

# Anora

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Tuotto-odotus parantunut kurssilaskun myötä" published on 3/28/2023 at 7:00 pm

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# Expected return improved with share price drop

Anora's share has fallen by more than 25% since the weak Q4 report. The business is fundamentally stable and defensive, and we expect steady earnings growth in the coming years. We feel the lower valuation already offers a sufficient expected return and raise our recommendation to Accumulate (was Reduce) but cut our target price to EUR 6.2 (was 6.8) due to lower estimates. We mainly lowered our estimates due to the company's growth investments.

## Share has already fallen to a cheap level considering the stable business

From a demand perspective, Anora's business is typically stable and there is normally not much earnings fluctuation. The company's Q4 result and guidance for 2023 were lower than expected, which we believe has pushed the share down by over 25% in about a month and to the lowest level in Anora/Altia's stock exchange history. Although the near term outlook is not particularly strong due to the headwinds of the market and cost inflation, we still expect the company to reach a positive earnings trend in the next few years.

## Weak balance sheet, but it should not cause problems

The net cash flow from Anora's operations remained at zero in 2022 as growth in working capital destroyed cash flow. Due to this and lower than expected earnings, the company's net debt/EBITDA increased to 3.7x at the end of the year (considering Globus' result for the whole year) while the target level is below 2.5x. The company expects a clear decline in debt in 2023 thanks to improved earnings and release of working capital. However, with our estimates the net debt/EBITDA is about 3x at the end of 2023, so still above the target level, although we believe at an acceptable level for a stable and defensive company. This is likely to reduce Anora's possibilities for acquisitions that are part of its strategy. We do not, however, believe that the high indebtedness causes bigger problems, as Anora refinanced its bank loan at the end of 2023 and should, therefore, not have (re)financing needs in the coming years. However, a high debt burden raises the risk level to some extent.

## 2023 guidance indicates 80-90 MEUR comparable EBITDA, we expect growth even after that

The company's comparable EBITDA guidance for the full year 2023 is EUR 80-90 million (2022: 76 MEUR), which was weaker than we had expected and modest considering that adding Globus Wine, acquired in June 2022, to the figures will support H1'23. We do, however, expect price increases to gradually compensate for the increased costs and thus start to support margin development in 2023 and 2024. We estimate 2% annual net sales growth and improving earnings and margin also in 2024-25. We lowered our estimates at net profit level by 3-6% for 2024-25, because we believe that growth investments will slow down earnings growth.

## Expected return has risen to sufficient

We believe that 2023 earnings multiples (e.g. P/E 14x) do not yet seem favorable, but if we look at the P/B ratio, which is 0.7x and 2024 multiples (P/E 11x), the share seems cheap. We expect Anora's return on capital to reach roughly the required return, which would justify a P/B ratio close to the book value. We estimate that Anora's sustainable free cash flow is around EUR 40 million which at the current price would mean a cash flow rate of around 11%. In terms of expected return, some of the earnings growth in the coming years will, therefore, be absorbed by the somewhat elevated multiples, but we also believe that they support the share to some extent. A 5-7% dividend yield is a significant component in the annual expected return that reaches 10-15%.

## Recommendation

**Accumulate**  
(previous Reduce)

**EUR 6.20**  
(previous EUR 6.80)

**Share price:**  
5.19



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	702.7	740.0	754.8	769.9
<b>growth-%</b>	6%	5%	2%	2%
<b>EBITDA (adj.)</b>	76.1	83.0	90.7	95.5
<b>EBITDA-% (adj.)</b>	10.8 %	11.2 %	12.0 %	12.4 %
<b>Net Income</b>	17.9	24.9	33.0	37.4
<b>EPS (adj.)</b>	0.39	0.37	0.49	0.55

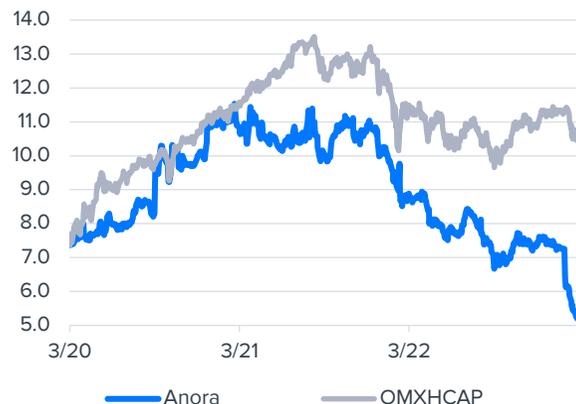
<b>P/E (adj.)</b>	19.0	14.1	10.6	9.4
<b>P/B</b>	1.0	0.7	0.7	0.7
<b>Dividend yield-%</b>	3.0 %	5.0 %	6.6 %	7.5 %
<b>EV/EBIT (adj.)</b>	18.1	12.4	9.9	8.6
<b>EV/EBITDA</b>	11.5	7.0	6.1	5.5
<b>EV/S</b>	1.1	0.8	0.7	0.7

