

Alma Media

Company report

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This report is a summary translation of the report “Ennätystason kannattavuudesta nostetta ennusteille” published on 10/22/2021 at 9:00 am

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Record high profitability boosted estimates

The Q3 report published by Alma Media yesterday was a little better than we expected as the higher-than-expected profitability pushed the Q3 result beyond our estimates. As a result, we made positive estimate changes to our result expectations for the next few years. Thanks to its excellent cash-flow performance, Alma Media's valuation will fall from its current high level to a justified level in the next few years, but in our view there is still no upside. Thus, we reiterate our Reduce recommendation but raise our target price to EUR 12.0 in line with the raised estimates (previously EUR 11.5).

Expected strong growth with better profitability than expected

Alma Media's 26% revenue growth in Q3 was well in line with our expectations, revenue from continuing operations increased supported by the Nettix acquisition and the recovery of the recruitment market. By segment, Career exceeded our estimates due to exceptionally strong demand for recruitment services. On the other hand, Talent was slightly below our expectations, which leveled out the Group-level growth picture. Growth in Consumer's revenue was well in line with our estimates. Alma's adjusted operating profit was EUR 17.8 million in Q3, exceeding both our and consensus estimates. In relative terms, profitability rose from the comparison period to a record level of 26.3% (Q3'20: 24.4%). The earnings overshoot was based on slightly better performance than expected in all segments. For Career, this was based on a volume level overrun, and in Talent and Consumer on better-than-expected relative profitability. In lower rows earnings were increased by the share of associated companies' earnings (Bolt). Against this background, the EPS of continuing operations of EUR 0.18 exceeded expectations more clearly than the operating result.

Changes in revenue focus boosted our profitability estimates for the next few years

Alma Media reiterated its guidance in the Q3 report, according to which the company estimates the revenue for the current year (2020: 230 MEUR) and adjusted operating profit (2020: 45.4 MEUR) to grow significantly from 2020. With the Q3 report, we made minor estimate changes to the revenue structure, but overall our growth estimate remained almost unchanged. Changes in the distribution of revenue increased our adjusted EBIT estimate for the next few years by 6-9%, despite small estimate hikes in the depreciation levels and Group costs for coming years. We expect the strong average revenue growth of 2021 to slow down in 2022-2024 to slightly below the company's target level without new acquisitions. By contrast, we expect Alma Media to clearly exceed the targeted 20% adjusted EBIT level also in the next few years and we wouldn't be surprised if the company would raise this target before long.

Expected return relies on dividend

We believe, the short-term earnings-based valuation of Alma Media's share is high (2021e P/E 20x and EV/EBIT 19x). However, thanks to the revenue growth we expect and, in particular, the strong cash-flow performance, that depresses the indebtedness of the balance sheet, the valuation will fall to a clearly more neutral level in the longer run, as the 2023e adjusted P/E will be 18x and the corresponding EV/EBIT 16x. However, thanks to the neutral longer-term valuation, the expected return for the next few years relies mainly on dividend yield, which we expect will be around 3% annually. In our view, this return expectation does not favor additional purchases, given certain cyclical aspects of the business, and the overall moderate risk level.

Recommendation

Reduce

(previous Reduce)

EUR 12.00

(previous EUR 11.50)

Share price:

12.48



Key figures

	2020	2021e	2022e	2023e
Revenue	230	273	291	301
growth-%	-8%	19%	6%	4%
EBIT adj.	45.5	64.9	70.9	73.4
EBIT-% adj.	19.7 %	23.8 %	24.4 %	24.4 %
Net Income	27.6	46.1	54.1	56.4
EPS (adj.)	0.36	0.62	0.67	0.69

P/E (adj.)	24.6	20.2	18.6	18.0
P/B	4.0	5.0	4.4	3.9
Dividend yield-%	3.4 %	2.6 %	2.8 %	3.2 %
EV/EBIT (adj.)	16.6	18.7	16.6	15.6
EV/EBITDA	12.8	15.9	13.5	12.7
EV/S	3.3	4.5	4.1	3.8

Source: Inderes

Guidance

(Unchanged)

In 2021, Alma Media expects revenue from continuing operations (2020: EUR 230 million) and adjusted operating profit (2020: EUR 45.4 million) to grow significantly from 2020.

Share price



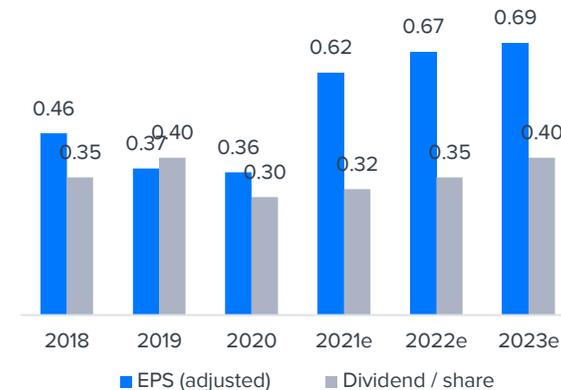
Source: Thomson Reuters

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

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



Risk factors

- High cyclicality especially in advertising and recruitment
- Accelerated revolution in media and steep decrease in print media
- New technologies
- Changes in competitive position and dynamics
- Short-term uncertainty factors caused by COVID

