

Alma Media

Company report

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Inderes Corporate customer

This report is a summary translation of the report "Ytimen transformaatiota ja kasvuihioita" published on 09/17/2021 at 8.30 am

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Core transformation and growth templates

Yesterday, Alma Media organized a capital markets day (CMD). During the CMD, the company offered an in-depth look on the current state of the three business areas and their growth potential. Furthermore, the company announced new long-term financial targets. As a whole, the day didn't offer any surprises and we expect that the company's digital revenue continues to grow in the next few years, in line with the steps we have previously estimated. With the valuation being correctly priced, we will reiterate our Reduce recommendation and reflecting the slight adjustments to forecasts, we revise our target price to EUR 11.5 (prev. EUR 12.0).

Three business areas with strong market positions

During the CMD, Alma Media reviewed the executed shift in its business focus, the continuing transformation of the core business and, in particular, the growth potential of the business areas. Given Alma's strong market positions of existing operations' core services, new market pockets and geographical expansion will be highlighted in future pursuit of growth. In our estimate, this will mean continuing the expansion already seen within the value chain, which can be done by developing new services and/or through small acquisitions.

Updated financial targets

The updated long-term financial targets are 1) revenue growth annually over 5% 2) adjusted operating profit-% over 20% and 3) net debt-to-EBITDA ratio below 2.5x. The revenue growth target also includes possible acquisitions. The company's objective is to continue to distribute more than 50% of the profit as dividends. We consider the revenue growth target to be appropriate in view of the current business portfolio and the continuing decrease in print media. In terms of profitability, the company is above the target level (prev. 12 m adj. operating profit-%: 21%) and, thus, the minimum target level is not demanding. At the same time, however, it should be noted that the profitability potential of new growth templates should slow down the Group level profitability improvement. In our assessment, the company will achieve the net debt-to-EBITDA target next year. Additionally, Alma's good cash flow performance of the business improves the potential for inorganic growth after a quite rapid discharge of debt load.

Growth expectations slightly below the target, profitability target will be exceeded

In our projections for the next few years, we expect that after the growth spurt caused by the Nettix acquisition, Alma Media's organic growth will fall slightly below the target level on average without inorganic growth. However, we believe it's likely that the company will continue its historically very successful inorganic growth. In our adjusted operating profit-% forecasts for 2021-2024, we expect an average profitability of 22.9%. We believe that Alma Media's earnings-based valuation level is elevated compared to the short-term earnings level considering the increased gearing in the balance sheet (2021e P/E 19x and EV/EBIT 18x) However, with earnings growth and strong cash flow, the valuation will be normalized, as the 2022-2023e adj. P/E multiples are 18x and 17x and the corresponding EV/EBIT multiples are 17x and 15x.

Recommendation

Reduce

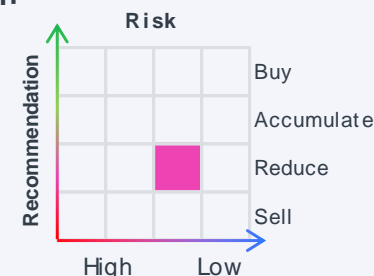
(previous Reduce)

EUR 11.50

(previous EUR 12.00)

Share price:

10.90



Key figures

	2020	2021e	2022e	2023e
Revenue	230	272	288	299
growth %	-8%	18%	6%	4%
EBIT adj.	45.5	61.2	65.7	69.9
EBIT % adj.	19.7%	22.5%	22.8%	23.4%
Net profit	27.6	41.8	49.2	53.0
EPS (adj.)	0.36	0.56	0.61	0.65
P/E (adj.)	24.6	21.3	19.6	18.5
P/B	4.0	4.9	4.4	4.0
Dividend yield %	3.4%	2.7%	2.9%	3.3%
EV/EBIT (adj.)	16.6	19.5	17.7	16.2
EV/EBITDA	12.8	16.4	14.4	13.3
EV/Sales	3.3	4.4	4.0	3.8

Source: Inderes

Guidance

(Unchanged)

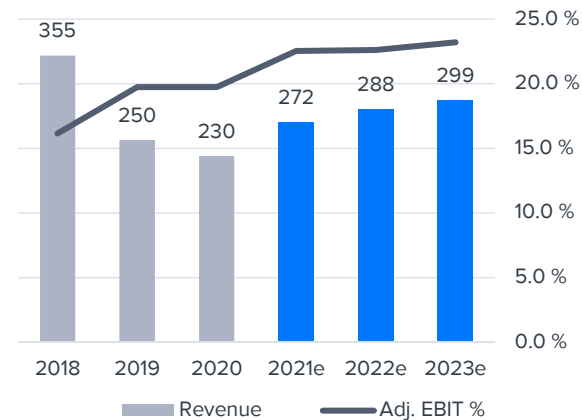
In 2021, Alma Media expects revenue from continuing operations (2020: EUR 230 million) and adjusted operating profit (2020: EUR 45.4 million) to grow significantly from 2020.

