

Fiskars

Company report

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✓ Inderes Corporate customer

This report is a summary translation of the report “Heikko markkina haastaa lähivartaaleita” published on 10/30/2022 at 06:30 pm.

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Weak market challenges the upcoming quarters

Fiskars' Q3 was solid and the company continues to guide the full-year adjusted EBIT to improve. However, we believe the improvement will be very marginal and the weak market will burden next year's results, especially the beginning of the year, below this year's level. Despite this, we see Fiskars' earnings level being structurally much higher than before the COVID crisis, and the company will make new record results 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 and EUR 18 target price.

Q3 close to last year, positive guidance unchanged

Both reported and comparable revenue remained at last year's level in Q3, which was also in line with our expectations. Comparable EBIT was slightly down year-on-year and also slightly below our estimates at EUR 33 million. However, this compares to the EUR 10 million level achieved in Q3'19, which shows that the company has dramatically improved its performance in recent years, also structurally. Fiskars maintained its guidance and expects comparable EBIT to increase year-on-year (154 MEUR). At this stage of the year, the company should have fairly good visibility for the rest of the year, although estimating demand is more challenging than usual this year. After nine months, comparable EBIT was EUR 1 million behind last year. We forecast a very marginal improvement in the full-year result to EUR 156 million and thus a change in guidance to say "at last year's level" wouldn't come as a surprise to us. We have lowered our estimates, particularly for next year, which we believe will be hit by weaker consumer demand. In addition, the company's increased debt level and higher interest rates caused a decline in EPS estimates.

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, however, 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 the 2023 adjusted EBIT is still clearly higher (140 MEUR) than the average in 2016-20 (about 100 MEUR). In terms of net sales, our 2023 estimate represents an annual organic growth of around 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 exceeding the peak levels of 2021-22 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 (EV/EBIT: 9x and adjusted P/E: 12x) for 2023 is, in our view, moderate given the company's potential, but by no means blatantly cheap. A rise in the share price requires trust/evidence that the company will be able to improve its results beyond the 2021-22 level after a weaker 2023. 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 18.00
(previous EUR 18.00)

Share price:
15.22



Key figures

	2021	2022e	2023e	2024e
Revenue	1254	1300	1288	1345
growth-%	12%	4%	-1%	4%
EBIT adj.	154.4	156.2	140.4	163.9
EBIT-% adj.	12.3 %	12.0 %	10.9 %	12.2 %
Net Income	86.7	117.1	99.9	119.9
EPS (adj.)	1.21	1.54	1.24	1.49

P/E (adj.)	19.1	9.9	12.3	10.2
P/B	2.3	1.4	1.4	1.3
Dividend yield-%	3.3 %	5.4 %	5.4 %	6.0 %
EV/EBIT (adj.)	12.4	8.9	9.2	7.4
EV/EBITDA	9.4	6.6	6.5	5.4
EV/S	1.5	1.1	1.0	0.9

Source: Inderes

Guidance

(Unchanged)

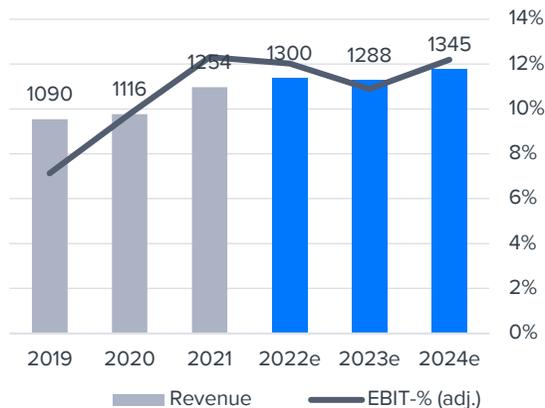
In 2022, Fiskars expects the group's comparable EBIT to increase (2021: 154 MEUR) for Remedy.

