

# Fiskars

## Company report

12/22/2022 08:00



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# Weaker demand is hitting

Fiskars lowered its guidance last week, which lead us to cut our estimates by 4%. We continue to believe that weak consumer demand will weigh on Fiskars' net sales and earnings next year. Despite this, we see Fiskars' earnings level being structurally significantly higher than before the COVID period, and the company's earnings will return to last year's peak level in 2024. Average earnings growth and dividend yields over the next few years bring the expected return to around 15%, which we find attractive. We reiterate our Accumulate recommendation but lower our target price to EUR 17 (was 18) due to lowered estimates.

## Fiskars last week lowered its earnings guidance for 2022, our full-year estimate down 4%

Since the beginning of the year, Fiskars guided its adjusted EBIT to improve from last year's peak level of EUR 154 million, although the market environment has changed significantly since the guidance was given, both in terms of demand and costs. We have considered the guidance relatively challenging, and our estimate has been around last year's level since early summer, so last week's guidance cut didn't come as a surprise. However, we expected the company to achieve its previous guidance and previously forecast an adjusted operating profit of EUR 156 million for 2022. According to Fiskars, the profit warning was due to weaker-than-expected demand and caution particularly among US retailers. With the new guidance, we lowered our earnings estimates for 2022 by 4%. We still believe that Fiskars' full-year results are good given the challenging market conditions. For Q4, the new guidance implies an adjusted operating profit of EUR 29 million, compared to EUR 32 million year-on-year and our previous estimate of EUR 35 million. We also lowered our 2023-24 estimates by 4-5% due to a slightly more conservative margin estimate and a weaker USD.

## We find Fiskars' performance to be structurally better than before COVID

It is important to note that, although COVID supported Fiskars' sales and earnings, the company has carried out a lot of efficiency measures, especially in terms of WWRD, i.e., the English & Crystal Brands unit, which is part of the Vita segment and used to be less profitable. In recent years, it has improved its performance, which we believe to be structural and sustainable, and not just a temporary effect from COVID. We believe that this will support Fiskars' growth and profitability in the future. For next year, we see weak market demand pushing the company's net sales growth slightly negative and EBIT below this year's level. However, with our estimates for 2023, adjusted EBIT is still clearly higher (133 MEUR) than the average in 2016-20 (about 100 MEUR). In terms of net sales, our 2023 estimate represents an annual organic growth of just below 5% compared to 2019, which is in line with the company's current target, but above historical levels. Looking ahead to 2024, we see growth and improved profitability for the company, with EBIT reaching the 2021 peak level already in 2024.

## Valuation is moderate, with earnings growth being the main driver of expected return after 2023

Fiskars' multiples for this year and next year are somewhat higher due to higher debt and financing cost levels caused by large inventories. Earning-based valuation (adj. EV/EBIT: 9.5x and P/E: 13x) for 2023 is, in our view, moderate given the company's potential, but by no means blatantly cheap. The price rise requires trust/evidence that the company will be able to improve its performance after a weaker 2023 year back to 2021-22 levels. As we believe in the growth and improved profitability through the current strategy, we see the expected return of around 15%, consisting of a dividend yield of around 5% and earnings growth, as attractive.

## Recommendation

### Accumulate

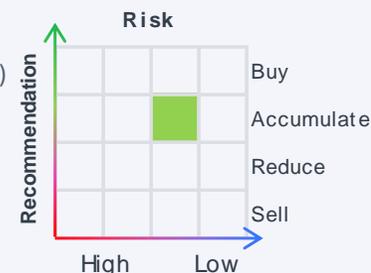
(previous Accumulate)

### EUR 17.00

(previous EUR 18.00)

### Share price:

15.22



## Key figures

	2021	2022e	2023e	2024e
<b>Revenue</b>	1254	1293	1242	1296
<b>growth-%</b>	12%	3%	-4%	4%
<b>EBIT adj.</b>	154.4	150.4	133.1	156.2
<b>EBIT-% adj.</b>	12.3 %	11.6 %	10.7 %	12.1 %
<b>Net Income</b>	86.7	112.6	94.4	114.1
<b>EPS (adj.)</b>	1.21	1.49	1.17	1.42

<b>P/E (adj.)</b>	19.1	10.2	13.0	10.8
<b>P/B</b>	2.3	1.4	1.4	1.3
<b>Dividend yield-%</b>	3.3 %	5.0 %	5.4 %	6.0 %
<b>EV/EBIT (adj.)</b>	12.4	9.2	9.7	7.8
<b>EV/EBITDA</b>	9.4	6.9	6.8	5.6
<b>EV/S</b>	1.5	1.1	1.0	0.9

