

Stockmann

Company report

01/20/2023



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✓ Inderes corporate customer

This report is a summary translation of the report "Omistajamuutokset tuovat uutta potentiaalia" published on 01/20/2023 at 8:30 am.

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Ownership changes bring new potential

We see potential for longer-term value creation from Stockmann's new owner, but structural changes in the near term seem unlikely, as we have previously assessed. We have made cosmetic changes to our estimates and reiterate our Reduce recommendation. We raise our target price to EUR 2.1 (was 2.0) due to slightly more positive estimates and the potential brought by the new owner.

New retail expert becomes a shareholder and enters cooperation with Konstsamfundet

Stockmann gained a new significant owner in December when JC Switzerland (JCS), part of the department store/fashion retail group Peek & Cloppenburg, announced a stake of more than 5%. A month later, in January, JCS announced that it had agreed to exercise its voting rights together with Stockmann's long-time majority shareholder Konstsamfundet (KSF). It turned out that KSF had been actively seeking international retail expertise to support Stockmann's future development. Especially given the poor performance of department stores over the last decade, this seems reasonable. In their public communication, JCS and KSF stressed their focus on the long-term development of Stockmann and the implementation of the current strategy. However, it is our understanding that JCS won't be seeking a board seat in Stockmann at this stage but will have an influence through the KSF board seat. Given the current stake of JCS, we don't expect an operational cooperation with Stockmann in the near future.

Ownership changes are unlikely to cause significant changes in the short term, but bring potential

Comments from JCS and KSF suggest that, for example, a demerger of Lindex and Stockmann won't be considered in the near future (in any case, a demerger of Lindex during the restructuring process is practically impossible). The cooperation may also serve as a counterweight to the North Wall/Denali special situation fund, which owns more than 10% of Stockmann, and whose time horizon is most likely shorter than that of the JCS/KSF alliance, and thus whose views on strategy may also differ. However, we see JCS becoming a shareholder as a positive development, as they clearly have an interest in Stockmann's department store business as well. We believe they have the potential to help reduce department store losses in the coming years and we also see the possibility that at some point in the future the JCS & KSF combination could remain a pure-play department store owner, should some restructuring of the company occur. However, we don't think this is likely in the short term.

Earnings-based valuation neutral, we see no potential for the SOTP value to be released in the near term

We make only minor estimate revisions in this report and still expect Lindex earnings to normalize in 2021-2022 from a high level and put downward pressure on group earnings this year. Our estimate for Stockmann's 2023-24 P/E ratio adjusted for lease liabilities and cash is 12-13x and EV/EBIT about 10x. We consider these levels neutral for Stockmann. Our sum-of-the-parts value is 3-4, but realizing it would require, in our view, a clear improvement in the performance of department stores or restructuring, which we don't expect in the next few years. Thus, we don't see this hidden value being materialized soon. In the longer term, we do not expect significant earnings growth and the group's estimated return on capital is below our required return. The declining performance trend in the near future and the negative cash flow (due to the logistics investment) depress the expected return and thus support our negative view.

Recommendation

Reduce

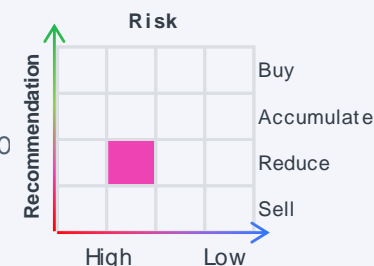
(previous Reduce)

2.10 EUR

(previous EUR 2.00)

Share price:

2.05



Key figures

	2021	2022e	2023e	2024e
Revenue	899.0	991.1	980.0	990.0
growth-%	14%	10%	-1%	1%
EBIT adj.	68.3	81.2	65.0	60.0
EBIT-% adj.	7.6 %	8.2 %	6.6 %	6.1 %
Net Income	47.9	99.9	27.7	24.3
EPS (adj.)	0.32	0.30	0.18	0.15
P/E (adj.)	6.1	6.7	11.7	13.7
P/B	1.1	0.9	0.9	0.8
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %
EV/EBIT (adj.)	13.0	10.1	13.2	14.2
EV/EBITDA	4.8	3.1	5.1	4.9
EV/S	1.0	0.8	0.9	0.9

