

Alma Media

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Arvostus on yhä houkuttelevan puoleinen" published on 02/17/2023 at 9:23 am

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Valuation is still quite attractive

Alma Media's Q4 result, published yesterday , was slightly below our expectations. However, 2023 guidance offered no surprises. After the report, we only made moderate changes to our estimates for 2023 and the next few years. Our view is that the valuation of the share is not too demanding, although we expect the result to fall in a weaker operating environment in 2023. Therefore, we reiterate our EUR 10.5 target price and Accumulate recommendation.

Q4 revenue in line with expectations, Career's profitability below our estimates

Alma Media's revenue increased by 1% in Q4, which was fully in line with our expectations. The development of all three segments was also well in line with our expectations, as Career still achieved pretty good double-digit growth as expected while others developed rather stably. Alma Media's adjusted EBIT was EUR 15.2 million in Q4, which was below our estimate. However, this still represents a very good 19.4% adjusted EBIT margin. The underperformance was based on Career's profitability being below our expectations, which at Group level was somewhat offset by Talent's better performance than expected. Career's cost structure was slightly higher than we estimated, as the company said it had increasingly invested in sales personnel and product development. Changes in the fair value of contingent consideration liabilities turned net financial expenses clearly positive, which led to Q4's reported EPS exceeding expectations. Alma Media raised its dividend to EUR 0.44 per share, which is slightly more generous than our expectation.

We lowered our estimates a bit

Alma Media issued a guidance for 2023 according to which its revenue (2022: 309 MEUR) and adjusted EBIT (73.4 MEUR) will be at the same level as in 2022 or will fall from the 2022 level. The wording of the guidance was in line with our 2023 estimates, as we expected EBIT to turn downward, especially due to rising costs.

Considering this overall picture, we made relatively moderate estimate changes after the report. Our adjusted EBIT estimate for 2023 decreased by 4%, as we especially revised Career's margin estimates a bit downward. We expect Alma Media's revenue to fall a smidgen to EUR 306 million in 2023, while we estimate adjusted EBIT will decrease by 8%. Our 2024 EBIT estimate fell by 3%. However, we still expect a stronger operating landscape in marketplaces and that revenue and EBIT will turn to growth again reflecting the advertising market in 2024.

Valuation is still quite attractive

Based on the 2022 result, the share is priced with an adjusted P/E of 13x and the EV/EBIT that considers the debt leverage of the balance sheet is 13x. With our estimates the corresponding ratios for 2023 are 16x and close on 14x. In our view, these absolute valuation multiples are not too demanding as a whole. Our sum-of-the-parts and DCF models (EUR 11.0-11.8 per share) that reflect the valuation framework also indicate a clear upside. With our estimates for the next few years Alma Media offers a reasonably attractive ~5% dividend yield. We believe that the valuation level together with the base return consisting of the dividend yield, still makes the risk/return ratio cautiously attractive, even though uncertainty concerning the operating landscape has increased.

Recommendation

Accumulate

(previous Accumulate)

EUR 10.50

(previous EUR 10.50)

Share price:

9.63



Key figures

	2022	2023e	2024e	2025e
Revenue	309	306	311	317
growth-%	12%	-1%	1%	2%
EBIT adj.	73.4	67.2	70.3	73.1
EBIT-% adj.	23.8 %	21.9 %	22.6 %	23.1 %
Net Income	72.4	50.5	52.6	55.1
EPS (adj.)	0.72	0.62	0.65	0.68

P/E (adj.)	13.1	15.5	14.9	14.2
P/B	3.8	3.6	3.4	3.2
Dividend yield-%	4.7 %	4.8 %	5.0 %	5.1 %
EV/EBIT (adj.)	12.5	13.5	12.7	11.9
EV/EBITDA	9.5	10.8	10.3	9.7
EV/S	3.0	3.0	2.9	2.7

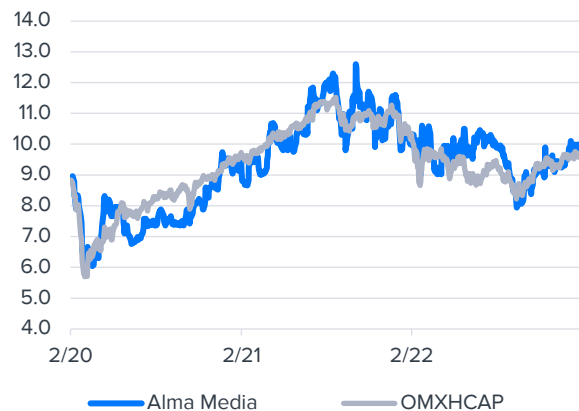
Source: Inderes

Guidance

(New guidance)