Valuation	2021e	2022e	2023e
Share price	12.5	12.5	12.5
Number of shares, millions	82.3	82.3	82.3
Market cap	1027	1027	1027
EV	1216	1180	1144
P/E (adj.)	20.2	18.6	18.0
P/E	22.3	19.0	18.2
P/FCF	neg.	16.1	15.7
P/B	5.0	4.4	3.9
P/S	3.8	3.5	3.4
EV/Sales	4.5	4.1	3.8
EV/EBITDA (adj.)	15.9	13.5	12.7
EV/EBIT (adj.)	18.7	16.6	15.6
Payout ratio(%)	57.1%	53.2%	58.3%
Dividend yield-%	2.6%	2.8%	3.2%

Source: Inderes

Company reached record profitability in Q3

Revenue growth in line with our expectations

Alma Media's revenue increased by some 26% in Q3, which was well in line with our expectations. At segment level, our estimates were exceeded by Career, whose revenue increased by as much as 41% in Q3 (estimate. +30%) reflecting the exceptionally strong demand for recruitment services. Alma Media believes that this is partly due to the realization of the pent-up demand and partly to increasing competition for workforce in some of Career's operating countries. Talent's 8% growth was slightly below our estimates (estimate +17%), while Consumer's 39% revenue increase was well in line with our estimate (estimate. +40%).

Profitability at record level

Alma Media's adjusted EBIT margin was at a very good level in Q3 and hit the company's record at 26.3% (Q3'20: 24.5%). As a result, Alma Media's

adjusted operating profit was EUR 17.8 million in Q3, which exceeded both our and consensus estimates quite clearly. The better-than-expected operating result was explained by a slightly higher performance in all segments than we expected.

By segment, Career's profitability was well in line with our expectations and therefore the result exceeded our expectations reflecting the higher-than-expected volume level. Similarly, Talent's and Consumer's profitability exceeded our expectations in line with lower cost levels than expected. The company recorded roughly expected non-recurring items in its operating profit. On the lower lines, the company's result was boosted by a share of around EUR 0.7 million of associated companies' earnings, which we believe was mainly achieved by the holding in Bolt with an interesting longer-term potential and strong development during the summer season. Against this background, the reported EPS of EUR 0.18 from

continuing operations in Q3 exceeded estimates more clearly than the operating result.

Operating cash flow at a good level in Q3

Alma Media's Q3'21 operating cash flow reached EUR 18.6 million. In light of the low investment need, free cash flow in Q3 (incl. leasing payments) was EUR 16.2 million.

Alma Media's net debt fell to EUR 204 million (Q2'21: 222 MEUR) reflecting the record profitability and strong cash flow. As a result of the acquisitions made over the last year, the indebtedness of Alma Media's balance sheet has increased (equity ratio 33% and gearing 132%), and thus the leeway in the balance sheet is limited. However, it should be noted that due to the high profitability and strong cash flow performance, the balance sheet position is rapidly strengthening and gearing will quickly reach the comfort zone (2021e net debt/EBITDA 2.3x).

Estimates MEUR / EUR	Q3'20	Q3'21	Q3'21e	Q3'21e	Consensus		Difference (%)	2021e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	54.0	67.8	68.2	66.8	65.5	68.2	-1%	273
EBIT (adj.)	13.2	17.8	15.7	16.2	15.1	17.3	13%	64.9
EBIT	13.2	17.4	15.4	16.2	15.1	17.3	13%	60.3
PTP	13.4	17.4	14.9	15.7	14.9	17.0	17%	58.9
EPS (reported)	0.12	0.18	0.14	0.15	0.14	0.16	29%	0.56
Revenue growth-%	-7.5 %	25.6 %	26.3 %	23.7 %	21.3 %	26.3 %	-0.7 pp	18.7 %
EBIT-% (adj.)	24.4 %	26.3 %	23.0 %	24.3 %	23.1 %	25.4 %	3.2 pp	23.8 %

Source: Inderes & Infront (consensus)

We primarily raised our profitability estimates for the next few years

Estimate changes 2021e-2023e

- Our Group-level revenue estimates for 2021-2023 remained almost unchanged after the Q3 report, but minor changes in focus in our estimates for the next few years led to a clear increase in our profitability estimates
- At segment level, we increased Career's revenue growth estimates, reflecting the strong drive of the recruitment market and the increased invoicing rate. By contrast, we slightly cut Talent's forecasts in terms of more conventional print media revenue, which we expect will not be entirely compensated for with digital revenue. Consumer's estimates remained practically unchanged despite minor changes in revenue distribution.
- Considering the changes in revenue focus (i.e. Career's high margin income vs. Talent's lower margin print income), our operating profit estimates for the next few years increased by 6-9% in total, despite small increases in depreciation and Group cost estimates.
- Our estimates are in line with the company's financial targets, as we expect the company's revenue to grow by some 4.5% per year on average in 2022-2024 excluding acquisitions, and profitability to exceed the target level (financial targets: growth +5% incl. acquisitions and adjusted EBIT above 20%)
- In terms of profitability, the company commented in connection with Q3 that the target is conservative and may be reviewed shortly

