

# Stockmann

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "CMD:Itä ei isoja uutisia" published on 11/17/2023 at 8:28 am EET

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# No big news from CMD

During the past week, Stockmann has raised its earnings guidance and published an updated strategy and financial targets in connection with its CMD. These caused small positive changes, but on the whole, we do not feel there were any major news. Considering the potential of the structural arrangement, we still see upside in the share. We reiterate our EUR 2.8 target price but lower our recommendation to Accumulate (previously Buy) due to the share price increase.

## No big news from the CMD, raised earnings guidance supported slightly higher forecasts

Yesterday, Stockmann hosted a CMD and announced an updated strategy and new financial targets earlier this week. These were largely in line with our expectations, with Lindex aiming for an annual revenue growth of 3-5% through international growth and EBIT margin of 15% over a 5-year horizon, which, however, is almost the current level. The company stated that Lindex aims to maintain its current level (14%) in the next few years, but also mentioned investments that generate costs. In the Stockmann division, the aim is to achieve a zero result considering rental costs (EBIT margin 5%) and a positive cash flow over a 3-4-year horizon, which we feel is a logical but challenging target. We commented on the strategy and targets in more detail [here](#). The company raised its earnings guidance for this year a week ago, and based on both this and the CMD, we raised our forecasts slightly (by 0-2% at EBIT level). However, our forecasts are not at the company's target level for either division, for Stockmann we expect a zero result in 2025 and for Lindex an EBIT margin of 11-12%.

## It seems likely that department stores will be divested

In September, Stockmann announced that it will begin a strategic assessment of the department store business. Although the company did not explicitly say that it was seeking to divest its department store business, we believe that it is in its sights and feel it would also create most value. Even if this is not successful in the short term, the company is clearly choosing its priorities for the future. We consider this good for shareholders, as we feel that the negative result/value of department stores still weighs on the company's valuation. There was no new information about this at the CMD, nor were there any significant news about the disputes related to the restructuring process or its ending. We still believe that the company will reach some kind of compromises and end the restructuring next year, although the legal cases may go on longer.

## The potential of the restructuring still offers a relatively good expected return

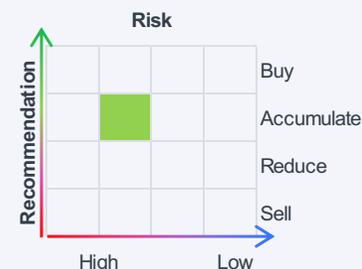
After Stockmann announced the strategic assessment of the Department Stores business we find sum of the parts to be the best valuation method. We estimate the value of the company without department stores to be around EUR 3.8 per share, i.e. clearly above the current share price. However, this should consider the uncertainties related to the manner and schedule of the possible structural changes in department stores. As a whole, we feel the expected return is good, considering at least some kind of change in the Department Stores business that is likely next year. With the current structure our estimate for Stockmann's 2023-24 P/E ratio adjusted for lease liabilities and cash is 10-11x and EV/EBIT 7-8x. In particular, the EV-based valuation is already quite favorable in itself. In the longer term, we do not expect significant earnings growth and with our estimates, the return on capital is below our required return, which highlights the need for structural arrangements and their role in the share's expected return.

## Recommendation

**Accumulate**  
(previous Buy)

**EUR 2.80**  
(previous EUR 2.80)

**Share price:**  
2.47



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	982	950	970	990
<b>growth-%</b>	9%	-3%	2%	2%
<b>EBIT adj.</b>	80	82	71	75
<b>EBIT-% adj.</b>	8.1 %	8.6 %	7.3 %	7.6 %
<b>Net Income</b>	102	62	32	36
<b>EPS (adj.)</b>	0.32	0.22	0.20	0.22

<b>P/E (adj.)</b>	6.3	11.4	12.5	11.2
<b>P/B</b>	1.0	1.0	0.9	0.9
<b>Dividend yield-%</b>	0.0 %	0.0 %	0.0 %	3.6 %
<b>EV/EBIT (adj.)</b>	9.7	10.9	12.3	11.2
<b>EV/EBITDA</b>	3.0	5.0	4.9	4.5
<b>EV/S</b>	0.8	0.9	0.9	0.9

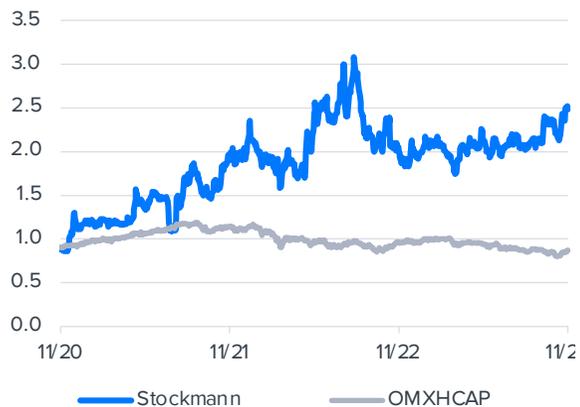
Source: Inderes

## Guidance

(Adjusted)

