

Stockmann

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Tasainen tulospäätelmä tälle vuodelle" published on 2/11/2024 at 3:51 pm EET

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Stable earnings outlook for this year

Stockmann's Q4 result fell short of expectations but improved from the comparison period. The guidance indicates that adjusted EBIT will remain at around 80 MEUR as in the previous two years. The main driver of the share continues to be the progress of the restructuring, which we will hear news about this year. We reiterate our Accumulate recommendation and revise our target price to EUR 3.2 (3.1) following the higher estimates.

Q4 result slightly soft but improved from the comparison period

Stockmann's Q4 revenue grew in line with our expectations by 1% in reported EUR and 4% in local currencies. Growth was supported by the timing of Stockmann division's Crazy Days campaign. Lindex's sales decreased in EUR, but grew in local currencies by 3%. Adjusted EBIT was 30 MEUR, better than in the comparison period but weaker than we expected (32.5 MEUR). Lindex generated 22 MEUR, which was slightly below the comparison period (23 MEUR) and our expectation (26 MEUR), but is still a very good level. Fixed costs for the Stockmann division were lower than we expected and the result improved to 9 MEUR (Q423: 3 MEUR, Inderes: 7 MEUR). Gross margins in both divisions were largely in line with our expectations.

Guidance indicates a steady result, which was positive to us

Stockmann's guidance is that revenue will grow by 1-3% in local currencies in 2024 and adjusted EBIT will be 70-90 MEUR. The midpoint of the guidance is thus 80 MEUR, which is where the result also ended up in 2023 and 2022. Stockmann still sees the market situation as challenging. Our growth forecast is about 2%. We raised our earnings forecast to 77 MEUR for EBIT and thus our forecast is well in line with the guidance. We also raised our 2025 forecasts slightly (3%).

Restructuring disputes are progressing, name change is expected to be made at this spring's AGM

As expected, no further information was provided on the strategic assessment of department stores in the report. However, concerning the restructuring process, the company said that it had reached an agreement with another former landlord of the Tampere department store at the beginning of the year. Thus, only two disputed claims remain for the company and we believe that it is well placed to complete the restructuring process this year, as we have previously estimated. In connection with the disputes, a provision of EUR 18 MEUR has been made in the balance sheet, which we expect the company to pay this year. We believe that the change of the company's name to Lindex Plc will be decided at this spring's AGM.

The potential of the restructuring still offers a relatively good expected return

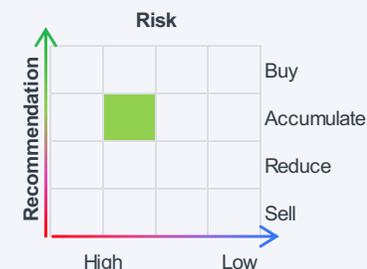
After Stockmann announced the strategic assessment of the Department Stores business in late 2023 we find the sum of the parts to be the best valuation method. We estimate the company value without department stores is around EUR 4/share. One should, however, consider the uncertainties related to the manner and schedule of the possible structural changes. We feel the expected return is reasonable, considering at least some kind of change in the Department Stores business that is in 2024. With the current structure, our estimate for Stockmann's 2024 P/E ratio adjusted for lease liabilities and cash is around 13x and EV/EBIT 9-10x. These are already relatively high for the company, so the return potential comes mainly from the possible restructuring. We do not expect significant earnings growth either and with our estimates, the return on capital is below our required return, which highlights the need for structural arrangements and their role in the share's expected return.

Recommendation

Accumulate
(previous Accumulate)

EUR 3.20
(previous EUR 3.10)

Share price:
2.82



Key figures

	2023	2024e	2025e	2026e
Revenue	952	976	992	993
growth-%	-3%	3%	2%	0%
EBIT adj.	80	77	77	81
EBIT-% adj.	8.4 %	7.9 %	7.8 %	8.1 %
Net Income	52	36	36	40
EPS (adj.)	0.16	0.22	0.22	0.24

P/E (adj.)	16.9	12.7	12.8	11.7
P/B	1.1	1.1	1.0	0.9
Dividend yield-%	0.0 %	0.0 %	3.1 %	4.3 %
EV/EBIT (adj.)	11.9	12.9	12.4	11.5
EV/EBITDA	5.4	5.6	4.9	4.7
EV/S	1.0	1.0	1.0	0.9