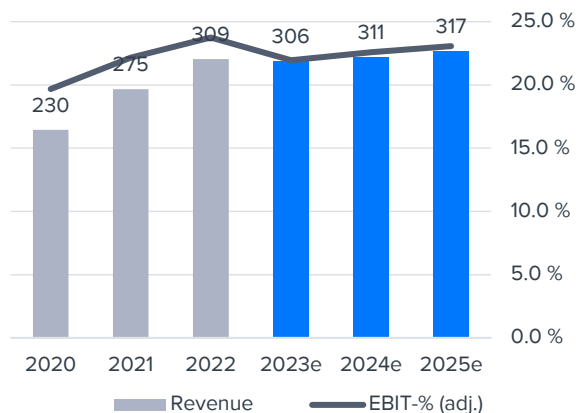
In 2023, Alma Media expects its full-year revenue (2022: 309 MEUR) and adjusted EBIT (2022: 73.4 MEUR) to remain at the 2022 level or to decrease from it.

Share price



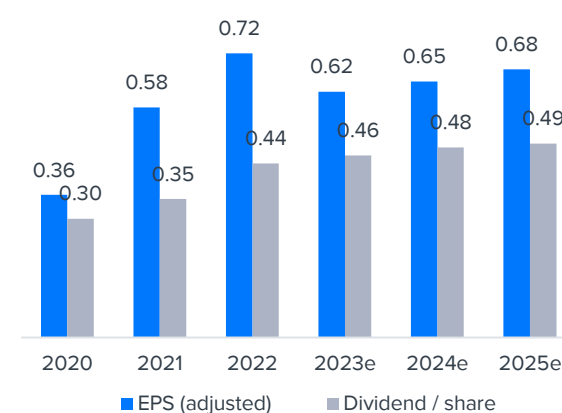
Source: Millstream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Profitable growth in digital businesses
- Positive long-term market trends of marketplace businesses
- Stable profitability development and good cash flow of media businesses
- M&A transaction option that is positive considering the track record



Risk factors

- Cyclicalities especially in advertising and recruitment business
- Accelerated revolution in media and decrease in print media
- Competitive risks posed by new technologies
- Possible changes in competitive position and dynamics

Valuation	2023e	2024e	2025e
Share price	9.63	9.63	9.63
Number of shares, millions	82.1	82.1	82.1
Market cap	791	791	791
EV	910	889	867
P/E (adj.)	15.5	14.9	14.2
P/E	15.7	15.0	14.3
P/FCF	13.7	13.0	12.6
P/B	3.6	3.4	3.2
P/S	2.6	2.5	2.5
EV/Sales	3.0	2.9	2.7
EV/EBITDA	10.8	10.3	9.7
EV/EBIT (adj.)	13.5	12.7	11.9
Payout ratio (%)	74.8 %	74.9 %	73.0 %
Dividend yield-%	4.8 %	5.0 %	5.1 %

Source: Inderes

Career's Q4 profitability lower than we expected

Revenue development pretty much as expected in Q4

Alma Media's revenue increased by 1% in Q4, which was fully in line with our expectations. Career, who still benefited from the strong growth in invoicing in 2022, grew by good 13% from the comparison period, which was well in line with our close on 14% growth estimate. Consumer's revenue reached the level of the comparison period, which was a pretty good performance considering the weakening advertising market and weaker operating environment in housing and automotive and was slightly better than our - 2% estimate. Talent's revenue did not provide any surprises either, as it fell by 9% in line with our estimate. The revenue decline was driven by the divestment of Baltic telemarketing activities, on top of which advertising sales turned to a decline in Q4 in line with the market. At the same time, however, Talent's digital content continued growing.

Career's profitability was below our expectations

Alma Media's adjusted EBIT was EUR 15.2 million in Q4 or 19.34% of revenue. At segment level, profitability was more subdued than expected in Career, although it was still at a rather good level (Q4'22 30.8%). According to the company, this was caused by investments in product development and sales personnel, where the company has to increase investments now when the market is tighter than before. Correspondingly, Talent's profitability held its own better than we expected, as the segment's cost level flexed downward more than we estimated with falling volumes. Considering the short-term outlook of advertising and content sales, this is positive and also offset the undershoot compared to our estimates at Group level. Consumer's profitability was well in line with our expectations.

Cash flow was good and the financial position is comfortable

Alma Media's 2022 operating cash flow reached EUR 79.2 million mirroring the improved EBIT (75.6 MEUR). Organic investments, on the other hand, were slightly elevated at EUR 9 million as a result of the new office contract in the Czech Republic. Despite this, the company's free cash flow was good EUR 63 million (incl. IFRS 16 repayments).