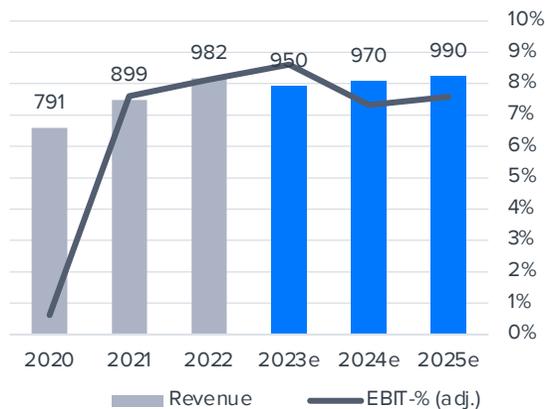
In 2023, Stockmann expects the group's revenue to be in the range of EUR 940–970 million and the group's adjusted operating result to be EUR 75–90 million, subject to foreign exchange rate fluctuation.

## Share price



Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Lindex's cash flow and value creation
- Gradual improvement in the profitability of department stores
- Corporate restructuring ending, which enables, e.g., dividend distribution and alleviates structural arrangements



## Risk factors

- Department stores destroy value and we see no operational change to this in the next few years
- During and after the restructuring, Stockmann's access to funding may be limited
- Lindex's result, like the fashion industry in general, has been unpredictable

Valuation	2023e	2024e	2025e
Share price	2.47	2.47	2.47
Number of shares, millions	159.8	163.7	163.7
Market cap	404	404	404
EV	894	872	842
P/E (adj.)	11.4	12.5	11.2
P/E	6.4	12.5	11.2
P/B	1.0	0.9	0.9
P/S	0.4	0.4	0.4
EV/Sales	0.9	0.9	0.9
EV/EBITDA	5.0	4.9	4.5
EV/EBIT (adj.)	10.9	12.3	11.2
Payout ratio (%)	0.0 %	0.0 %	40.0 %
Dividend yield-%	0.0 %	0.0 %	3.6 %

Source: Inderes

# Forecasts raised slightly

## Stockmann updated its guidance a week ago

Stockmann revised its revenue guidance and now expects full-year revenue to be EUR 940-970 million, while the previous guidance was EUR 940-1,000 million and last year's revenue was approximately EUR 980 million. According to the company, the guidance change is due to changes in currencies (SEK and NOK) that affect Lindex's revenue, while the outlook in local currencies remains the same as in the updated guidance issued in July before the Q2 result.

Thanks to slightly stronger currencies and the good October in the Swedish clothing market, we raised our revenue forecast marginally and now expect revenue of EUR 950 million, which is still a bit below the mid-point of the guidance range.

## Earnings guidance raised, forecasts slightly up

Stockmann raised its guidance for adjusted EBIT and now expects it to be EUR 75-90 million, compared to the previous range of EUR 65-85 million and EUR 80 million last year. The range was both raised and tightened slightly, and the mid-point rose from EUR 75 million to EUR 82.5 million. The company says this was due to Lindex's continued strong performance. However, the company has never specified its expectations between the Stockman and Lindex divisions.

For nine months, Stockmann has accumulated EUR 50 million in adjusted EBIT, so the Q4 expectation is now EUR 25-40 million, which is still a fairly broad range for one quarter. However, it indicates that the company expects an improvement from last year's Q4, which was EUR 26 million. In this report, we

raised our forecast to EUR 82 million, which is the mid-point of the guidance. Stockmann has guided cautiously throughout the year, so unless something surprising happens in the market, we do not expect that the company's results to be at the bottom of this guidance either.

## A slight increase in long-term forecasts as well

The company's new financial targets did not significantly change our expectations for Stockmann. However, we made slight positive changes to our forecasts for 2025-2030 based on the company's comments and targets. Especially the EUR 10 million efficiency gains expected from Lindex's new logistics center (starting from 2026) were interesting new information, although we do not expect this to be directly reflected as a corresponding earnings improvement.

Estimate revisions MEUR / EUR	2023e		Change %	2024e		Change %	2025e		Change %
	Old	New		Old	New		Old	New	
Revenue	948	950	0%	970	970	0%	990	990	0%
EBITDA	179	180	1%	178	176	-1%	185	187	1%
EBIT (exc. NRIs)	80	82	2%	71	71	0%	74	75	1%
EBIT	78	80	2%	71	71	0%	74	75	1%
PTP	50	52	3%	41	41	0%	45	46	2%
EPS (excl. NRIs)	0.21	0.22	4%	0.20	0.20	0%	0.22	0.22	2%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

# A lot of value is hidden in the sum of the parts

## Some challenges in valuation

We feel there are a few factors that make the valuation of Stockmann difficult. Firstly, a loss-making Department Stores business affects the company's earnings multiples, which make it difficult to use group figures as a whole. Secondly, the performance of both divisions has been very volatile over the last decade, so finding some kind of normal level is not self-evident. This is also muddled by the effects of COVID and the structural changes in the Stockmann division. Thirdly, the company's large lease liabilities distort balance sheet and EV-based figures and, on the other hand, without lease liabilities, the company has net cash. Based on these facts, we feel a need to look at figures that have been adjusted in various ways. After Stockmann announced the strategic assessment of the Department Stores business we find sum of the parts to be the best valuation method. However, this should consider the uncertainties related to the manner and schedule of the possible structural changes in department stores.