Share price



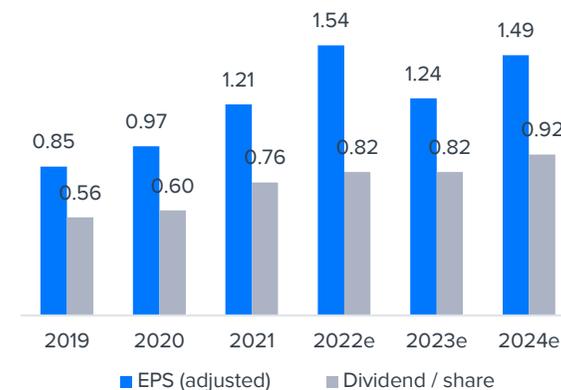
Source: Millstream Market Data AB

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, millions	80.6	80.6	80.6
Market cap	1226	1226	1226
EV	1389	1292	1211
P/E (adj.)	9.9	12.3	10.2
P/E	10.5	12.3	10.2
P/FCF	neg.	7.3	8.1
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	6.6	6.5	5.4
EV/EBIT (adj.)	8.9	9.2	7.4
Payout ratio (%)	56.4 %	66.1 %	61.9 %
Dividend yield-%	5.4 %	5.4 %	6.0 %

Source: Inderes

Q3 almost at last year's level, results slightly below expectations

Net sales at last year's level as expected

Both reported and comparable net sales remained at last year's level in Q3. The negative impact of the divestment was offset by exchange rates. In terms of comparable net sales, pricing and mix offset the impact of lower volumes. Net sales were also in line with our expectations. At division level, attention was mainly focused on the small Crea division's comparable decline of over 10%, which the company explains by sales being more focused on Q2 this year. Q2 did show strong growth (15%), but there was no talk of timing at that point. This was disappointing compared to our estimates.

Result slightly below last year and expectations

Fiskars' adjusted EBIT was slightly below last year and estimates. As expected, Vita matched last year's performance and Terra's result deteriorated. With the decline in net sales, Crea's result was slightly below

our expectations. The company's gross margin clearly improved to around 45.5%, but this was mainly due to the divestment of the irrigation business. However, on a comparable basis, the gross margin increased by one percentage point. In an environment of cost inflation and weakening demand, we believe this is a reasonably good performance.

Guidance on improving EBIT unchanged

Fiskars maintained its guidance and expects comparable EBIT to increase this year from the 2021 level (154 MEUR). However, Fiskars notes that consumer confidence has fallen in many of its key markets, which may affect demand in the second half of the year. Given the sharp rise in cost inflation during the year and weakening consumer demand towards the end of the year, we believe that keeping the guidance unchanged is a positive sign.

Cash flow remains weak

The company's cash flow remained clearly negative in Q3, which has been the case all year. Free cash flow was negative by ca. EUR 140 million in 2022 thus far. This is mainly due to a large increase in inventories (over 100 MEUR this year), boosted by the cool spring season and the company's own preparedness for supply chain disruptions. Contrary to previous expectations, the company doesn't expect the inventory level to fall significantly during the rest of the year. Due to the seasonal nature of the company's operations, the destocking will last until the end of next year.

Due to weak cash flow, the company's debt has increased, but remains relatively low with a net debt/EBITDA ratio of 1.8x. The company aims to keep the ratio below 2.5x.

Estimates MEUR / EUR	Q3'21	Q3'22	Q3'22e	Q3'22e	Consensus		Difference (%)	2022e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	292	293	292	291			0%	1300
EBIT (adj.)	34.1	33.2	37.4	-			-11%	156
EBIT	34.7	29.4	37.4	35.9			-21%	149
EPS (reported)	0.36	0.28	0.36	0.33			-22%	1.45
Revenue growth-%	9.4 %	0.3 %	0.0 %	-0.3 %			0.2 pp	3.6 %
EBIT-% (adj.)	11.7 %	11.3 %	12.8 %				-1.4 pp	12.0 %

Source: Inderes & Bloomberg (consensus)

Cuts to next year's estimates

We expect weaker consumer demand to hit Fiskars

We believe that continued high inflation, rising interest rates and weak consumer confidence will have a negative effect on Fiskars' demand. This applies particularly to Europe that is struggling with the energy crisis, but also to the US, while in Asia we expect Fiskars to be able to grow. However, Europe and America generate some 85% of the company's sales.

The company should have good visibility into this year's guidance, but we still see a risk here

Fiskars' current guidance is still improving EBIT excluding non-recurring items this year, compared with EUR 154 million last year. After nine months, it was EUR 1 million behind last year. Considering the deteriorating demand, we do not believe that this is easy. Fiskars' H2 figures are supported by the price increases the company made in the spring. However,

the company invested heavily in growth projects during H2 last year, which resulted in a significant increase in fixed costs compared to H1'2021. Fixed cost growth should be lower for Q4. The company also has reasonable visibility through pre-orders to the Vita segment, which is important for Q4 performance.

However, we expect only a slight improvement in earnings and forecast an adjusted EBIT of EUR 156 million for the current year. Thus, we would not find it surprising if the company lowered the guidance to 'comparable EBIT will be at last year's level'.