Source: Inderes

## Guidance

(Lowered)

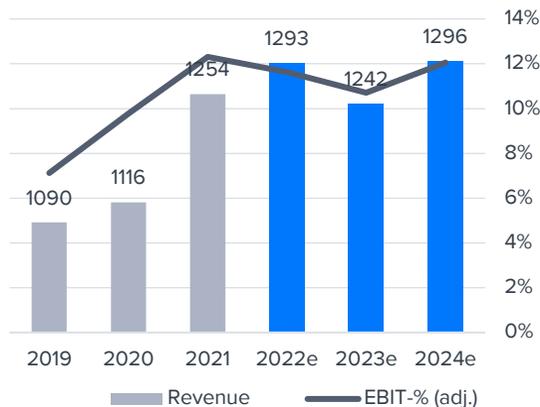
Fiskars expects comparable EBIT in 2022 to be approximately EUR 150 million (2021: EUR 154.2 million).

### Share price



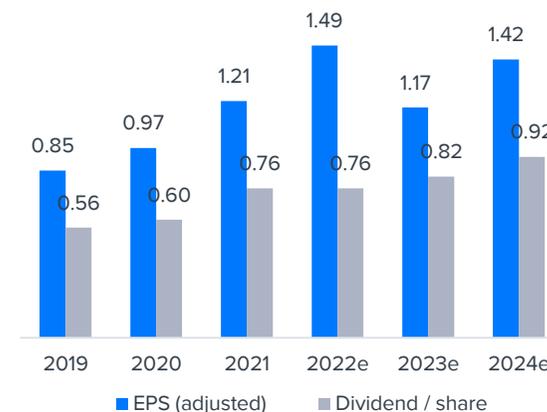
Source: Millstream Market Data AB

### Revenue and EBIT %



Source: Inderes

### EPS and dividend



Source: Inderes



### Value drivers

- Portfolio's focus on big and most profitable brands
- Organic growth from new markets and/or product categories
- Profitability improvement through sales and channel mix as well as growth and scale
- Earnings improvement through the Vita segment and the Group-wide restructuring program
- Strong balance sheet enables inorganic growth



### Risk factors

- Shift in consumption from products to services as the home nesting trend slows down
- Weakening of the global economy and consumer confidence
- Rapid transition of the commerce sector to digital channels and increasing price competition
- Unnecessary sprawling and complexity of brand portfolio
- Raw material inflation and challenges in the global logistics chain

Valuation	2022e	2023e	2024e
Share price	15.2	15.2	15.2
Number of shares, million:	80.6	80.6	80.6
Market cap	1226	1226	1226
EV	1391	1289	1214
P/E (adj.)	10.2	13.0	10.8
P/E	10.9	13.0	10.8
P/FCF	neg.	7.3	8.5
P/B	1.4	1.4	1.3
P/S	0.9	1.0	0.9
EV/Sales	1.1	1.0	0.9
EV/EBITDA	6.9	6.8	5.6
EV/EBIT (adj.)	9.2	9.7	7.8
Payout ratio (%)	54.4 %	70.0 %	65.0 %
Dividend yield-%	5.0 %	5.4 %	6.0 %

Source: Inderes

# We lowered our estimates due to the profit warning and a weaker USD

## Estimate revisions 2022e-2024e

- We lowered this year's estimate for comparable EBIT to the level of last week's profit warning, i.e., to 150 MEUR, which meant a 4% decline in earnings estimates.
- According to Fiskars, the weaker-than-expected Q4 result is mainly due to strong inventory management by US retailers, which led to very low orders from Fiskars in December and even to the cancellation of previous orders. On the positive side, according to Fiskars, end demand hasn't weakened as clearly. However, the company sees that cautious retailers and also weaker demand in general will continue to have an impact in the US in the first half of 2023.
- We also lowered our estimates for 2023-2024 due to both slightly lower margin assumptions and the negative impact of a weaker USD.

## Operational earnings drivers 2022-2024e:

- According to the updated guidance, Fiskars' 2022 result will end up slightly below the 2021 level. In our estimates, this is mainly due to weaker results in the "Other" segment, with the larger segments at last year's level. We expect net sales to have increased, but margin to have decreased at group level
- For 2023, we expect net sales to decline as weaker consumer demand and, to some extent, the recovery from exceptionally high COVID-driven demand hit Fiskars. We estimate that this will also weaken the margin and that the comparable EBIT will end up slightly more than 10% below the 2022 level.
- We expect consumer demand to pick up again in 2024 and Fiskars' own growth strategy to support the sales turnaround. With the sales turnaround and operational efficiencies, we forecast margin and earnings to improve in 2024 and reach the 2021 level.