Source: Inderes

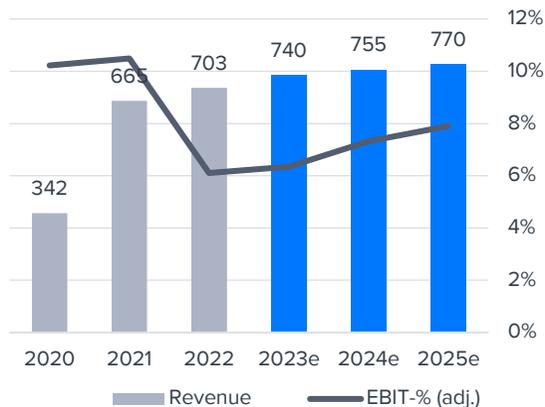
## Guidance (Unchanged)

In 2023, Anora's comparable EBITDA is expected to be between EUR 80-90 million.

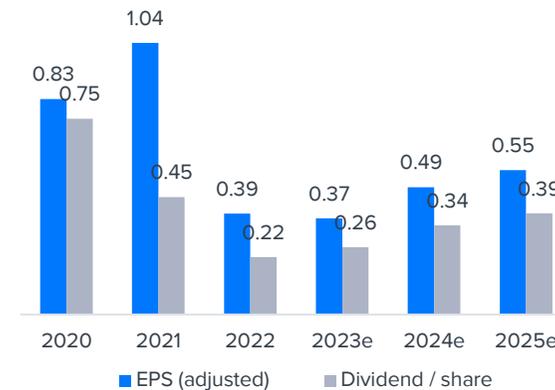
## Share price



## Revenue and EBIT %



## EPS and dividend



## Value drivers

- Strong market position and extensive product portfolio
- Stable market and profitability
- Synergy benefits from the merger will support growth and profitability in coming years
- Good dividend payment capacity



## Risk factors

- Normalization of demand after COVID depressed earnings
- Price fluctuations of barley affects earnings
- Anora will continue to seek acquisitions which involves risks related to the price and integration
- Dividends may be cut if the company wants to invest more in growth

Valuation	2023e	2024e	2025e
Share price	5.19	5.19	5.19
Number of shares, millions	67.6	67.6	67.6
Market cap	351	351	351
EV	581	549	526
P/E (adj.)	14.1	10.6	9.4
P/E	14.1	10.6	9.4
P/FCF	4.5	5.8	6.2
P/B	0.7	0.7	0.7
P/S	0.5	0.5	0.5
EV/Sales	0.8	0.7	0.7
EV/EBITDA	7.0	6.1	5.5
EV/EBIT (adj.)	12.4	9.9	8.6
Payout ratio (%)	70.0 %	70.0 %	70.0 %
Dividend yield-%	5.0 %	6.6 %	7.5 %

Source: Inderes

# Estimate revisions

## Estimate revisions 2023e-2025e

- We lowered our margin expectations slightly for 2024-25, as Anora seeks growth and will, therefore, make growth investments that limit profitability improvement. Thus, we do not expect a big margin leap in a single year.
- We also believe that raw material price fluctuations will continue and that Anora's rigid pricing models will probably continue to pose challenges for margin management
- Overall, estimate changes are small and we still expect a clear earnings growth trend in the coming years from the low 2022 level

## Operational earnings drivers 2023-2025e:

- Recovering from the exceptionally high demand in the COVID era will have a negative impact especially on the Norwegian market in 2023, and we also expect the market development in Finland to be weak
- In coming years, we believe that the market will be stable or slightly growing
- Anora's profitability is still depressed by cost inflation and exchange rate fluctuations in 2023 and it takes time to compensate for this with pricing. We expect that stabilizing costs and price increases will support profitability in H2'23 and 2024
- The synergy benefits and other efficiency improvements from both the Altia and Arcus merger and the Globus Wine acquisition support the company's profitability although part of the benefits will be used to support growth
- As a whole, we expect a small increase in net sales (2023 due to the Globus Wine acquisition) and a positive margin trend in the coming years

Estimate revisions	2023e			2024e			2025e		
	Old	New	Change	Old	New	Change	Old	New	Change
MEUR / EUR									
Revenue	740	740	0%	755	755	0%	770	770	0%
EBITDA (adj.)	83.0	83.0	0%	93.1	90.7	-3%	96.8	95.5	-1%
EBIT (exc. NRIs)	47.0	47.0	0%	57.7	55.2	-4%	62.1	60.9	-2%
EBIT	47.0	47.0	0%	57.7	55.2	-4%	62.1	60.9	-2%
PTP	31.5	31.5	0%	44.2	41.7	-6%	48.6	47.4	-3%
EPS (excl. NRIs)	0.37	0.37	0%	0.52	0.49	-6%	0.57	0.55	-3%
DPS	0.26	0.26	0%	0.36	0.34	-6%	0.40	0.39	-3%

Source: Inderes

# Valuation and recommendation

## Valuation summary – Accumulate

Anora's expected return for the next few years will consist of both a dividend yield and moderate earnings growth, as merger synergies materialize and the current headwind from raw material prices alleviates. We do not find the share's valuation level for 2023 attractive measured with earnings multiples considering the modest organic growth potential. However, looking at other valuation methods and the earnings multiples for the coming years, the overall valuation picture seems rather favorable.