Operational result drivers 2021-2023e:

- After the strong revenue (~19%) and the adjusted EBIT (~43%) growth in 2021 the rate slows down clearly in our estimates in 2022-2023, as the market has recovered from the drop caused by the COVID pandemic and the effect of the Nettix acquisition fades away after Q1'22
- In our estimates for the next few years, profitability is pulled especially by improved sales distribution when the relative share of digital revenue increases
- We expect the company to achieve the EUR 1.5 million cost synergies from the Nettix acquisition by the end of 2022 in the Consumer segment
- We expect the growth from Talent's growing digital content, advertising and services to compensate for the impact of the decline in print media revenue and its profitability to remain at a good level
- We expect new growth investments to slightly limit the increase of relative profitability in Career

Estimate revisions	2021e	2021e	Change	2022e	2022e	Change	2023e	2023e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	272	273	0%	288	291	1%	299	301	1%
EBIT (exc. NRIs)	61.2	64.9	6%	65.2	70.9	9%	69.4	73.4	6%
EBIT	56.6	60.3	6%	64.2	69.9	9%	68.9	72.9	6%
PTP	54.9	58.9	7%	62.4	68.8	10%	67.1	71.9	7%
EPS (excl. NRIs)	0.56	0.62	9%	0.61	0.67	11%	0.65	0.69	7%
DPS	0.32	0.32	0%	0.35	0.35	0%	0.40	0.40	0%

Source: Inderes

Expected return relies on dividend

Highish valuation will become neutralized in coming years

According to our Alma Media forecasts, the adjusted P/E multiple for 2021e is 20x and the corresponding adjusted EV/EBIT multiple is 19x. In our view, the earnings-based valuation multiples for the current year are quite high in absolute terms, which is emphasized in the EV-based multiple that takes account of the indebtedness in the balance sheet.

However, the estimated earnings growth and excellent cash flow will push the corresponding multiples to more moderate levels (2023e P/E and 17x and adj. EV/EBIT 16x) in coming years, when they will be slightly above the valuation level that the market has accepted for the company in the last few years. Given the increase of digital revenue with high profitability and strong cash flow (in particular marketplace businesses and digital advertising and services), we believe that the increase of Alma Media's acceptable valuation level in relation to historical valuation multiples is justified. We do not, however, see any upside in the earnings-based valuation over the next couple of years.

With our estimates, the share offers an average dividend yield of some 3% over the next few years. When the valuation is at a neutral level, the return expectation relies on the dividend, which is not in our opinion a justification for additional purchases.

Relative valuation level

In relative terms, the share's earnings-based valuation multiples aren't at a high level when benchmarked against the digital marketplace peer group. We believe this reflects the outlook of accelerated growth in digital services embedded in the valuation of these

peers and the extremely low interest rate outlook which the current rapid inflation growth challenges, however.

With the 2021-2022 EV/EBIT multiples, Alma Media has been valued at a 18-28% discount in relation to a wide peer group. With the corresponding P/E multiples, the discount is at a whopping 29-40%. In absolute terms, the platform companies in the extensive peer group are currently valued with extremely high multiples and we do not feel similar multiples should be accepted for Alma Media as it is not a purebred platform company and it is also clearly smaller than its peers.

Sum of the parts and cash flow model

We therefore believe that it is justified to value the company with a discount relative to its peers. 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. We also believe that these factors are reflected in the very fragmented valuation level of the peers. 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 14.5. Our sum of the parts model is described in more detail [in our extensive report](#). Similarly, with our DCF calculation, which reflects the longer-term potential, the share is valued at EUR 13.3 per share. However, we don't believe that these levels will be realized in the next 12 months.

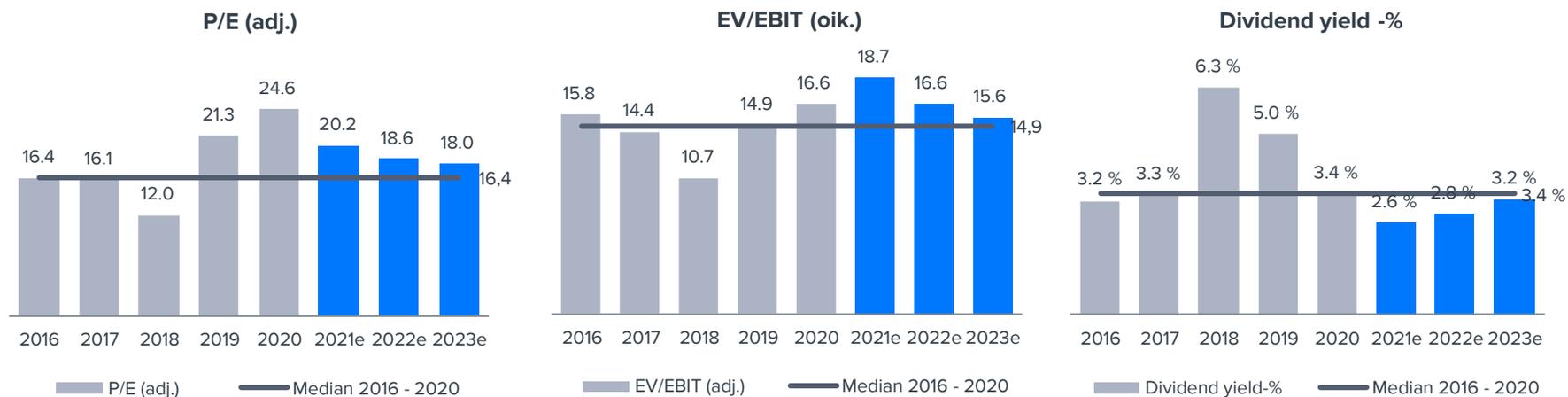
Valuation	2021e	2022e	2023e
Share price	12.5	12.5	12.5
Number of shares, millions	82.3	82.3	82.3
Market cap	1027	1027	1027
EV	1216	1180	1144
P/E (adj.)	20.2	18.6	18.0
P/E	22.3	19.0	18.2
P/FCF	neg.	16.1	15.7
P/B	5.0	4.4	3.9
P/S	3.8	3.5	3.4
EV/Sales	4.5	4.1	3.8
EV/EBITDA (adj.)	15.9	13.5	12.7
EV/EBIT (adj.)	18.7	16.6	15.6
Payout ratio(%)	57.1 %	53.2 %	58.3 %
Dividend yield-%	2.6 %	2.8 %	3.2 %