Alma Media's net debt at the end of 2022 stood at close on EUR 143 million. Cash flow has digested gearing (2022 gearing: 69.3%) at a good speed and net debt/EBITDA for the past 12 months was 1.5x at year end. Thus, the company's financial position is very good and, if necessary, enables inorganic growth together with growing profit distribution.

Estimates	Q4'21	Q4'22	Q4'22e	Q4'22e	Consensus		Difference (%)	2022
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Actualized
Revenue	78.0	78.7	78.6	79.7	78.0	81.1	0%	309
EBIT (adj.)	15.5	15.2	17.7	16.6	14.9	18.3	-14%	73.4
EBIT	15.5	15.0	17.4	16.6	14.9	18.3	-14%	80.0
PTP	15.9	18.6	16.9	16.1	14.9	17.8	10%	86.4
EPS (reported)	0.14	0.20	0.16	0.15	0.13	0.17	25%	0.88
DPS	0.35	0.44	0.40	0.40	0.40	0.40	10%	0.44
Revenue growth-%	25.9 %	0.9 %	0.8 %	2.2 %	0.0 %	4.0 %	0.1 pp	12.1 %
EBIT-% (adj.)	19.9 %	19.4 %	22.5 %	20.8 %	19.1 %	22.6 %	-3.2 pp	23.8 %

Source: Inderes & Infront (consensus)

We made relatively minor estimate revisions

Estimate changes 2023-2024e

- Alma's guidance is that 2023 revenue and adjusted EBIT will be at 2022 level or below it. In advance, we expected stable revenue and declining profit, so the guidance did not provide a reason to review our short-term estimates.
- We practically made no changes to our revenue estimates for this year or the next few years.
- However, our 2023 adjusted EBIT estimate decreased by 4%, while the corresponding estimate for 2024 decreased by 3%. These estimate changes are based on our downward revisions in Career's profitability, which reflect the cost level that increased with development and marketing investments in Q4
- In addition to operational estimate changes, we also slightly raised our expectations for net financial costs for the next few years, which resulted in our EPS estimates decreasing a bit more.
- Considering the profit distribution policy that was more generous than we expected, we raised our dividend estimates slightly for the next few years.

Operational earnings drivers 2023-2024e:

- We estimate that 2023 revenue will decline by 1%, with the expected decrease in Talent's revenue. We expect Career to continue performing stably in the full year despite the revenue growth we predict for H1'23. We also expect steady performance from Consumer in 2023.
- We expect 2023 adjusted EBIT to decrease by 8%, reflecting the increased cost level and thus the declining profitability in all segments. Group-level profitability is thus expected to decrease to 21.9% from 23.8% in 2022.
- In 2024, we expect revenue to make an upturn reflecting Consumer's recovering marketplaces, advertising sales and growth in Talent's digital income. We expect Career to develop somewhat steadily, which we believe includes the possibility of a positive surprise over the next few years considering the company's recent strong drive and the tight labor market in the main markets.
- Revenue growth, together with better revenue distribution, supports the profitability level we expect for 2024, which rises to 22.6%.

Estimate revisions	2022e	2022	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	310	309	0%	307	306	0%	312	311	0%
EBIT (exc. NRIs)	76.6	73.4	-4%	70.2	67.2	-4%	72.7	70.3	-3%
EBIT	83.1	80.0	-4%	69.7	66.7	-4%	72.2	69.8	-3%
PTP	85.5	86.9	2%	68.2	64.3	-6%	70.7	67.4	-5%
EPS (excl. NRIs)	0.70	0.72	3%	0.65	0.62	-5%	0.67	0.65	-4%
DPS	0.40	0.44	10%	0.40	0.46	15%	0.42	0.48	14%

Source: Inderes

Valuation is still quite attractive

Earnings-based valuation is still reasonable

As digital revenue with high profitability and strong cash flow has grown (in particular marketplace businesses and digital advertising and services), we believe that the increase of Alma Media's acceptable valuation level relative to historical valuation multiples has been justified in recent years. At the same time, however, it should be noted that the significant increase in interest rates clearly above the zero-level seen in recent years is clearly reflected in general stock market valuation levels through higher required returns. Thus, we do not believe that relying on the accepted valuation levels of recent years (2018-2022 average P/E ratio 18x and EV/EBIT ratio 14x) is justified for the time being.

Based on our Alma Media estimates, the adjusted P/E ratio for 2023 is around 16x and the corresponding adjusted EV/EBIT ratio is close on 14x. We believe the earnings-based valuation multiples for the current year are quite reasonable in absolute terms, especially considering the earnings drop we expect. With the rising result we estimate for 2024, the corresponding ratios will fall to 15x and just under 13x. Thus, the earnings-based valuation will already be relatively attractive next year. Naturally, this is a prerequisite for an attractive risk/return ratio, as the macro and therefore certain demand risks are still elevated.