We believe the share's expected total return mainly consists of dividend yield, but also in part of earnings growth, even though some of it is used to absorb multiples. Therefore, our recommendation for the share is Accumulate with a EUR 6.2 target price.

## Value of DCF mode above current share price

Due to the stable industry, steady growth and relatively easily predictable business, the DCF model is, in our opinion, a relevant valuation method for Anora. Our DCF model gives Anora a debt-free value of about EUR 750 million, which means that the value of the share capital is about EUR 460 million, or EUR 6.8 per share. However, the DCF model assumes a clear performance improvement in 2023-26.

## Earnings-based valuation expensive in 2023, favorable after that

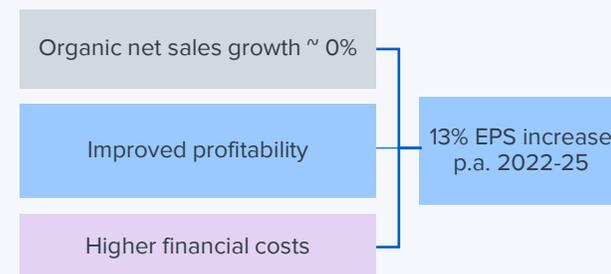
Anora's EV/EBIT valuation is around 12.5x with 2023 earnings. Anora only has one year of history, but we find Altia's historic valuation levels relevant also to Anora, because the return on capital and growth profile are very similar. Examined like this, the average historical EV/EBIT of Altia/Anora is about 11.5x. Similarly, the P/E ratio for 2023 is 14x and the historical average is 12x. However, the historical ratios of former Arcus have been somewhat higher, P/E 14-18x and EV/EBIT 12-18x. The earnings multiples for 2023 are a bit high in our opinion considering the modest return on capital and growth outlook. Looking at next year, the valuation is already attractive as ratios fall to P/E ~11x and EV/EBIT ~10x. The valuation of the peers is clearly higher but we find it justified as our peer companies are primarily global brand companies of a clearly bigger size class. Thus, we do not believe their valuation is directly comparable with Anora, and feel that Anora's lower valuation compared to the peers is justified.

As regards the EV-based valuation, we note that Anora has a relatively high lease liability in its balance sheet, over EUR 100 million, relative to its value, which is not actual financial liability. On the other hand, it has off-balance-sheet sold receivables of some EUR 60 million which can be considered as debt-like assets.

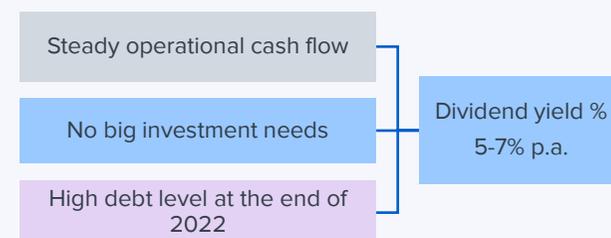
## TSR drivers 2022-2025

■ Positive ■ Neutral ■ Negative

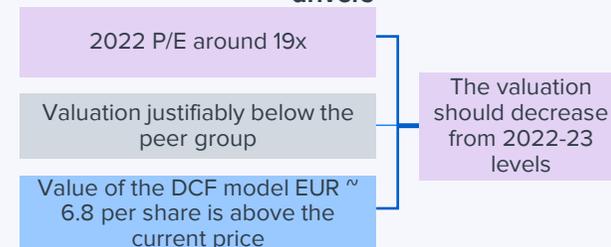
### Profit drivers



### Dividend yield drivers



### Valuation multiple drivers



# Valuation and recommendation

## Balance sheet-based valuation is attractive

With our estimates, Anora's return on capital (both ROE and ROCE) will be around 7-8% in 2024-25. We examine these years because at that time most merger synergies should be visible and the earnings level should correspond to the company's potential. This rate of return is practically the same as our return requirement (8.0% for equity, 7.5% for total capital). Therefore, the balance sheet-based valuation of the share, or P/B, should be around 1.0x. The same is true for the EV/IC ratio (i.e. enterprise value/invested capital). At the current share price, both the P/B and EV/IC ratios for 2022-24 are 0.7-0.8x. With this indicator the share is already attractive. The share's book value for 2022-23 is slightly over EUR 7, so our target price is a bit below it.

