

Marimekko

Company report

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This report is a summary translation of the report “Kertoimien sulattelun jälkeen takaisin kyytiin” published on 5/15/2022 at 7:33 pm

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After digesting multiples its time to jump back on board

The Q1 report was very strong and easily exceeded our estimates. We raised our earnings estimates and expect clear earnings growth in the coming years, even though uncertainty in the operating environment has increased. The valuation picture has improved clearly as the share price has dropped and the valuation level is neutral considering the situation. We feel the expected return consisting of clear earnings growth and a healthy dividend has become sufficiently attractive. We raise our recommendation to Accumulate (previously Reduce) and revise our target price to EUR 14.0 (previously EUR 15.0) due to the decline in the peer group's valuation level and the increased uncertainty in the operating environment.

An excellent start to the year

Marimekko's net sales (Q1'22: 36.0 MEUR) continued to grow strongly in Q1 and the 24% growth easily exceeded our expectations (14%). Growth was again wide-ranging and all product lines grew by over 20%. Especially the 23% growth in home products was a positive surprise, as demand for home products was subject to some uncertainty due to the nesting boom subsiding. Geographically Finland's strong 28% growth was clearly above our expectations and the 20% growth in strategically critical international sales was in line with our 17% estimate. The company's EBIT was EUR 6.6 million, exceeding our estimate with a striking EUR 3.8 million margin. The clear overshoot was based on higher-than-expected net sales and slightly stronger sales margin than estimated. The company's EBIT margin was 18.4%, which is an excellent level considering seasonally subdued Q1 and ongoing growth investments.

Earnings estimates revised upwards

The company repeated its guidance as expected (net sales grows and EBIT % 17-20%). With the excellent Q1 report, the guidance starts to look a little cautious, especially in terms of the lower end of the profitability range. Our own estimates are at the top end of the guidance. We have revised our earnings estimates for the next few years upward by 8-13%. This is explained, in particular, by net sales which we now expect to grow more quickly. As a whole, our confidence in the company's performance has continued to grow and we are more confident that the company's profitability has sustainably risen to ~20%. We now expect the company to achieve annual earnings growth of some 11% in 2021-2025. Even though our earnings estimates have risen reflecting the company's strong performance, paradoxically the short-term uncertainty associated with it has increased due to the weakened economic situation and prevailing inflation and logistics situation.

Valuation picture has improved clearly

Since our previous update, the share price has fallen by some 25%, while our earnings estimates have increased. As a result, the valuation multiples have fallen to a much more attractive level and below the company's own historical levels. The PEG that previously soared has already come down to a quite neutral ~1.7x level (prev. 2.5-3.0x). At the same time, the premium relative to the peers has melted away. On the whole, we find the current valuation level to be reasonable, considering the situation (multiples are under pressure from the peer group and interest rate level), but we do not see any upside without the general market climate picking up. However, the air that was present in the multiples has finally let out and we do not consider lower multiples justified without changes occurring in the earnings growth picture. We feel strong earnings growth, combined with healthy dividend yield, easily offer sufficient expected return to justify a positive recommendation.

Recommendation

Accumulate

(previous Reduce)

EUR 14.00

(previous EUR 15.00)

Share price:

12.12



Key figures

	2021	2022e	2023e	2024e
Revenue	152	172	189	208
growth-%	23%	13%	10%	10%
EBIT adj.	31.2	33.8	38.1	42.6
EBIT-% adj.	20.5 %	19.7 %	20.1 %	20.5 %
Net Income	24.4	26.0	29.6	33.2
EPS (adj.)	0.60	0.64	0.73	0.82

P/E (adj.)	28.2	18.9	16.6	14.8
P/B	9.8	7.4	6.2	5.3
Dividend yield-%	4.3 %	3.5 %	4.0 %	4.5 %
EV/EBIT (adj.)	21.2	14.1	12.3	10.7
EV/EBITDA	15.3	10.7	9.5	8.4
EV/S	4.3	2.8	2.5	2.2