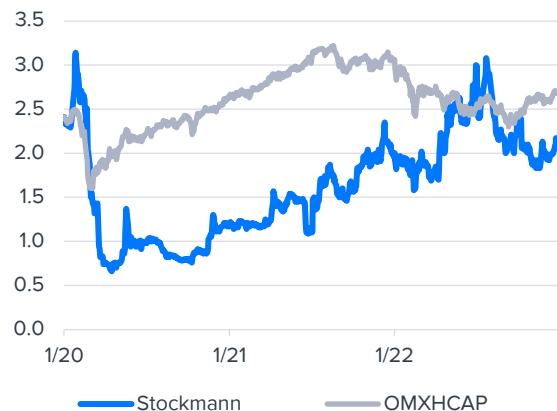
Source: Inderes

Guidance

(Unchanged)

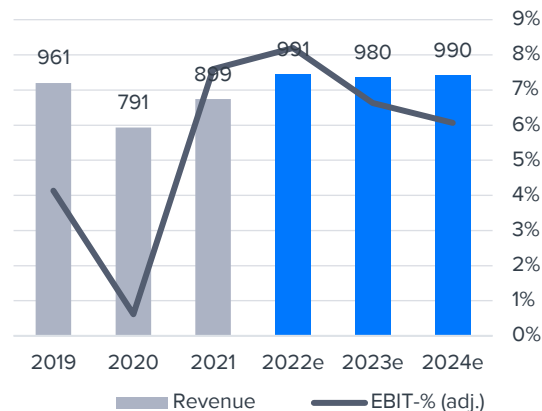
Stockmann's expects an increase in the Group's revenue and that the adjusted operating result improves compared to previous year

Share price



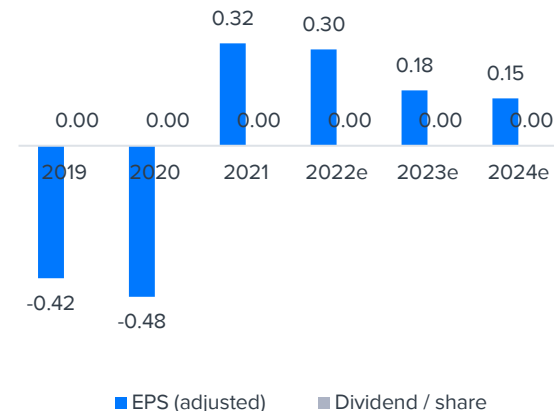
Source: Millstream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Lindex's cash flow and value creation
- Gradual improvement in the profitability of department stores
- Corporate restructuring ending, which enables, e.g., dividend distribution and structural arrangements



Risk factors

- Department stores destroy value and we see no 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	2022e	2023e	2024e
Share price	2.05	2.05	2.05
Number of shares, million:	155.0	158.0	162.5
Market cap	320	320	320
EV	816	860	851
P/E (adj.)	6.7	11.7	13.7
P/E	3.2	11.7	13.7
P/FCF	1.4	neg.	10.0
P/B	0.9	0.9	0.8
P/S	0.3	0.3	0.3
EV/Sales	0.8	0.9	0.9
EV/EBITDA	3.1	5.1	4.9
EV/EBIT (adj.)	10.1	13.2	14.2
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Subtle estimate revisions

Estimate revisions 2022e-2024e

- We made a cosmetic change to the revenue estimates for 2022, with the changes being closer to 0 than 1%.
- For 2023, we slightly raised our estimates for Lindex, as price increases seem to support the market slightly more than we expected. However, the overall revisions are small.

Operational earnings drivers 2022-2024e:

- We expect 2023 earnings to decline both as Lindex earnings normalize from the 2022 peak and as weak consumer demand and higher costs from real estate sales hit the Stockmann division (department stores).
- For 2024, we still expect a slight decline from 2023 levels, but roughly speaking our EBIT estimate is between EUR 60-70 million for 2023-25.