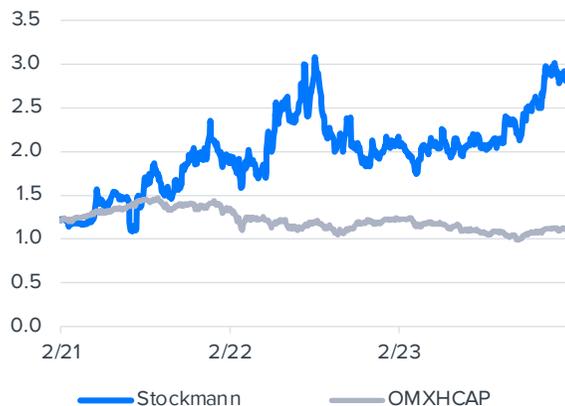
Source: Inderes

Guidance

(New guidance)

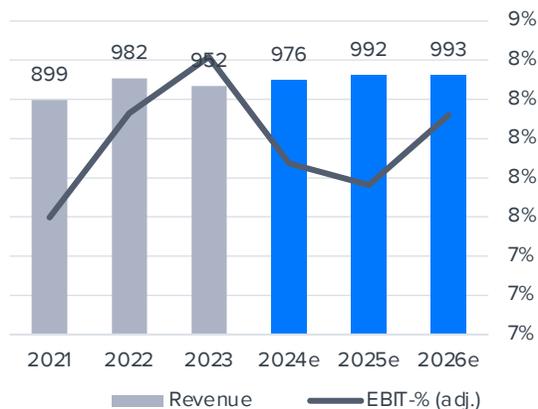
Stockmann Group expects revenue in local currencies to grow by 1-3% in 2024 compared to 2023. The Group's adjusted operating result is estimated to be 70-90 MEUR.

Share price



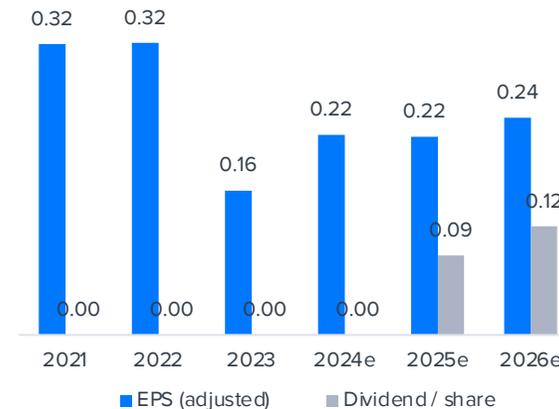
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Lindex's cash flow and value creation
- Divestment of the Stockmann division or gradual improvement in its profitability
- Corporate restructuring ending, which enables, e.g., dividend distribution and alleviates structural arrangements



Risk factors

- Department stores destroy value and we see no operational change to this in the next few years
- During and after the restructuring, Stockmann's access to funding may be limited
- Lindex's result, like the fashion industry in general, has been unpredictable

Valuation	2024e	2025e	2026e
Share price	2.82	2.82	2.82
Number of shares, millions	161.2	163.7	163.7
Market cap	462	462	462
EV	991	955	927
P/E (adj.)	12.7	12.8	11.7
P/E	12.7	12.8	11.7
P/B	1.1	1.0	0.9
P/S	0.5	0.5	0.5
EV/Sales	1.0	1.0	0.9
EV/EBITDA	5.6	4.9	4.7
EV/EBIT (adj.)	12.9	12.4	11.5
Payout ratio (%)	0.0 %	40.0 %	50.0 %
Dividend yield-%	0.0 %	3.1 %	4.3 %

Source: Inderes

Result improved in a weak market but was below expectations

Revenue grew especially in local currencies

Stockmann's Q4 revenue grew in line with our expectations by 1% in reported euros and 4% in local currencies. Growth was supported by the timing of Stockmann Division's Crazy Days campaign. Lindex's sales decreased in EUR, but grew in local currencies by 3%. Full-year revenue was 952 MEUR, while the guidance was 940-970 MEUR.

Q4 result improved year-on-year but missed our expectations

Adjusted EBIT was 30 MEUR, better than the comparison period, but weaker than we expected. Lindex generated 22 MEUR, which was slightly below the comparison period (23 MEUR) and our expectation (26 MEUR), but still at a very good level. Fixed costs for the Stockmann division were lower than we expected and the result improved to 9

MEUR (Q423: 3 MEUR, Inderes: 7 MEUR). Gross margins in both divisions were largely in line with our expectations. Full-year EBIT was EUR 80 million, while the guidance was 75-90 MEUR.

EPS was depressed by exceptionally high financial costs and taxes in Q4. Financing costs will continue to be raised by the impact of higher IFRS 16 items and the cost of the credit line agreed on in the fall, while for taxes we believe it was mainly a change in deferred taxes that should not have an impact in the future. The company will not distribute dividends while the restructuring process is ongoing.