## Valuation summary – Accumulate

We consider Stockmann's valuation interesting in terms of the risk/return ratio, given the potential of structural arrangements. Based on the company's recent announcement this potential is much more likely and closer in time than we previously outlined. As such, we see earnings-based valuation as relatively neutral for next year, for example. We are not expecting a dividend until 2025, so it has a small impact.

The values indicated by the sum of the parts are well above the current share price. They assume the value of the department stores to be slightly negative or zero. This may materialize if Stockmann decides to

divest the department stores at the end of the strategic assessment. On the other hand, if department stores remain part of the group, their losses and negative cash flow continue to burden the company.

With the current structure we expect Stockmann to reach 6-7% return on capital and 7-9% return on free cash flow in the medium term. The company could also pay this out as a dividend in the longer term if there are no bigger investments. The earnings and dividend income generated by the current estimates are not as such sufficient to award a positive view of the share.

## Getting rid of department stores would raise the value close to EUR 4

We believe that the sum of the parts is an interesting and useful perspective to the valuation of the stock. In our neutral scenario, we value Lindex at around EUR 625 million, which, with next year's earnings estimates, means an EV/EBIT of around 8x (excluding lease liabilities). Lindex's closest peers KappAhl and MQ were usually priced below 10x EV/EBIT when listed. Given the higher interest rates and the impact of IFRS 16, the valuation could be expected to be slightly lower in today's market. With an EBIT of EUR 75-80 million, which we estimate to be the normalized earnings level, Lindex generates about EUR 55 million in free cash flow/net profit. By discounting this with a 1.5% growth assumption and a 10% required return, Lindex's current value is about EUR 650 million.

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EV/Sales	0.9	0.9	0.9
EV/EBITDA	5.0	4.9	4.5
EV/EBIT (adj.)	10.9	12.3	11.2
Payout ratio (%)	0.0 %	0.0 %	40.0 %
Dividend yield-%	0.0 %	0.0 %	3.6 %

Source: Inderes

## Stockmann CMD: Growth and profitability responsibly (Eng.)



# Valuation at acceptable level with the current structure

Translated into a P/E ratio this means around 12x. This is in the same ballpark as that of Nordic retail sector peers (10-18x for 2024), but below the level of the larger global competitors H&M (18x) and Inditex (about 20x). We believe that the strong global market position and brand of these companies offer them clearly better growth prospects than Lindex, which makes the higher valuation justified.

If the company found a buyer for its Department Stores business (i.e. sell it off at zero price), the value of the company would only consist of Lindex and would be around EUR 3.8 per share (see calculation on the right). However, the calculation must consider small group costs and negative cash flow generated by department stores as long as they are part of the group. Naturally, the company can also receive a small price for divesting the department stores although we do not expect the sum to be significant for a loss-making business. It is also possible that the company would in practice have to pay the buyer of the department stores, which would mean the value in the transaction would also be negative. Thus, the structural arrangements of the Department Stores business clearly have the potential to create value in the company.

## Earnings and cash flow multiples with the current structure

We feel one should not look directly at multiples calculated based on reported figures in Stockmann's valuation. We believe a better way is to adjust the market cap for net cash in the P/E ratio and to remove lease liabilities from EV. If we remove

lease liabilities from EV their earnings impact included in financial items should, in our opinion, be considered, which gives a comparable figure without IFRS 16 effects. In addition, we consider the expected impact of the disputed debts (both on debt and number of shares). P/E for this year would be about 11x and EV/EBIT (or in practice EV/PTP) around 7x. For 2024, the figures are 10x and 8x. We feel that these multiples are acceptable for Stockmann but at the lower end of the range.

Our estimate of Stockmann's sustainable free cash flow is EUR 30-35 million and we do not expect the company to achieve substantial earnings growth in the longer term. This means a free cash flow yield of 7-9 % at current market cap. If Stockmann is net cash positive, the company could at least in principle distribute the entire cash flow as dividends, as long as it is technically possible after the restructuring. However, the post-restructuring investments the company mentioned may reduce cash flow and dividend potential. In any case, the longer-term cash-flow rate is 10% below our required return.