Estimate revisions MEUR / EUR	2022e			2023e			2024e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	1300	1293	-1%	1288	1242	-4%	1345	1296	-4%
EBIT (exc. NRIs)	156	150	-4%	140	133	-5%	164	156	-5%
EBIT	149	143	-4%	140	133	-5%	164	156	-5%
EPS (excl. NRIs)	1.54	1.49	-4%	1.24	1.17	-5%	1.49	1.42	-5%
DPS	0.82	0.76	-7%	0.82	0.82	0%	0.92	0.92	0%

Source: Inderes

# Earnings improvement is the main driver

## Valuation for next year neutral-ish

We see Fiskars' earnings-based valuation for next year (adj. EV/EBIT: 9.5x and P/E: 13x) as relatively neutral in the current market environment. From 2024 onwards, we believe that continued earnings growth together with dividend yields will raise the expected return to around 15%.

## Fiskars is valued below its peers

Fiskars' earnings-based valuation is significantly below its international peer group in our 2022 estimates, but the gap narrows to around 10% in our 2023 estimates. Fiskars' peer group limits the upside of the share to some extent because we believe that a premium pricing would require more evidence of improved performance and the company's ability to produce 'intact' earnings in the future without launching new transformation and restructuring programs with significant non-recurring costs, which have marked the last ten years.

## The share is cheap if the company meets its targets

We believe that there is permanent upside potential in the valuation multiples if Fiskars can achieve higher growth than in previous (pre-COVID) years. Increasing net sales has historically been challenging, which is why the company has not been allowed particularly high valuation multiples. The new financial targets are set at a very ambitious level. We believe the company has been able to generate structural growth on top of the exceptional demand generated by the COVID period. We expect sustainable growth to resume in 2024.

If we assume that Fiskars would be able to meet its financial targets of growing sales by around 5% per

year until 2025 and increase its EBIT margin to the targeted 15%, this would mean net sales of EUR ~1.5 billion, an EBIT of EUR ~225 million and EPS of EUR ~2.2. If the company would then be priced at 12x P/E, the calculated value of the share would be EUR 26 in 2025. If Fiskars can meet its own financial targets, we believe that the share price is currently cheap as if targets are met, the expected return considering the dividend would be around 25% p.a.

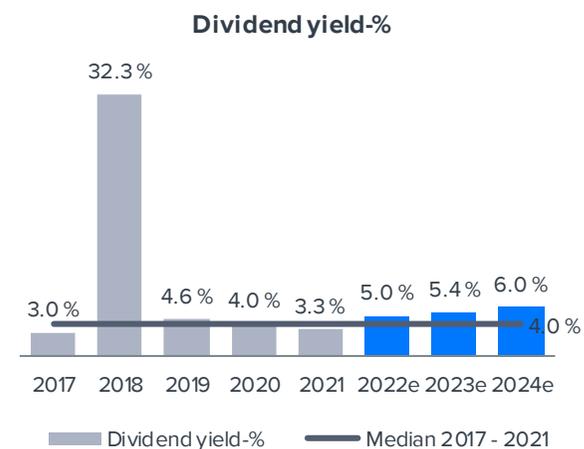
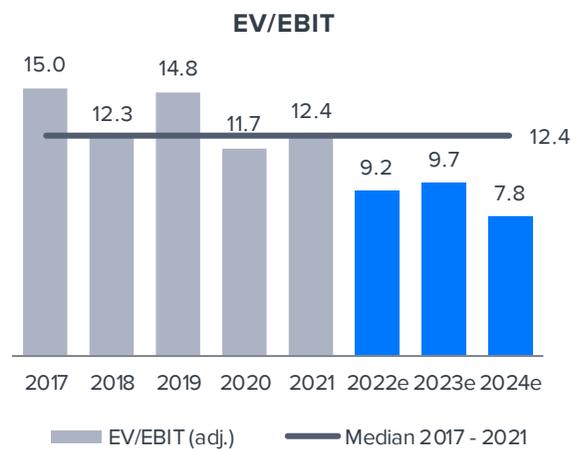
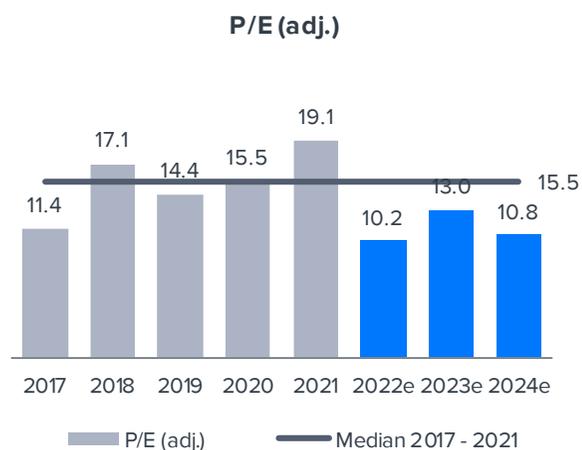
Valuation	2022e	2023e	2024e
Share price	15.2	15.2	15.2
Number of shares, million:	80.6	80.6	80.6
Market cap	1226	1226	1226
EV	1391	1289	1214
P/E (adj.)	10.2	13.0	10.8
P/E	10.9	13.0	10.8
P/FCF	neg.	7.3	8.5
P/B	1.4	1.4	1.3
P/S	0.9	1.0	0.9
EV/Sales	1.1	1.0	0.9
EV/EBITDA	6.9	6.8	5.6
EV/EBIT (adj.)	9.2	9.7	7.8
Payout ratio (%)	54.4 %	70.0 %	65.0 %
Dividend yield-%	5.0 %	5.4 %	6.0 %