Balance sheet still net cash positive

Excluding lease liabilities, Stockmann had a net cash position of some 60 MEUR. Due to Lindex's ongoing logistics center investment, the company's cash resources decreased by 30 MEUR in 2023. Net cash

decreased by approximately the same amount in 2022.

Progress in restructuring disputes

As expected, no further information was provided on the strategic assessment of department stores in the report. However, concerning the restructuring process, the company said that it had reached an agreement with another former landlord in Tampere at the beginning of the year. This was expected as the dispute with the other landlord was settled in late 2023. Thus, only two disputed claims remain for the company and we believe that it is well placed to complete the restructuring process this year, as we have previously estimated. In connection with the disputes, a provision of EUR 18 MEUR has been made in the balance sheet, which we expect the company to pay this year.

Estimates MEUR / EUR	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus		Difference (%)	2023
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Tot.
Revenue	273	274	275	275			0%	952
EBIT (adj.)	26.1	30.2	32.5	-			-7%	80.0
EBIT	24.6	28.9	32.5	27.7			-11%	76.5
EPS (adj.)	0.12	0.07	0.13	-			-45%	0.16
EPS (reported)	0.11	0.06	0.13	0.11			-53%	0.33
DPS	0.00	0.00	0.00	0.00				0.00
Revenue growth-%	-1.8 %	0.6 %	0.7 %	0.7 %			-0.1 pp	-3.1 %
EBIT-% (adj.)	9.6 %	11.0 %	11.8 %				-0.8 pp	8.4 %

Source: Inderes & Bloomberg, 3 analysts (consensus)

Stockmann Q4'23: The earnings level is holding (video in English)



Forecasts raised

Guidance indicates a stable result

Stockmann's guidance is that revenue will grow by 1-3% in local currencies in 2024 and adjusted EBIT will be 70-90 MEUR. The midpoint of the guidance is thus 80 MEUR, which is where Stockmann's result also ended up in 2023 and 2022. The company still sees the market situation as challenging. The company said it will aim to make the Stockmann division's EBIT positive this year (2023: -6 MEUR), which suggests that there is actually downward pressure on Lindex's results. However, at least last year, the company's guidance was cautious at the beginning of the year, so we do not believe that the company sees any significant earnings risk in Lindex.

This year's forecasts are well in line with the guidance

Our growth expectation is around 2%, exchange rates at current levels do not have a significant impact on revenue. We raised our earnings forecast to 77 MEUR for EBIT and thus our forecast is well in line with the guidance.

2025 forecasts also raised slightly

We also raised our profitability forecast for 2025 slightly, and now expect that Lindex's result will stabilize at around 80 MEUR and close to zero for the Stockmann division.

Estimate revisions MEUR / EUR	2023 Inderes	2023e Actualized	Change %	2024e Old	2024e New	Change %	2025e Old	2025e New	Change %
Revenue	952	952	0%	975	976	0%	992	992	0%
EBITDA	181	177	-2%	176	177	1%	187	196	5%
EBIT (exc. NRIs)	82	80	-3%	72	77	7%	75	77	3%
EBIT	80	77	-4%	72	77	7%	75	77	3%
PTP	52	47	-10%	42	45	7%	46	46	0%
EPS (excl. NRIs)	0.22	-0.39	-281%	0.20	0.22	10%	0.22	0.22	0%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

The sum of the parts still has value

Some challenges in valuation

We feel there are a few factors that make the valuation of Stockmann difficult. Firstly, a loss-making Department Stores business affects the company's earnings multiples, which make it difficult to use group figures as a whole. Secondly, the performance of both divisions has been very volatile over the last decade, so finding some kind of normal level is not self-evident. This is also muddled by the effects of COVID and the structural changes in the Stockmann division. Thirdly, the company's large lease liabilities distort balance sheet and EV-based figures and, on the other hand, excluding lease liabilities, the company has net cash. Based on these facts, we feel a need to look at figures that have been adjusted in various ways. After Stockmann announced the strategic assessment of the Department Stores business we find sum of the parts to be the best valuation method. However, this should consider the uncertainties related to the manner and schedule of the possible structural changes in department stores.

Valuation summary – Accumulate

We consider Stockmann's valuation interesting in terms of the risk/return ratio, given the potential of structural arrangements. Based on the company's strategic assessment announced in September 2023 this potential is much more likely and closer in time than we previously outlined. As such, we already consider the earnings-based valuation highish. We are not expecting a dividend until 2025, so it has a small impact.