## Probability weighted expected return

We expect that without structural arrangements, the share's expected return will be at the level of its sustainable free cash flow yield, i.e. 7-9%. If we assume that the probability of the EUR 3.8 sum of the parts value realizing is, e.g., 50% within two years (and the remaining 50% for the 7-9 % return) the expected return rises to slightly above 15 %. This supports our Accumulate recommendation.

Sum of the parts calculation	Value, MEUR
Lindex	625
Department stores and other costs	-50
Total	575
Debt excl. lease liabilities	-72
Cash at end of 2023	124
Value of share capital	627
Value / share	3,8

# ESG

## Stockmann's business remains mainly outside taxonomy

Stockmann's main business, retail, is not covered by taxonomy at this stage. We believe that this is because taxonomy initially identified sectors that have the most significant impact on climate change, which does not include retail.

Properties related to Stockmann's operations, on the other hand, are included in taxonomy. At the beginning of 2022, Stockmann still owned department store properties for which taxonomic revenue and expenses were recorded. In addition, right-of-use assets (i.e. leases) under IFRS 16 are covered by taxonomy, which explains the very high taxonomy eligibility of the capex ratio. As Stockmann sold the department store properties during 2022, we believe that the figures will be lower in terms of revenue and opex in the future. Stockmann estimates that it does has no taxonomy activities in the Group.

### We feel taxonomy has no impact on the business

As Stockmann's main business is currently not covered by taxonomy, we do not believe that current taxonomy will have any impact on the business, and thus on e.g. the financial situation or financial costs. As taxonomy expands, retail trade may be included, e.g. in criteria covering the circular economy.

### The climate target was just published

In November 2023, Stockmann published a new climate target (previously it did not have a group level target) to achieve a 42% reduction in the entire value chain, i.e. Scope 1, 2 and 3, by 2030 compared to the 2022 level. It has also submitted its targets for assessment to the Science Based Targets project and

is pursuing the Paris Agreement (1.5 degrees Celsius) targets. According to the company's assessment, SBTi will approve Stockmann's targets next year.

Stockmann has significantly reduced its emissions in recent years. Scope 1 emissions have dropped by about 70% and Scope 2 by over 55%. In terms of Scope 3, the company made a comprehensive calculation only for 2021-22, when emissions were at the same level. So, at least for own emissions, the trend is good, but over 90% of emissions were in Scope 3 last year. Reducing total emissions requires considerable work on Scope 3 emissions, which we consider to be more challenging than own emissions. We note that the possible separation of the department store business from the Group would also have a significant impact on emissions. Stockmann already reports emissions separately for Lindex and Stockmann, so the development can be monitored separately for each of them. Lindex already has its own target to reduce carbon dioxide emissions in the entire value chain by 50% by 2030 compared to 2017.

Taxonomy eligibility	2021	2022
Revenue	-	2%
OPEX	-	10%
CAPEX	-	92%

Taxonomy alignment	2021	2022
Revenue	-	0%
OPEX	-	0%
CAPEX	-	0%

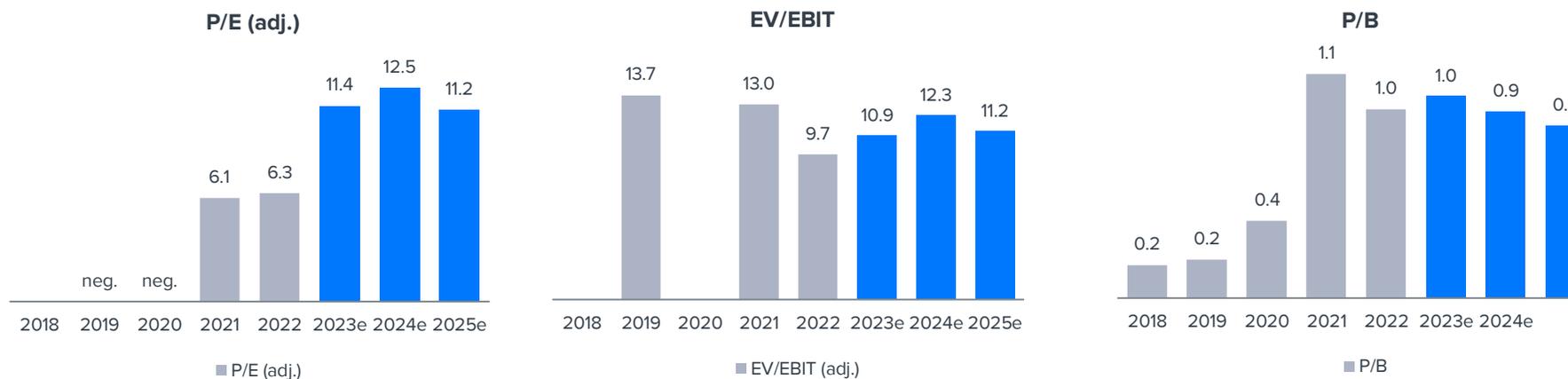
### Climate

Climate goal	No	Yes
Target according to Paris agreement (1.5 °C warming scenario)	No	No

# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	2.00	2.26	1.14	1.96	2.05	<b>2.47</b>	<b>2.47</b>	<b>2.47</b>	<b>2.47</b>
Number of shares, millions	72.0	72.0	72.0	114.0	155.2	<b>159.8</b>	<b>163.7</b>	<b>163.7</b>	<b>163.7</b>
Market cap	141	155	80	303	320	<b>404</b>	<b>404</b>	<b>404</b>	<b>404</b>
EV	685	542		889	774	<b>894</b>	<b>872</b>	<b>842</b>	<b>821</b>
P/E (adj.)		neg.	neg.	6.1	6.3	<b>11.4</b>	<b>12.5</b>	<b>11.2</b>	<b>10.6</b>
P/E		neg.	neg.	4.7	3.1	<b>6.4</b>	<b>12.5</b>	<b>11.2</b>	<b>10.6</b>
P/B	0.2	0.2	0.4	1.1	1.0	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>	<b>0.8</b>
P/S	>100	0.2	0.1	0.3	0.3	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
EV/Sales	>100	0.6		1.0	0.8	<b>0.9</b>	<b>0.9</b>	<b>0.9</b>	<b>0.8</b>
EV/EBITDA		22.5		4.8	3.0	<b>5.0</b>	<b>4.9</b>	<b>4.5</b>	<b>4.3</b>
EV/EBIT (adj.)		13.7		13.0	9.7	<b>10.9</b>	<b>12.3</b>	<b>11.2</b>	<b>10.7</b>
Payout ratio (%)		0.0 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>40.0 %</b>	<b>50.0 %</b>
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>	<b>3.6 %</b>	<b>4.7 %</b>