Declining earnings estimate for next year

We expect next year's sales to fall due to a slight decline in volumes caused by weaker demand. Although the inflation peak seen last spring has been largely offset by price increases, the high gas price has a negative effect on the Vita segment, which can

be visible as a lower margin. We also believe that the company will continue making some growth investments despite weak sales development, which will increase fixed costs. Naturally, the company similarly strives to improve operational efficiency elsewhere.

We expect a slightly lower margin for Fiskars as a whole and thus also earnings in 2023. In 2024, we expect sales and the margin to return to growth, supported by the company's strategy.

Financing costs up

Due to the weak cash flow in the current year, the marked increase in debt levels and the simultaneous rise in interest rates has led to a significant increase in financing cost estimates, especially for next year. This will weigh on our EPS estimates.

Estimate revisions	2022e		Change	2023e		Change	2024e		Change
	Old	New		Old	New		Old	New	
MEUR / EUR			%			%			%
Revenue	1295	1300	0%	1300	1288	-1%	1348	1345	0%
EBIT (exc. NRIs)	158	156	-1%	151	140	-7%	168	164	-3%
EBIT	150	149	-1%	151	140	-7%	168	164	-3%
EPS (excl. NRIs)	1.56	1.54	-1%	1.41	1.24	-12%	1.57	1.49	-5%
DPS	0.82	0.82	0%	0.82	0.82	0%	0.92	0.92	0%

Source: Inderes

Valuation is moderate

Valuation for next year neutral-ish

We see Fiskars' earnings-based valuation for next year (EV/EBIT: 9x and adjusted P/E: 12x) 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 the international peer group with our 2022 estimates, but the difference narrows clearly with 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 guarantees that the company will be able 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 20% p.a.