Share price



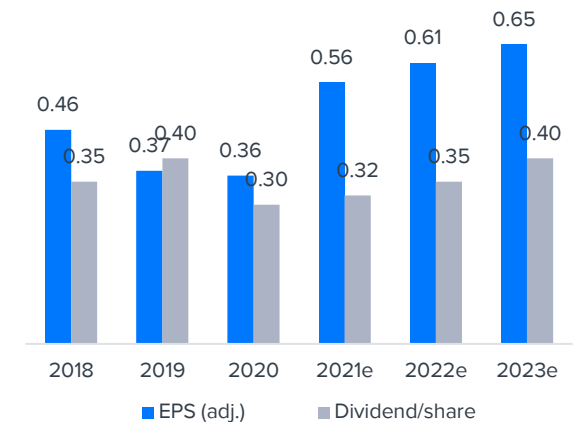
Lähde: Thomson Reuters

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	10.9	10.9	10.9
Number of shares, millions	82.3	82.3	82.3
Market cap	897	897	897
EV	1104	1074	1044
P/E (adj.)	19.3	18.0	16.9
P/E	21.4	18.4	17.1
P/FCF	neg.	15.4	14.7
P/B	4.5	4.0	3.6
P/S	3.3	3.1	3.0
EV/Sales	4.1	3.7	3.5
EV/EBITDA	15.1	13.4	12.3
EV/EBIT (adj.)	18.0	16.5	15.0
Payout ratio (%)	62.9 %	58.9 %	62.6 %
Dividend yield-%	2.9 %	3.2 %	3.7 %

Source: Inderes

Core transformation and growth templates

The share of digital revenue covers almost ¾

As a result of years of business transformation, over 73% of Alma Media's revenue (last 12 months) came from digital business at the end of Q2'21. The company aims to increase the share of revenue from digital business in the future by continuing the transformation of core businesses and with new digital services.

Growing Career through expanding in the value chain

The core of Career is job advertisements, i.e., marketplaces and its profits are virtually entirely digital. The company has marketplace operations in 12 countries, and in nine of them it's the market leader. This limits the company's growth rate to the level of market growth, which is why growth is sought through expansion in the value chain. Therefore, the natural trends for the company are the expansion to both digital staffing services and executive search and reverse recruitment. The third growth base is digital education services.

In these areas, the company has already made investments and has supply, which enables growth. In staffing services, the company's most recent investment in Bolt (minority ownership) has, in our opinion, continued the strong growth of the recent years, but it should also be noted that the profitability potential of the staffing services is lower than the company's target level. As a result, we don't think it is likely that the company will expand more strongly into staffing services unless the industry moves more clearly to a platform-based business model.

In our view, the company has interesting growth templates in reverse recruitment (Techloop) and education services (Seduo). In these, we believe the profitability potential of the business model is higher than in staffing services and, in our assessment, these also have very strong geographical growth potential, which will support Career's growth. Generally, however, services represent a much smaller share of revenue than marketplaces, which limits the impact of their higher growth rates on the overall growth of Career in the next few years.

Consumer's growth is accelerated by comparison services

In addition to Italehti, the core of Consumer's business is housing (Etuovi and Vuokraovi) and the motor industry (e.g. Nettiauto, Autotalli) marketplaces, which means its digital rate is high as well (Q2'21: 81%). Thanks to Italehti's high reach, it creates very good marketing potential for other services and, therefore, it's an excellent growth accelerator for comparison services. In our estimate, the growth of services like this offers Consumer the strongest growth potential.

Due to the strong market position and competitive field of marketplaces, in our view, their growth potential isn't sufficient to drive Consumer to the growth target over time, when the decline of print media is considered. Thus, the growth potential of comparison services is important for Consumer and, in this respect, the business area is potentially seeking new services and/or geographical expansion into new markets.

Talent seeks growth through new services

In Talent, the digital rate is the lowest of the business areas, but even here, digital revenue makes up more than half of the revenue (53% prev. 12 months at the end of Q2'21). The digital rate growth is driven by increased digital media revenue, while print media continues to decline. The shift from print media to digital media typically decreases net revenue (as well as costs), resulting in a limited overall growth rate but higher profitability potential.