The values indicated by the sum of the parts are well above the current share price. They assume the value of the department stores to be slightly negative or zero. This may materialize if Stockmann decides to

divest the department stores at the end of the strategic assessment. On the other hand, if department stores remain part of the group, their losses and negative cash flow continue to burden the company at least for the time being.

With the current structure, we expect Stockmann to reach 6-7% return on capital and 6-8 % return on free cash flow in the medium term. The company could also pay this out as a dividend in the longer term if there are no bigger investments. The earnings and dividend income generated by the current estimates are not as such sufficient to award a positive view of the share.

Getting rid of department stores would raise the value to around EUR 4

We believe that the sum of the parts is an interesting and useful perspective to the valuation of the stock. In our neutral scenario, we value Lindex at around 650 MEUR, which, with 2024 earnings estimates, means an EV/EBIT of around 8x (excluding lease liabilities). Lindex's closest peers KappAhl and MQ were usually priced below 10x EV/EBIT when listed. Considering the increased interest rate and IFRS 16 effects, the valuation could be expected to be slightly lower in the current market, although larger peers such as H&M are of course valued higher. With an EBIT of 75-80 MEUR, which we estimate to be the normalized earnings level, Lindex generates about 55 MEUR in free cash flow/net profit. By discounting this with a 1.5% growth assumption and a 10% required return, Lindex's current value is about EUR 650 million.

Valuation	2024e	2025e	2026e
Share price	2.82	2.82	2.82
Number of shares, millions	161.2	163.7	163.7
Market cap	462	462	462
EV	991	955	927
P/E (adj.)	12.7	12.8	11.7
P/E	12.7	12.8	11.7
P/B	1.1	1.0	0.9
P/S	0.5	0.5	0.5
EV/Sales	1.0	1.0	0.9
EV/EBITDA	5.6	4.9	4.7
EV/EBIT (adj.)	12.9	12.4	11.5
Payout ratio (%)	0.0 %	40.0 %	50.0 %
Dividend yield-%	0.0 %	3.1 %	4.3 %

Source: Inderes

Valuation is already highish with current structure

Translated into a P/E ratio this means around 12x. This is in the same ballpark as that of Nordic retail sector peers (10-15x for 2025), but below the level of the larger global competitors H&M (15x) and Inditex (about 20x). We believe that the strong global market position and brand of these companies offer them clearly better growth prospects than Lindex, which makes the higher valuation justified.

If the company found a buyer for its Department Stores business (i.e. sell it off at zero price), the value of the company would only consist of Lindex and would be around EUR 3.8 per share (see calculation on the right). However, the calculation must consider small group costs and negative cash flow generated by department stores as long as they are part of the group. Naturally, the company can also receive a small price for divesting the department stores although we do not expect the sum to be significant for a loss-making business. It is also possible that the company would in practice have to pay the buyer of the department stores, which would mean the value in the transaction would also be negative. Thus, the structural arrangements of the Department Stores business clearly have the potential to create value in the company.

Earnings and cash flow multiples with the current structure

We feel one should not look directly at multiples calculated based on reported figures in Stockmann's valuation. We believe a better way is to adjust the market cap for net cash in the P/E ratio and to remove lease liabilities from EV. If we remove lease liabilities from EV their earnings impact

included in financial items should, in our opinion, be considered, which gives a comparable figure without IFRS 16 effects. In addition, we consider the expected impact of the disputed debts (both on debt and number of shares). P/E for this year would be about 13x and EV/EBIT (or in practice EV/PTP) around 10x. For 2025, the figures are 12x and 9x. We find these multiples highish for Stockmann with the current structure, which highlights the need for restructuring for value creation.

Our estimate of Stockmann's sustainable free cash flow is EUR 30-35 million and we do not expect the company to achieve substantial earnings growth in the longer term. This means a free cash flow yield of 6-7 % at current market cap. If Stockmann is net cash positive, the company could at least in principle distribute the entire cash flow as dividends, as long as it is technically possible after the restructuring. However, the post-restructuring investments the company mentioned may reduce cash flow and dividend potential. In any case, the longer-term cash-flow rate is 10% below our required return.

Probability weighted expected return

We expect that without structural arrangements, the share's expected return will be at the level of its sustainable free cash flow yield, i.e. 6-7 %. If we assume that the probability of the EUR 3.8 sum of the parts value realizing is, e.g., 65% within two years (and the remaining 35% for the 7% return) the expected return rises to slightly above 10%. This supports our Accumulate recommendation.

Sum of the parts	Value, MEUR
Lindex	650
Department stores and other costs	-50
Total	600
Liabilities excl. lease liabilities	-72
Cash at end of 2024	98
Value of share capital	626
Value / share	3.8

ESG

Stockmann's business remains mainly outside taxonomy

Stockmann's main business, retail, is not covered by taxonomy at this stage. We believe that this is because taxonomy initially identified sectors that have the most significant impact on climate change, which does not include retail.