With our estimates, the share offers an average dividend yield of some 5% over the next few years. After a significant increase in interest rates the relative attractiveness has decreased, but the dividend yield generates a rather good base return for the expected return in the coming years. We also believe that this will improve the risk/return ratio, when we are

probably facing a more challenging period in terms of earnings development.

Relative valuation and sum-of-the-parts model

In relative terms, the share's earnings-based valuation multiples are moderate especially when benchmarked against the marketplace peer group (p. 8).

We believe that Alma Media should be valued at a discount to the companies in the peer group of marketplace businesses that have a greater market and growth potential. In addition, the different growth and profitability prospects of the businesses and how these are linked to general economic and cyclical development must be considered. Thus, we use the peer group as a benchmark primarily in our sum-of-the-parts calculation where we, due to the aforementioned factors, apply a discount to Alma Media relative to the valuation multiples of the peers.

The value of our updated sum-of-the-parts calculation is EUR 11.8 per share. Our sum-of-the-parts model is described in more detail [in our extensive report](#). We believe the valuation multiples of the platform companies in the extensive peer group are, on the whole, reasonable as they have fallen considerably with rising interest rates from 2021 levels.

The share value based on our DCF calculation, which reflects the longer-term potential, is EUR 11 per share. We believe that the sum of the parts model and the DCF calculation support our view of a valuation picture that turns attractive and supports gradual purchases.

Valuation	2023e	2024e	2025e
Share price	9.63	9.63	9.63
Number of shares, millions	82.1	82.1	82.1
Market cap	791	791	791
EV	910	889	867
P/E (adj.)	15.5	14.9	14.2
P/E	15.7	15.0	14.3
P/FCF	13.7	13.0	12.6
P/B	3.6	3.4	3.2
P/S	2.6	2.5	2.5
EV/Sales	3.0	2.9	2.7
EV/EBITDA	10.8	10.3	9.7
EV/EBIT (adj.)	13.5	12.7	11.9
Payout ratio (%)	74.8 %	74.9 %	73.0 %
Dividend yield-%	4.8 %	5.0 %	5.1 %

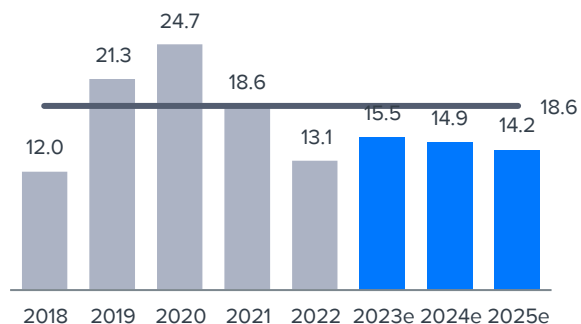
Source: Inderes

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	5.54	7.96	8.92	10.8	9.40	9.63	9.63	9.63	9.63
Number of shares, millions	82.3	82.3	82.3	82.4	82.2	82.1	82.1	82.1	82.1
Market cap	456	655	734	891	773	791	791	791	791
EV	616	667	756	1059	920	910	889	867	846
P/E (adj.)	12.0	21.3	24.7	18.6	13.1	15.5	14.9	14.2	13.8
P/E	10.9	21.3	26.7	20.4	10.7	15.7	15.0	14.3	13.8
P/FCF	58.2	8.5	6.7	neg.	10.6	13.7	13.0	12.6	12.4
P/B	2.8	3.8	4.0	5.4	3.8	3.6	3.4	3.2	3.0
P/S	1.3	2.6	3.2	3.2	2.5	2.6	2.5	2.5	2.4
EV/Sales	1.7	2.7	3.3	3.8	3.0	3.0	2.9	2.7	2.6
EV/EBITDA	8.0	9.3	12.8	14.4	9.5	10.8	10.3	9.7	9.4
EV/EBIT (adj.)	10.7	13.5	16.7	17.3	12.5	13.5	12.7	11.9	11.3
Payout ratio (%)	69.0 %	106.8 %	89.9 %	66.1 %	50.0 %	74.8 %	74.9 %	73.0 %	70.0 %
Dividend yield-%	6.3 %	5.0 %	3.4 %	3.2 %	4.7 %	4.8 %	5.0 %	5.1 %	5.1 %

Source: Inderes

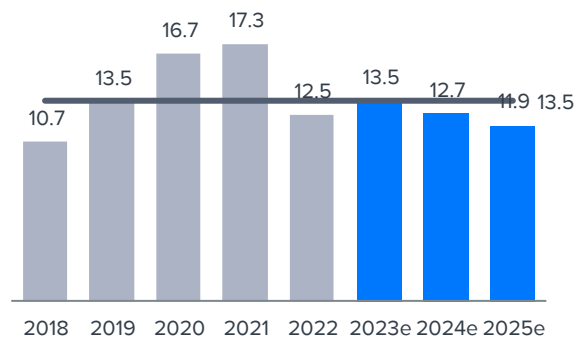
P/E (adj.)