## Expected return is good 10% in the longer term

Although the return on capital is on level with the required return in our estimates also looking further ahead, Anora's expected return is relatively favorable with the current valuation also in the longer term. If Anora would distribute its entire free cash flow as dividends (some 40 MEUR) the dividend yield would be approximately 11%. In our opinion, this describes Anora's long-term annual return potential well. So the return is somewhat above our 8% required return.

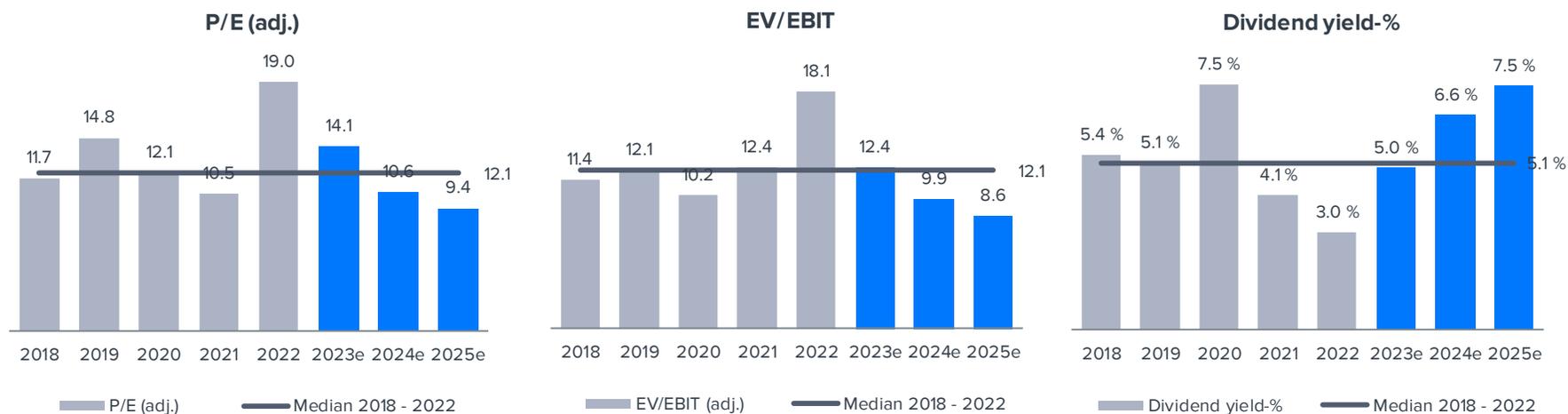
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Market cap	351	351	351
EV	581	549	526
P/E (adj.)	14.1	10.6	9.4
P/E	14.1	10.6	9.4
P/FCF	4.5	5.8	6.2
P/B	0.7	0.7	0.7
P/S	0.5	0.5	0.5
EV/Sales	0.8	0.7	0.7
EV/EBITDA	7.0	6.1	5.5
EV/EBIT (adj.)	12.4	9.9	8.6
Payout ratio (%)	70.0 %	70.0 %	70.0 %
Dividend yield-%	5.0 %	6.6 %	7.5 %