Source: Inderes

Valuation table

Valuation	2016	2017	2018	2019	2020	2021e	2022e	2023e	2024e
Share price	5.03	7.19	5.54	7.96	8.92	12.5	12.5	12.5	12.5
Number of shares, millions	82.4	82.4	82.3	82.3	82.3	82.3	82.3	82.3	82.3
Market cap	414	592	456	655	734	1027	1027	1027	1027
EV	557	735	616	736	756	1216	1180	1144	1112
P/E (adj.)	16.4	16.1	12.0	21.3	24.6	20.2	18.6	18.0	17.6
P/E	24.5	18.4	10.9	21.3	26.6	22.3	19.0	18.2	17.7
P/FCF	13.6	19.2	58.2	8.5	6.7	neg.	16.1	15.7	15.4
P/B	3.5	4.3	2.8	3.8	4.0	5.0	4.4	3.9	3.6
P/S	1.2	1.6	1.3	2.6	3.2	3.8	3.5	3.4	3.3
EV/Sales	1.6	2.0	1.7	2.9	3.3	4.5	4.1	3.8	3.6
EV/EBITDA	11.6	11.0	8.0	10.3	12.8	15.9	13.5	12.7	12.1
EV/EBIT (adj.)	15.8	14.4	10.7	14.9	16.6	18.7	16.6	15.6	14.8
Payout ratio (%)	78.0 %	61.4 %	69.0 %	106.8 %	89.3 %	57.1 %	53.2 %	58.3 %	65.0 %
Dividend yield-%	3.2 %	3.3 %	6.3 %	5.0 %	3.4 %	2.6 %	2.8 %	3.2 %	3.7 %