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	989	991	0%	970	980	1%	990	990	0%
EBITDA	262	262	0%	168	169	1%	174	174	0%
EBIT (exc. NRIs)	81.2	81.2	0%	64.0	65.0	2%	60.0	60.0	0%
EBIT	158	158	0%	64.0	65.0	2%	60.0	60.0	0%
PTP	131	131	0%	34.0	35.0	3%	30.8	30.8	0%
EPS (excl. NRIs)	0.30	0.30	0%	0.17	0.18	3%	0.15	0.15	0%
DPS	0.00	0.00		0.00	0.00		0.00	0.00	

Source: Inderes

Valuation and recommendation 1/3

Some challenges in valuation

We feel there are a few factors that make the valuation of Stockmann difficult. Firstly, a loss-making department store 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, without 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. We also feel that a sum of the parts approach is relevant for Stockmann but in its use one should note the timing of when the possible hidden value can realistically be released. We have also evaluated different scenarios in the sum of the parts calculations.

Valuation summary - Reduce

At the current earnings level, Stockmann's valuation is favorable, but with our estimate of Stockmann's normal, lower-than-current earnings level, valuation is neutral. Stockmann will not pay dividends in the next few years and its cash flows will be clearly negative over the next two years. Thus, we estimate that the expected return for the next few years will remain at 0-5%. In the medium term, we expect Stockmann to reach 5-7% return on capital and 8-10% return on free cash flow. The company could also distribute this as

dividends in the longer term. Thus, the return potential both in the coming years and in the medium term is below our 10% required return. Therefore, our recommendation for share is Reduce. The values indicated by the sum of the parts and the DCF model are well above the current share price. They, however, assume that the department stores will at some point turn cash-flow positive, which we still consider very uncertain and, in any case, years away.

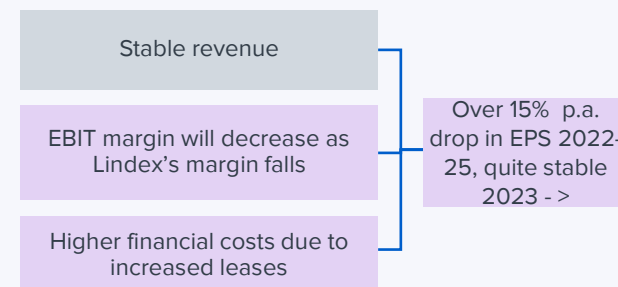
Earnings and cash flow multiples

Stockmann's earnings-based valuation looks very favorable for this year, with a P/E of 7x and adj. EV/EBIT (incl. lease liabilities) 10x. However, 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. We also take into account the estimated impact of disputed debts. P/E for this year would be about 7x and EV/EBIT (or in practice EV/PTP) 6x which is very low. If we look at 2023-24, when we believe that the result has normalized and Lindex's large investment has eaten away at cash assets, the figures are roughly P/E 12-13x and EV/EBIT 10x (for both years). We consider these figures to be relatively neutral or even slightly high for Stockmann.

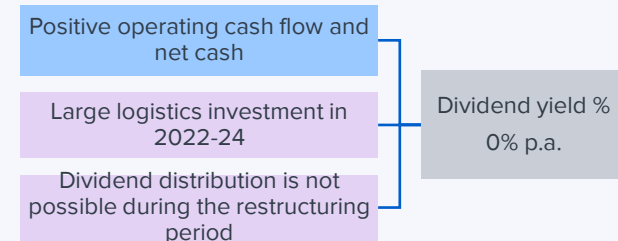
TSR drivers 2022-2025

■ Positive ■ Neutral ■ Negative

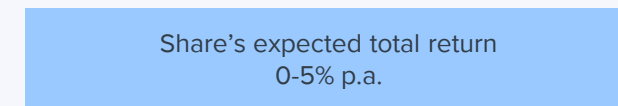
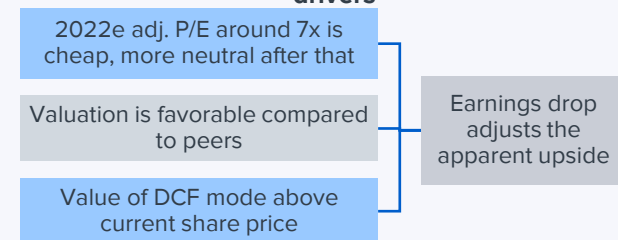
Profit drivers



Dividend yield drivers



Valuation multiple drivers



Valuation 2/3

Our estimate of Stockmann's sustainable free cash flow is EUR 25-30 million and we do not expect the company to achieve substantial earnings growth in the longer term. This means a cash flow rate of 8-10% 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. In any case, the longer-term cash-flow rate is slightly under our 10% required return.