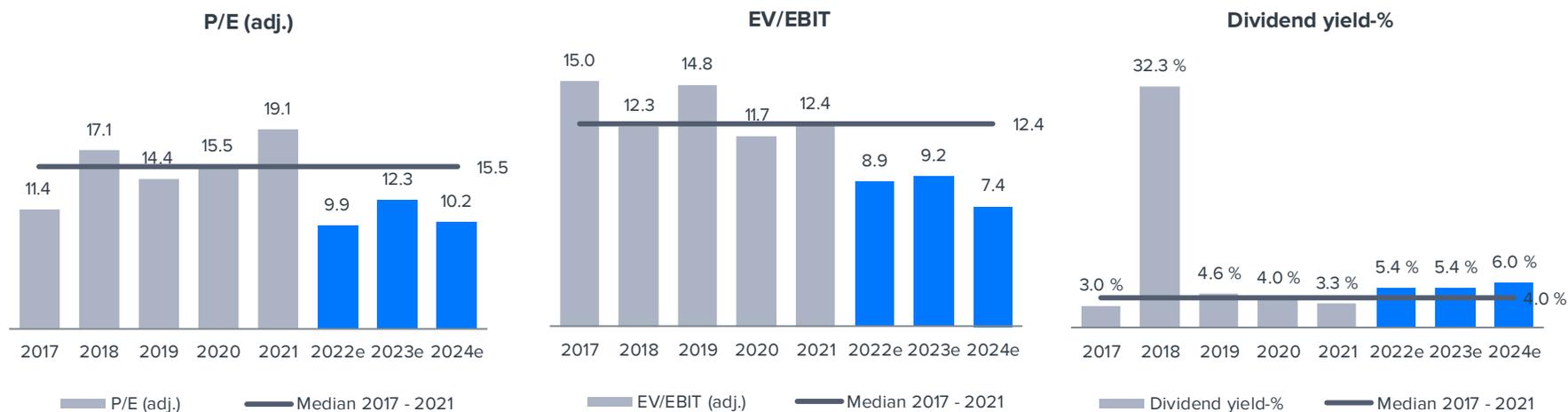
Valuation	2022e	2023e	2024e
Share price	15.2	15.2	15.2
Number of shares, millions	80.6	80.6	80.6
Market cap	1226	1226	1226
EV	1389	1292	1211
P/E (adj.)	9.9	12.3	10.2
P/E	10.5	12.3	10.2
P/FCF	neg.	7.3	8.1
P/B	1.4	1.4	1.3
P/S	0.9	1.0	0.9
EV/Sales	1.1	1.0	0.9
EV/EBITDA	6.6	6.5	5.4
EV/EBIT (adj.)	8.9	9.2	7.4
Payout ratio (%)	56.4 %	66.1 %	61.9 %
Dividend yield-%	5.4 %	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	1389	1292	1211	1151
P/E (adj.)	11.4	17.1	14.4	15.5	19.1	9.9	12.3	10.2	9.5
P/E	11.8	19.0	19.3	18.0	21.6	10.5	12.3	10.2	9.5
P/FCF	12.9	24.4	28.5	6.9	24.5	neg.	7.3	8.1	9.0
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	0.8
EV/EBITDA	11.4	9.1	9.6	7.4	9.4	6.6	6.5	5.4	4.8
EV/EBIT (adj.)	15.0	12.3	14.8	11.7	12.4	8.9	9.2	7.4	6.6
Payout ratio (%)	35.4 %	613.3 %	88.4 %	72.2 %	71.4 %	56.4 %	66.1 %	61.9 %	62.5 %
Dividend yield-%	3.0 %	32.3 %	4.6 %	4.0 %	3.3 %	5.4 %	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	314	475	13.7	10.4	6.8	6.1	0.8	0.7	10.9	8.3	6.9	7.3	1.2
Harvia Oyj	275	302	8.2	9.3	6.9	7.6	1.7	1.7	9.8	12.1	4.1	4.2	2.5
Leifheit AG	136	117	33.3	8.3	10.3	5.4	0.4	0.4	62.3	13.6	2.8	5.0	1.3
Marimekko Oyj	378	361	11.1	10.6	8.5	8.0	2.2	2.0	14.7	14.7	4.5	5.2	5.0
Nokian Tyres plc	1575	1721	6.7	12.4	5.2	6.8	1.0	1.2	8.2	14.3	4.8	4.8	1.1
Orthex Oyj	79	105	19.9	12.8	11.4	8.3	1.2	1.1	28.6	15.6	2.7	4.0	2.3
Rapala VMC Oyj	164	251	15.7	8.3	9.8	5.9	0.9	0.8	16.7	9.1	2.4	4.7	1.1
Stanley Black & Decker Inc	11198	22645	16.1	14.2	12.6	11.1	1.4	1.4	14.0	11.8	4.2	4.2	1.2
Villeroy & Boch AG	473	360	3.7	3.5	2.6	2.6	0.4	0.4	6.5	6.3	7.3	7.6	1.2
Fiskars (Inderes)	1226	1389	8.9	9.2	6.6	6.5	1.1	1.0	9.9	12.3	5.4	5.4	1.4
Average			14.3	10.0	8.2	6.9	1.1	1.1	19.1	11.8	4.4	5.2	1.9
Median			13.7	10.4	8.5	6.8	1.0	1.1	14.0	12.1	4.2	4.8	1.2
Diff-% to median			-35%	-12%	-22%	-3%	6%	-12%	-29%	1%	30%	12%	14%

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
Revenue	1116	302	307	292	353	1254	333	319	293	355	1299.7	1288	1345	1382
Vita	457	108	116	134	187	545	121	127	140	196	584.1	596	626	644
Terra	494	157	149	111	118	535	173	139	108	109	529.3	507	527	540
Crea	162	35.9	42.2	45.6	46.9	171	38.1	52.0	43.1	49.2	182.4	182	188	194
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
EBITDA	173	61.1	53.2	50.5	39.4	204	56.5	54.4	48.0	49.9	208.8	198	226	239
Depreciation	-75.3	-15.2	-14.7	-15.8	-15.6	-61.3	-15.1	-14.9	-14.8	-15.0	-59.8	-57.2	-61.9	-63.6
EBIT (excl. NRI)	109	46.6	41.4	34.1	32.3	154	51.8	36.3	33.2	34.9	156	140	164	175
EBIT	98.1	45.9	38.5	34.7	23.8	143	41.4	39.5	33.2	34.9	149	140	164	175
Vita	11.9	10.1	9.9	25.2	24.2	69.4	10.7	14.1	24.6	32.4	81.8	78.2	84.5	90.2
Terra	60.8	31.2	17.3	6.3	-3.9	50.9	35.5	9.9	5.2	-2.2	48.4	42.4	58.0	62.1
Crea	38.5	8.1	11.2	11.4	5.6	36.3	8.1	11.6	10.0	8.9	38.6	37.8	39.5	40.6
Other	-13.1	-3.5	0.1	-8.2	-2.2	-13.8	-2.4	-6.6	-6.6	-4.2	-19.8	-18.0	-18.0	-18.0
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
PTP	89.9	41.9	40.4	37.9	24.1	144	42.6	39.3	31.5	34.4	147.8	134	161	173
Taxes	-21.3	-33.7	-9.0	-8.0	-5.8	-56.5	-11.2	-5.8	-4.9	-7.9	-29.8	-33.6	-40.3	-43.3
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
Net earnings	67.7	7.9	31.2	29.7	17.9	86.7	31.2	33.4	26.2	26.3	117.1	99.9	120	129
EPS (adj.)	0.97	0.11	0.42	0.36	0.32	1.21	0.52	0.38	0.33	0.33	1.54	1.24	1.49	1.60
EPS (rep.)	0.83	0.10	0.38	0.36	0.22	1.06	0.39	0.41	0.33	0.33	1.45	1.24	1.49	1.60