Properties related to Stockmann's operations, on the other hand, are included in taxonomy. At the beginning of 2022, Stockmann still owned department store properties for which taxonomic revenue and expenses were recorded. In addition, right-of-use assets (i.e. leases) under IFRS 16 are covered by taxonomy, which explains the very high taxonomy eligibility of the capex ratio. As Stockmann sold the department store properties during 2022, we believe that the figures will be lower in terms of revenue and opex in the future. Stockmann estimates that it does has no taxonomy activities in the Group.

We feel taxonomy has no impact on the business

As Stockmann's main business is currently not covered by taxonomy, we do not believe that current taxonomy will have any impact on the business, and thus on e.g. the financial situation or financial costs. As taxonomy expands, retail trade may be included, e.g. in criteria covering the circular economy.

The climate target was just published

In November 2023, Stockmann published a new climate target (previously it did not have a group level target) to achieve a 42% reduction in the entire value chain, i.e. Scope 1, 2 and 3 by 2030 compared to the 2022 level. It has also submitted its targets for assessment to the Science Based Targets project and

is pursuing the Paris Agreement (1.5 degrees Celsius) targets. According to the company's assessment, SBTi will approve Stockmann's targets next year.

Stockmann has significantly reduced its emissions in recent years. Scope 1 emissions have dropped by about 70% and Scope 2 by over 55%. In terms of Scope 3, the company made a comprehensive calculation only for 2021-22, when emissions were at the same level. So, at least for own emissions, the trend is good, but over 90% of emissions were in Scope 3 last year. Reducing total emissions requires considerable work on Scope 3 emissions, which we consider to be more challenging than own emissions. We note that the possible separation of the department store business from the Group would also have a significant impact on emissions. Stockmann already reports emissions separately for Lindex and Stockmann, so the development can be monitored separately for each of them. Lindex already has its own target to reduce carbon dioxide emissions in the entire value chain by 50% by 2030 compared to 2017.

Taxonomy eligibility	2021	2022
Revenue	-	2%
OPEX	-	10%
CAPEX	-	92%

Taxonomy alignment	2021	2022
Revenue	-	0%
OPEX	-	0%
CAPEX	-	0%

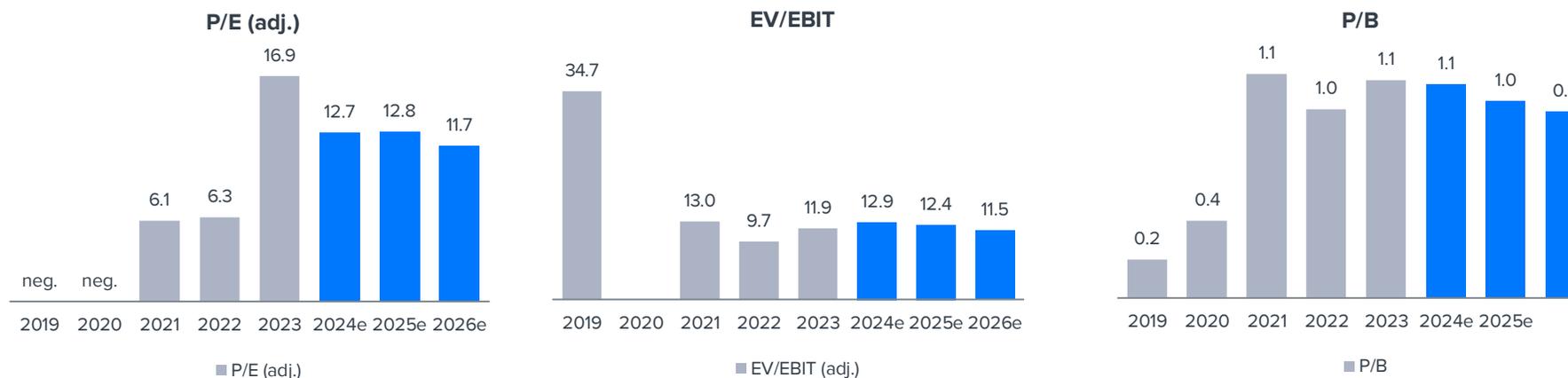
Climate

Climate goal	No	Yes
Target according to Paris agreement (1.5 °C warming scenario)	No	No