We do not consider selling or listing Lindex likely in the next few years

As Stockmann consists of two clearly separate business operations and department stores generate a loss, we see sum of the parts as a useful way to determine the value of the company. Stockmann was selling Lindex in 2019-20, but the deal could not be completed before the COVID crisis. Investors should, however, note that since then Stockmann has sold its properties and during the restructuring program no significant structural arrangements can be made. When the value of real estate and cash flow supported the department stores, separating Lindex would have been easier, while in the current situation we believe it is only possible/likely when department stores generate sufficiently good and sustainable positive earnings/cash flow. With our estimates, this situation is not on the horizon at least in the next few years. We therefore see that any (partial) sale of Lindex is only realistic on a longer horizon. Comments from the largest shareholder (a 15% stake jointly held by Konstsamfundet and JC Switzerland) also suggest

that no structural measures are planned for Lindex in the short term.

Sum of the parts EUR 3.3 per share

Nevertheless, 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 EUR 600 million, which, with next year's 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. Given the higher interest rates and the impact of IFRS 16, the valuation could be expected to be slightly lower in today's market. With an EBIT of EUR 70 million, which we estimate to be the normalized earnings level, Lindex generates about EUR 50 million 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 600 million. Translated into a P/E ratio this means around 12x. This is close to the level of Nordic retail sector peers (10-15x for this year), but well below the level of the larger global competitors H&M and Inditex of 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. Furthermore, H&M's profitability is currently low compared to its historical levels whereas the situation is reversed for Lindex.

Sum of the parts calculation	Value, MEUR
Lindex	600
Department stores and other costs	-100
Total	500
Debt excluding lease liabilities	-68
Cash at the end of 2024	99
Value of the share capital	531
Value per share	3.3

Valuation 3/3

We value department stores and group expenses, which we expect to have a negative impact on earnings and cash flow in the coming years, at a negative EUR 100 million. Most of this is the negative value of the department stores, while group expenses are only EUR 2-3 million per year.

This estimate also requires that the cash flow of department stores be at least zero in one way or another in 3-5 years, in order to stop negative cash flow. Then the company's EV would be EUR 500 million. We subtract the bond from this and consider the cash position at the end of 2024. We do this because the cash position at the end of 2024 considers the amount of disputed claims that we assume to fall due and Lindex's large logistics investments in the next few years. As a result, the value of the share capital is EUR 530 million, or EUR 3.3 per share.

The potential relative to the current share price is considerable. If we look at this through the required return and assume that the investor would receive this EUR 3.3 in five years' time, the annual return would be about 10%. In addition, from 2024-25 onwards, some dividend yield could be added to this. If we compare this with a 10% required return and consider the uncertainty associated with value realization (and, of course, the value itself), the return potential that seems high on paper no longer seems particularly high.

So, we don't rely on this value, mainly because we don't see the separation of Lindex as realistic with the development we estimate for the department

stores. We believe Stockmann without Lindex would generate clearly negative cash flow and would therefore not be viable. We believe that the (partial) sale/listing of Lindex and using the received funds to cover the losses of the department stores would be a very risky move from the company's management, which we do not believe in either. In our view, possible value creation in the coming years is more likely to take place as the earnings levels of the department store business improve, thus reducing or eliminating the negative value currently attributed to it.

Scenario of the sum-of-the-parts valuation

If the company were to find a buyer for its department store business (i.e. sell it off at zero price), the value of the company would only consist of Lindex and would be close to EUR 4. Therefore, restructuring clearly has the potential to create value in the company, especially if it can reduce/eliminate the negative impact of department stores on the value of the company.