Source: Inderes

# Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	24.0	19.0	12.2	15.0	23.0	15.2	15.2	15.2	15.2
Number of shares, millions	81.7	81.6	81.5	81.5	81.5	80.6	80.6	80.6	80.6
Market cap	1958	1550	996	1220	1874	1226	1226	1226	1226
EV	1559	1236	1152	1276	1916	1391	1289	1214	1157
P/E (adj.)	11.4	17.1	14.4	15.5	19.1	10.2	13.0	10.8	10.0
P/E	11.8	19.0	19.3	18.0	21.6	10.9	13.0	10.8	10.0
P/FCF	12.9	24.4	28.5	6.9	24.5	neg.	7.3	8.5	9.2
P/B	1.5	1.3	1.3	1.6	2.3	1.4	1.4	1.3	1.2
P/S	1.7	1.4	0.9	1.1	1.5	0.9	1.0	0.9	0.9
EV/Sales	1.3	1.1	1.1	1.1	1.5	1.1	1.0	0.9	0.9
EV/EBITDA	11.4	9.1	9.6	7.4	9.4	6.9	6.8	5.6	5.0
EV/EBIT (adj.)	15.0	12.3	14.8	11.7	12.4	9.2	9.7	7.8	7.0
Payout ratio (%)	35.4 %	613.3 %	88.4 %	72.2 %	71.4 %	54.4 %	70.0 %	65.0 %	66.0 %
Dividend yield-%	3.0 %	32.3 %	4.6 %	4.0 %	3.3 %	5.0 %	5.4 %	6.0 %	6.6 %

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	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
Duni AB	365	526	15.0	11.6	8.5	7.5	0.8	0.8	12.1	9.7	5.8	6.2	1.5
Harvia Oyj	328	369	10.5	11.2	8.9	9.3	2.1	2.2	11.7	14.0	3.5	3.5	3.0
Leifheit AG	140	111	37.0	8.2	10.6	5.4	0.4	0.4	63.6	13.9	2.4	4.7	1.3
Marimekko Oyj	355	346	11.5	10.6	8.7	8.0	2.1	1.9	14.9	14.6	4.8	5.5	4.9
Nokian Tyres plc	1305	1427	5.4	9.9	4.1	5.1	0.8	1.0	6.8	13.4			0.9
Orthex Oyj	83	108	17.3	10.3	10.7	7.2	1.2	1.2	23.4	12.3	2.6	3.9	2.3
Rapala VMC Oyj	199	286	17.8	9.5	11.1	6.8	1.0	0.9	20.2	11.1	1.9	3.9	1.3
Stanley Black & Decker Inc	10228	17857	15.3	14.6	11.5	11.0	1.1	1.2	16.8	16.0	4.3	4.5	1.2
Villeroy & Boch AG	461	347	3.5	3.8	2.5	2.7	0.4	0.4	6.5	7.0	7.2	6.7	1.2
<b>Fiskars (Inderes)</b>	<b>1226</b>	<b>1391</b>	<b>9.2</b>	<b>9.7</b>	<b>6.9</b>	<b>6.8</b>	<b>1.1</b>	<b>1.0</b>	<b>10.2</b>	<b>13.0</b>	<b>5.0</b>	<b>5.4</b>	<b>1.4</b>
<b>Average</b>			<b>14.8</b>	<b>10.0</b>	<b>8.5</b>	<b>7.0</b>	<b>1.1</b>	<b>1.1</b>	<b>19.6</b>	<b>12.4</b>	<b>4.1</b>	<b>4.8</b>	<b>2.0</b>
<b>Median</b>			<b>15.0</b>	<b>10.3</b>	<b>8.9</b>	<b>7.2</b>	<b>1.0</b>	<b>1.0</b>	<b>14.9</b>	<b>13.4</b>	<b>3.9</b>	<b>4.6</b>	<b>1.3</b>
<b>Diff-% to median</b>			<b>-38%</b>	<b>-6%</b>	<b>-23%</b>	<b>-6%</b>	<b>4%</b>	<b>6%</b>	<b>-31%</b>	<b>-3%</b>	<b>28%</b>	<b>18%</b>	<b>9%</b>