Source: Inderes



Peer group valuation

Peer group valuation	Share price	Market cap	EV	EV/EBIT	EV/EBITDA	EV/S	P/E	Dividend yield-%	P/B					
Company		MEUR	MEUR	2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e
Alma Media Oyj	12.3	1037	1261	22.6	19.5	17.3	15.5	4.7	4.4	25.0	20.9	2.6	2.9	5.5
Agora SA	8.4	85	246		76.9	15.3	8.4	1.3	1.1		86.3			0.5
Future PLC	3546.0	5088	5413	25.1	20.3	22.0	17.8	7.6	5.8	28.4	25.5	0.1	0.1	4.8
Daily Mail and General Trust P L C	1050.0	2621	2381	21.0	17.3	14.8	12.7	1.7	1.7	41.6	32.5	2.3	2.4	2.0
Gannett Co Inc	6.1	746	1747	10.4	8.3	4.3	4.4	0.6	0.7		13.3			0.9
Lagardere SA	22.7	3188	7048	162.4	28.0	24.8	13.0	1.4	1.2		24.7		2.2	4.2
Meredith Corp	58.4	2043	4194	9.8	12.4	7.4	9.4	1.7	1.7	11.4	13.4		0.3	
Arnoldo Mondadori Editore SpA	2.0	520	669	12.1	8.4	6.8	5.3	0.9	0.8	15.4	11.4	2.9	2.9	2.4
New York Times Co	54.4	7844	7280	32.4	28.2	26.8	23.7	4.2	3.9	47.0	40.8	0.3	0.5	6.1
Rizzoli Corriere della Sera Mediagroup SpA	0.7	384	587	7.2	6.1	4.5	4.0	0.7	0.7	8.2	7.4	4.1	4.1	1.1
Sanoma Oyj	14.8	2430	3220	20.6	20.3	9.1	8.6	2.6	2.5	21.1	18.4	3.7	3.9	3.6
TX Group AG	158.4	1558	1624	14.3	13.0	9.8	9.3	1.8	1.8	58.6	46.6	1.9	1.9	1.0
Promotora de Informaciones SA	0.5	379	1178	90.8	19.1	15.3	9.1	1.2	1.4		20.6			
Vocento SA		135	237	10.9	9.2	5.8	5.2	0.7	0.7	10.9	12.5	2.6	3.7	0.7
Media peers, median		1037	1624	20.6	18.2	12.3	9.2	1.5	1.6	23.1	20.8	2.6	2.4	2.2
Auto Trader Group PLC	608.0	6874	6876	39.7	20.8	38.2	20.3	23.2	14.6	49.4	26.3	1.3	1.4	13.2
Carsales.Com Ltd	24.7	4497	4384	32.3	27.9	27.6	24.6	15.8	14.3	44.3	37.1	2.2	2.4	10.2
Holidaycheck Group AG	2.7	1297	1685	20.8	19.1	14.8	9.3	1.7	1.7	25.0	20.9	2.4	2.4	2.4
Moneysupermarket.Com Group PLC	220.0	1402	1395	14.8	12.0	11.8	10.0	3.6	3.1	18.8	15.2	5.3	5.6	5.8
REA Group Ltd	164.9	14053	14309	46.8	39.9	40.1	34.4	24.4	20.4	65.4	55.7	0.9	1.2	20.5
Rightmove PLC	707.0	7148	7097	26.8	24.5	26.4	24.2	19.8	18.2	33.7	30.0	1.0	1.2	75.5
Schibsted ASA		10270	11112	51.7	40.5	37.3	34.0	7.3	6.8	65.2	45.4	0.5	0.5	14.8
Scout24 SE	62.4	5742	5340	31.5	26.3	24.5	21.5	13.9	12.5	41.6	34.2	1.2	1.4	2.8
Seek Ltd	32.7	7458	8041	38.7	38.0	26.4	28.3	7.8	11.9	79.1	59.1	1.1	1.3	6.9
Just Eat Takeaway.com NV	69.4	15242	15936				685.0	3.3	2.5					1.4
New Work SE		1145	1124	19.1	17.6	11.6	10.7	3.9	3.6	28.7	26.5	1.4	1.5	8.4
Stroeer SE & Co KGaA	72.8	4120	5695	27.3	21.5	11.3	9.8	3.6	3.2	27.2	20.4	2.9	3.4	8.7
Adevinta ASA		16931	19238	72.7	36.9	49.2	29.1	14.9	10.4	92.7	56.2			2.4
Recruit Holdings Co Ltd	7045.0	89766	88580	74.8	34.8	47.6	27.4	5.3	4.3	89.5	45.2	0.4	0.5	11.0
Market place peers, median		7011	6986	32.3	26.3	26.4	24.4	7.6	8.6	44.3	34.2	1.2	1.4	8.5
Alma Media (Inderes)	12.00	987	1176	18.1	16.1	15.4	13.1	4.3	3.9	19.5	17.9	2.7	2.9	4.8
Average			7863	36.0	24.0	20.4	39.8	6.4	5.6	40.3	31.3	2.0	2.1	8.3
Median			4194	25.9	20.3	15.3	12.8	3.6	3.2	33.7	26.3	1.9	1.9	4.5
Diff-% to median				-30%	-21%	0%	2%	20%	24%	-42%	-32%	42%	56%	7%

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

Peer group growth and profitability

Media companies	EV	EV/S		P/E		EV/EBIT		Revenue growth (CAGR)		EBIT-% (average)	
		2021e	2022e	2021e	2022e	2021e	2022e	2018-20	2021e-23e	2018-20	2021e-23e
Alma Media Oyj	1253	4.7	4.4	24.8	20.7	22.5	19.3	-14 %	9 %	19 %	22 %
Agora SA	246	1.3	1.1		86.1		76.8	-11 %	12 %	-3 %	0 %
Future PLC	5393	7.6	5.7	28.3	25.4	25.0	20.2	58 %	36 %	19 %	29 %
Daily Mail and General Trust P L C	2396	1.7	1.7	41.8	32.7	21.2	17.4	-8 %	0 %	9 %	9 %
Gannett Co Inc	1747	0.6	0.7		13.3	10.4	8.3	36 %	-4 %	5 %	7 %
Lagardere SA	7057	1.4	1.2		24.8	162.6	28.0	-15 %	15 %	1 %	4 %
Meredith Corp	4194	1.7	1.7	11.4	13.4	9.8	12.4	19 %	0 %	13 %	15 %
Arnoldo Mondadori Editore SpA	691	0.9	0.8	16.0	11.8	12.5	8.7	-9 %	6 %	6 %	9 %
New York Times Co	7280	4.2	3.9	47.0	40.8	32.4	28.2	2 %	9 %	10 %	14 %
Sanoma Oyj	3194	2.6	2.5	20.8	18.2	20.4	20.1	-10 %	7 %	13 %	13 %
TX Group AG	1615	1.8	1.8	58.2	46.3	14.2	12.9	-2 %	1 %	9 %	14 %
Promotora de Informaciones SA	1187	1.3	1.4		21.1	91.5	19.3	-17 %	5 %	5 %	6 %
Vocento SA	229	0.6	0.6	10.3	11.7	10.5	8.9	-7 %	2 %	5 %	7 %
Median	1747	1.7	1.7	24.8	21.1	20.8	19.3	-8 %	6 %	8.8 %	9.5 %
Average	2806	2.3	2.1	28.7	28.2	36.1	21.6	1.7 %	7.5 %	8.6 %	11.5 %