■ P/E (adj.)

— Median 2018 - 2022

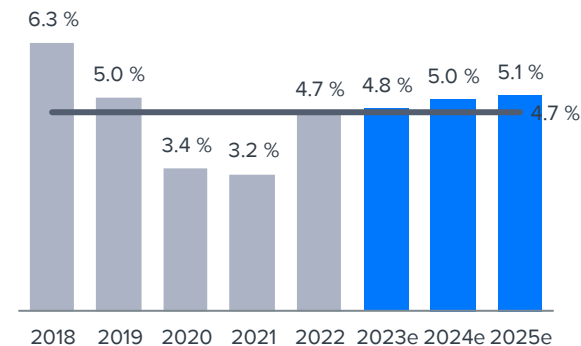
EV/EBIT (adj.)



■ EV/EBIT (adj.)

— Median 2018 - 2022

Dividend yield-%



■ Dividend yield-%

— Median 2018 - 2022

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Alma Media	823	972	13.7	12.8	11.1	10.5	3.2	3.1	15.0	13.9	4.3	4.7	3.7
Agora SA	440		0.2	0.3	0.3	0.5							0.6
Future PLC	2011	2563	8.4	8.0	7.6	7.2	2.8	2.7	9.7	9.1	0.2	0.3	1.5
Gannett Co Inc	371	1379	20.5	10.1	5.3	5.0	0.5	0.5		13.4			0.6
Lagardere SA	2927	6866	14.8	14.2	8.9	8.3	0.9	0.9	11.1	9.8	2.7	3.9	2.5
Arnoldo Mondadori Editore SpA	499	748	8.2	7.9	5.3	5.2	0.8	0.8	8.4	8.0	5.5	5.7	1.8
New York Times Co	6147	5873	22.5	19.7	17.6	15.6	2.6	2.5	31.6	27.4	1.1	1.1	4.0
Rizzoli Corriere della Sera Mediagroup SpA	381	616	6.4	6.4	4.3	4.4	0.7	0.7	7.3	6.6	8.2	8.2	1.0
Sanoma Oyj	1506	2337	16.5	15.7	6.6	6.3	1.7	1.7	15.6	13.5	5.2	5.5	2.2
TX Group AG	1502	1273	15.6	9.0	7.2	6.1	1.3	1.2	18.5	10.0	8.3	4.7	0.4
Promotora de Informaciones SA	258	1066	12.8	10.2	6.9	6.1	1.2	1.2	17.4	13.9			
Vocento SA	101	134	7.3	6.9	3.5	3.5	0.4	0.4	7.8	13.5	3.1	2.5	0.5
Auto Trader Group PLC	6370	6443	18.6	17.0	17.7	16.4	11.6	10.6	23.6	22.2	1.4	1.5	10.0
Carsales.Com Ltd	5164	5883	26.0	21.5	22.3	18.6	12.4	10.6	30.4	25.4	2.6	2.9	3.3
Moneysupermarket.Com Group PLC	1421	1483	12.8	11.4	10.7	9.6	3.2	3.0	15.9	14.3	5.2	5.5	6.0
REA Group Ltd	10435	10642	29.8	25.0	25.2	21.6	13.7	12.2	42.1	35.0	1.3	1.6	11.0
Rightmove PLC	5484	5447	18.9	17.6	18.4	17.2	13.8	12.9	23.9	21.9	1.4	1.5	64.6
Schibsted ASA	4773	5221	38.1	28.9	21.8	18.4	3.7	3.5	51.5	32.8	0.9	1.1	1.6
Scout24 SE	4198	4253	18.9	16.6	15.6	13.9	8.7	7.8	24.2	21.0	1.9	2.2	2.7
Seek Ltd	5611	6440	22.5	21.6	17.9	16.9	8.0	7.7	34.3	32.4	1.9	2.2	4.9
Stroeer SE & Co KgaA	2903	4546	19.2	16.0	8.3	7.4	2.5	2.3	18.1	14.8	4.2	4.5	6.2
Adevinta ASA	9492	11657	25.7	20.1	17.9	14.8	6.4	5.6	33.7	26.6	0.0	0.0	0.9
Alma Media (Inderes)	791	910	13.5	12.7	10.8	10.3	3.0	2.9	15.5	14.9	4.8	5.0	3.6
Average		4020	17.1	14.2	11.5	10.3	4.3	3.9	21.9	18.2	3.2	3.2	3.3
Median		3408	16.5	14.2	8.9	8.3	2.7	2.6	18.1	14.1	2.6	2.7	2.4
Diff-% to median			-18%	-11%	21%	24%	10%	11%	-14%	5%	81%	86%	53%