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	2.26	1.14	1.96	2.05	2.72	2.82	2.82	2.82	2.82
Number of shares, millions	72.0	72.0	114.0	155.2	159.8	161.2	163.7	163.7	163.7
Market cap	155	80	303	320	432	462	462	462	462
EV	542		889	774	953	991	955	927	902
P/E (adj.)	neg.	neg.	6.1	6.3	16.9	12.7	12.8	11.7	10.7
P/E	neg.	neg.	4.7	3.1	8.4	12.7	12.8	11.7	10.7
P/B	0.2	0.4	1.1	1.0	1.1	1.1	1.0	0.9	0.9
P/S	>100	0.1	0.3	0.3	0.5	0.5	0.5	0.5	0.5
EV/Sales	>100		1.0	0.8	1.0	1.0	1.0	0.9	0.9
EV/EBITDA			4.8	3.0	5.4	5.6	4.9	4.7	4.5
EV/EBIT (adj.)	34.7		13.0	9.7	11.9	12.9	12.4	11.5	10.7
Payout ratio (%)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	40.0 %	50.0 %	50.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	3.1 %	4.3 %	4.7 %

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	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Stockmann	465	978	13.2	12.8	5.5	5.4	1.0	1.0	13.6	12.5		2.9	1.1
H & M	20167	24738	14	13	7	6	1	1	16.3	14.7	5.0	5.5	4.5
Fast Retailing	79315	72393	24.3	22.1	17.9	16.4	3.8	3.5	39.3	35.9	0.8	0.9	6.2
Inditex	121175	115170	17.0	15.7	11.7	10.9	3.2	3.0	22.5	20.7	3.8	4.2	6.6
Tokmanni	884	1157	9.9	8.7	5.1	4.7	0.7	0.7	11.8	9.9	5.5	6.2	3.1
Puuhilo	741	820	14.6	12.6	11.3	9.9	2.3	2.1	17.9	15.2	4.6	5.4	8.1
Kesko	7156	9715	14.5	13.6	8.0	7.6	0.8	0.8	15.1	14.1	5.6	5.8	2.5
Clas Ohlson	892	1053	15.4	13.0	7.4	6.8	1.2	1.1	17.4	14.9	3.2	3.6	5.1
Stockmann (Inderes)	462	991	12.9	12.4	5.6	4.9	1.0	1.0	12.7	12.8	0.0	3.1	1.1
Average			15	14	9	8	2	2	18.6	16.6	4.1	4.4	4.5
Median			14.5	12.8	7.5	7.1	1.2	1.1	16.3	14.7	4.6	4.8	4.5
Diff-% to median			-11%	-3%	-25%	-32%	-14%	-16%	-22%	-13%	-100%	-35%	-76%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	982	199	252	227	274	952	199	260	235	282	976	992	993	995
Lindex	661	127	176	162	168	633	130	181	169	175	655	672	689	706
Stockmann	321	72	76	65	106	319	69	79	66	107	321	320	304	289
EBITDA	258	22.7	55.3	45.2	53.5	177	22.2	55.2	45.2	54.2	177	196	199	201
Depreciation	-103	-25.6	-25.1	-24.9	-24.6	-100	-25.0	-25.0	-25.0	-25.0	-100	-119	-118	-117
EBIT (excl. NRI)	79.8	-2.4	31.6	20.6	30.3	80	-2.8	30.2	20.2	29.2	77	77	81	84
EBIT	155	-2.9	30.2	20.3	28.9	76.5	-2.8	30.2	20.2	29.2	77	77	81	84
Lindex	90	5.6	36.2	26.2	22.3	90	5.0	32.0	26.0	22.0	85	80	82	83
Stockmann	-5	-7.0	-3.5	-4.8	9.0	-6	-7.0	-1.0	-5.0	8.0	-5.0	0.0	2.0	4.0
Non-allocated	-4.8	-1.0	-1.1	-0.8	-1.0	-3.9	-0.8	-0.8	-0.8	-0.8	-3.2	-3.0	-3.0	-3.0
Net financial items	-26	-7.3	-7.0	-6.7	-8.9	-30	-8.0	-8.0	-8.0	-8.0	-32	-31	-31	-30
PTP	129	-10.2	23.2	13.6	20.0	46.6	-10.8	22.2	12.2	21.2	45	46	50	54
Taxes	-27.5	29.7	-9.4	-5.0	-10.3	5.0	2.2	-4.4	-2.4	-4.2	-9.0	-9.6	-10.5	-11.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	102	19.5	13.8	8.6	9.7	51.7	-8.6	17.8	9.8	17.0	36	36	40	43
EPS (adj.)	0.32	-0.06	-0.09	-0.13	-0.12	-0.39	-0.05	0.11	0.06	0.11	0.22	0.22	0.24	0.26
EPS (rep.)	0.66	0.13	0.09	0.05	0.06	0.32	-0.05	0.11	0.06	0.11	0.22	0.22	0.24	0.26
Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	9.2 %	1.2 %	-6.3 %	-7.0 %	0.6 %	-3.1 %	0.0 %	3.2 %	3.6 %	2.8 %	2.5 %	1.7 %	0.1 %	0.2 %
Adjusted EBIT growth-%	16.8 %	-35.7 %	-10.8 %	-6.4 %	16.1 %	0.4 %	16.7 %	-4.4 %	-1.9 %	-3.6 %	-4.1 %	0.3 %	4.7 %	4.5 %
EBITDA-%	26.3 %	11.4 %	21.9 %	19.9 %	19.5 %	18.6 %	11.2 %	21.2 %	19.2 %	19.2 %	18.1 %	19.7 %	20.0 %	20.2 %
Adjusted EBIT-%	8.1 %	-1.2 %	12.5 %	9.1 %	11.0 %	8.4 %	-1.4 %	11.6 %	8.6 %	10.4 %	7.9 %	7.8 %	8.1 %	8.5 %
Net earnings-%	10.4 %	9.8 %	5.5 %	3.8 %	3.5 %	5.4 %	-4.4 %	6.8 %	4.2 %	6.0 %	3.7 %	3.6 %	4.0 %	4.3 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	890	963	992	991	988
Goodwill	251	251	251	251	251
Intangible assets	114	115	115	115	115
Tangible assets	498	562	591	590	587
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.7	0.9	0.9	0.9	0.9
Other non-current assets	3.1	3.2	3.2	3.2	3.2
Deferred tax assets	23.8	30.3	30.3	30.3	30.3
Current assets	385	348	313	350	379
Inventories	174	163	166	169	169
Other current assets	0.0	5.3	5.3	5.3	5.3
Receivables	43.2	42.0	43.9	44.6	44.7
Cash and equivalents	168	138	97.6	132	160
Balance sheet total	1276	1311	1304	1341	1367