Source: Inderes

# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	7.10	8.20	9.98	10.9	7.36	<b>5.19</b>	<b>5.19</b>	<b>5.19</b>	<b>5.19</b>
Number of shares, millions	36.1	36.1	36.1	46.6	67.6	<b>67.6</b>	<b>67.6</b>	<b>67.6</b>	<b>67.6</b>
Market cap	257	296	361	736	498	<b>351</b>	<b>351</b>	<b>351</b>	<b>351</b>
EV	304	325	357	864	778	<b>581</b>	<b>549</b>	<b>526</b>	<b>501</b>
P/E (adj.)	11.7	14.8	12.1	10.5	19.0	<b>14.1</b>	<b>10.6</b>	<b>9.4</b>	<b>7.7</b>
P/E	17.0	16.1	20.3	11.9	27.7	<b>14.1</b>	<b>10.6</b>	<b>9.4</b>	<b>7.7</b>
P/FCF	73.7	8.2	7.0	neg.	neg.	<b>4.5</b>	<b>5.8</b>	<b>6.2</b>	<b>5.9</b>
P/B	1.7	2.0	2.3	1.5	1.0	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>
P/S	0.7	0.8	1.1	1.1	0.7	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>
EV/Sales	0.9	0.9	1.0	1.3	1.1	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>
EV/EBITDA	8.9	7.6	8.9	9.1	11.5	<b>7.0</b>	<b>6.1</b>	<b>5.5</b>	<b>5.0</b>
EV/EBIT (adj.)	11.4	12.1	10.2	12.4	18.1	<b>12.4</b>	<b>9.9</b>	<b>8.6</b>	<b>7.4</b>
Payout ratio (%)	91.3 %	82.6 %	152.7 %	71.2 %	82.9 %	<b>70.0 %</b>	<b>70.0 %</b>	<b>70.0 %</b>	<b>70.0 %</b>
Dividend yield-%	5.4 %	5.1 %	7.5 %	4.1 %	3.0 %	<b>5.0 %</b>	<b>6.6 %</b>	<b>7.5 %</b>	<b>9.1 %</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
Brown-Forman	28135	30546	28.0	24.3	25.6	22.6	7.9	7.4	37.8	31.0	1.3	1.3	9.7
Davide Campari Milano	12882	14235	22.7	20.3	19.5	17.6	4.9	4.6	29.5	26.2	0.7	0.7	4.2
Diageo	92016	110952	17.9	16.9	16.1	15.2	5.6	5.4	21.3	19.7	2.2	2.4	9.7
Remy-Cointreau	8562	8892	20.5	19.2	18.6	17.3	5.7	5.5	29.1	27.0	1.4	1.5	4.9
Constellation Brands	37561	48680	18.0	16.4	15.5	14.2	5.5	5.2	20.9	18.8	1.5	1.6	4.1
Olvi	618	563	10.1	8.5	6.6	6.0	0.9	0.9	13.7	11.9	4.2	4.5	2.1
Royal Unibrew	3917	4516	20.4	17.9	15.3	13.3	2.6	2.5	23.2	20.2	2.5	2.7	5.5
<b>Anora (Inderes)</b>	<b>351</b>	<b>581</b>	<b>12.4</b>	<b>9.9</b>	<b>7.0</b>	<b>6.1</b>	<b>0.8</b>	<b>0.7</b>	<b>14.1</b>	<b>10.6</b>	<b>5.0</b>	<b>6.6</b>	<b>0.7</b>
<b>Average</b>			<b>19.6</b>	<b>17.7</b>	<b>16.7</b>	<b>15.2</b>	<b>4.7</b>	<b>4.5</b>	<b>25.1</b>	<b>22.1</b>	<b>2.0</b>	<b>2.1</b>	<b>5.7</b>
<b>Median</b>			<b>20.4</b>	<b>17.9</b>	<b>16.1</b>	<b>15.2</b>	<b>5.5</b>	<b>5.2</b>	<b>23.2</b>	<b>20.2</b>	<b>1.5</b>	<b>1.6</b>	<b>4.9</b>
<b>Diff-% to median</b>			<b>-39%</b>	<b>-45%</b>	<b>-56%</b>	<b>-60%</b>	<b>-86%</b>	<b>-86%</b>	<b>-39%</b>	<b>-47%</b>	<b>243%</b>	<b>319%</b>	<b>-85%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue</b>	<b>665</b>	<b>133</b>	<b>166</b>	<b>182</b>	<b>222</b>	<b>703</b>	<b>146</b>	<b>179</b>	<b>184</b>	<b>231</b>	<b>740</b>	<b>755</b>	<b>770</b>	<b>785</b>
Wine	303	53.2	70.4	85.1	108	317	65.0	84.0	85.0	110	344	351	358	365
Spirits	225	44.9	59.5	57.1	72.3	234	46.0	60.0	56.0	79.0	241	246	251	256
Industrial	255	60.8	67.5	78.5	78.7	286	60.0	65.0	75.0	75.0	275	281	286	292
Group and eliminations	-117.5	-25.5	-31.6	-38.8	-37.2	-133.2	-25.0	-30.0	-32.0	-33.0	-120	-122	-125	-127
<b>EBITDA</b>	<b>95.2</b>	<b>11.9</b>	<b>15.4</b>	<b>21.7</b>	<b>18.9</b>	<b>67.9</b>	<b>10.0</b>	<b>18.5</b>	<b>26.0</b>	<b>28.5</b>	<b>83.0</b>	<b>90.7</b>	<b>95.5</b>	<b>101</b>
Depreciation	-31.2	-7.8	-7.8	-9.0	-8.6	-33.2	-9.0	-9.0	-9.0	-9.0	-36.0	-35.4	-34.7	-33.1
<b>EBIT (excl. NRI)</b>	<b>69.8</b>	<b>5.2</b>	<b>11.2</b>	<b>14.3</b>	<b>12.3</b>	<b>42.9</b>	<b>1.0</b>	<b>9.5</b>	<b>17.0</b>	<b>19.5</b>	<b>47.0</b>	<b>55.2</b>	<b>60.9</b>	<b>67.4</b>
<b>EBIT</b>	<b>64.0</b>	<b>4.1</b>	<b>7.6</b>	<b>12.8</b>	<b>10.3</b>	<b>34.7</b>	<b>1.0</b>	<b>9.5</b>	<b>17.0</b>	<b>19.5</b>	<b>47.0</b>	<b>55.2</b>	<b>60.9</b>	<b>67.4</b>
Wine (EBITDA)	39.5	3.1	4.6	9.0	6.9	23.5	2.0	5.5	11.0	11.0	29.5	33.3	35.8	38.3
Spirits (EBITDA)	47.5	8.1	9.0	9.2	11.5	37.8	5.0	10.0	11.0	13.5	39.5	41.8	43.9	46.0
Industrial (EBITDA)	18.1	3.3	4.1	5.5	4.8	17.7	4.0	4.0	5.0	5.0	18.0	19.6	20.0	20.4
Group and eliminations	-4.0	-1.4	1.2	-0.4	-2.2	-2.8	-1.0	-1.0	-1.0	-1.0	-4.0	-4.1	-4.2	-4.2
Share of profits in assoc. compan.	1.6	0.9	0.0	-0.4	0.1	0.6	1.0	0.0	0.2	0.3	1.5	1.5	1.5	1.5
Net financial items	-11.1	-2.4	-2.3	-2.9	-4.4	-11.9	-4.5	-4.5	-4.0	-4.0	-17.0	-15.0	-15.0	-11.4
<b>PTP</b>	<b>54.5</b>	<b>2.6</b>	<b>5.4</b>	<b>9.5</b>	<b>5.9</b>	<b>23.4</b>	<b>-2.5</b>	<b>5.0</b>	<b>13.2</b>	<b>15.8</b>	<b>31.5</b>	<b>41.7</b>	<b>47.4</b>	<b>57.5</b>
Taxes	-11.4	-0.6	-1.0	-1.5	-2.2	-5.3	0.5	-1.0	-2.6	-3.2	-6.3	-8.5	-9.6	-11.8
Minority interest	-0.4	-0.1	0.0	0.0	-0.1	-0.2	-0.1	0.0	-0.1	-0.1	-0.3	-0.3	-0.3	-0.3
<b>Net earnings</b>	<b>42.7</b>	<b>1.9</b>	<b>4.4</b>	<b>8.0</b>	<b>3.6</b>	<b>17.9</b>	<b>-2.1</b>	<b>4.0</b>	<b>10.5</b>	<b>12.5</b>	<b>24.9</b>	<b>33.0</b>	<b>37.4</b>	<b>45.5</b>
<b>Net earnings</b>	<b>42.7</b>	<b>1.9</b>	<b>4.4</b>	<b>8.0</b>	<b>3.6</b>	<b>17.9</b>	<b>-2.1</b>	<b>4.0</b>	<b>10.5</b>	<b>12.5</b>	<b>24.9</b>	<b>33.0</b>	<b>37.4</b>	<b>45.5</b>
<b>EPS (adj.)</b>	<b>1.04</b>	<b>0.04</b>	<b>0.12</b>	<b>0.14</b>	<b>0.08</b>	<b>0.39</b>	<b>-0.03</b>	<b>0.06</b>	<b>0.15</b>	<b>0.19</b>	<b>0.37</b>	<b>0.49</b>	<b>0.55</b>	<b>0.67</b>
<b>EPS (rep.)</b>	<b>0.92</b>	<b>0.03</b>	<b>0.06</b>	<b>0.12</b>	<b>0.05</b>	<b>0.27</b>	<b>-0.03</b>	<b>0.06</b>	<b>0.15</b>	<b>0.19</b>	<b>0.37</b>	<b>0.49</b>	<b>0.55</b>	<b>0.67</b>

Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue growth-%</b>	94.2 %	-0.5 %	3.5 %	10.1 %	7.8 %	5.7 %	9.4 %	8.0 %	1.1 %	4.3 %	5.3 %	2.0 %	2.0 %	2.0 %
<b>Adjusted EBIT growth-%</b>	99.3 %	-41.1 %	-28.9 %	-36.0 %	-46.5 %	-38.5 %	-80.7 %	-15.3 %	19.0 %	59.1 %	9.5 %	17.5 %	10.2 %	10.8 %
<b>EBITDA-%</b>	14.3 %	8.9 %	9.3 %	11.9 %	8.5 %	9.7 %	6.8 %	10.3 %	14.1 %	12.3 %	11.2 %	12.0 %	12.4 %	12.8 %
<b>Adjusted EBIT-%</b>	10.5 %	3.9 %	6.8 %	7.8 %	5.5 %	6.1 %	0.7 %	5.3 %	9.2 %	8.4 %	6.4 %	7.3 %	7.9 %	8.6 %
<b>Net earnings-%</b>	6.4 %	1.4 %	2.6 %	4.4 %	1.6 %	2.6 %	-1.4 %	2.2 %	5.7 %	5.4 %	3.4 %	4.4 %	4.9 %	5.8 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>692</b>	<b>772</b>	<b>764</b>	<b>754</b>	<b>745</b>
Goodwill	278	311	311	311	311
Intangible assets	197	226	226	226	226
Tangible assets	197	214	203	193	184
Associated companies	16.3	20.7	20.7	20.7	20.7
Other investments	0.7	0.7	1.0	1.0	1.0
Other non-current assets	0.1	0.0	0.0	0.0	0.0
Deferred tax assets	3.1	0.6	3.0	3.0	3.0
<b>Current assets</b>	<b>542</b>	<b>529</b>	<b>537</b>	<b>548</b>	<b>558</b>
Inventories	140	186	163	166	169
Other current assets	0.2	4.1	4.1	4.1	4.1
Receivables	233	248	259	264	269
Cash and equivalents	169	91.4	111	113	115
<b>Balance sheet total</b>	<b>1233</b>	<b>1301</b>	<b>1301</b>	<b>1301</b>	<b>1304</b>