Balance sheet based valuation

Stockmann's balance sheet mainly includes intangible assets and lease liabilities. Thus, we do not believe that balance sheet valuation is a particularly good tool for Stockmann. We note, however, that the P/B ratio is about 0.8x in the coming years. When our ROE estimate is 6-7%, clearly less than our required return, a P/B ratio of below 1x is absolutely justified.

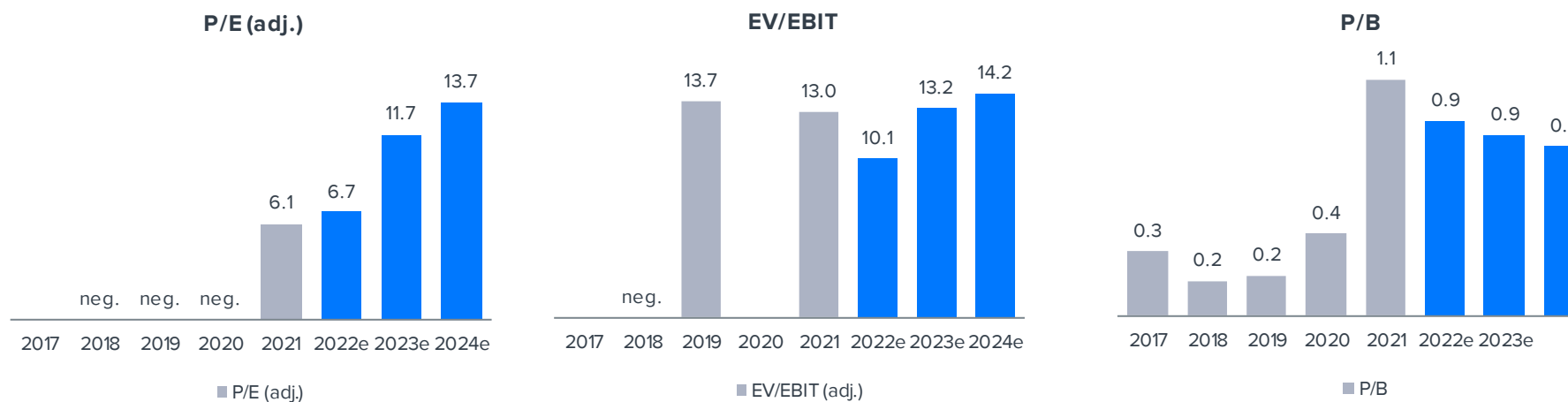
Valuation	2022e	2023e	2024e
Share price	2.05	2.05	2.05
Number of shares, million	155.0	158.0	162.5
Market cap	320	320	320
EV	816	860	851
P/E (adj.)	6.7	11.7	13.7
P/E	3.2	11.7	13.7
P/FCF	1.4	neg.	10.0
P/B	0.9	0.9	0.8
P/S	0.3	0.3	0.3
EV/Sales	0.8	0.9	0.9
EV/EBITDA	3.1	5.1	4.9
EV/EBIT (adj.)	10.1	13.2	14.2
Payout ratio (%)	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %

Source: Inderes

Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	4.60	2.00	2.26	1.14	1.96	2.05	2.05	2.05	2.05
Number of shares, millions	72.0	72.0	72.0	72.0	114.0	155.0	158.0	162.5	165.0
Market cap	321	141	155	80	303	320	320	320	320
EV	1085	685	542		889	816	860	851	821
P/E (adj.)		neg.	neg.	neg.	6.1	6.7	11.7	13.7	11.1
P/E		neg.	neg.	neg.	4.7	3.2	11.7	13.7	11.1
P/FCF	neg.	0.3	0.8	0.8	2.3	1.4	neg.	10.0	6.1
P/B	0.3	0.2	0.2	0.4	1.1	0.9	0.9	0.8	0.8
P/S		0.1	0.2	0.1	0.3	0.3	0.3	0.3	0.3
EV/Sales		0.7	0.6		1.0	0.8	0.9	0.9	0.8
EV/EBITDA		neg.	22.5		4.8	3.1	5.1	4.9	4.5
EV/EBIT (adj.)		neg.	13.7			10.1	13.2	14.2	12.3
Payout ratio (%)		0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