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
Stockmann	394	907	12.2	12.6	5.1	5.2	1.0	0.9	8.6	11.3			1.0
H & M	23352	27685	22	15	9	7	1	1	26.9	17.9	4.0	4.4	5.5
Fast Retailing	71614	66801	34.3	22.9	19.1	17.0	4.0	3.6	42.9	36.8	0.8	0.9	6.6
Inditex	110142	105070	19.3	15.8	12.5	10.8	3.3	2.9	26.8	20.9	3.3	4.1	6.6
Tokmanni	807	1260	12.9	10.5	6.7	5.5	0.9	0.7	12.8	10.8	5.7	6.1	3.1
Puuhilo	721	800	16.7	14.5	13.1	11.3	2.7	2.4	20.2	17.8	3.9	4.5	9.0
Kesko	6949	9502	13.5	13.8	7.8	7.8	0.8	0.8	13.6	14.1	6.1	6.1	2.5
Clas Ohlson	705	848	30.1	15.3	8.2	6.1	1.1	1.0	45.5	16.2	3.9	3.8	5.0
<b>Stockmann (Inderes)</b>	<b>404</b>	<b>894</b>	<b>10.9</b>	<b>12.3</b>	<b>5.0</b>	<b>4.9</b>	<b>0.9</b>	<b>0.9</b>	<b>11.4</b>	<b>12.5</b>	<b>0.0</b>	<b>0.0</b>	<b>1.0</b>
<b>Average</b>			<b>19</b>	<b>15</b>	<b>10</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>23.3</b>	<b>17.6</b>	<b>4.0</b>	<b>4.3</b>	<b>4.7</b>
<b>Median</b>			<b>16.7</b>	<b>14.5</b>	<b>8.2</b>	<b>7.6</b>	<b>1.3</b>	<b>1.3</b>	<b>20.2</b>	<b>16.2</b>	<b>3.9</b>	<b>4.4</b>	<b>5.0</b>
<b>Diff-% to median</b>			<b>-34%</b>	<b>-16%</b>	<b>-39%</b>	<b>-35%</b>	<b>-29%</b>	<b>-29%</b>	<b>-43%</b>	<b>-23%</b>	<b>-100%</b>	<b>-100%</b>	<b>-79%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue</b>	<b>899</b>	<b>196</b>	<b>269</b>	<b>244</b>	<b>273</b>	<b>982</b>	<b>199</b>	<b>252</b>	<b>227</b>	<b>273</b>	<b>950</b>	<b>970</b>	<b>990</b>	<b>991</b>
Lindex	607	134	188	167	172	661	127	176	162	167	632	650	670	687
Stockmann	292	62	81	77	100	321	72	76	65	106	318	320	320	304
<b>EBITDA</b>	<b>185</b>	<b>35.5</b>	<b>141</b>	<b>31.9</b>	<b>49.3</b>	<b>258</b>	<b>22.7</b>	<b>55.3</b>	<b>45.2</b>	<b>57.0</b>	<b>180</b>	<b>176</b>	<b>187</b>	<b>189</b>
Depreciation	-103	-25.7	-26.9	-25.9	-24.7	-103	-25.6	-25.1	-24.9	-25.0	-101	-105	-112	-112
<b>EBIT (excl. NRI)</b>	<b>68.3</b>	<b>-3.7</b>	<b>35.4</b>	<b>22.0</b>	<b>26.1</b>	<b>80</b>	<b>-2.4</b>	<b>31.6</b>	<b>20.6</b>	<b>32.0</b>	<b>82</b>	<b>71</b>	<b>75</b>	<b>77</b>
<b>EBIT</b>	<b>82.1</b>	<b>9.8</b>	<b>115</b>	<b>6.0</b>	<b>24.6</b>	<b>155</b>	<b>-2.9</b>	<b>30.2</b>	<b>20.3</b>	<b>32.0</b>	<b>80</b>	<b>71</b>	<b>75</b>	<b>77</b>
Lindex	80	5.5	39.0	22.5	23.0	90	5.6	36.2	26.2	25.5	94	79	78	80
Stockmann	-10	-7.3	-1.5	0.1	3.3	-5	-7.0	-3.5	-4.8	7.0	-8.3	-5.0	0.0	0.0
Unallocated	-2.1	-2.0	-2.0	-0.6	-0.2	-4.8	-1.0	-1.1	-0.8	-0.5	-3.4	-3.0	-3.0	-3.0
Net financial items	-17	-5.4	-6.5	-7.3	-6.5	-26	-7.3	-7.1	-6.6	-7.1	-28	-30	-29	-29
<b>PTP</b>	<b>65</b>	<b>4.4</b>	<b>108</b>	<b>-1.3</b>	<b>18.1</b>	<b>129</b>	<b>-10.2</b>	<b>23.1</b>	<b>13.7</b>	<b>24.9</b>	<b>52</b>	<b>41</b>	<b>46</b>	<b>49</b>
Taxes	-17.3	-1.6	-27.4	2.0	-0.5	-27.5	29.7	-9.4	-5.0	-5.0	10.4	-8.6	-9.6	-10.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>48</b>	<b>2.8</b>	<b>80.6</b>	<b>0.7</b>	<b>17.6</b>	<b>102</b>	<b>19.5</b>	<b>13.8</b>	<b>8.7</b>	<b>19.9</b>	<b>62</b>	<b>32</b>	<b>36</b>	<b>38</b>
<b>EPS (adj.)</b>	<b>0.32</b>	<b>-0.05</b>	<b>0.12</b>	<b>0.13</b>	<b>0.12</b>	<b>0.32</b>	<b>-0.06</b>	<b>0.10</b>	<b>0.06</b>	<b>0.12</b>	<b>0.22</b>	<b>0.20</b>	<b>0.22</b>	<b>0.23</b>
<b>EPS (rep.)</b>	<b>0.42</b>	<b>0.02</b>	<b>0.52</b>	<b>0.00</b>	<b>0.11</b>	<b>0.66</b>	<b>0.13</b>	<b>0.09</b>	<b>0.05</b>	<b>0.12</b>	<b>0.39</b>	<b>0.20</b>	<b>0.22</b>	<b>0.23</b>
<b>Key figures</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22</b>	<b>2022</b>	<b>Q1'23</b>	<b>Q2'23</b>	<b>Q3'23</b>	<b>Q4'23e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
<b>Revenue growth-%</b>	13.7 %	26.0 %	17.9 %	2.6 %	-1.8 %	9.2 %	1.2 %	-6.3 %	-7.0 %	0.0 %	-3.2 %	2.1 %	2.1 %	0.1 %
<b>Adjusted EBIT growth-%</b>	1293.9 %	-82.3 %	32.2 %	-33.1 %	-12.1 %	16.8 %	-35.7 %	-10.8 %	-6.4 %	22.6 %	2.5 %	-13.2 %	5.6 %	2.7 %
<b>EBITDA-%</b>	20.6 %	18.1 %	52.6 %	13.1 %	18.1 %	26.3 %	11.4 %	21.9 %	19.9 %	20.9 %	19.0 %	18.2 %	18.9 %	19.1 %
<b>Adjusted EBIT-%</b>	7.6 %	-1.9 %	13.2 %	9.0 %	9.6 %	8.1 %	-1.2 %	12.5 %	9.1 %	11.7 %	8.6 %	7.3 %	7.6 %	7.8 %
<b>Net earnings-%</b>	5.3 %	1.4 %	30.0 %	0.3 %	6.4 %	10.4 %	9.8 %	5.5 %	3.8 %	7.3 %	6.5 %	3.3 %	3.7 %	3.9 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>1002</b>	<b>890</b>	<b>925</b>	<b>948</b>	<b>954</b>
Goodwill	272	251	251	251	251
Intangible assets	120	114	114	114	114
Tangible assets	583	498	533	556	562
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.5	0.7	0.7	0.7	0.7
Other non-current assets	3.8	3.1	3.1	3.1	3.1
Deferred tax assets	23.8	23.8	23.8	23.8	23.8
<b>Current assets</b>	<b>414</b>	<b>385</b>	<b>344</b>	<b>366</b>	<b>400</b>
Inventories	155	174	166	165	168
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	45.7	43.2	42.7	43.7	44.6
Cash and equivalents	214	168	135	158	187
<b>Balance sheet total</b>	<b>1416</b>	<b>1276</b>	<b>1268</b>	<b>1314</b>	<b>1354</b>