Platform companies	EV	EV/S		P/E		EV/EBIT		Revenue growth (CAGR)		EBIT-% (average)	
		2021e	2022e	2021e	2022e	2021e	2022e	2018-20	2021e-23e	2018-20	2021e-23e
Carsales.Com Ltd	4384	15.8	14.3	44.3	37.1	32.3	27.9	2 %	10 %	45 %	51 %
Holidaycheck Group AG	194	7.2	2.3		90.3		56.6	-46 %	85 %	-102 %	-18 %
Moneysupermarket.Com Group PLC	1427	3.7	3.2	19.2	15.5	15.3	12.3	2 %	6 %	29 %	26 %
REA Group Ltd	14309	24.4	20.4	65.4	55.7	46.8	39.9	6 %	16 %	50 %	52 %
Rightmove PLC	7134	19.9	18.3	33.8	30.2			-6 %	20 %	71 %	74 %
Schibsted ASA	11076	7.3	6.8	65.0	45.3	51.5	40.3	2 %	-3 %	12 %	17 %
Scout24 SE	5369	14.0	12.6	41.8	34.4	31.7	26.4	-9 %	11 %	40 %	47 %
Seek Ltd	8041	7.8	11.9	79.1	59.1	38.7	38.0	14 %	-10 %	22 %	28 %
Just Eat Takeaway.com NV	15681	3.3	2.4					142 %	50 %	-5 %	-6 %
New Work SE	1166	4.1	3.7	29.8	27.4	19.8	18.3	14 %	8 %	20 %	21 %
Stroeer SE & Co KGaA	5715	3.6	3.2	27.3	20.5	27.4	21.5	4 %	11 %	11 %	15 %
Adevinta ASA	18882	14.7	10.2	90.3	54.7	71.3	36.2	10 %	47 %	21 %	27 %
Recruit Holdings Co Ltd	88580	5.3	4.3	89.5	45.2	74.8	34.8	7 %	7 %	9 %	
Median	7134	7.3	6.8	44.3	41.1	35.5	34.8	4 %	11 %	21 %	26 %
Average	13997	10.1	8.7	53.2	42.9	41.0	32.0	11 %	20 %	17 %	28 %

Source: Thomson Reuters/Inderes

Income statement

Income statement	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21e	Q3'21e	Q4'21e	2021e	2022e	2023e	2024e
Revenue	355	250	61.8	52.5	53.9	62.0	230	58.1	71.7	67.7	75.7	273	291	301	311
Alma Career	96.4	100.0	18.4	13.5	15.5	15.3	62.7	16.2	20.0	21.9	22.4	80.5	88.9	91.9	94.0
Alma Talent	109	103	25.6	22.4	20.7	26.4	95.1	24.5	25.2	22.3	27.1	99.1	101	106	111
Alma Consumer	152	47.2	17.9	15.7	16.9	19.3	69.8	17.5	26.6	23.6	26.2	93.9	101	103	106
Non-recurring items	-2.3	0.0	-0.1	0.9	0.8	0.9	2.5	-0.1	-0.2	-0.1	0.0	-0.4	0.0	0.0	0.0
EBITDA	76.6	71.4	16.3	13.0	17.0	12.8	59.0	14.2	17.2	21.7	23.5	76.6	87.1	90.3	92.1
Depreciation	-15.6	-21.9	-4.1	-4.0	-3.9	-3.8	-15.8	-3.5	-4.2	-4.3	-4.3	-16.3	-17.2	-17.4	-17.3
EBIT (excl. NRI)	57.3	49.4	11.2	11.8	13.2	9.4	45.5	11.0	16.6	17.8	19.5	64.9	70.9	73.4	75.3
EBIT	61.0	49.5	12.2	9.0	13.1	9.0	43.2	10.7	13.0	17.4	19.2	60.3	69.9	72.9	74.8
Alma Career	34.4	37.7	6.6	4.8	5.5	4.5	21.4	5.1	7.7	9.0	9.3	31.1	34.5	34.8	34.6
Alma Talent	15.5	14.8	3.7	2.8	4.1	2.6	13.1	5.2	5.1	5.0	6.3	21.6	21.9	23.0	24.4
Alma Consumer	14.4	6.2	2.7	2.8	4.6	5.0	15.1	3.4	7.3	6.6	6.9	24.2	26.1	26.6	27.3
Other and eliminations	0.0	0.0	-1.8	-0.4	-1.1	-3.1	-6.4	-2.7	-3.4	-2.8	-3.0	-11.9	-11.6	-11.0	-11.0
Non-recurring items	-7.0	-9.2	1.0	-1.0	0.0	0.0	0.0	-0.3	-3.6	-0.4	-0.4	-4.7	-1.0	-0.5	-0.5
Net financial items	-0.3	-2.1	0.3	-0.6	0.0	-0.7	-1.0	-0.5	-0.4	-0.7	-0.7	-2.2	-1.8	-1.8	-1.8
PTP	60.4	47.9	12.5	8.4	13.3	8.2	42.3	10.3	12.6	17.5	18.5	58.9	68.8	71.9	73.8
Taxes	-12.5	-10.7	-2.3	-2.3	-1.9	-2.5	-9.0	-2.2	-2.9	-2.8	-4.1	-12.0	-14.3	-14.9	-15.3
Minority interest	-6.3	-6.4	-1.6	-1.3	-1.9	-1.0	-5.7	-0.5	-0.1	0.0	-0.2	-0.8	-0.5	-0.5	-0.5
Net earnings	41.7	30.8	8.6	4.9	9.5	4.7	27.6	7.6	9.6	14.7	14.3	46.1	54.1	56.4	58.0
EPS (adj.)	0.46	0.37	0.09	0.09	0.12	0.06	0.36	0.10	0.16	0.18	0.18	0.62	0.67	0.69	0.71
EPS (rep.)	0.51	0.37	0.10	0.06	0.12	0.06	0.34	0.09	0.12	0.18	0.17	0.56	0.66	0.69	0.70