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
Stockmann	329	815	12.4	12.7	4.9	4.7	0.8	0.8	12.4	14.1			0.9
H & M	19199	22613	21	16	8	7	1	1	24.6	18.7	4.9	5.2	4.3
Fast Retailing	58032	55305	21.3	19.6	14.1	13.3	2.9	2.7	33.2	29.6	0.9	1.0	4.6
Inditex	85864	81534	15.1	14.8	9.7	9.6	2.5	2.5	21.0	20.3	4.2	4.3	5.2
Tokmanni	733	1636	17.6	15.8	9.8	9.0	1.3	1.3	11.0	9.8	6.3	7.2	2.7
Puuilo	543	628	13.1	12.5	10.3	9.9	2.1	1.9	15.0	14.4	5.2	5.5	6.8
Kesko	8424	10539	14.3	14.2	8.5	8.4	0.9	0.9	15.4	15.1	5.2	5.3	3.0
Clas Ohlson	419	615	17.7	11.4	5.6	4.9	0.8	0.7	14.8	10.6	7.6	8.4	3.1
Stockmann (Inderes)	320	816	10.1	13.2	3.1	5.1	0.8	0.9	6.7	11.7	0.0	0.0	0.9
Average			16	14	9	8	2	1	17.8	16.0	4.9	5.2	3.7
Median			15.1	14.2	8.5	8.4	1.3	1.3	15.0	14.4	5.0	5.2	3.2
Diff-% to median			-33%	-6%	-63%	-39%	-39%	-31%	-55%	-19%	-100%	-100%	-71%

Source: Refinitiv / Inderes

Income statement

Income statement	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
Revenue	791	156	228	238	278	899	196	269	244	282	991	980	990	1005
Lindex	507	98.7	162	169	178	607	134	188	167	177	666	660	670	685
Stockmann	284	56.9	66.0	68.9	99.8	292	62.2	80.9	77.1	105	325	320	320	320
Non-allocated	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
EBITDA	128	-2.5	52.8	58.4	76.3	185	35.5	141	31.9	53.5	262	169	174	182
Depreciation	-379.9	-25.1	-26.4	-25.7	-25.7	-102.9	-25.7	-26.9	-25.9	-26.0	-104.5	-104.0	-114.0	-115.2
EBIT (excl. NRI)	4.9	-21.1	26.8	32.9	29.7	68.3	-3.7	35.4	22.0	27.5	81.2	65.0	60.0	67.0
EBIT	-252.4	-27.6	26.4	32.7	50.6	82.1	9.8	115	6.0	27.5	158	65.0	60.0	67.0
Lindex	38.6	-13.0	32.3	31.2	24.1	74.6	5.5	39.0	22.8	23.0	90.3	74.0	67.0	70.0
Stockmann	-30.8	-12.2	-4.0	0.0	27.8	11.6	6.3	78.3	-15.8	5.0	73.8	-7.0	-4.0	0.0
Non-allocated	-10.2	-2.4	-1.9	1.5	-1.3	-4.1	-2.0	-2.8	-1.0	-0.5	-6.3	-2.0	-3.0	-3.0
Share of profits in assoc. compan.	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 financial items	-41.6	-5.7	-2.8	-4.2	-4.2	-16.9	-5.4	-6.5	-7.3	-7.5	-26.7	-30.0	-29.3	-28.5
PTP	-294.0	-33.3	23.6	28.5	46.4	65.2	4.4	108	-1.3	20.0	131	35.0	30.8	38.5
Taxes	2.4	3.8	-4.4	-5.6	-11.1	-17.3	-1.6	-27.4	2.0	-4.2	-31.2	-7.4	-6.5	-8.1
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	-291.6	-29.5	19.2	22.9	35.3	47.9	2.8	80.6	0.7	15.8	99.9	27.7	24.3	30.4
EPS (adj.)	2.27	-0.20	0.17	0.20	0.15	0.32	-0.05	0.12	0.13	0.10	0.30	0.18	0.15	0.18
EPS (rep.)	-4.05	-0.26	0.17	0.20	0.31	0.42	0.02	0.52	0.00	0.10	0.64	0.18	0.15	0.18