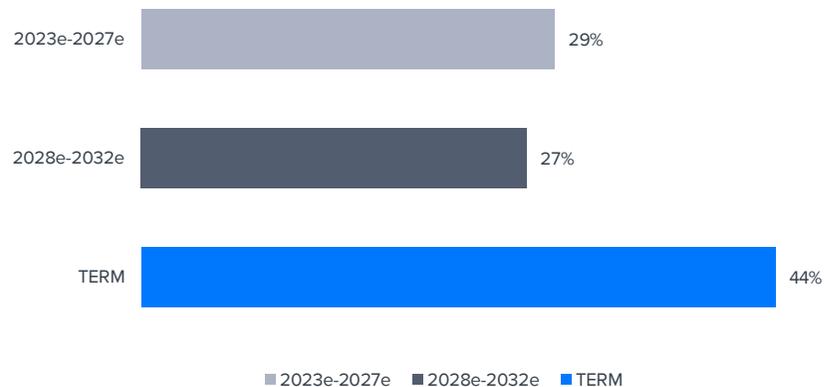
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>268</b>	<b>336</b>	<b>397</b>	<b>430</b>	<b>466</b>
Share capital	77.6	77.6	77.6	77.6	77.6
Retained earnings	103	205	266	299	335
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	14.4	-18.9	-18.9	-18.9	-18.9
Other equity	73.2	72.3	72.3	72.3	72.3
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>409</b>	<b>586</b>	<b>590</b>	<b>590</b>	<b>590</b>
Deferred tax liabilities	40.6	40.3	40.3	40.3	40.3
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	330	545	550	550	550
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	37.8	0.7	0.0	0.0	0.0
<b>Current liabilities</b>	<b>740</b>	<b>361</b>	<b>281</b>	<b>294</b>	<b>298</b>
Interest bearing debt	470	77.3	75.0	75.0	75.0
Payables	223	179	176	189	193
Other current liabilities	46.4	105	30.0	30.0	30.0
<b>Balance sheet total</b>	<b>1416</b>	<b>1283</b>	<b>1268</b>	<b>1314</b>	<b>1354</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	9.2 %	-3.2 %	2.1 %	2.1 %	0.1 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	1.0 %	1.0 %
EBIT-%	15.8 %	8.4 %	7.3 %	7.6 %	7.8 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %
<b>EBIT (operating profit)</b>	<b>155</b>	<b>79.6</b>	<b>71.0</b>	<b>75.0</b>	<b>77.0</b>	<b>79.7</b>	<b>80.1</b>	<b>80.5</b>	<b>80.9</b>	<b>81.3</b>	<b>82.1</b>	
+ Depreciation	103	101	105	112	112	112	112	112	112	114	114	
- Paid taxes	-27.8	10.4	-8.6	-9.6	-10.2	-10.9	-11.1	-11.4	-11.6	-11.9	-12.0	
- Tax, financial expenses	-5.5	5.6	-6.3	-6.1	-6.0	-5.8	-5.7	-5.5	-5.4	-5.2	-5.3	
+ 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	
- Change in working capital	-2.4	-69.8	13.8	-0.4	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	
<b>Operating cash flow</b>	<b>222</b>	<b>126</b>	<b>175</b>	<b>171</b>	<b>173</b>	<b>175</b>	<b>176</b>	<b>176</b>	<b>176</b>	<b>178</b>	<b>179</b>	
+ Change in other long-term liabilities	-37.1	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	8.5	-135.0	-129.0	-118.0	-115.0	-115.0	-115.0	-115.0	-121.6	-116.4	-127.5	
<b>Free operating cash flow</b>	<b>194</b>	<b>-9.3</b>	<b>46.4</b>	<b>52.6</b>	<b>58.3</b>	<b>60.2</b>	<b>60.5</b>	<b>60.8</b>	<b>54.4</b>	<b>61.2</b>	<b>51.2</b>	
+/- Other	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	294	-9.3	46.4	52.6	58.3	60.2	60.5	60.8	54.4	61.2	51.2	581
<b>Discounted FCFF</b>		<b>-9.2</b>	<b>41.7</b>	<b>43.1</b>	<b>43.4</b>	<b>40.8</b>	<b>37.3</b>	<b>34.1</b>	<b>27.8</b>	<b>28.4</b>	<b>21.6</b>	<b>245</b>
Sum of FCFF present value		554	563	521	478	435	394	357	323	295	267	245
<b>Enterprise value DCF</b>		<b>554</b>										
- Interest bearing debt		-285										
+ Cash and cash equivalents		168										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>437</b>										
<b>Equity value DCF per share</b>		<b>2.7</b>										