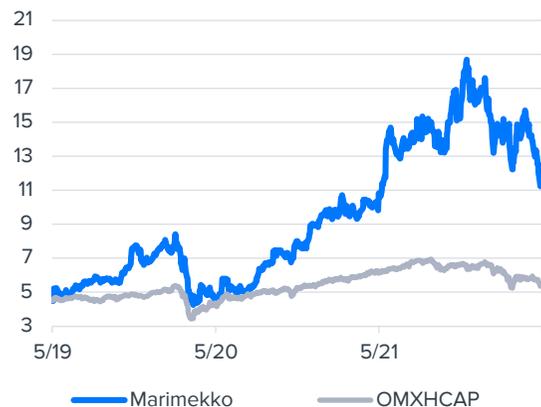
Source: Inderes

Guidance

(Unchanged)

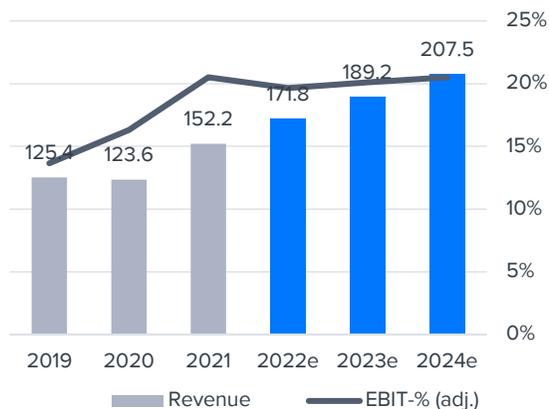
The Marimekko Group's net sales for 2022 are expected to grow from the previous year. Comparable operating profit margin is estimated to be approximately some 17–20 percent. Global supply chain disruptions and generally increased material and logistics costs in particular cause volatility to the outlook for 2022.

Share price



Source: Thomson Reuters

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Brand is performing strongly
- Strategy is well in line with key consumption trends
- Significant improvement in competitiveness in recent years
- International growth potential
- Unused potential in licensing business



Risk factors

- Weakening purchasing power among consumers
- Maintaining cost competitiveness in a highly competitive global consumer market
- Brand attractiveness and remaining relevant throughout the cycles
- Global supply chain problems and raw material inflation

Valuation	2022e	2023e	2024e
Share price	12.1	12.1	12.1
Number of shares, million:	40.6	40.6	40.6
Market cap	493	493	493
EV	477	468	457
P/E (adj.)	18.9	16.6	14.8
P/E	18.9	16.6	14.8
P/FCF	27.3	18.3	16.2
P/B	7.4	6.2	5.3
P/S	2.9	2.6	2.4
EV/Sales	2.8	2.5	2.2
EV/EBITDA	10.7	9.5	8.4
EV/EBIT (adj.)	14.1	12.3	10.7
Payout ratio (%)	65.6 %	65.9 %	67.3 %
Dividend yield-%	3.5 %	4.0 %	4.5 %

Source: Inderes

An excellent start to the year

Net sales grew clearly faster than expected

Marimekko's net sales (Q1'22: 36.0 MEUR) continued to grow strongly and the 24% growth easily exceeded our and the consensus estimates of 13-14%. Growth was again wide-ranging and all product lines grew by over 20%. Especially the 23% growth in home products was a positive surprise, as demand for home products was subject to some uncertainty due to the nesting boom subsiding. Geographically Finland's strong 28% growth was clearly stronger than our expectations and the 20% growth in strategically critical international sales was in line with our 17% estimate.

EBIT was very strong

The company's EBIT was EUR 6.6 million, exceeding our estimate with a striking EUR 3.8 million margin. The clear overshoot was based on higher-than-expected net sales and slightly stronger sales margin

than estimated. The brand's strong pricing power helps the company tackle challenges in logistics costs and raw materials. We also point out that the increase in raw material prices becomes visible with a delay for the company due to long supply contracts. In terms of fixed costs, growth was in line with our expectations, costs increased by 22% as the company continued its growth investments in line with its strategy. The company's EBIT margin was 18.4%, which is an excellent level considering seasonally subdued Q1 and ongoing growth investments. Although the company is currently carrying out significant growth investments, the excellent net sales growth compensates for the negative effects that this will have. EPS amounted to EUR 0.12 (Q1'22e: EUR 0.07), which was well above expectations.

Guidance starts to look cautious

The company reiterated its guidance as expected. The company expects net sales growth and an EBIT margin of 17-20%. In addition, the company stated that on percentage basis, net sales growth is expected to be stronger in the first half of 2022 than in the second half of the year. This is understandable, as in 2021 the pandemics still depressed H1 sales to some extent, while H2 was clearly supported by major campaign deliveries in Finland.