Therefore, Talent's growth base consists of a variety of digital services, especially for professionals and business customers. The company develops these internally based on, e.g., the Group's data and data obtained from external service providers. In this area, Alma Media considers small precision acquisitions possible, of which DIAS, a digital housing transaction platform, is an example.

Overall, we expect that Talent's growth rate that consists of above presented factors will be close to the target level in the medium term at around 5%. Therefore, even with just small acquisitions, a growth rate of more than 5% is a realistic target for the business area.

Minor adjustments to the forecasts

New long-term financial targets

The updated long-term financial targets are 1) revenue growth annually over 5% 2) adjusted operating profit-% over 20% and 3) net debt-to-EBITDA ratio below 2.5x. The revenue growth target also includes possible acquisitions. The growth targets are particularly relevant for 2022 and onward.

We kept our forecast for the current year unchanged and expect the company's revenue to grow by 18%, driven by the Nettix acquisition among others, and to increase to EUR 272 million. In turn, we estimate that the adjusted operating profit margin remains at a good level of 22.5%.

Minor adjustments to our profitability forecasts for the coming years

We kept the company's revenue growth forecast unchanged for the next few years. We expect the company's revenue to grow by 6% next year, supported by the Nettix acquisition (included from

Q2'21 onward) and organic growth, and to exceed the company's growth target. In 2023 and 2024, we expect that without acquisitions the company's revenue growth slows down slightly below the target level to under 4%.

Based on the company's capital markets day, we decreased our profitability forecasts for the next few years slightly. We expect growth to come from new services that have lower relative profitability, at least in the early stages, which limits the growth potential of profitability. However, we expect the company to meet its target in the next few years and adjusted operating profit to be 22.8-23.3% in 2022-2024.

Very strong cash flow enables the use of leverage and secures dividend payments

Due to the current indebtedness of Alma Media's balance sheet (Q2'21 net debt/EBITDA 3.1x), we don't consider it likely that the company will make significant acquisitions in the short term. However,

thanks to the company's high cash-flow performance, the debt ratio is falling rapidly and with our current forecasts the net debt-to-EBITDA ratio will fall below the target level next year (net debt/EBITDA 22e: 2.1x). As a result, the scope for larger acquisitions will be strengthened relatively quickly. Thus, based on historical evidence, a return to a well-functioning acquisition path is possible already in the medium term.

The company didn't make any changes to its dividend policy and aims to distribute more than 50% of the annual profit as dividends, which we consider realistic because of the company's strong cash flow. We expect the company to return to the path of paying increasing dividends this year. Our dividend forecast for the current year is EUR 0.32 per share.

Estimate revisions	2021e	2021e	Change	2022e	2022e	Change	2023e	2023e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	272	272	0%	288	288	0%	299	299	0%
EBIT (exc. NRIs)	61.2	61.2	0%	67.7	65.2	-4%	72.5	69.4	-4%
EBIT	56.6	56.6	0%	66.7	64.2	-4%	72.0	68.9	-4%
PTP	54.9	54.9	0%	64.9	62.4	-4%	70.2	67.1	-4%
EPS (excl. NRIs)	0.56	0.56	0%	0.63	0.61	-4%	0.67	0.65	-4%
DPS	0.32	0.32	0%	0.35	0.35	0%	0.40	0.40	0%

Source: Inderes

The share is tightly valued

Earnings improvement will quickly weigh down the valuation multiples

According to our Alma Media forecasts, the adjusted P/E multiple for 2021e is 19x and the corresponding adjusted EV/EBIT multiple is 18x. In our view, the earnings-based valuation multiples for the current year are quite high in absolute terms, especially the EV-based multiple, which takes account of the indebtedness in the balance sheet. However, in the coming years, the corresponding multiples will be pushed to more moderate levels (2022-23e P/E 18x and 17x and adj. EV/EBIT 17x and 15x), which together are 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.

Dividend supports the expected return

We expect Alma Media to increase its dividend for the current year to EUR 0.32 (2020: EUR 0.30/share) per share after the cut of 2020 dividend. This provides a dividend yield of less than 3%, which, in our opinion, doesn't offer a sufficiently attractive expected return in combination with the relatively neutral valuation picture.

Relative valuation level

In relative terms, earnings-based valuation multiples aren't at a high level, especially when benchmarked against the digital marketplace peer group (p. 8). In our estimate, this reflects the prospect of a faster growth in digital services which is reflected in the

valuation of these peers, as well as the extremely low longer-term interest rate outlook.