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	230	275	76.2	79.3	74.6	78.7	309	75.7	78.6	73.5	78.4	306	311	317	325
Alma Career	62.7	82.2	26.7	28.4	27.3	27.4	109.8	28.5	29.0	26.1	27.1	111	111.9	114	119
Alma Talent	95.1	99.7	25.2	24.1	22.2	25.0	96.5	23.3	23.4	22.3	24.9	93.9	94.2	95.0	96.0
Alma Consumer	69.8	94.5	24.8	27.1	25.5	26.7	104	24.3	26.7	25.5	26.9	103	106	108	111
EBITDA	58.9	73.5	24.1	30.2	23.5	19.4	97.2	21.1	22.6	21.6	18.6	83.9	86.7	89.1	90.0
Depreciation	-15.8	-16.7	-4.3	-4.3	-4.3	-4.4	-17.2	-4.3	-4.3	-4.3	-4.3	-17.2	-16.9	-16.5	-14.9
EBIT (excl. NRI)	45.3	61.1	19.6	19.2	19.3	15.2	73.4	16.9	18.4	17.4	14.4	67.2	70.3	73.1	75.1
EBIT	43.1	56.8	19.8	25.9	19.3	15.0	80.0	16.8	18.3	17.3	14.3	66.7	69.8	72.6	75.1
Alma Career	20.6	30.0	12.3	11.8	10.0	8.4	42.5	11.2	11.5	9.2	8.2	40.1	40.6	42.2	43.3
Alma Talent	16.2	20.6	5.5	4.3	4.9	5.1	19.7	4.3	4.1	4.7	4.4	17.5	17.8	18.1	18.5
Alma Consumer	15.0	23.9	5.0	6.7	6.8	5.9	24.4	4.7	6.2	6.5	5.4	22.8	24.4	25.2	26.3
Non-allocated and eliminations	-6.5	-13.4	-3.2	-3.5	-2.4	-4.1	-13.2	-3.3	-3.3	-3.0	-3.5	-13.1	-12.5	-12.5	-12.5
Non-recurring items	-2.3	-4.3	0.2	6.6	0.0	-0.3	6.6	-0.1	-0.1	-0.1	-0.1	-0.5	-0.5	-0.5	-0.5
Net financial items	-1.0	-1.4	0.4	1.4	0.7	3.7	6.3	-0.8	-0.8	-0.8	-0.8	-3.0	-3.0	-2.6	-2.2
PTP	42.2	56.3	20.0	27.5	20.3	19.0	86.9	16.2	17.7	16.7	13.7	64.3	67.4	70.6	73.6
Taxes	-9.0	-12.1	-4.0	-4.2	-4.0	-2.3	-14.5	-3.5	-3.8	-3.6	-2.9	-13.8	-14.4	-15.0	-15.7
Minority interest	-5.7	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	-0.4	-0.4
Net earnings	27.5	43.6	16.0	23.4	16.3	16.7	72.4	12.7	13.9	13.1	10.8	50.5	52.6	55.1	57.5
EPS (adj.)	0.36	0.58	0.19	0.12	0.20	0.21	0.72	0.16	0.17	0.16	0.13	0.62	0.65	0.68	0.70
EPS (rep.)	0.33	0.53	0.19	0.28	0.20	0.20	0.88	0.15	0.17	0.16	0.13	0.61	0.64	0.67	0.70

Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	-8.0 %	19.6 %	31.3 %	10.7 %	10.1 %	0.9 %	12.1 %	-0.7 %	-0.9 %	-1.4 %	-0.3 %	-0.8 %	1.5 %	1.9 %	2.7 %
Adjusted EBIT growth-%		34.8 %	77.1 %	15.9 %	8.0 %	-1.9 %	20.1 %	-13.6 %	-4.1 %	-9.5 %	-5.3 %	-8.3 %	4.5 %	4.0 %	2.8 %
EBITDA-%	25.6 %	26.7 %	31.6 %	38.0 %	31.5 %	24.6 %	31.5 %	27.9 %	28.8 %	29.4 %	23.7 %	27.4 %	27.9 %	28.1 %	27.7 %
Adjusted EBIT-%	19.7 %	22.2 %	25.7 %	24.3 %	25.8 %	19.4 %	23.8 %	22.4 %	23.5 %	23.7 %	18.4 %	21.9 %	22.6 %	23.1 %	23.1 %
Net earnings-%	11.9 %	15.8 %	21.0 %	29.5 %	21.8 %	21.2 %	23.4 %	16.8 %	17.7 %	17.8 %	13.7 %	16.5 %	16.9 %	17.4 %	17.7 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	432	429	423	418	412
Goodwill	295	294	294	294	294
Intangible assets	91	87	84	80	76
Tangible assets	35	34	31	29	28
Associated companies	7.7	4.2	4.2	4.2	4.2
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	3.6	8.8	8.8	8.8	8.8
Deferred tax assets	0.7	0.6	0.6	0.6	0.6
Current assets	86.1	66.2	72.0	73.6	75.9
Inventories	0.7	0.7	0.6	0.6	0.6
Other current assets	2.0	0.1	0.1	0.1	0.1
Receivables	32	35	35	36	36
Cash and equivalents	52	30	36	37	39
Balance sheet total	518	495	495	491	488

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	167	206	220	235	251
Share capital	45	45	45	45	45
Retained earnings	91.2	132	146	161	177
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	7.7	7.7	7.7	7.7	7.7
Other equity	19	20	20	20	20
Minorities	3	2	2	2	2
Non-current liabilities	263	191	177	157	137
Deferred tax liabilities	19	17	17	17	17
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	227	164	150	130	110
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	17.1	10.2	10.2	10.2	10.2
Current liabilities	89	98	98	99	100
Short term debt	8	10	10	10	10
Payables	76	81	81	82	83
Other current liabilities	5.3	7	7.0	7.0	7.0
Balance sheet total	518	495	495	491	488

DCF calculation

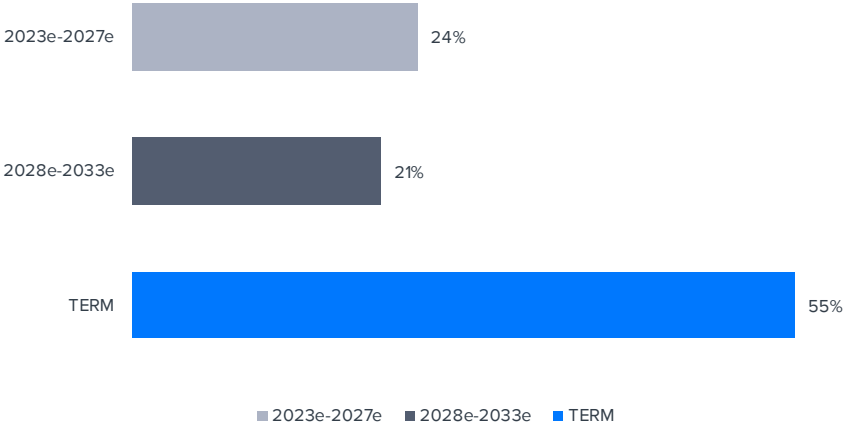
DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	12.1 %	-0.8 %	1.5 %	1.9 %	2.7 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %
EBIT-%	25.9 %	21.8 %	22.4 %	22.9 %	23.1 %	24.0 %	24.0 %	23.5 %	23.5 %	23.5 %	23.5 %	23.5 %	23.5 %
EBIT (operating profit)	80.0	66.7	69.8	72.6	75.1	80.0	82.1	82.4	84.4	86.5	88.7	90.9	
+ Depreciation	17.2	17.2	16.9	16.5	14.9	12.8	12.2	12.0	11.4	11.4	11.5	11.5	
- Paid taxes	-16.2	-13.8	-14.4	-15.0	-15.7	-16.8	-17.3	-17.4	-17.8	-18.3	-18.8	-19.2	
- Tax, financial expenses	1.1	-0.7	-0.6	-0.6	-0.5	-0.4	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	5.0	-0.5	0.7	0.9	1.3	1.2	1.2	1.2	1.3	1.3	1.3	1.4	
Operating cash flow	87.0	69.0	72.3	74.3	75.1	76.9	77.8	77.8	78.9	80.6	82.4	84.3	
+ Change in other long-term liabilities	-6.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-17	-11	-11.3	-11.5	-11.5	-11.5	-11.5	-11.5	-11.5	-11.5	-11.5	-12.0	
Free operating cash flow	63	58	61.0	62.8	63.6	65.4	66.3	66.3	67.4	69.1	70.9	72.2	
+/- Other	10.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	73	58	61.0	62.8	63.6	65.4	66.3	66.3	67.4	69.1	70.9	72.2	1336
Discounted FCFF		54	52.8	50.3	47.2	44.9	42.1	39.0	36.7	34.8	33.1	31.2	577
Sum of FCFF present value		1043	989	936	885	838	793	751	712	676	641	608	577
Enterprise value DCF		1043											
- Interesting bearing debt		-174											
+ Cash and cash equivalents		30											
-Minorities		-4											
-Dividend/capital return		0											
Equity value DCF		904											
Equity value DCF per share		11.0											