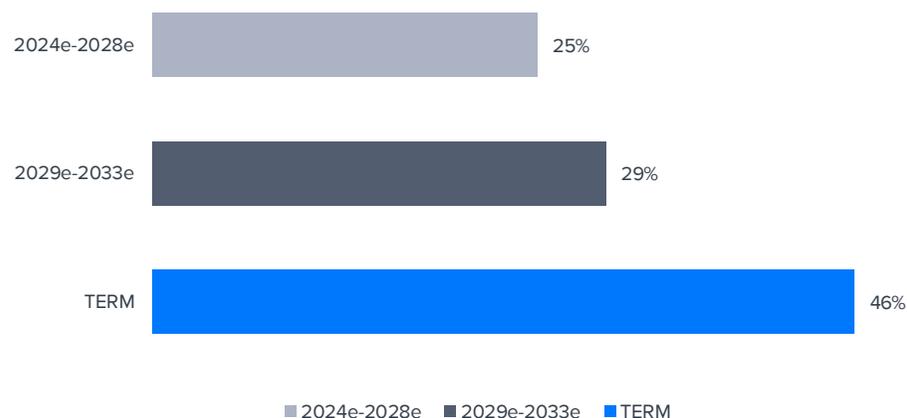
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	336	393	429	465	490
Share capital	77.6	77.6	77.6	77.6	77.6
Retained earnings	205	257	293	329	354
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-18.9	-17.3	-17.3	-17.3	-17.3
Other equity	72.3	75.9	75.9	75.9	75.9
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	586	629	601	601	601
Deferred tax liabilities	40.3	51.0	51.0	51.0	51.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	545	578	550	550	550
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.7	0.3	0.0	0.0	0.0
Current liabilities	361	290	274	275	275
Interest bearing debt	77.3	81.6	77.4	75.0	75.0
Payables	179	178	185	188	189
Other current liabilities	105	29.7	11.7	11.7	11.7
Balance sheet total	1283	1312	1304	1341	1367