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 30-43%. At the moment, international platform companies in the peer group are valued with very high multiples, in absolute terms. We believe that the company should be valued at a discount in relation to this peer group, as the growth prospects of the peer group are better than Alma Media's, with their overall market being significantly larger due to global operating environments. Furthermore, the consensus forecasts for the next few years expect the peer group to grow organically at almost twice the rate of Alma Media. Additionally, the peer group's average profitability of the next few years will be significantly higher than that of Alma Media.

Sum of the parts and cash flow model

In addition to the above factors, the different growth and profitability prospects of the business areas must be considered. We also believe that these factors are reflected in the very fragmented valuation level of the peers. Therefore, we use the peer group as a comparison mainly for our sum-of-the-parts calculation.

The value of our updated sum-of-the-parts calculation has increased significantly to EUR 15.1 per share, reflecting the sizable increase in the valuation multiples of the peers. Similarly, with our DCF calculation, which reflects the longer-term potential, the share is valued at EUR 12.7 per share. However, we don't believe that these levels will be realized in the next 12 months.

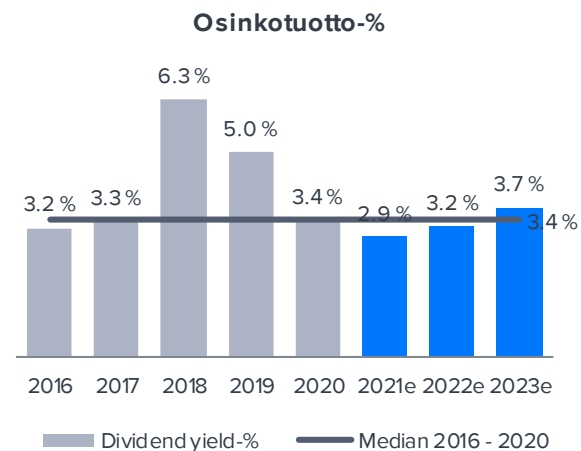
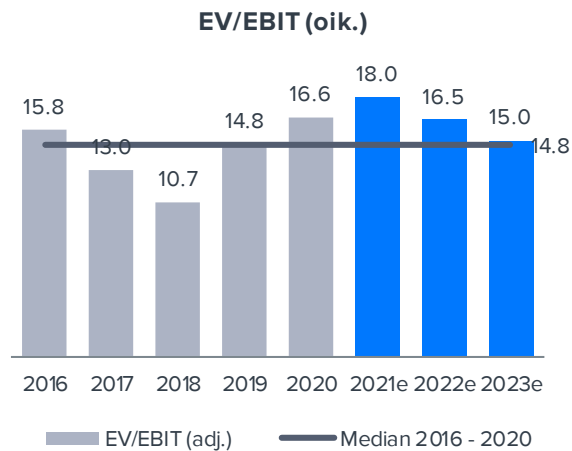
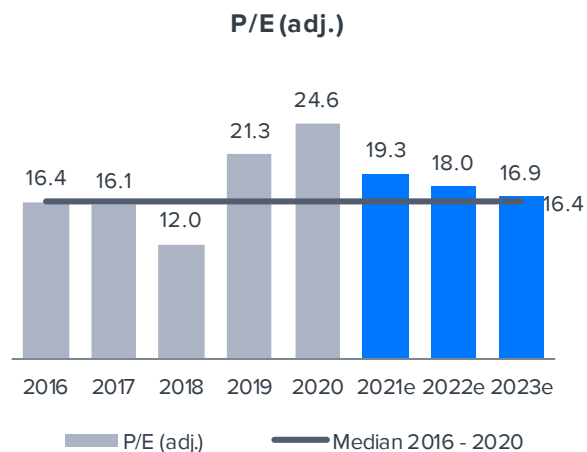
Valuation	2021e	2022e	2023e
Share price	10.9	10.9	10.9
Number of shares, million:	82.3	82.3	82.3
Market cap	897	897	897
EV	1104	1074	1044
P/E (adj.)	19.3	18.0	16.9
P/E	21.4	18.4	17.1
P/FCF	neg.	15.4	14.7
P/B	4.5	4.0	3.6
P/S	3.3	3.1	3.0
EV/Sales	4.1	3.7	3.5
EV/EBITDA	15.1	13.4	12.3
EV/EBIT (adj.)	18.0	16.5	15.0
Payout ratio (%)	62.9 %	58.9 %	62.6 %
Dividend yield-%	2.9 %	3.2 %	3.7 %