With the excellent Q1 report, the guidance starts to look a little cautious, especially in terms of the lower end of the profitability range. If the market situation does not deteriorate substantially from the present, it is highly possible that the company "has to" revise its guidance upwards during the year. We believe the market situation has become more challenging due to the gloomier economic situation, but thanks to the company's excellent shape, its outlook remains good.

Estimates MEUR / EUR	Q1'21	Q1'22	Q1'22e	Q1'22e	Consensus		Difference (%)	2022e
	Comparator	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	29.1	36.0	33.1	33.0	32.0	33.2	9%	171.8
EBIT (adj.)	5.6	6.6	3.8	4.8	3.8	5.0	72%	33.8
EBIT	5.6	6.6	3.8	4.8	3.8	5.0	72%	33.8
EPS (reported)	0.11	0.12	0.07	0.09	0.07	0.11	68%	0.64
Revenue growth-%	17.0 %	23.8 %	13.6 %	13.4 %	10.0 %	14.1 %	10.2 pp	12.9 %
EBIT-% (adj.)	19.3 %	18.4 %	11.6 %	14.5 %	11.9 %	15.1 %	6.8 pp	19.7 %

Source: Inderes & Reuters (consensus)

Q1 interim report webcast available here



Estimates revised upwards, but uncertainty is increasing

We have revised our estimates upwards thanks to a very strong Q1 report. For 2022, the estimate changes are relatively small and largely limited to the earnings overshoot seen in Q1. We now expect strong 13% net sales growth from the company. In Finland, growth will clearly slow down toward the end of the year, due in particular to the large campaign deliveries in Q4'21, but thanks to the strong start of the year Finland grows by 10% in our full-year estimate. International sales continue to grow strongly driven by the Asia-Pacific region and we expect international sales to grow by 17%.

Thanks to the very strong Q1 result, our profitability estimate has risen to the top end of the company's guidance range (2022e: 19.7%). We believe that the company has realistic conditions to exceed its profitability target, as long as demand is sustained and the company manages to tackle inflation and logistics challenges.

Earnings growth will not falter if it is up to the company

For 2023-2024, our earnings estimates have increased by 12-13%. This is explained, in particular, by the company's net sales which we now expect to grow more quickly. We have also made small positive adjustments to our sales margin estimates. As a whole, our confidence in the company's performance has continued to grow and we are more confident that the company's profitability has sustainably risen to ~20%. We now expect the company to achieve annual earnings growth of some 11% in 2021-2025.

Paradoxically, even though our earnings estimates have risen reflecting the company's strong performance, the short-term uncertainty associated with it has increased due to the weakened economic situation and prevailing inflation and logistics situation. There have been very conflicting messages from the consumer sector during early 2022.

Especially companies that benefited from nesting are now widely suffering from a nesting hangover, considering which Marimekko's Q1 report was a clear relief. However, uncertainty due to factors outside the company is clearly elevated and increases estimate risks.

Dividend flow remains copious

We have revised our dividend estimates upwards by some 10%. In practice, the company could afford to distribute the entire result as dividends thanks to strong cash flow and low investment needs. However, we expect the company to continue with more restrained increases of the base dividend and distribute extra dividends regularly when the balance sheet becomes too swollen. We do not estimate extra dividends, although we consider them to be relatively certain.

Estimate revisions MEUR / EUR	2022e	2022e	Change %	2023e	2023e	Change %	2024e	2024e	Change %
	Old	Uusi		Old	New		Old	New	
Revenue	167	172	3%	183	189	4%	199	208	4%
EBIT (exc. NRIs)	31.4	33.8	8%	33.8	38.1	13%	38.1	42.6	12%
EBIT	31.4	33.8	8%	33.8	38.1	13%	38.1	42.6	12%
EPS (excl. NRIs)	0.60	0.64	7%	0.64	0.73	13%	0.73	0.82	12%
DPS	0.38	0.42	11%	0.44	0.48	9%	0.50	0.55	10%

Source: Inderes

Valuation picture has improved considerably

Marimekko's valuation picture has continued to improve clearly since our previous update. The company's share price has fallen by about a quarter while our earnings estimates have risen again. As a result, the valuation multiples have in absolute terms fallen to a much more attractive level and below the company's own historical levels. With the lower multiples, the PEG that previously soared has already come down to a quite neutral ~1.7x level (prev. 2.5-3.0x).

