.7	17.2	19.7	47.0	54.6	60.3	66.9
EBIT	64.0	4.1	7.6	12.8	10.3	34.7	-1.7	10.7	17.2	19.7	45.9	54.6	60.3	66.9
Wine (EBITDA)	39.5	3.1	4.6	9.0	6.9	23.5	1.2	6.5	11.0	11.0	29.7	32.1	34.6	37.1
Spirits (EBITDA)	47.5	8.1	9.0	9.2	11.5	37.8	5.8	10.0	11.0	13.5	40.3	42.3	44.4	46.6
Industrial (EBITDA)	18.1	3.3	4.1	5.5	4.8	17.7	2.5	4.0	5.0	5.0	16.5	19.8	20.2	20.6
Group and eliminations	-4.0	-1.4	1.2	-0.4	-2.2	-2.8	-1.6	-1.0	-1.0	-1.0	-4.6	-4.0	-4.1	-4.2
Share of profits in assoc. compan.	1.6	0.9	0.0	-0.4	0.1	0.6	1.1	0.0	0.2	0.3	1.6	1.5	1.5	1.5
Net financial items	-11.1	-2.4	-2.3	-2.9	-4.4	-11.9	-5.3	-5.0	-4.0	-4.0	-18.3	-15.0	-15.0	-7.6
PTP	54.5	2.6	5.4	9.5	5.9	23.4	-5.9	5.7	13.4	16.0	29.2	41.1	46.8	60.8
Taxes	-11.4	-0.6	-1.0	-1.5	-2.2	-5.3	0.3	-1.1	-2.7	-3.2	-6.7	-8.3	-9.5	-12.5
Minority interest	-0.4	-0.1	0.0	0.0	-0.1	-0.2	0.0	0.0	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3
Net earnings	42.7	1.9	4.4	8.0	3.6	17.9	-5.6	4.6	10.6	12.7	22.3	32.5	37.0	48.1
EPS (adj.)	1.04	0.04	0.12	0.14	0.08	0.39	-0.07	0.07	0.16	0.19	0.35	0.48	0.55	0.71
EPS (rep.)	0.92	0.03	0.06	0.12	0.05	0.27	-0.08	0.07	0.16	0.19	0.33	0.48	0.55	0.71
Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	94.2 %	-0.5 %	3.5 %	10.1 %	7.8 %	5.7 %	19.5 %	9.2 %	1.1 %	2.9 %	7.1 %	1.2 %	2.0 %	2.0 %
Adjusted EBIT growth-%	99.3 %	-41.1 %	-28.9 %	-36.0 %	-46.5 %	-38.5 %	-112.5 %	-4.6 %	20.4 %	60.7 %	9.3 %	16.2 %	10.4 %	11.0 %
EBITDA-%	14.3 %	8.9 %	9.3 %	11.9 %	8.5 %	9.7 %	4.3 %	10.8 %	14.1 %	12.5 %	10.7 %	11.8 %	12.2 %	12.6 %
Adjusted EBIT-%	10.5 %	3.9 %	6.8 %	7.8 %	5.5 %	6.1 %	-0.4 %	5.9 %	9.3 %	8.6 %	6.2 %	7.2 %	7.8 %	8.4 %
Net earnings-%	6.4 %	1.4 %	2.6 %	4.4 %	1.6 %	2.6 %	-3.5 %	2.5 %	5.8 %	5.6 %	3.0 %	4.3 %	4.8 %	6.1 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	692	772	765	755	746
Goodwill	278	311	311	311	311
Intangible assets	197	226	226	226	226
Tangible assets	197	214	204	193	185
Associated companies	16.3	20.7	20.7	20.7	20.7
Other investments	0.7	0.7	1.0	1.0	1.0
Other non-current assets	0.1	0.0	0.0	0.0	0.0
Deferred tax assets	3.1	0.6	3.0	3.0	3.0
Current assets	542	529	498	537	485
Inventories	140	186	166	167	171
Other current assets	0.2	4.1	4.1	4.1	4.1
Receivables	233	248	188	190	194
Cash and equivalents	169	91.4	141	175	116
Balance sheet total	1233	1301	1263	1292	1231