Key figures	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	2.4 %	17.9 %	9.7 %	9.4 %	12.7 %	12.4 %	10.1 %	3.9 %	0.3 %	0.6 %	3.6 %	-0.9 %	4.4 %	2.8 %
Adjusted EBIT growth-%	40.5 %	202.6 %	88.1 %	-4.6 %	-10.3 %	41.5 %	11.1 %	-12.3 %	-2.7 %	8.2 %	1.2 %	-10.1 %	16.8 %	6.8 %
EBITDA-%	15.5 %	20.2 %	17.3 %	17.3 %	11.1 %	16.3 %	17.0 %	17.0 %	16.4 %	14.0 %	16.1 %	15.3 %	16.8 %	17.3 %
Adjusted EBIT-%	9.8 %	15.4 %	13.5 %	11.7 %	9.1 %	12.3 %	15.6 %	11.4 %	11.3 %	9.8 %	12.0 %	10.9 %	12.2 %	12.7 %
Net earnings-%	6.1 %	2.6 %	10.2 %	10.2 %	5.1 %	6.9 %	9.4 %	10.5 %	9.0 %	7.4 %	9.0 %	7.8 %	8.9 %	9.3 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	829	898	911	929	932
Goodwill	214	219	219	219	219
Intangible assets	268	270	272	273	269
Tangible assets	149	145	156	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
Current assets	513	537	704	647	635
Inventories	207	273	377	322	296
Other current assets	29.2	2.6	2.6	2.6	2.6
Receivables	214	230	247	245	255
Cash and equivalents	62.5	31.5	78.0	77.3	80.7
Balance sheet total	1342	1435	1615	1575	1566

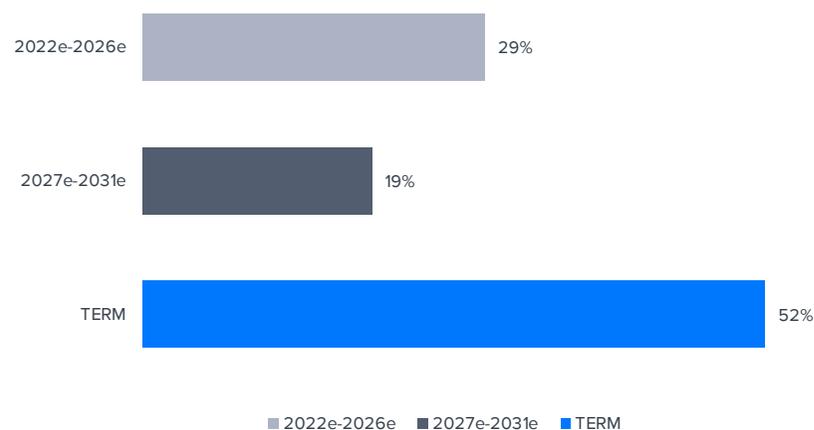
Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	762	816	871	905	959
Share capital	77.5	77.5	77.5	77.5	77.5
Retained earnings	680	735	790	824	877
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
Non-current liabilities	175	144	167	157	149
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	23.5	13.9	6.1
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	89.4	108	108	108	108
Current liabilities	405	475	577	513	458
Short term debt	61.2	64.4	212	125	54.5
Payables	310	370	325	348	363
Other current liabilities	33.9	40.5	40.5	40.5	40.5
Balance sheet total	1342	1435	1615	1575	1566

DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	12.4 %	3.6 %	-0.9 %	4.4 %	2.8 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	11.4 %	11.5 %	10.9 %	12.2 %	12.7 %	12.0 %	11.0 %	10.0 %	9.5 %	9.5 %	9.5 %	9.5 %
EBIT (operating profit)	143	149	140	164	175	170	159	147	143	146	149	
+ Depreciation	61.3	59.8	57.2	61.9	63.6	61.7	62.7	63.6	64.4	65.3	67.2	
- Paid taxes	-55.7	-29.8	-33.6	-40.3	-43.3	-42.5	-39.8	-36.9	-35.8	-36.5	-37.2	
- 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	0.1	0.1	
- Change in working capital	12.0	-166.4	79.9	30.7	-5.3	-4.8	-4.0	-4.0	-4.1	-4.2	-4.3	
Operating cash flow	160	12.1	242	216	190	184	178	170	167	170	174	
+ 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	-72.3	-75.0	-65.0	-53.9	-62.7	-63.1	-64.2	-65.3	-65.4	-76.1	
Free operating cash flow	48.2	-60.2	167	151	136	122	115	106	102	105	98.3	
+/- 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	-16.3	167	151	136	122	115	106	102	105	98.3	1687
Discounted FCFF		-16.1	153	128	107	88.5	77.4	66.1	59.0	56.2	48.8	837
Sum of FCFF present value		1604	1620	1467	1339	1233	1144	1067	1001	942	886	837
Enterprise value DCF		1604										
- Interesting bearing debt		-65.1										
+ Cash and cash equivalents		31.5										
-Minorities		-5.9										
-Dividend/capital return		-61.9										
Equity value DCF		1504										
Equity value DCF per share		18.7										

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 %
Cost of equity	8.5 %
Weighted average cost of capital (WACC)	7.9 %

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	1299.7	1288.2	EPS (reported)	0.63	0.83	1.06	1.45	1.24
EBITDA	119.5	173.4	204.2	208.8	197.6	EPS (adj.)	0.85	0.97	1.21	1.54	1.24
EBIT	60.0	98.1	142.9	149.0	140.4	OCF / share	1.53	2.57	1.97	0.15	3.01
PTP	63.2	89.9	144.2	147.8	134.4	FCF / share	0.43	2.19	0.94	-0.20	2.08
Net Income	51.6	67.7	86.7	117.1	99.9	Book value / share	9.33	9.30	9.97	10.76	11.18
Extraordinary items	-17.7	-11.0	-11.5	-7.2	0.0	Dividend / share	0.56	0.60	0.76	0.82	0.82
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	1364.3	1342.0	1435.4	1615.3	1575.4	Revenue growth-%	-3%	2%	12%	4%	-1%
Equity capital	764.5	761.7	816.3	871.4	905.3	EBITDA growth-%	-12%	45%	18%	2%	-5%
Goodwill	219.6	213.7	219.1	219.1	219.1	EBIT (adj.) growth-%	-23%	40%	41%	1%	-10%
Net debt	150.7	49.9	33.6	157.3	61.3	EPS (adj.) growth-%	-24%	14%	25%	28%	-20%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	11.0 %	15.5 %	16.3 %	16.1 %	15.3 %
EBITDA	119.5	173.4	204.2	208.8	197.6	EBIT (adj.)-%	7.1 %	9.8 %	12.3 %	12.0 %	10.9 %
Change in working capital	24.2	60.7	12.0	-166.4	79.9	EBIT-%	5.5 %	8.8 %	11.4 %	11.5 %	10.9 %
Operating cash flow	124.7	209.6	160.5	12.1	242.5	ROE-%	5.2 %	8.9 %	11.0 %	13.9 %	11.3 %
CAPEX	-183.1	-14.3	-130.4	-72.3	-75.0	ROI-%	5.2 %	11.0 %	16.4 %	15.1 %	13.1 %
Free cash flow	34.9	178.2	76.5	-16.3	167.5	Equity ratio	56.0 %	56.8 %	56.9 %	53.9 %	57.5 %
Valuation multiples	2019	2020	2021	2022e	2023e	Gearing	19.7 %	6.6 %	4.1 %	18.0 %	6.8 %
EV/S	1.1	1.1	1.5	1.1	1.0						
EV/EBITDA (adj.)	9.6	7.4	9.4	6.6	6.5						
EV/EBIT (adj.)	14.8	11.7	12.4	8.9	9.2						
P/E (adj.)	14.4	15.5	19.1	9.9	12.3						
P/E	1.3	1.6	2.3	1.4	1.4						
Dividend-%	4.6 %	4.0 %	3.3 %	5.4 %	5.4 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
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 €



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