The valuation picture has also improved relative to the international rather fragmented peer group (p. 8), as the previous clear premium has disappeared and the earnings-based valuation is now in line with the peers. We believe that Marimekko should be priced pretty much in line with its peer group. With the sharp share price drop the multiples of the peer group have decreased clearly and are now at the lower end of the historical levels (P/E 20-25x) or slightly below them. If the increase in interest rates proves permanent, it is likely that the sector will not return to historical valuation levels that were based on a zero interest rate environment. The same naturally applies to Marimekko's own historical valuation levels.

Return/risk ratio finally turned positive

On the whole, we find the current valuation level to be reasonable, considering the situation (multiples are under pressure from the peer group and increased interest rate level), but we do not see any upside without the general market climate picking up. However, the air that was present in the multiples has finally let out and we do not consider lower multiples justified without changes occurring in the earnings growth picture. We feel strong earnings growth, combined with healthy dividend yield, easily offer

sufficient expected return to justify a positive recommendation. Thus, we raise our recommendation to Accumulate (previously Reduce) and revise our target price to EUR 14.0 (previously EUR 15.0) due to the decline in the peer group's valuation level and the uncertainty related to earnings growth.

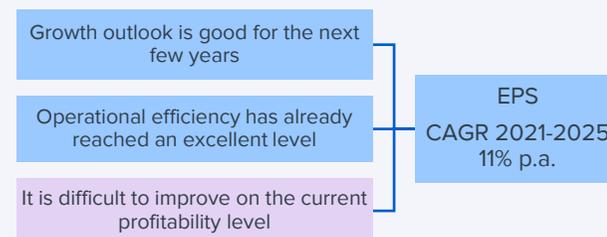
DCF model

In our DCF calculation we assume that Marimekko's growth will continue as strong in the coming years and will slow down gradually as the terminal period approaches. Marimekko's value indicated by the DCF model is slightly over EUR 16 per share and we feel it reflects the company's longer-term potential. Investors should note that the cash flow is very strongly focused on the terminal period and the weight of the terminal period is nearly 70%. This makes the DCF calculation very sensitive to long-term assumptions and discount rates.