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

# Income statement

Income statement	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
<b>Revenue</b>	<b>1116</b>	<b>302</b>	<b>307</b>	<b>292</b>	<b>353</b>	<b>1254</b>	<b>333</b>	<b>319</b>	<b>293</b>	<b>349</b>	<b>1293.1</b>	<b>1242</b>	<b>1296</b>	<b>1337</b>
Vita	457	108	116	134	187	545	121	127	140	194	582.3	567	601	625
Terra	494	157	149	111	118	535	173	139	108	104	524.6	492	506	519
Crea	162	35.9	42.2	45.6	46.9	171	38.1	52.0	43.1	49.2	182.4	180	185	189
Other	3.8	0.9	0.8	0.9	1.2	3.8	0.7	0.9	1.1	1.2	3.8	3.8	3.8	3.8
<b>EBITDA</b>	<b>173</b>	<b>61.1</b>	<b>53.2</b>	<b>50.5</b>	<b>39.4</b>	<b>204</b>	<b>56.5</b>	<b>54.4</b>	<b>48.0</b>	<b>44.1</b>	<b>203.0</b>	<b>190</b>	<b>218</b>	<b>229</b>
Depreciation	-75.3	-15.2	-14.7	-15.8	-15.6	-61.3	-15.1	-14.9	-14.8	-15.0	-59.8	-57.0	-61.7	-63.5
<b>EBIT (excl. NRI)</b>	<b>109</b>	<b>46.6</b>	<b>41.4</b>	<b>34.1</b>	<b>32.3</b>	<b>154</b>	<b>51.8</b>	<b>36.3</b>	<b>33.2</b>	<b>29.1</b>	<b>150</b>	<b>133</b>	<b>156</b>	<b>166</b>
<b>EBIT</b>	<b>98.1</b>	<b>45.9</b>	<b>38.5</b>	<b>34.7</b>	<b>23.8</b>	<b>143</b>	<b>41.4</b>	<b>39.5</b>	<b>33.2</b>	<b>29.1</b>	<b>143</b>	<b>133</b>	<b>156</b>	<b>166</b>
Vita	11.9	10.1	9.9	25.2	24.2	69.4	10.7	14.1	24.6	30.1	79.5	74.3	84.1	87.4
Terra	60.8	31.2	17.3	6.3	-3.9	50.9	35.5	9.9	5.2	-4.2	46.4	41.6	53.2	59.7
Crea	38.5	8.1	11.2	11.4	5.6	36.3	8.1	11.6	10.0	7.4	37.1	36.2	38.9	39.7
Other	-13.1	-3.5	0.1	-8.2	-2.2	-13.8	-2.4	-6.6	-6.6	-4.3	-19.9	-19.0	-20.0	-21.0
Net financial items	-8.9	-4.3	1.4	2.8	0.1	0.0	0.7	-0.8	-1.7	-0.5	-2.3	-6.0	-2.9	-1.9
<b>PTP</b>	<b>89.9</b>	<b>41.9</b>	<b>40.4</b>	<b>37.9</b>	<b>24.1</b>	<b>144</b>	<b>42.6</b>	<b>39.3</b>	<b>31.5</b>	<b>28.6</b>	<b>142.0</b>	<b>127</b>	<b>153</b>	<b>164</b>
Taxes	-21.3	-33.7	-9.0	-8.0	-5.8	-56.5	-11.2	-5.8	-4.9	-6.6	-28.5	-31.8	-38.3	-41.0
Minority interest	-0.8	-0.2	-0.2	-0.2	-0.4	-1.0	-0.2	-0.1	-0.4	-0.2	-0.9	-0.9	-0.9	-0.9
<b>Net earnings</b>	<b>67.7</b>	<b>7.9</b>	<b>31.2</b>	<b>29.7</b>	<b>17.9</b>	<b>86.7</b>	<b>31.2</b>	<b>33.4</b>	<b>26.2</b>	<b>21.8</b>	<b>112.6</b>	<b>94.4</b>	<b>114</b>	<b>122</b>
<b>EPS (adj.)</b>	<b>0.97</b>	<b>0.11</b>	<b>0.42</b>	<b>0.36</b>	<b>0.32</b>	<b>1.21</b>	<b>0.52</b>	<b>0.38</b>	<b>0.33</b>	<b>0.27</b>	<b>1.49</b>	<b>1.17</b>	<b>1.42</b>	<b>1.51</b>
<b>EPS (rep.)</b>	<b>0.83</b>	<b>0.10</b>	<b>0.38</b>	<b>0.36</b>	<b>0.22</b>	<b>1.06</b>	<b>0.39</b>	<b>0.41</b>	<b>0.33</b>	<b>0.27</b>	<b>1.40</b>	<b>1.17</b>	<b>1.42</b>	<b>1.51</b>