Key figures	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22	Q3'22	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	-17.7 %	0.0 %	0.0 %	0.0 %	0.0 %	13.7 %	26.0 %	17.9 %	2.6 %	1.6 %	10.2 %	-1.1 %	1.0 %	1.5 %
Adjusted EBIT growth-%	-87.7 %				-88.5 %	1293.9 %	-82.5 %	32.1 %	-33.1 %	-7.4 %	18.9 %	-20.0 %	-7.7 %	11.7 %
EBITDA-%	16.1 %	-1.6 %	23.2 %	24.6 %	27.5 %	20.6 %	18.1 %	52.6 %	13.1 %	19.0 %	26.5 %	17.2 %	17.6 %	18.1 %
Adjusted EBIT-%	0.6 %	-13.6 %	11.8 %	13.8 %	10.7 %	7.6 %	-1.9 %	13.2 %	9.0 %	9.8 %	8.2 %	6.6 %	6.1 %	6.7 %
Net earnings-%	-36.9 %	-19.0 %	8.4 %	9.6 %	12.7 %	5.3 %	1.4 %	30.0 %	0.3 %	5.6 %	10.1 %	2.8 %	2.5 %	3.0 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	1092	1002	927	983	992
Goodwill	278	272	272	272	272
Intangible assets	121	120	120	120	120
Tangible assets	659	583	508	564	573
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.5	0.5	0.5	0.5	0.5
Other non-current assets	5.6	3.8	3.8	3.8	3.8
Deferred tax assets	27.8	23.8	23.8	23.8	23.8
Current assets	333	414	356	323	317
Inventories	135	155	178	176	168
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	45.0	45.7	49.6	49.0	49.5
Cash and equivalents	152	214	129	98.0	99.0
Balance sheet total	1424	1416	1284	1307	1309

Source: Inderes

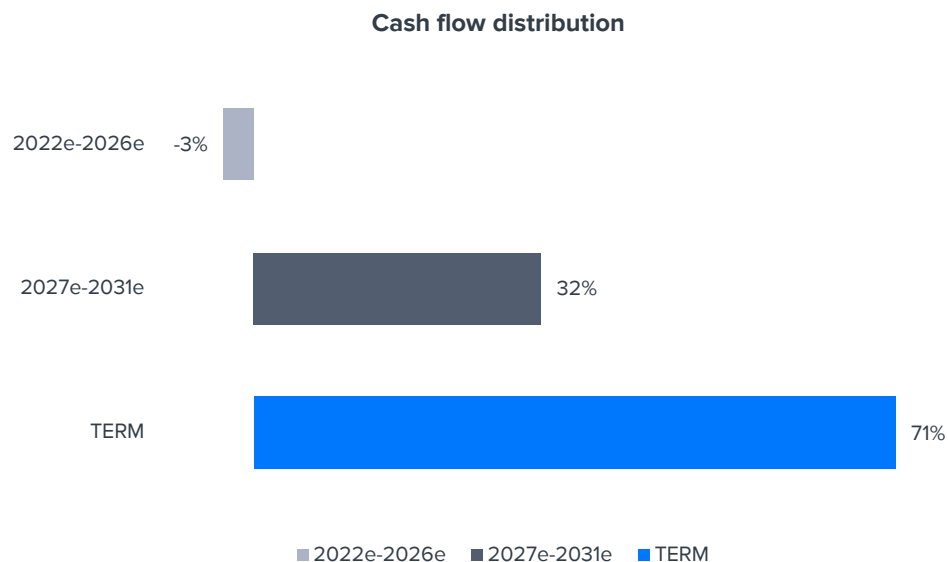
Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	206	268	343	371	395
Share capital	144	77.6	77.6	77.6	77.6
Retained earnings	-544.4	103	203	230	255
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	20.3	14.4	-10.6	-10.6	-10.6
Other equity	586	73.2	73.2	73.2	73.2
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	327	409	623	607	591
Deferred tax liabilities	35.9	40.6	40.6	40.6	40.6
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	291	330	550	550	550
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.2	37.8	32.0	16.0	0.0
Current liabilities	892	740	318	330	324
Short term debt	586	470	75.0	88.4	80.6
Payables	250	223	193	191	193
Other current liabilities	56.6	46.4	50.0	50.0	50.0
Balance sheet total	1425	1416	1284	1307	1309