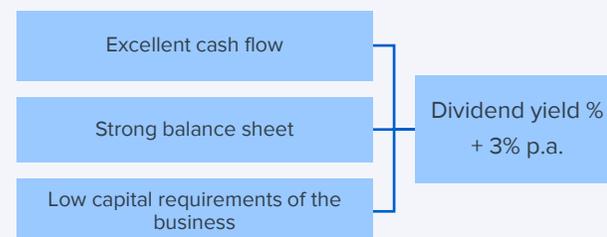
TSR drivers 2022-2025

■ Positive ■ Neutral ■ Negative

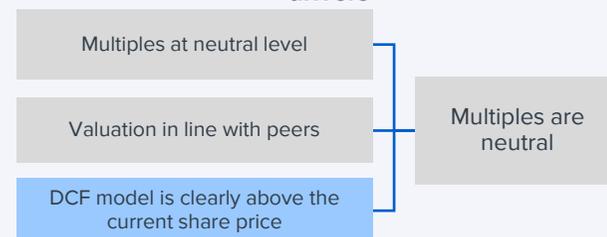
Profit drivers



Dividend yield drivers



Valuation multiple drivers

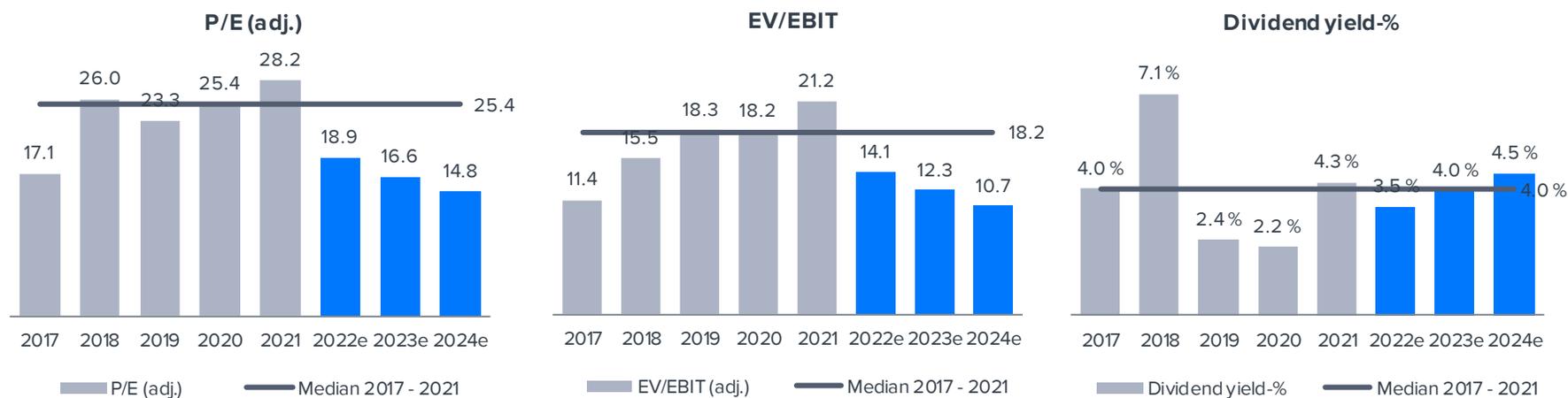


Share's expected total return 10-20% p.a.

Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	2.48	5.24	7.48	9.11	16.9	12.1	12.1	12.1	12.1
Number of shares, millions	40.6	40.6	40.6	40.6	40.6	40.6	40.6	40.6	40.6
Market cap	101	213	304	370	689	493	493	493	493
EV	98	190	314	367	661	477	468	457	446
P/E (adj.)	17.1	26.0	23.3	25.4	28.2	18.9	16.6	14.8	13.2
P/E	17.8	15.5	23.3	26.9	28.2	18.9	16.6	14.8	13.2
P/FCF	10.4	7.8	14.4	24.4	21.8	27.3	18.3	16.2	14.2
P/B	3.3	5.3	7.8	7.1	9.8	7.4	6.2	5.3	4.6
P/S	1.0	1.9	2.4	3.0	4.5	2.9	2.6	2.4	2.2
EV/Sales	1.0	1.7	2.5	3.0	4.3	2.8	2.5	2.2	2.0
EV/EBITDA	8.4	9.4	10.6	11.5	15.3	10.7	9.5	8.4	7.4
EV/EBIT (adj.)	11.4	15.5	18.3	18.2	21.2	14.1	12.3	10.7	9.3
Payout ratio (%)	71.7 %	109.7 %	56.2 %	59.0 %	119.9 %	65.6 %	65.9 %	67.3 %	70.0 %
Dividend yield-%	4.0 %	7.1 %	2.4 %	2.2 %	4.3 %	3.5 %	4.0 %	4.5 %	5.3 %

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	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
PVH Corp	64.50	4196	5285	6.1	5.7	4.5	4.3	0.6	0.6	6.9	7.2	0.1	0.1	0.9
VF Corp	47.25	17705	21481	14.1	12.7	11.9	10.8	1.9	1.8	14.8	13.1	4.2	4.3	5.5
LVMH Moet Hennessy Louis Vuitton	568.40	289019	314697	15.7	14.2	12.5	11.4	4.3	3.9	21.0	19.0	2.0	2.2	5.1
Prada SpA	45.50	14039	15683	25.2	20.1	13.2	11.5	4.1	3.8	34.4	26.9	1.7	2.4	4.3
H & M Hennes & Mauritz AB	127.30	17475	21327	14.4	12.3	6.1	5.8	1.0	1.0	18.3	15.1	5.4	6.2	3.4
Hugo Boss AG	51.60	3630	4271	15.4	12.6	6.7	6.1	1.3	1.2	20.4	16.3	2.0	2.7	3.3
Hermes International SCA	1046.00	110547	104277	26.5	23.9	23.1	20.8	9.9	9.0	39.9	35.7	0.8	0.9	9.7
Guess? Inc	20.51	1181	1181	4.2	4.4	3.4	3.6	0.5	0.5	7.0	6.6	3.3	4.4	1.9
Salvatore Ferragamo SpA	15.22	2556	2770	23.3	21.8	9.6	9.3	2.2	2.1	37.7	34.4	1.8	1.8	3.2
Ralph Lauren Corp	95.46	6546	5600	7.1	6.8	5.5	5.2	0.9	0.9	11.6	10.9	2.6	3.2	2.8
Ted Baker PLC	145.40	313	458		13.0	11.1	5.3	0.9	0.7		26.0			
Industria de Diseno Textil SA	20.24	63410	59081	12.4	12.6	8.1	7.8	2.1	2.0	17.7	17.4	4.6	5.2	4.0
Burberry Group PLC	1565.00	7222	7460	12.4	11.4	8.3	7.7	2.3	2.1	16.4	15.0	3.2	3.5	3.8
Kering SA	449.80	56699	61024	10.5	9.6	8.5	7.8	3.0	2.8	14.2	12.7	3.1	3.5	3.6
Marimekko (Inderes)	12.12	493	477	14.1	12.3	10.7	9.5	2.8	2.5	18.9	16.6	3.5	4.0	7.4
Average				14.4	12.9	9.5	8.4	2.5	2.3	20.0	18.3	2.7	3.1	4.0
Median				14.1	12.6	8.4	7.7	2.0	1.9	17.7	15.7	2.6	3.2	3.6
Diff-% to median				0%	-2%	28%	23%	38%	30%	7%	6%	31%	23%	104%