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	10.9	10.9	10.9	10.9
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	897	897	897	897
EV	557	662	616	731	756	1104	1074	1044	1017
P/E (adj.)	16.4	16.1	12.0	21.3	24.6	19.3	18.0	16.9	16.3
P/E	24.5	18.4	10.9	21.3	26.6	21.4	18.4	17.1	16.4
P/FCF	13.6	19.2	58.2	8.5	6.7	neg.	15.4	14.7	14.4
P/B	3.5	4.3	2.8	3.8	4.0	4.5	4.0	3.6	3.3
P/S	1.2	1.6	1.3	2.6	3.2	3.3	3.1	3.0	2.9
EV/Sales	1.6	1.8	1.7	2.9	3.3	4.1	3.7	3.5	3.3
EV/EBITDA	11.6	9.9	8.0	10.2	12.8	15.1	13.4	12.3	11.7
EV/EBIT (adj.)	15.8	13.0	10.7	14.8	16.6	18.0	16.5	15.0	14.1
Payout ratio (%)	78.0 %	61.4 %	69.0 %	106.8 %	89.3 %	62.9 %	58.9 %	62.6 %	65.0 %
Dividend yield-%	3.2 %	3.3 %	6.3 %	5.0 %	3.4 %	2.9 %	3.2 %	3.7 %	4.0 %

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	11.1	909	1134	20.6	17.3	15.1	13.8	4.2	4.0	21.6	18.3	3.0	3.3	4.8
Agora SA	9.1	95	257		79.8	15.9	8.7	1.3	1.1		96.0			0.6
Future PLC	3662.0	5128	5449	24.8	20.1	22.6	18.2	7.8	5.9	29.0	26.0	0.1	0.1	4.9
Daily Mail and General Trust P L C	1104.0	2729	2492	22.1	18.3	15.7	13.5	1.8	1.8	43.1	33.4	2.2	2.3	2.2
Gannett Co Inc	6.5	785	1771	10.4	8.5	4.4	4.5	0.6	0.7		17.8			0.9
Lagarde SA	23.2	2748	6607	152.2	26.2	23.5	11.9	1.3	1.1		21.4		2.5	3.6
Meredith Corp	42.2	1454	3575	8.5	10.8	6.4	8.2	1.4	1.5	8.2	9.7		0.4	
Arnoldo Mondadori Editore SpA	1.8	476	625	11.7	7.9	6.5	5.0	0.8	0.7	14.9	10.7	2.7	3.0	2.3
New York Times Co	49.5	7039	6483	29.4	25.6	24.2	21.5	3.8	3.5	43.3	37.5	0.3	0.6	5.6
Rizzoli Corriere della Sera Mediagroup SpA	10.7	359	561	7.2	6.3	4.4	4.1	0.7	0.7	7.2	6.3	4.4	4.4	1.0
Sanoma Oyj	14.0	2287	3076	19.7	19.5	8.7	8.2	2.5	2.4	19.9	17.4	3.9	4.2	3.4
TX Group AG	154.2	1516	1575	14.0	12.8	9.7	9.2	1.8	1.8			1.9	1.9	1.0
Promotora de Informaciones SA	0.6	417	1216	36.5	17.4	12.9	8.8	1.3	1.4		22.7			
Vocento SA		134	236	11.1	9.1	5.9	5.2	0.7	0.6	12.0	12.3	1.6	3.7	0.7
Media peer median		909	1575	19.7	17.3	11.3	8.7	1.4	1.5	19.9	18.3	2.2	2.5	2.2
Auto Trader Group PLC	613.8	6825	6828	39.9	20.9	38.5	20.5	23.3	14.7	49.7	26.0	1.3	1.4	13.3
Carsales.Com Ltd	25.5	4471	4362	33.4	28.9	28.5	25.4	16.3	14.7	45.7	39.2	2.1	2.3	10.6
Holidaycheck Group AG	2.1	1181	1673	20.1	17.4	12.9	8.8	1.4	1.5	20.8	19.9	2.2	2.4	2.3
Moneysupermarket.Com Group PLC	243.8	1539	1533	14.9	12.4	12.2	10.5	3.8	3.5	18.9	15.6	4.9	5.2	6.3
REA Group Ltd	157.6	12921	13168	44.8	38.5	38.3	33.1	23.3	19.6	62.5	53.9	1.0	1.2	19.6
Rightmove PLC	741.2	7352	7303	28.1	25.8	27.6	25.3	20.7	19.1	34.6	30.9	1.0	1.1	77.7
Schibsted ASA	427.4	9262	10071	49.1	40.3	38.0	34.4	7.0	6.6	60.2	41.3	0.5	0.6	9.0
Scout24 AG	65.4	6047	5645	32.1	26.9	25.9	22.7	14.7	13.2	44.2	36.5	1.1	1.3	2.7
Seek Ltd	30.8	6754	7316	36.6	35.9	24.9	26.7	7.4	11.2	74.4	55.0	1.3	1.5	6.5
Just Eat Takeaway.com NV	73.1	15680	16369				156.8	3.5	2.6					1.4
New Work SE		1303	1281	22.8	20.3	13.4	12.2	4.5	4.1	34.4	30.2	1.2	1.3	9.4
Stroeer SE & Co KGaA	67.0	3804	5377	25.9	20.6	10.6	9.2	3.4	3.0	25.1	18.8	3.1	3.6	7.9
Adevinta ASA		15844	18127	67.4	35.4	45.9	28.3	14.3	10.2	88.0	52.8			2.8
Recruit Holdings Co Ltd	6953.0	91263	90041	73.8		47.0	28.8	5.2	4.3	88.3	48.7	0.4	0.5	10.9
Market place peer median		6790	7066	33.4	26.4	27.6	25.3	7.2	8.4	45.7	36.5	1.2	1.4	8.4
Alma Media (Inderes)	10.90	897	1104	18.0	16.5	15.1	13.4	4.1	3.7	19.3	18.0	2.9	3.2	4.5
Average			7734	33.0	23.2	20.0	20.8	6.4	5.6	38.5	30.7	1.9	2.1	8.1
Median			3575	25.4	20.2	15.7	12.9	3.6	3.3	34.5	26.0	1.6	1.9	4.2