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	508	482	489	506	520
Share capital	61.5	61.5	61.5	61.5	61.5
Retained earnings	122	111	118	134	148
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	324	309	309	309	309
Minorities	0.9	0.9	1.1	1.3	1.5
Non-current liabilities	310	409	360	360	275
Deferred tax liabilities	48.4	57.3	57.3	57.3	57.3
Provisions	3.0	2.7	2.7	2.7	2.7
Long term debt	257	348	300	300	215
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.7	0.6	0.0	0.0	0.0
Current liabilities	415	411	414	426	436
Short term debt	38.1	43.9	20.0	20.0	21.7
Payables	374	364	391	403	412
Other current liabilities	2.8	2.8	2.8	2.8	2.8
Balance sheet total	1233	1301	1263	1292	1231

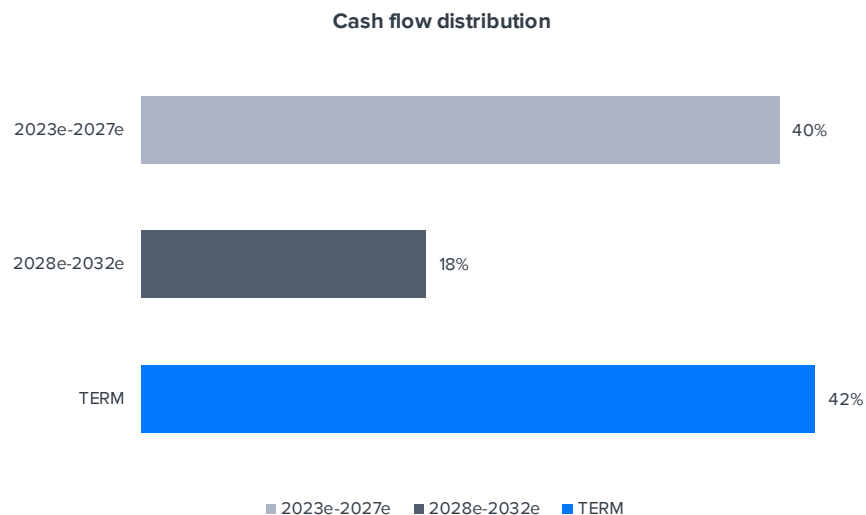
DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	5.7 %	7.1%	1.2 %	2.0 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
EBIT-%	4.9 %	6.1%	7.2 %	7.8 %	8.4 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %
EBIT (operating profit)	34.7	45.9	54.6	60.3	66.9	60.0	60.6	61.2	61.8	62.4	63.1	
+ Depreciation	33.2	35.0	35.6	34.8	33.2	32.0	32.9	31.9	31.2	29.7	30.0	
- Paid taxes	6.1	-9.1	-8.3	-9.5	-12.5	-11.1	-11.2	-11.4	-11.5	-11.6	-10.7	
- Tax, financial expenses	-4.1	-5.7	-4.2	-4.2	-2.6	-2.5	-2.5	-2.5	-2.5	-2.5	-2.5	
+ Tax, financial income	1.3	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	0.0	
- Change in working capital	-75.4	107	8.0	0.9	0.9	0.5	0.5	0.5	0.5	0.5	0.5	
Operating cash flow	-4.1	174	86.8	83.3	87.0	79.9	81.2	80.7	80.5	79.5	80.3	
+ Change in other long-term liabilities	-1.4	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-111.7	-25.3	-25.5	-26.0	-26.5	-27.1	-27.6	-28.2	-27.9	-31.3	-34.2	
Free operating cash flow	-117.2	149	61.3	57.3	60.5	52.8	53.6	52.5	52.6	48.2	46.1	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-117.2	149	61.3	57.3	60.5	52.8	53.6	52.5	52.6	48.2	46.1	703
Discounted FCFF		142	54.3	47.2	46.3	37.6	35.4	32.2	30.0	25.5	22.7	346
Sum of FCFF present value		819	677	623	576	529	492	456	424	394	369	346
Enterprise value DCF		819										
- Interesting bearing debt		-482										
+ Cash and cash equivalents		91.4										
-Minorities		-0.8										
-Dividend/capital return		-14.9										
Equity value DCF		433										
Equity value DCF per share		6.4										