Source: Thomson Reuters / 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	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue	124	29.1	32.7	42.4	48.1	152	36.0	38.1	47.3	50.4	172	189	208	227
Finland	71.1	14.5	18.4	28.8	30.6	92.3	18.5	21.2	31.1	31.2	102	110	119	128
Scandinavia	9.9	2.4	2.9	2.9	4.4	12.7	3.0	3.4	3.4	4.5	14.3	16.0	17.5	19.0
EMEA	14.0	4.1	3.0	2.7	3.1	12.9	5.5	3.6	3.5	3.5	16.1	17.6	19.1	20.6
North America	6.5	1.4	2.2	2.0	2.7	8.4	1.8	2.4	2.0	2.7	8.9	9.5	10.0	10.5
Asia-Pacific	22.1	6.6	6.3	5.9	7.2	26.0	7.3	7.5	7.3	8.5	30.6	36.0	42.0	48.0
EBITDA	31.9	8.7	8.5	16.3	9.7	43.1	9.1	7.2	15.6	12.5	44.4	49.2	54.4	60.2
Depreciation	-12.6	-3.0	-3.0	-3.0	-2.8	-11.9	-2.5	-2.7	-2.7	-2.7	-10.6	-11.1	-11.8	-12.4
EBIT (excl. NRI)	20.2	5.6	5.5	13.3	6.9	31.2	6.6	4.5	12.9	9.8	33.8	38.1	42.6	47.7
EBIT	19.3	5.6	5.5	13.3	6.9	31.2	6.6	4.5	12.9	9.8	33.8	38.1	42.6	47.7
Net financial items	-1.8	-0.1	-0.3	0.0	0.0	-0.6	-0.1	-0.2	-0.2	-0.2	-0.6	-0.8	-0.8	-0.8
PTP	17.6	5.5	5.2	13.2	6.8	30.7	6.5	4.4	12.7	9.6	33.2	37.3	41.8	46.9
Taxes	-3.8	-1.1	-1.0	-2.6	-1.6	-6.3	-1.5	-0.9	-2.7	-2.1	-7.2	-7.6	-8.6	-9.6
Net earnings	13.8	4.4	4.1	10.6	5.3	24.4	5.0	3.4	10.0	7.5	26.0	29.6	33.2	37.3
EPS (adj.)	0.36	0.11	0.10	0.26	0.13	0.60	0.12	0.08	0.25	0.19	0.64	0.73	0.82	0.92
EPS (rep.)	0.34	0.11	0.10	0.26	0.13	0.60	0.12	0.08	0.25	0.19	0.64	0.73	0.82	0.92