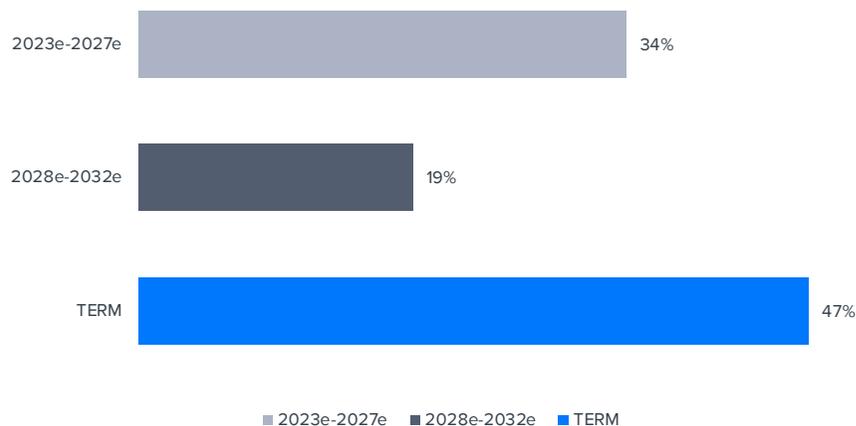
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>508</b>	<b>482</b>	<b>492</b>	<b>508</b>	<b>522</b>
Share capital	61.5	61.5	61.5	61.5	61.5
Retained earnings	122	111	121	136	151
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	324	309	309	309	309
Minorities	0.9	0.9	1.2	1.5	1.8
<b>Non-current liabilities</b>	<b>310</b>	<b>409</b>	<b>385</b>	<b>358</b>	<b>339</b>
Deferred tax liabilities	48.4	57.3	57.3	57.3	57.3
Provisions	3.0	2.7	2.7	2.7	2.7
Long term debt	257	348	325	298	279
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.7	0.6	0.0	0.0	0.0
<b>Current liabilities</b>	<b>415</b>	<b>411</b>	<b>424</b>	<b>436</b>	<b>442</b>
Short term debt	38.1	43.9	36.1	33.1	31.0
Payables	374	364	385	400	408
Other current liabilities	2.8	2.8	2.8	2.8	2.8
<b>Balance sheet total</b>	<b>1233</b>	<b>1301</b>	<b>1301</b>	<b>1301</b>	<b>1304</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	5.7 %	5.3 %	2.0 %	2.0 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
EBIT-%	4.9 %	6.4 %	7.3 %	7.9 %	8.6 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %
<b>EBIT (operating profit)</b>	<b>34.7</b>	<b>47.0</b>	<b>55.2</b>	<b>60.9</b>	<b>67.4</b>	<b>59.5</b>	<b>60.1</b>	<b>60.7</b>	<b>61.3</b>	<b>61.9</b>	<b>62.5</b>	
+ Depreciation	33.2	36.0	35.4	34.7	33.1	31.9	32.8	31.8	31.1	29.5	29.8	
- Paid taxes	6.1	-8.7	-8.5	-9.6	-11.8	-10.3	-10.6	-10.9	-11.2	-11.5	-10.7	
- Tax, financial expenses	-4.1	-4.6	-4.2	-4.2	-3.5	-3.2	-3.1	-2.9	-2.7	-2.5	-2.4	
+ Tax, financial income	1.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	0.0	
- Change in working capital	-75.4	32.6	6.8	-0.6	-0.6	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
<b>Operating cash flow</b>	<b>-4.1</b>	<b>103</b>	<b>85.9</b>	<b>82.1</b>	<b>85.8</b>	<b>78.6</b>	<b>79.9</b>	<b>79.4</b>	<b>79.2</b>	<b>78.1</b>	<b>78.8</b>	
+ Change in other long-term liabilities	-1.4	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-111.7	-25.3	-25.5	-26.0	-26.5	-27.1	-27.6	-28.2	-26.8	-31.1	-32.0	
<b>Free operating cash flow</b>	<b>-117.2</b>	<b>77.4</b>	<b>60.4</b>	<b>56.1</b>	<b>59.2</b>	<b>51.5</b>	<b>52.3</b>	<b>51.3</b>	<b>52.4</b>	<b>47.0</b>	<b>46.8</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-117.2	77.4	60.4	56.1	59.2	51.5	52.3	51.3	52.4	47.0	46.8	713
<b>Discounted FCFF</b>		<b>73.2</b>	<b>53.1</b>	<b>45.8</b>	<b>44.9</b>	<b>36.3</b>	<b>34.3</b>	<b>31.2</b>	<b>29.6</b>	<b>24.7</b>	<b>22.8</b>	<b>348</b>
Sum of FCFF present value		744	671	618	572	527	491	456	425	395	371	348
<b>Enterprise value DCF</b>		<b>744</b>										
- Interesting bearing debt		-392										
+ Cash and cash equivalents		91.4										
-Minorities		-0.9										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>463</b>										
<b>Equity value DCF per share</b>		<b>6.8</b>										