Cash flow distribution



## WACC

Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	5.0 %
Equity Beta	1.35
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>9.9 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>9.9 %</b>

Source: Inderes

# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	790.7	899.0	981.7	<b>949.9</b>	<b>970.1</b>	EPS (reported)	-4.05	0.42	0.66	<b>0.39</b>	<b>0.20</b>
EBITDA	-252.4	185.0	258.1	<b>180.2</b>	<b>176.5</b>	EPS (adj.)	-0.48	0.32	0.32	<b>0.22</b>	<b>0.20</b>
EBIT	-252.4	82.1	154.9	<b>79.6</b>	<b>71.0</b>	OCF / share	-3.65	1.01	1.43	<b>0.79</b>	<b>1.07</b>
PTP	-294.0	65.2	129.2	<b>51.5</b>	<b>41.0</b>	FCF / share	1.48	1.16	1.89	<b>-0.06</b>	<b>0.28</b>
Net Income	-291.6	45.1	101.7	<b>61.9</b>	<b>32.4</b>	Book value / share	2.86	2.35	2.16	<b>2.49</b>	<b>2.63</b>
Extraordinary items	-257.3	13.8	75.1	<b>-2.2</b>	<b>0.0</b>	Dividend / share	0.00	0.00	0.00	<b>0.00</b>	<b>0.00</b>
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	1424.3	1416.1	1275.5	<b>1268.5</b>	<b>1314.3</b>	Revenue growth-%	-18%	14%	9%	<b>-3%</b>	<b>2%</b>
Equity capital	206.1	268.1	335.5	<b>397.4</b>	<b>429.8</b>	EBITDA growth-%	-1147%	-173%	40%	<b>-30%</b>	<b>-2%</b>
Goodwill	277.5	271.5	250.9	<b>250.9</b>	<b>250.9</b>	EBIT (adj.) growth-%	-88%	1294%	17%	<b>3%</b>	<b>-13%</b>
Net debt	724.5	586.7	454.4	<b>490.1</b>	<b>467.4</b>	EPS (adj.) growth-%	14%	-168%	0%	<b>-34%</b>	<b>-8%</b>
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	-31.9 %	20.6 %	26.3 %	<b>19.0 %</b>	<b>18.2 %</b>
EBITDA	-252.4	185.0	258.1	<b>180.2</b>	<b>176.5</b>	EBIT (adj.)-%	0.6 %	7.6 %	8.1 %	<b>8.6 %</b>	<b>7.3 %</b>
Change in working capital	-9.8	-56.9	-2.4	<b>-69.8</b>	<b>13.8</b>	EBIT-%	-31.9 %	9.1 %	15.8 %	<b>8.4 %</b>	<b>7.3 %</b>
Operating cash flow	-262.5	115.0	222.4	<b>126.4</b>	<b>175.4</b>	ROE-%	-57.9 %	20.2 %	33.7 %	<b>16.9 %</b>	<b>7.8 %</b>
CAPEX	809.3	-17.1	8.5	<b>-135.0</b>	<b>-129.0</b>	ROI-%	-22.0 %	7.6 %	15.3 %	<b>8.0 %</b>	<b>6.8 %</b>
Free cash flow	106.8	132.7	293.8	<b>-9.3</b>	<b>46.4</b>	Equity ratio	14.5 %	18.9 %	26.3 %	<b>31.3 %</b>	<b>32.7 %</b>
						Gearing	351.5 %	218.8 %	135.4 %	<b>123.3 %</b>	<b>108.7 %</b>
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S		1.0	0.8	<b>0.9</b>	<b>0.9</b>						
EV/EBITDA (adj.)		4.8	3.0	<b>5.0</b>	<b>4.9</b>						
EV/EBIT (adj.)		13.0	9.7	<b>10.9</b>	<b>12.3</b>						
P/E (adj.)	neg.	6.1	6.3	<b>11.4</b>	<b>12.5</b>						
P/B	0.4	1.1	1.0	<b>1.0</b>	<b>0.9</b>						
Dividend-%	0.0 %	0.0 %	0.0 %	<b>0.0 %</b>	<b>0.0 %</b>						

Source: Inderes

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Date	Recommendation	Target	Share price
11/18/2022	Reduce	2.00 €	1.97 €
1/20/2023	Reduce	2.10 €	2.05 €
2/27/2023	Reduce	2.10 €	2.00 €
3/21/2023	Accumulate	2.10 €	1.76 €
5/2/2023	Accumulate	2.35 €	2.11 €
7/24/2023	Accumulate	2.40 €	2.08 €
9/26/2023	Accumulate	2.80 €	2.34 €
10/30/2023	Buy	2.80 €	2.13 €
11/17/2023	Accumulate	2.80 €	2.47 €



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