Key figures	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	-1.5 %	17.0 %	40.2 %	11.5 %	28.7 %	23.2 %	23.8 %	16.4 %	11.6 %	4.9 %	12.9 %	10.1 %	9.7 %	9.2 %
Adjusted EBIT growth-%	17.8 %	365.6 %	106.8 %	26.1 %	18.7 %	54.9 %	17.9 %	-17.6 %	-2.9 %	42.1 %	8.1 %	12.6 %	11.9 %	12.1 %
EBITDA-%	25.8 %	29.8 %	26.1 %	38.4 %	20.1 %	28.3 %	25.3 %	19.0 %	32.9 %	24.7 %	25.8 %	26.0 %	26.2 %	26.6 %
Adjusted EBIT-%	16.3 %	19.3 %	16.8 %	31.3 %	14.3 %	20.5 %	18.4 %	11.9 %	27.2 %	19.4 %	19.7 %	20.1 %	20.5 %	21.1 %
Net earnings-%	11.1 %	15.2 %	12.7 %	25.0 %	11.0 %	16.0 %	14.0 %	9.0 %	21.1 %	15.0 %	15.1 %	15.7 %	16.0 %	16.5 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	42.8	35.2	37.1	39.0	40.9
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	0.5	0.5	0.6	0.9	1.1
Tangible assets	41.3	33.2	35.0	36.6	38.3
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.5	0.5	0.5	0.5
Deferred tax assets	1.0	0.9	0.9	0.9	0.9
Current assets	71.6	97.7	79.0	87.0	95.5
Inventories	22.4	26.0	30.9	34.1	37.4
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	8.1	12.0	13.7	15.1	16.6
Cash and equivalents	41.0	59.7	34.4	37.8	41.5
Balance sheet total	114	133	116	126	136

Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	52.3	70.0	66.7	79.3	93.0
Share capital	8.0	8.0	8.0	8.0	8.0
Retained earnings	43.3	60.9	57.6	70.1	83.8
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-0.3	-0.1	-0.1	-0.1	-0.1
Other equity	1.2	1.2	1.2	1.2	1.2
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	29.0	24.5	12.9	8.9	4.2
Deferred tax liabilities	0.5	2.5	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	27.0	22.0	12.9	8.9	4.2
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.5	0.0	0.0	0.0	0.0
Current liabilities	33.0	38.6	36.5	37.9	39.2
Short term debt	10.9	10.3	5.5	3.8	1.8
Payables	22.2	28.3	30.9	34.1	37.4
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	114	133	116	126	136

DCF calculation

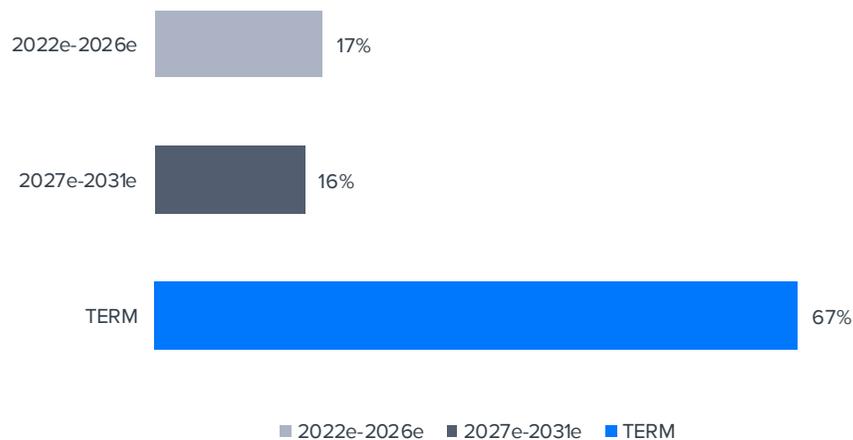
DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
EBIT (operating profit)	31.2	33.8	38.1	42.6	47.7	46.1	46.7	47.0	49.3	51.8	53.3	
+ Depreciation	11.9	10.6	11.1	11.8	12.4	13.0	13.6	14.2	14.8	15.3	15.9	
- Paid taxes	-4.3	-9.7	-7.6	-8.6	-9.6	-9.3	-9.6	-9.6	-10.1	-10.6	-10.9	
- Tax, financial expenses	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-1.3	-4.0	-1.4	-1.5	-1.5	-1.3	-1.4	-1.3	-1.1	-1.2	-0.7	
Operating cash flow	37.4	30.5	40.0	44.2	48.9	48.4	49.4	50.2	52.9	55.3	57.6	
+ Change in other long-term liabilities	-1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-4.3	-12.5	-13.1	-13.7	-14.2	-14.8	-15.4	-16.0	-16.5	-17.1	-18.5	
Free operating cash flow	31.6	18.0	26.9	30.5	34.7	33.6	34.0	34.2	36.4	38.2	39.0	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	31.6	18.0	26.9	30.5	34.7	33.6	34.0	34.2	36.4	38.2	39.0	901
Discounted FCFF		17.2	23.9	25.2	26.7	24.1	22.6	21.2	21.0	20.5	19.5	451
Sum of FCFF present value		673	655	632	606	580	556	533	512	491	470	451
Enterprise value DCF		673										
- Interesting bearing debt		-32.3										
+ Cash and cash equivalents		59.7										
- Minorities		0.0										
- Dividend/capital return		-29.3										
Equity value DCF		671										
Equity value DCF per share		16.5										