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	68.2	73.9	272	288	299	310
Alma Career	96.4	100.0	18.4	13.5	15.5	15.3	62.7	16.2	20.0	20.2	19.8	76.2	80.0	83.3	86.0
Alma Talent	109	103	25.6	22.4	20.7	26.4	95.1	24.5	25.2	24.3	27.6	102	107	112	117
Alma Consumer	152	47.2	17.9	15.7	16.9	19.3	69.8	17.5	26.6	23.8	26.5	94.4	102	104	107
Non-recurring items	-2.3	0.0	-0.1	0.9	0.8	0.9	2.5	-0.1	-0.2	0.0	0.0	-0.3	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	19.7	21.9	72.9	80.4	84.8	86.8
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	-16.3	-15.9	-15.3
EBIT (excl. NRI)	57.3	49.4	11.2	11.8	13.2	9.4	45.5	11.0	16.6	15.7	17.9	61.2	65.2	69.4	71.9
EBIT	61.0	49.5	12.2	9.0	13.1	9.0	43.2	10.7	13.0	15.4	17.6	56.6	64.2	68.9	71.4
Alma Career	34.4	37.7	6.6	4.8	5.5	4.5	21.4	5.1	7.7	8.3	7.6	28.7	30.5	31.9	32.4
Alma Talent	15.5	14.8	3.7	2.8	4.1	2.6	13.1	5.2	5.1	4.7	6.1	21.1	21.5	23.3	24.4
Alma Consumer	14.4	6.2	2.7	2.8	4.6	5.0	15.1	3.4	7.3	5.8	7.2	23.6	24.7	25.3	26.1
Other and eliminations	0.0	0.0	-1.8	-0.4	-1.1	-3.1	-6.4	-2.7	-3.4	-3.0	-3.0	-12.1	-11.5	-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	-4.6	-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	-0.5	-0.5	-1.8	-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	14.9	17.1	54.9	62.4	67.1	69.6
Taxes	-12.5	-10.7	-2.3	-2.3	-1.9	-2.5	-9.0	-2.2	-2.9	-3.3	-3.8	-12.1	-13.1	-14.1	-14.6
Minority interest	-6.3	-6.4	-1.6	-1.3	-1.9	-1.0	-5.7	-0.5	-0.1	-0.2	-0.2	-0.9	-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	11.5	13.2	41.8	48.8	52.6	54.5
EPS (adj.)	0.46	0.37	0.09	0.09	0.12	0.06	0.36	0.10	0.16	0.14	0.16	0.56	0.61	0.65	0.67
EPS (rep.)	0.51	0.37	0.10	0.06	0.12	0.06	0.34	0.09	0.12	0.14	0.16	0.51	0.59	0.64	0.66