Key figures	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
<b>Revenue growth-%</b>	2.4 %	17.9 %	9.7 %	9.4 %	12.7 %	12.4 %	10.1 %	3.9 %	0.3 %	-1.2 %	3.1 %	-4.0 %	4.4 %	3.1 %
<b>Adjusted EBIT growth-%</b>	40.5 %	202.6 %	88.1 %	-4.6 %	-10.3 %	41.5 %	11.1 %	-12.3 %	-2.7 %	-9.8 %	-2.6 %	-11.5 %	17.4 %	6.2 %
<b>EBITDA-%</b>	15.5 %	20.2 %	17.3 %	17.3 %	11.1 %	16.3 %	17.0 %	17.0 %	16.4 %	12.6 %	15.7 %	15.3 %	16.8 %	17.2 %
<b>Adjusted EBIT-%</b>	9.8 %	15.4 %	13.5 %	11.7 %	9.1 %	12.3 %	15.6 %	11.4 %	11.3 %	8.3 %	11.6 %	10.7 %	12.1 %	12.4 %
<b>Net earnings-%</b>	6.1 %	2.6 %	10.2 %	10.2 %	5.1 %	6.9 %	9.4 %	10.5 %	9.0 %	6.2 %	8.7 %	7.6 %	8.8 %	9.1 %

Source: Inderes

# Balance sheet

Assets	2020	2021	2022e	2023e	2024e
<b>Non-current assets</b>	<b>829</b>	<b>898</b>	<b>910</b>	<b>928</b>	<b>931</b>
Goodwill	214	219	219	219	219
Intangible assets	268	270	272	273	269
Tangible assets	149	145	155	172	179
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	80.6	91.6	91.6	91.6	91.6
Other non-current assets	90.2	145	145	145	145
Deferred tax assets	27.4	27.5	27.5	27.5	27.5
<b>Current assets</b>	<b>513</b>	<b>537</b>	<b>701</b>	<b>624</b>	<b>612</b>
Inventories	207	273	375	311	285
Other current assets	29.2	2.6	2.6	2.6	2.6
Receivables	214	230	246	236	246
Cash and equivalents	62.5	31.5	77.6	74.5	77.8
<b>Balance sheet total</b>	<b>1342</b>	<b>1435</b>	<b>1611</b>	<b>1552</b>	<b>1543</b>

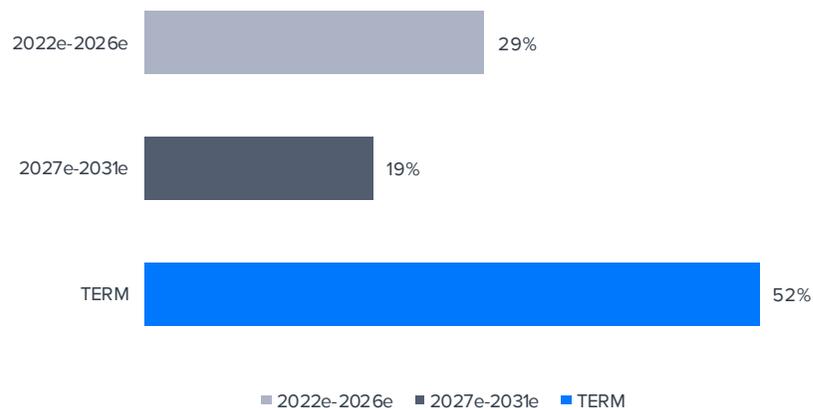
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
<b>Equity</b>	<b>762</b>	<b>816</b>	<b>867</b>	<b>900</b>	<b>948</b>
Share capital	77.5	77.5	77.5	77.5	77.5
Retained earnings	680	735	785	818	866
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	0.0	0.0	0.0	0.0	0.0
Minorities	3.8	4.2	4.2	4.2	4.2
<b>Non-current liabilities</b>	<b>175</b>	<b>144</b>	<b>167</b>	<b>156</b>	<b>149</b>
Deferred tax liabilities	31.2	32.1	32.1	32.1	32.1
Provisions	3.6	3.4	3.4	3.4	3.4
Long term debt	51.2	0.7	23.7	13.3	6.1
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	89.4	108	108	108	108
<b>Current liabilities</b>	<b>405</b>	<b>475</b>	<b>577</b>	<b>495</b>	<b>446</b>
Short term debt	61.2	64.4	213	119	55.2
Payables	310	370	323	335	350
Other current liabilities	33.9	40.5	40.5	40.5	40.5
<b>Balance sheet total</b>	<b>1342</b>	<b>1435</b>	<b>1611</b>	<b>1552</b>	<b>1543</b>

# DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	12.4 %	3.1 %	-4.0 %	4.4 %	3.1 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	11.4 %	11.1 %	10.7 %	12.1 %	12.4 %	12.0 %	11.0 %	10.0 %	9.5 %	9.5 %	9.5 %	9.5 %
<b>EBIT (operating profit)</b>	<b>143</b>	<b>143</b>	<b>133</b>	<b>156</b>	<b>166</b>	<b>164</b>	<b>154</b>	<b>143</b>	<b>138</b>	<b>141</b>	<b>144</b>	
+ Depreciation	61.3	59.8	57.0	61.7	63.5	60.1	61.1	61.9	62.7	63.6	65.0	
- Paid taxes	-55.7	-28.5	-31.8	-38.3	-41.0	-41.1	-38.5	-35.7	-34.6	-35.3	-36.0	
- Tax, financial expenses	0.0	-0.5	-1.5	-0.8	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	
- Change in working capital	12.0	-164.9	86.3	29.7	-5.7	-4.7	-3.8	-3.9	-4.0	-4.1	-4.2	
<b>Operating cash flow</b>	<b>160</b>	<b>9.1</b>	<b>243</b>	<b>209</b>	<b>182</b>	<b>179</b>	<b>173</b>	<b>165</b>	<b>162</b>	<b>165</b>	<b>169</b>	
+ Change in other long-term liabilities	18.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-130.4	-71.5	-75.0	-65.0	-48.4	-61.0	-61.4	-62.4	-63.4	-55.3	-73.6	
<b>Free operating cash flow</b>	<b>48.2</b>	<b>-62.3</b>	<b>168</b>	<b>144</b>	<b>134</b>	<b>118</b>	<b>111</b>	<b>102</b>	<b>98.9</b>	<b>110</b>	<b>95.1</b>	
+/- Other	28.3	43.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	76.5	-18.4	168	144	134	118	111	102	98.9	110	95.1	1631
<b>Discounted FCFF</b>		<b>-18.4</b>	<b>155</b>	<b>123</b>	<b>106</b>	<b>86.6</b>	<b>75.7</b>	<b>64.7</b>	<b>57.8</b>	<b>59.5</b>	<b>47.7</b>	<b>818</b>
Sum of FCFF present value		1576	1595	1439	1316	1210	1123	1048	983	925	866	818
<b>Enterprise value DCF</b>		<b>1576</b>										
- Interesting bearing debt		-65.1										
+ Cash and cash equivalents		31.5										
-Minorities		-6.0										
-Dividend/capital return		-61.9										
<b>Equity value DCF</b>		<b>1476</b>										
<b>Equity value DCF per share</b>		<b>18.3</b>										

## Cash flow distribution



## Wacc

Tax-% (WACC)	23.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	4.0 %
Equity Beta	1.05
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>8.5 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>7.9 %</b>