DCF calculation, excluding IFRS 16 impact

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-3.1 %	2.5 %	1.7 %	0.1 %	0.2 %	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	1.0 %	1.0 %
EBIT-%	8.0 %	7.9 %	7.8 %	8.1 %	8.5 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %
EBIT (operating profit)	77	77	77	81	84	95	95	96	96	97	98	
+ Depreciation	25	20	39	38	37	36	35	35	33	33	34	
- Paid taxes	9	-39	-10	-11	-11	-14	-14	-14	-15	-15	-15	
- Tax, financial expenses	3	-6	-7	-6	-6	-6	-6	-6	-6	-5	-5	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-69	-16	0	0	0	0	0	0	0	0	0	
Operating cash flow	45	36	99	102	103	111	110	110	109	110	111	
+ Change in other long-term liabilities	-49	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-166	-44	-33	-30	-30	-30	-30	-27	-31	-31	-41	
Free operating cash flow	-170	-9	66	72	73	81	80	83	78	78	70	
+/- Other	0	-26	-24	-25	-25	-25	-25	-25	-25	-26	-26	
FCFF	-170	-34	42	47	49	56	55	58	53	53	44	502
Discounted FCFF		-38	42	43	41	43	38	37	30	28	21	238
Sum of FCFF present value		522	561	518	475	434	392	353	317	287	259	238
Enterprise value DCF		522										
- Interest bearing debt		-72										
+ Cash and cash equivalents		138										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		588										
Equity value DCF per share		3.6										
WACC												
Tax-% (WACC)		21.0 %										
Target debt ratio (D/(D+E))		0.0 %										
Cost of debt		5.0 %										
Equity Beta		1.35										
Market risk premium		4.75%										
Liquidity premium		1.00%										
Risk free interest rate		2.5 %										
Cost of equity		9.9 %										
Weighted average cost of capital (WACC)		9.9 %										

Cash flow distribution by period



Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	899.0	981.7	951.7	975.5	992.0	EPS (reported)	0.42	0.66	0.32	0.22	0.22
EBITDA	185.0	258.1	176.7	176.8	195.8	EPS (adj.)	0.32	0.32	0.16	0.22	0.22
EBIT	82.1	154.9	76.5	76.8	77.0	OCF / share	1.01	1.43	0.75	0.90	1.09
PTP	65.2	129.2	46.6	44.8	45.8	FCF / share	1.16	1.89	-0.29	0.10	0.37
Net Income	45.1	101.7	51.7	35.8	36.1	Book value / share	2.35	2.16	2.46	2.66	2.84
Extraordinary items	13.8	75.1	-3.6	0.0	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	1416.1	1275.5	1310.5	1304.4	1341.3	Revenue growth-%	14%	9%	-3%	3%	2%
Equity capital	268.1	335.5	393.1	428.9	465.1	EBITDA growth-%	-173%	40%	-32%	0%	11%
Goodwill	271.5	250.9	250.9	250.9	250.9	EBIT (adj.) growth-%	1294%	17%	0%	-4%	0%
Net debt	586.7	454.4	521.6	529.8	493.3	EPS (adj.) growth-%	-168%	0%	-51%	38%	-1%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	20.6 %	26.3 %	18.6 %	18.1 %	19.7 %
EBITDA	185.0	258.1	176.7	176.8	195.8	EBIT (adj.)-%	7.6 %	8.1 %	8.4 %	7.9 %	7.8 %
Change in working capital	-56.9	-2.4	-68.7	-15.9	-0.4	EBIT-%	9.1 %	15.8 %	8.0 %	7.9 %	7.8 %
Operating cash flow	115.0	222.4	120.5	145.6	179.2	ROE-%	20.2 %	33.7 %	14.2 %	8.7 %	8.1 %
CAPEX	-17.1	8.5	-166.3	-129.0	-118.0	ROI-%	7.6 %	15.3 %	7.6 %	7.3 %	7.2 %
Free cash flow	132.7	293.8	-46.2	16.3	61.2	Equity ratio	18.9 %	26.3 %	30.0 %	32.9 %	34.7 %
						Gearing	218.8 %	135.4 %	132.7 %	123.5 %	106.1 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	1.0	0.8	1.0	1.0	1.0						
EV/EBITDA (adj.)	4.8	3.0	5.4	5.6	4.9						
EV/EBIT (adj.)	13.0	9.7	11.9	12.9	12.4						
P/E (adj.)	6.1	6.3	16.9	12.7	12.8						
P/B	1.1	1.0	1.1	1.1	1.0						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	3.1 %						

Source: Inderes

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Date	Recommendation	Target	Share price
11/18/2022	Reduce	2.00 €	1.97 €
1/20/2023	Reduce	2.10 €	2.05 €
2/27/2023	Reduce	2.10 €	2.00 €
3/21/2023	Accumulate	2.10 €	1.76 €
5/2/2023	Accumulate	2.35 €	2.11 €
7/24/2023	Accumulate	2.40 €	2.08 €
9/26/2023	Accumulate	2.80 €	2.34 €
10/30/2023	Buy	2.80 €	2.13 €
11/17/2023	Accumulate	2.80 €	2.47 €
12/19/2023	Accumulate	3.10 €	2.73 €
2/12/2024	Accumulate	3.20 €	2.82 €



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