Key figures	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21e	Q3'21e	Q4'21e	2021e	2022e	2023e	2024e
Revenue growth-%	-3.4 %	-29.5 %	-0.5 %	-18.1 %	-7.5 %	-5.6 %	-8.0 %	-6.1 %	36.5 %	25.6 %	22.1 %	18.7 %	6.4 %	3.6 %	3.4 %
Adjusted EBIT growth-%		-13.8 %	-3.0 %	-1.2 %	-3.3 %	-24.3 %	-8.0 %	-1.3 %	41.2 %	35.2 %	107.8 %	42.8 %	9.3 %	3.5 %	2.6 %
EBITDA-%	21.6 %	28.5 %	26.3 %	24.7 %	31.5 %	20.6 %	25.6 %	24.5 %	24.0 %	32.1 %	31.0 %	28.0 %	30.0 %	30.0 %	29.6 %
Adjusted EBIT-%	16.2 %	19.7 %	18.0 %	22.4 %	24.4 %	15.1 %	19.7 %	19.0 %	23.2 %	26.3 %	25.8 %	23.8 %	24.4 %	24.4 %	24.2 %
Net earnings-%	11.8 %	12.3 %	13.8 %	9.3 %	17.7 %	7.6 %	12.0 %	13.0 %	13.4 %	21.7 %	18.9 %	16.9 %	18.6 %	18.8 %	18.6 %

Source: Inderes

Balance sheet

Assets	2019	2020	2021e	2022e	2023e
Non-current assets	239	257	443	438	431
Goodwill	130	151	296	296	296
Intangible assets	54	55	84	80	77
Tangible assets	47	41	53	51	48
Associated companies	3.2	6.6	6.6	6.6	6.6
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	3.3	3.9	3.9	3.9	3.9
Deferred tax assets	0.4	0.3	0.3	0.3	0.3
Current assets	162	76.7	45.4	63.6	80.0
Inventories	0.7	0.6	1.6	1.5	1.2
Other current assets	83.3	1.0	0.0	0.0	0.0
Receivables	30	27	33	35	36
Cash and equivalents	48	48	11	27	43
Balance sheet total	401	334	519	531	541

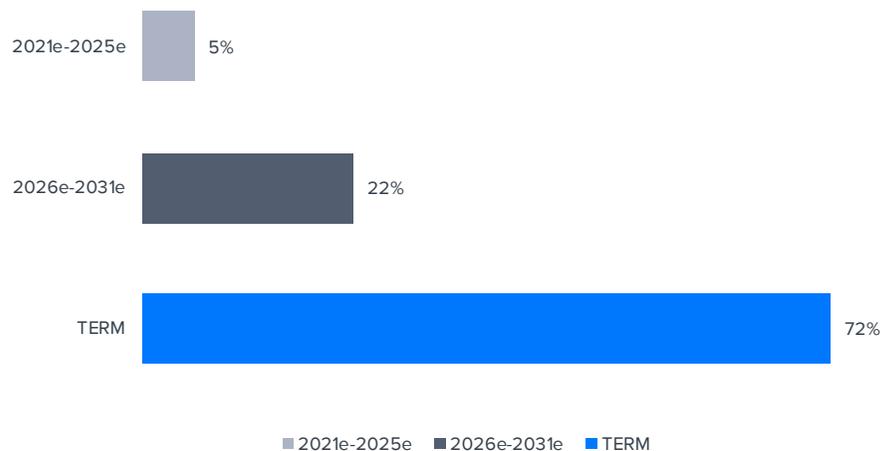
Source: Inderes

Liabilities & equity	2019	2020	2021e	2022e	2023e
Equity	203	205	209	237	264
Share capital	45	45	45	45	45
Retained earnings	101	111	133	161	188
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	7.2	7.7	7.7	7.7	7.7
Other equity	19	19	19	19	19
Minorities	30	21	4	4	4
Non-current liabilities	51	58	227	207	187
Deferred tax liabilities	11	12	12	12	12
Provisions	0.4	0.0	1.0	1.0	1.0
Long term debt	39	32	200	180	160
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.9	14.3	14.3	14.3	14.3
Current liabilities	147	72	83	88	90
Short term debt	9	10	10	10	10
Payables	66	58	70	74	77
Other current liabilities	72.5	3	3.4	3.4	3.4
Balance sheet total	401	334	519	531	541