Source: Inderes

# Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	1090.4	1116.2	1254.3	<b>1293.1</b>	<b>1242.0</b>	EPS (reported)	0.63	0.83	1.06	<b>1.40</b>	<b>1.17</b>
EBITDA	119.5	173.4	204.2	<b>203.0</b>	<b>190.1</b>	EPS (adj.)	0.85	0.97	1.21	<b>1.49</b>	<b>1.17</b>
EBIT	60.0	98.1	142.9	<b>143.2</b>	<b>133.1</b>	OCF / share	1.53	2.57	1.97	<b>0.11</b>	<b>3.02</b>
PTP	63.2	89.9	144.2	<b>142.0</b>	<b>127.1</b>	FCF / share	0.43	2.19	0.94	<b>-0.23</b>	<b>2.09</b>
Net Income	51.6	67.7	86.7	<b>112.6</b>	<b>94.4</b>	Book value / share	9.33	9.30	9.97	<b>10.71</b>	<b>11.12</b>
Extraordinary items	-17.7	-11.0	-11.5	<b>-7.2</b>	<b>0.0</b>	Dividend / share	0.56	0.60	0.76	<b>0.76</b>	<b>0.82</b>
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	1364.3	1342.0	1435.4	<b>1611.0</b>	<b>1551.7</b>	Revenue growth-%	-3%	2%	12%	<b>3%</b>	<b>-4%</b>
Equity capital	764.5	761.7	816.3	<b>867.0</b>	<b>900.1</b>	EBITDA growth-%	-12%	45%	18%	<b>-1%</b>	<b>-6%</b>
Goodwill	219.6	213.7	219.1	<b>219.1</b>	<b>219.1</b>	EBIT (adj.) growth-%	-23%	40%	41%	<b>-3%</b>	<b>-12%</b>
Net debt	150.7	49.9	33.6	<b>159.5</b>	<b>58.0</b>	EPS (adj.) growth-%	-24%	14%	25%	<b>23%</b>	<b>-21%</b>
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	11.0 %	15.5 %	16.3 %	<b>15.7 %</b>	<b>15.3 %</b>
EBITDA	119.5	173.4	204.2	<b>203.0</b>	<b>190.1</b>	EBIT (adj.)-%	7.1 %	9.8 %	12.3 %	<b>11.6 %</b>	<b>10.7 %</b>
Change in working capital	24.2	60.7	12.0	<b>-164.9</b>	<b>86.3</b>	EBIT-%	5.5 %	8.8 %	11.4 %	<b>11.1 %</b>	<b>10.7 %</b>
Operating cash flow	124.7	209.6	160.5	<b>9.1</b>	<b>243.1</b>	ROE-%	5.2 %	8.9 %	11.0 %	<b>13.4 %</b>	<b>10.7 %</b>
CAPEX	-183.1	-14.3	-130.4	<b>-71.5</b>	<b>-75.0</b>	ROI-%	5.2 %	11.0 %	16.4 %	<b>14.5 %</b>	<b>12.5 %</b>
Free cash flow	34.9	178.2	76.5	<b>-18.4</b>	<b>168.1</b>	Equity ratio	56.0 %	56.8 %	56.9 %	<b>53.8 %</b>	<b>58.0 %</b>
Valuation multiples	2019	2020	2021	2022e	2023e	Gearing	19.7 %	6.6 %	4.1 %	<b>18.4 %</b>	<b>6.4 %</b>
EV/S	1.1	1.1	1.5	<b>1.1</b>	<b>1.0</b>						
EV/EBITDA (adj.)	9.6	7.4	9.4	<b>6.9</b>	<b>6.8</b>						
EV/EBIT (adj.)	14.8	11.7	12.4	<b>9.2</b>	<b>9.7</b>						
P/E (adj.)	14.4	15.5	19.1	<b>10.2</b>	<b>13.0</b>						
P/E	1.3	1.6	2.3	<b>1.4</b>	<b>1.4</b>						
Dividend-%	4.6 %	4.0 %	3.3 %	<b>5.0 %</b>	<b>5.4 %</b>						

Source: Inderes

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

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Date	Recommendation	Target price	Share price
3/19/2020	Accumulate	9.00 €	7.91 €
5/7/2020	Reduce	10.00 €	10.38 €
7/31/2020	Reduce	11.50 €	12.00 €
10/14/2020	Accumulate	13.00 €	12.14 €
11/2/2020	Accumulate	14.00 €	12.88 €
1/7/2021	Accumulate	16.00 €	15.26 €
2/8/2021	Reduce	15.00 €	15.60 €
4/20/2021	Accumulate	18.00 €	16.80 €
4/29/2021	Accumulate	19.00 €	17.58 €
7/29/2021	Accumulate	22.00 €	20.20 €
11/1/2021	Accumulate	23.00 €	21.25 €
11/10/2021	Accumulate	24.00 €	21.10 €
12/28/2021	Accumulate	24.00 €	22.75 €
<i>Change of analyst</i>			
2/5/2022	Accumulate	24.00 €	22.05 €
5/2/2022	Accumulate	24.00 €	21.90 €
7/19/2022	Accumulate	20.00 €	18.40 €
<i>Change of analyst</i>			
7/29/2022	Accumulate	20.00 €	18.60 €
9/26/2022	Accumulate	18.00 €	15.20 €
10/31/2022	Accumulate	18.00 €	15.22 €
12/23/2022	Accumulate	17.00 €	15.22 €



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