Wacc

Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E))	0.0 %
Cost of debt	3.0 %
Equity Beta	1.15
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.0 %
Cost of equity	7.5 %
Weighted average cost of capital (WACC)	7.5 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	125.4	123.6	152.2	171.8	189.2	EPS (reported)	0.32	0.34	0.60	0.64	0.73
EBITDA	29.7	31.9	43.1	44.4	49.2	EPS (adj.)	0.32	0.36	0.60	0.64	0.73
EBIT	17.1	19.3	31.2	33.8	38.1	OCF / share	0.71	0.71	0.92	0.75	0.98
PTP	16.2	17.6	30.7	33.2	37.3	FCF / share	0.52	0.37	0.78	0.44	0.66
Net Income	13.0	13.8	24.4	26.0	29.6	Book value / share	0.96	1.29	1.72	1.64	1.95
Extraordinary items	0.0	-0.8	0.0	0.0	0.0	Dividend / share	0.18	0.20	0.72	0.42	0.48
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	96.9	114.4	132.9	116.1	126.1	Revenue growth-%	12%	-1%	23%	13%	10%
Equity capital	38.9	52.3	70.0	66.7	79.3	EBITDA growth-%	47%	8%	35%	3%	11%
Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT (adj.) growth-%	40%	18%	55%	8%	13%
Net debt	10.3	-3.2	-27.4	-15.9	-25.1	EPS (adj.) growth-%	59%	12%	67%	7%	14%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	23.6 %	25.8 %	28.3 %	25.8 %	26.0 %
EBITDA	29.7	31.9	43.1	44.4	49.2	EBIT (adj.)-%	13.6 %	16.3 %	20.5 %	19.7 %	20.1 %
Change in working capital	3.0	0.9	-1.3	-4.0	-1.4	EBIT-%	13.6 %	15.7 %	20.5 %	19.7 %	20.1 %
Operating cash flow	29.0	28.7	37.4	30.5	40.0	ROE-%	33.0 %	30.2 %	39.9 %	38.1 %	40.6 %
CAPEX	-48.8	-13.3	-4.3	-12.5	-13.1	ROI-%	29.6 %	23.4 %	32.5 %	36.1 %	43.0 %
Free cash flow	21.1	15.2	31.6	18.0	26.9	Equity ratio	40.2 %	45.7 %	52.7 %	57.5 %	62.9 %
Valuation multiples	2019	2020	2021	2022e	2023e	Gearing	26.4 %	-6.1 %	-39.2 %	-23.8 %	-31.7 %
EV/S	2.5	3.0	4.3	2.8	2.5						
EV/EBITDA (adj.)	10.6	11.5	15.3	10.7	9.5						
EV/EBIT (adj.)	18.3	18.2	21.2	14.1	12.3						
P/E (adj.)	23.3	25.4	28.2	18.9	16.6						
P/E	7.8	7.1	9.8	7.4	6.2						
Dividend-%	2.4 %	2.2 %	4.3 %	3.5 %	4.0 %						

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
11-07-19	Reduce	28.00 €	26.80 €
15-08-19	Accumulate	32.00 €	28.70 €
14-10-19	Accumulate	33.00 €	29.50 €
06-11-19	Accumulate	40.00 €	37.40 €
14-02-20	Accumulate	42.00 €	40.00 €
25-03-20	Accumulate	27.00 €	23.90 €
14-05-20	Accumulate	25.00 €	21.90 €
17-08-20	Accumulate	33.00 €	29.65 €
21-09-20	Accumulate	40.00 €	37.05 €
09-11-20	Accumulate	42.00 €	39.00 €
11-12-20	Accumulate	47.00 €	44.50 €
19-02-21	Accumulate	55.00 €	51.10 €
21-05-21	Accumulate	62.00 €	57.10 €
20-08-21	Accumulate	80.00 €	74.30 €
04-11-21	Accumulate	80.00 €	75.50 €
Analyst changed			
19-01-22	Reduce	75.00 €	75.40 €
16-02-22	Reduce	75.00 €	77.00 €
Share split 5:1			
16-05-22	Accumulate	14.00 €	12.10 €



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