DCF calculation

DCF model	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
EBIT (operating profit)	43.2	60.3	69.9	72.9	74.8	77.0	78.9	80.8	82.9	84.9	85.3	87.4	
+ Depreciation	15.8	16.3	17.2	17.4	17.3	16.5	14.2	13.9	12.9	12.4	10.3	10.3	
- Paid taxes	-8.5	-12.0	-14.3	-14.9	-15.3	-15.8	-16.2	-16.6	-17.0	-17.5	-17.5	-18.0	
- Tax, financial expenses	-0.2	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	
+ 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	8.5	5.5	2.5	1.7	1.7	1.2	1.1	1.1	1.1	1.1	1.2	1.2	
Operating cash flow	58.8	69.7	75.0	76.7	78.1	78.5	77.6	78.9	79.5	80.7	78.8	80.6	
+ Change in other long-term liabilities	13.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-30.8	-233	-11.3	-11.3	-11.3	-11.3	-11.3	-11.3	-11.3	-11.3	-10.5	-10.2	
Free operating cash flow	41.1	-162	63.7	65.4	66.8	67.2	66.3	67.6	68.2	69.4	68.3	70.4	
+/- Other	68.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	109	-162	63.7	65.4	66.8	67.2	66.3	67.6	68.2	69.4	68.3	70.4	1594
Discounted FCFF		-160	58.7	56.3	53.8	50.6	46.6	44.4	41.8	39.8	36.6	35.2	798
Sum of FCFF present value		1102	1262	1203	1147	1093	1042	996	951	909	870	833	798
Enterprise value DCF		1102											
- Interesting bearing debt		-42											
+ Cash and cash equivalents		48											
-Minorities		-4											
-Dividend/capital return		-24.7											
Equity value DCF		1093											
Equity value DCF per share		13.3											

Cash flow distribution



Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	4.0 %
Equity Beta	1.2
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.0 %
Cost of equity	7.7 %
Weighted average cost of capital (WACC)	7.0 %

Source: Inderes

Summary

Income statement	2018	2019	2020	2021e	2022e	Per share data	2018	2019	2020	2021e	2022e
Revenue	355	250	230	273	291	EPS (reported)	0.51	0.37	0.34	0.56	0.66
EBITDA	76.6	71.4	59.0	76.6	87.1	EPS (adj.)	0.46	0.37	0.36	0.62	0.67
EBIT	61.0	49.5	43.2	60.3	69.9	OCF / share	0.83	0.38	0.72	0.85	0.91
PTP	60.4	47.9	42.3	58.9	68.8	FCF / share	0.10	0.94	1.33	-1.97	0.77
Net Income	41.7	30.8	95.6	46.1	54.1	Book value / share	1.95	2.09	2.23	2.49	2.83
Extraordinary items	3.7	0.1	-2.3	-4.6	-1.0	Dividend / share	0.35	0.40	0.30	0.32	0.35
Balance sheet	2018	2019	2020	2021e	2022e	Growth and profitability	2018	2019	2020	2021e	2022e
Balance sheet total	398.8	400.9	333.9	518.8	531.1	Revenue growth-%	-3%	-29%	-8%	19%	6%
Equity capital	186.8	202.5	204.5	209.0	236.7	EBITDA growth-%	15%	-7%	-17%	30%	14%
Goodwill	133.5	130.3	150.7	295.7	295.7	EBIT (adj.) growth-%	12%	-14%	-8%	43%	9%
Net debt	55.0	-0.5	-6.3	199.0	162.8	EPS (adj.) growth-%	4%	-19%	-3%	70%	9%
Cash flow	2018	2019	2020	2021e	2022e	EBITDA-%	21.6 %	28.5 %	25.6 %	28.0 %	30.0 %
EBITDA	76.6	71.4	59.0	76.6	87.1	EBIT (adj.)-%	16.2 %	19.7 %	19.7 %	23.8 %	24.4 %
Change in working capital	5.3	-29.1	8.5	5.5	2.5	EBIT-%	17.2 %	19.8 %	18.8 %	22.1 %	24.1 %
Operating cash flow	68.4	31.1	58.8	69.7	75.0	ROE-%	28.1 %	18.5 %	15.5 %	23.8 %	24.7 %
CAPEX	-61.2	46.5	-30.8	-232.5	-11.3	ROI-%	23.1 %	18.5 %	17.4 %	18.3 %	16.7 %
Free cash flow	7.8	77.3	109.1	-161.8	63.7	Equity ratio	49.4 %	52.1 %	63.7 %	41.3 %	45.7 %
Valuation multiples	2018	2019	2020	2021e	2022e	Gearing	29.4 %	-0.3 %	-3.1 %	95.2 %	68.8 %
EV/S	1.7	2.9	3.3	4.5	4.1						
EV/EBITDA (adj.)	8.0	10.3	12.8	15.9	13.5						
EV/EBIT (adj.)	10.7	14.9	16.6	18.7	16.6						
P/E (adj.)	12.0	21.3	24.6	20.2	18.6						
P/B	2.8	3.8	4.0	5.0	4.4						
Dividend-%	6.3 %	5.0 %	3.4 %	2.6 %	2.8 %						

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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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 €



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