WACC

Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.5 %
Equity Beta	1.00
Market risk premium	4.75%
Liquidity premium	0.75%
Risk free interest rate	2.5 %
Cost of equity	8.0 %
Weighted average cost of capital (WACC)	7.6 %

Source: Inderes



Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	342.4	665.0	702.7	752.5	761.2	EPS (reported)	0.49	0.92	0.27	0.33	0.48
EBITDA	40.3	95.2	67.9	80.9	90.2	EPS (adj.)	0.83	1.04	0.39	0.35	0.48
EBIT	22.9	64.0	34.7	45.9	54.6	OCF / share	1.77	2.21	-0.06	2.58	1.28
PTP	21.3	54.5	23.4	29.2	41.1	FCF / share	1.43	-9.11	-1.73	2.20	0.91
Net Income	17.8	42.7	17.9	22.3	32.5	Book value / share	4.32	10.88	7.11	7.22	7.46
Extraordinary items	-12.1	-5.8	-8.2	-1.1	0.0	Dividend / share	0.75	0.45	0.22	0.24	0.34
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	455.5	1233.3	1301.3	1263.3	1291.8	Revenue growth-%	-5%	94%	6%	7%	1%
Equity capital	156.3	507.9	481.6	489.2	505.5	EBITDA growth-%	-6%	136%	-29%	19%	12%
Goodwill	81.4	277.8	310.5	310.5	310.5	EBIT (adj.) growth-%	31%	99%	-38%	9%	16%
Net debt	-3.8	126.1	300.9	179.3	144.8	EPS (adj.) growth-%	49%	26%	-63%	-11%	39%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	11.8 %	14.3 %	9.7 %	10.7 %	11.8 %
EBITDA	40.3	95.2	67.9	80.9	90.2	EBIT (adj.)-%	10.2 %	10.5 %	6.1 %	6.2 %	7.2 %
Change in working capital	24.2	-10.8	-75.4	107.2	8.0	EBIT-%	6.7 %	9.6 %	4.9 %	6.1 %	7.2 %
Operating cash flow	64.0	102.9	-4.1	174.5	86.8	ROE-%	11.5 %	12.9 %	3.6 %	4.6 %	6.5 %
CAPEX	-12.0	-530.9	-111.7	-25.3	-25.5	ROI-%	9.2 %	12.1 %	4.9 %	6.2 %	7.5 %
Free cash flow	51.7	-424.4	-117.2	148.6	61.3	Equity ratio	34.3 %	41.2 %	37.0 %	38.7 %	39.1 %
Valuation multiples	2020	2021	2022	2023e	2024e	Gearing	-2.4 %	24.8 %	62.5 %	36.7 %	28.6 %
EV/S	1.0	1.3	1.1	0.7	0.6						
EV/EBITDA (adj.)	8.9	9.1	11.5	6.4	5.3						
EV/EBIT (adj.)	10.2	12.4	18.1	11.0	8.8						
P/E (adj.)	12.1	10.5	19.0	15.2	11.0						
P/B	2.3	1.5	1.0	0.7	0.7						
Dividend-%	7.5 %	4.1 %	3.0 %	4.6 %	6.4 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
27-09-22	Reduce	7.50 €	7.05 €
24-11-22	Reduce	7.50 €	7.40 €
01-03-23	Reduce	6.80 €	6.45 €
29-03-23	Accumulate	6.20 €	5.19 €
12-05-23	Accumulate	6.20 €	5.26 €



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