Wacc

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.4
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.2 %
Weighted average cost of capital (WACC)	8.0 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	230	275	309	306	311	EPS (reported)	0.33	0.53	0.88	0.61	0.64
EBITDA	58.9	73.5	97.2	83.9	86.7	EPS (adj.)	0.36	0.58	0.72	0.62	0.65
EBIT	43.1	56.8	80.0	66.7	69.8	OCF / share	0.71	1.00	1.06	0.84	0.88
PTP	42.2	56.3	86.9	64.3	67.4	FCF / share	1.32	-1.28	0.89	0.70	0.74
Net Income	95.5	43.6	72.4	50.5	52.6	Book value / share	2.23	1.99	2.49	2.66	2.84
Extraordinary items	-2.2	-4.3	6.6	-0.5	-0.5	Dividend / share	0.30	0.35	0.44	0.46	0.48
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	333.9	518.4	495.2	495.1	491.1	Revenue growth-%	-8%	20%	12%	-1%	1%
Equity capital	204.5	166.5	205.9	220.2	235.1	EBITDA growth-%	-18%	25%	32%	-14%	3%
Goodwill	150.7	294.5	294.4	294.4	294.4	EBIT (adj.) growth-%	-8%	35%	20%	-8%	4%
Net debt	-6.3	182.7	143.7	123.9	102.8	EPS (adj.) growth-%	-3%	61%	24%	-14%	4%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	25.6 %	26.7 %	31.5 %	27.4 %	27.9 %
EBITDA	58.9	73.5	97.2	83.9	86.7	EBIT (adj.)-%	19.7 %	22.2 %	23.8 %	21.9 %	22.6 %
Change in working capital	8.5	14.0	5.0	-0.5	0.7	EBIT-%	18.7 %	20.6 %	25.9 %	21.8 %	22.4 %
Operating cash flow	58.7	82.1	87.0	69.0	72.3	ROE-%	15.4 %	25.1 %	39.3 %	23.9 %	23.3 %
CAPEX	-30.8	-190.3	-17.5	-11.3	-11.3	ROI-%	17.4 %	17.8 %	20.6 %	17.7 %	18.6 %
Free cash flow	109.0	-105.4	73.1	57.7	61.0	Equity ratio	63.7 %	34.7 %	45.8 %	49.1 %	53.0 %
						Gearing	-3.1 %	109.7 %	69.8 %	56.3 %	43.7 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	3.3	3.8	3.0	3.0	2.9						
EV/EBITDA (adj.)	12.8	14.4	9.5	10.8	10.3						
EV/EBIT (adj.)	16.7	17.3	12.5	13.5	12.7						
P/E (adj.)	24.7	18.6	13.1	15.5	14.9						
P/B	4.0	5.4	3.8	3.6	3.4						
Dividend-%	3.4 %	3.2 %	4.7 %	4.8 %	5.0 %						

Source: Inderes

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Reduce The 12-month risk-adjusted expected shareholder return of the share is weak

Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
16-02-20	Reduce	8.80 €	8.70 €
12-03-20	Reduce	6.80 €	6.54 €
26-03-20	Reduce	6.50 €	6.50 €
12-06-20	Accumulate	8.00 €	7.10 €
20-07-20	Accumulate	8.00 €	7.06 €
23-10-20	Accumulate	8.50 €	7.84 €
13-01-21	Reduce	9.50 €	9.54 €
18-02-21	Reduce	9.00 €	9.14 €
08-03-21	Accumulate	10.00 €	9.50 €
13-04-21	Accumulate	10.00 €	9.22 €
22-04-21	Accumulate	11.00 €	10.46 €
28-05-21	Accumulate	10.50 €	9.80 €
19-07-21	Accumulate	12.50 €	11.80 €
22-07-21	Reduce	12.00 €	11.60 €
17-09-21	Reduce	11.50 €	10.90 €
22-10-21	Reduce	12.00 €	12.48 €
17-02-22	Accumulate	11.00 €	10.00 €
14-03-22	Reduce	11.00 €	10.60 €
25-04-22	Accumulate	11.00 €	9.58 €
13-06-22	Reduce	11.00 €	10.50 €
21-07-22	Reduce	11.00 €	10.30 €
21-10-22	Accumulate	10.50 €	9.10 €
17-02-23	Accumulate	10.50 €	9.63 €



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