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 %	26.6 %	19.2 %	18.1 %	6.0 %	3.8 %	3.7 %
Adjusted EBIT growth-%		-13.8 %	-3.0 %	-1.2 %	-3.3 %	-24.3 %	-8.0 %	-1.3 %	41.2 %	19.6 %	90.7 %	34.8 %	6.5 %	6.5 %	3.6 %
EBITDA-%	21.6 %	28.5 %	26.3 %	24.7 %	31.5 %	20.6 %	25.6 %	24.5 %	24.0 %	28.8 %	29.6 %	26.8 %	27.9 %	28.3 %	28.0 %
Adjusted EBIT-%	16.2 %	19.7 %	18.0 %	22.4 %	24.4 %	15.1 %	19.7 %	19.0 %	23.2 %	23.1 %	24.2 %	22.5 %	22.6 %	23.2 %	23.2 %
Net earnings-%	11.8 %	12.3 %	13.8 %	9.3 %	17.7 %	7.6 %	12.0 %	13.0 %	13.4 %	16.8 %	17.8 %	15.4 %	16.9 %	17.6 %	17.6 %

Source: Inderes

Balance sheet

Assets	2019	2020	2021e	2022e	2023e
Non-current assets	239	257	443	438	434
Goodwill	130	151	296	296	296
Intangible assets	54	55	84	81	78
Tangible assets	47	41	53	51	49
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	45.1	52.5	63.7
Inventories	0.7	0.6	1.6	1.4	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	16	27
Balance sheet total	401	334	519	521	528

Source: Inderes

Liabilities & equity	2019	2020	2021e	2022e	2023e
Equity	203	205	205	227	251
Share capital	45	45	45	45	45
Retained earnings	101	111	129	151	175
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	229	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	202	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	85	87	90
Short term debt	9	10	12	10	10
Payables	66	58	69	74	76
Other current liabilities	72.5	3	3.4	3.4	3.4
Balance sheet total	401	334	519	521	528

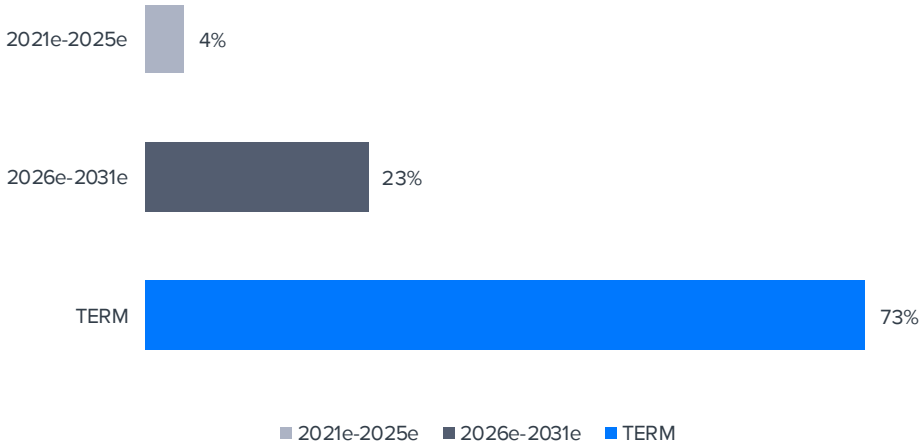
DCF calculation

DCF model	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
EBIT (operating profit)	43.2	56.6	64.2	68.9	71.4	76.7	78.6	80.6	82.6	84.7	85.0	87.1	
+ Depreciation	15.8	16.3	16.3	15.9	15.3	14.8	14.2	13.9	13.2	13.0	10.0	10.0	
- Paid taxes	-8.5	-12.1	-13.1	-14.1	-14.6	-15.7	-16.2	-16.6	-17.0	-17.4	-17.5	-17.9	
- 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	5.4	2.4	1.7	1.7	1.2	1.1	1.1	1.1	1.1	1.2	1.2	
Operating cash flow	58.8	65.8	69.4	72.1	73.5	76.7	77.4	78.6	79.5	81.0	78.3	80.0	
+ 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	-10.0	-10.3	
Free operating cash flow	41.1	-165.7	58.1	60.8	62.2	65.4	66.1	67.3	68.2	69.7	68.3	69.7	
+/- 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	-166	58.1	60.8	62.2	65.4	66.1	67.3	68.2	69.7	68.3	69.7	1579
Discounted FCFF		-163	53.2	52.1	49.8	48.9	46.1	43.9	41.6	39.7	36.3	34.7	785
Sum of FCFF present value		1069	1232	1178	1126	1077	1028	982	938	896	856	820	785
Enterprise value DCF		1069											
- Interesting bearing debt		-42											
+ Cash and cash equivalents		48											
-Minorities		-4											
-Dividend/capital return		-24.7											
Equity value DCF		1047											
Equity value DCF per share		12.7											