Cash flow distribution



## WACC

Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.5 %
Equity Beta	1.00
Market risk premium	4.75%
Liquidity premium	0.75%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>8.0 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>7.6 %</b>

Source: Inderes

# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	342.4	665.0	702.7	<b>740.0</b>	<b>754.8</b>	EPS (reported)	0.49	0.92	0.27	<b>0.37</b>	<b>0.49</b>
EBITDA	40.3	95.2	67.9	<b>83.0</b>	<b>90.7</b>	EPS (adj.)	0.83	1.04	0.39	<b>0.37</b>	<b>0.49</b>
EBIT	22.9	64.0	34.7	<b>47.0</b>	<b>55.2</b>	OCF / share	1.77	2.21	-0.06	<b>1.53</b>	<b>1.27</b>
PTP	21.3	54.5	23.4	<b>31.5</b>	<b>41.7</b>	FCF / share	1.43	-9.11	-1.73	<b>1.15</b>	<b>0.89</b>
Net Income	17.8	42.7	17.9	<b>24.9</b>	<b>33.0</b>	Book value / share	4.32	10.88	7.11	<b>7.26</b>	<b>7.49</b>
Extraordinary items	-12.1	-5.8	-8.2	<b>0.0</b>	<b>0.0</b>	Dividend / share	0.75	0.45	0.22	<b>0.26</b>	<b>0.34</b>
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	455.5	1233.3	1301.3	<b>1300.7</b>	<b>1301.4</b>	Revenue growth-%	-5%	94%	6%	<b>5%</b>	<b>2%</b>
Equity capital	156.3	507.9	481.6	<b>491.9</b>	<b>507.8</b>	EBITDA growth-%	-6%	136%	-29%	<b>22%</b>	<b>9%</b>
Goodwill	81.4	277.8	310.5	<b>310.5</b>	<b>310.5</b>	EBIT (adj.) growth-%	31%	99%	-38%	<b>9%</b>	<b>18%</b>
Net debt	-3.8	126.1	300.9	<b>250.2</b>	<b>217.6</b>	EPS (adj.) growth-%	49%	26%	-63%	<b>-5%</b>	<b>32%</b>
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	11.8 %	14.3 %	9.7 %	<b>11.2 %</b>	<b>12.0 %</b>
EBITDA	40.3	95.2	67.9	<b>83.0</b>	<b>90.7</b>	EBIT (adj.)-%	10.2 %	10.5 %	6.1 %	<b>6.4 %</b>	<b>7.3 %</b>
Change in working capital	24.2	-10.8	-75.4	<b>32.6</b>	<b>6.8</b>	EBIT-%	6.7 %	9.6 %	4.9 %	<b>6.4 %</b>	<b>7.3 %</b>
Operating cash flow	64.0	102.9	-4.1	<b>103.3</b>	<b>85.9</b>	ROE-%	11.5 %	12.9 %	3.6 %	<b>5.1 %</b>	<b>6.6 %</b>
CAPEX	-12.0	-530.9	-111.7	<b>-25.3</b>	<b>-25.5</b>	ROI-%	9.2 %	12.1 %	4.9 %	<b>6.2 %</b>	<b>7.3 %</b>
Free cash flow	51.7	-424.4	-117.2	<b>77.4</b>	<b>60.4</b>	Equity ratio	34.3 %	41.2 %	37.0 %	<b>37.8 %</b>	<b>39.0 %</b>
						Gearing	-2.4 %	24.8 %	62.5 %	<b>50.9 %</b>	<b>42.8 %</b>
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	1.0	1.3	1.1	<b>0.8</b>	<b>0.7</b>						
EV/EBITDA (adj.)	8.9	9.1	11.5	<b>7.0</b>	<b>6.1</b>						
EV/EBIT (adj.)	10.2	12.4	18.1	<b>12.4</b>	<b>9.9</b>						
P/E (adj.)	12.1	10.5	19.0	<b>14.1</b>	<b>10.6</b>						
P/B	2.3	1.5	1.0	<b>0.7</b>	<b>0.7</b>						
Dividend-%	7.5 %	4.1 %	3.0 %	<b>5.0 %</b>	<b>6.6 %</b>						

Source: Inderes

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Date	Recommendation	Target	Share price
27-09-22	Reduce	7.50 €	7.05 €
24-11-22	Reduce	7.50 €	7.40 €
01-03-23	Reduce	6.80 €	6.45 €
29-03-23	Accumulate	6.20 €	5.19 €



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