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

Cash flow distribution



Summary

Income statement	2018	2019	2020	2021e	2022e	Per share data	2018	2019	2020	2021e	2022e
Revenue	355	250	230	272	288	EPS (reported)	0.51	0.37	0.34	0.51	0.59
EBITDA	76.6	71.4	59.0	72.9	80.4	EPS (adj.)	0.46	0.37	0.36	0.56	0.61
EBIT	61.0	49.5	43.2	56.6	64.2	OCF / share	0.83	0.38	0.72	0.80	0.84
PTP	60.4	47.9	42.3	54.9	62.4	FCF / share	0.10	0.94	1.33	-2.01	0.71
Net Income	41.7	30.8	95.6	41.8	48.8	Book value / share	1.95	2.09	2.23	2.44	2.71
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	518.5	520.9	Revenue growth-%	-3%	-29%	-8%	18%	6%
Equity capital	186.8	202.5	204.5	204.7	227.2	EBITDA growth-%	15%	-7%	-17%	24%	10%
Goodwill	133.5	130.3	150.7	295.7	295.7	EBIT (adj.) growth-%	12%	-14%	-8%	35%	6%
Net debt	55.0	-0.5	-6.3	203.4	173.6	EPS (adj.) growth-%	4%	-19%	-3%	55%	7%
Cash flow	2018	2019	2020	2021e	2022e	EBITDA-%	21.6 %	28.5 %	25.6 %	26.8 %	27.9 %
EBITDA	76.6	71.4	59.0	72.9	80.4	EBIT (adj.)-%	16.2 %	19.7 %	19.7 %	22.5 %	22.6 %
Change in working capital	5.3	-29.1	8.5	5.4	2.4	EBIT-%	17.2 %	19.8 %	18.8 %	20.8 %	22.3 %
Operating cash flow	68.4	31.1	58.8	65.8	69.4	ROE-%	28.1 %	18.5 %	15.5 %	21.8 %	23.0 %
CAPEX	-61.2	46.5	-30.8	-232.5	-11.3	ROI-%	23.1 %	18.5 %	17.4 %	17.0 %	15.4 %
Free cash flow	7.8	77.3	109.1	-165.7	58.1	Equity ratio	49.4 %	52.1 %	63.7 %	40.5 %	44.8 %
						Gearing	29.4 %	-0.3 %	-3.1 %	99.4 %	76.4 %
Valuation multiples	2018	2019	2020	2021e	2022e						
EV/S	1.7	2.9	3.3	4.1	3.7						
EV/EBITDA (adj.)	8.0	10.2	12.8	15.1	13.4						
EV/EBIT (adj.)	10.7	14.8	16.6	18.0	16.5						
P/E (adj.)	12.0	21.3	24.6	19.3	18.0						
P/B	2.8	3.8	4.0	4.5	4.0						
Dividend-%	6.3 %	5.0 %	3.4 %	2.9 %	3.2 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
9/24/2018	Accumulate	7.20 €	6.44 €
10/26/2018	Accumulate	7.00 €	6.24 €
12/5/2018	Accumulate	7.00 €	6.42 €
2/15/2019	Accumulate	7.00 €	6.22 €
4/23/2019	Accumulate	7.00 €	6.12 €
4/26/2019	Accumulate	7.00 €	6.18 €
5/20/2019	Accumulate	6.70 €	5.82 €
7/18/2019	Accumulate	7.00 €	6.50 €
10/24/2019	Accumulate	7.30 €	6.96 €
11/20/2019	Accumulate	8.20 €	7.80 €
12/17/2019	Accumulate	8.30 €	7.90 €
2/16/2020	Reduce	8.80 €	8.70 €
3/12/2020	Reduce	6.80 €	6.54 €
3/26/2020	Reduce	6.50 €	6.50 €
6/12/2020	Accumulate	8.00 €	7.10 €
7/20/2020	Accumulate	8.00 €	7.06 €
10/23/2020	Accumulate	8.50 €	7.84 €
1/13/2021	Reduce	9.50 €	9.54 €
2/18/2021	Reduce	9.00 €	9.14 €
3/8/2021	Accumulate	10.00 €	9.50 €
4/13/2021	Accumulate	10.00 €	9.22 €
4/22/2021	Accumulate	11.00 €	10.46 €
5/28/2021	Accumulate	10.50 €	9.80 €
7/19/2021	Accumulate	12.50 €	11.80 €
7/22/2021	Reduce	12.00 €	11.60 €
9/17/2021	Reduce	11.50 €	10.90 €



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