DCF calculation - estimates excl. IFRS 16

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	13.7 %	10.2 %	-1.1 %	1.0 %	1.5 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	1.0 %	1.0 %
EBIT-%	9.1 %	15.9 %	6.6 %	6.1 %	6.7 %	6.5 %	6.5 %	6.5 %	6.5 %	8.5 %	8.5 %	8.5 %
EBIT (operating profit)	82	82	65	60	67	65	65	65	65	85	86	
+ Depreciation	28	25	24	34	35	35	34	34	33	33	33	
- Paid taxes	-9	-31	-7	-6	-8	-8	-8	-8	-8	-13	-13	
- Tax, financial expenses	-4	-6	-6	-6	-6	-6	-6	-6	-5	-5	-5	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	-57	-54	0	10	0	0	0	0	0	0	0	
Operating cash flow	40	15	76	91	88	86	86	85	85	101	101	
+ Change in other long-term liabilities	-49	-382	-16	-16	0	0	0	0	0	0	0	
- Gross CAPEX	-17	363	-75	-38	-30	-30	-30	-30	-30	-30	-34	
Free operating cash flow	-26	-4	-15	37	58	56	56	55	55	71	67	
+/- Other	-3	-21	-26	-26	-26	-26	-27	-27	-27	-27	-27	
FCFF	-29	-25	-41	11	32	30	29	29	28	44	40	453
Discounted FCFF		-25	-38	9	24	21	18	16	15	21	17	195
Sum of FCFF present value		272	298	335	326	302	282	263	247	232	212	195
Enterprise value DCF		272										
- Interesting bearing debt		-66										
+ Cash and cash equivalents		214										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		420										
Equity value DCF per share		2.5										

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 %

Source: Inderes



Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	960.5	790.7	899.0	991.1	980.0	EPS (reported)	-0.63	-4.05	0.42	0.64	0.18
EBITDA	24.1	-252.4	185.0	262.3	169.0	EPS (adj.)	-0.42	-0.48	0.32	0.30	0.18
EBIT	24.1	-252.4	82.1	157.8	65.0	OCF / share	0.98	-3.65	1.01	1.10	0.99
PTP	-28.6	-294.0	65.2	131.1	35.0	FCF / share	2.72	1.48	1.16	1.52	-0.13
Net Income	-45.7	-291.6	45.1	99.9	27.7	Book value / share	11.11	2.86	2.35	2.21	2.35
Extraordinary items	-15.6	-257.3	13.8	76.6	0.0	Dividend / share	0.00	0.00	0.00	0.00	0.00
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	2103.2	1424.3	1416.1	1283.9	1306.8	Revenue growth-%	-2%	-18%	14%	10%	-1%
Equity capital	800.8	206.1	268.1	343.0	370.7	EBITDA growth-%	-877%	-1147%	-173%	42%	-36%
Goodwill	506.6	277.5	271.5	271.5	271.5	EBIT (adj.) growth-%	31%	-88%	1294%	19%	-20%
Net debt	387.4	724.5	586.7	496.5	540.5	EPS (adj.) growth-%	871%	14%	-168%	-6%	-42%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	2.5 %	-31.9 %	20.6 %	26.5 %	17.2 %
EBITDA	24.1	-252.4	185.0	262.3	169.0	EBIT (adj.)-%	4.1 %	0.6 %	7.6 %	8.2 %	6.6 %
Change in working capital	79.0	-9.8	-56.9	-53.7	0.4	EBIT-%	2.5 %	-31.9 %	9.1 %	15.9 %	6.6 %
Operating cash flow	70.4	-262.5	115.0	171.1	155.7	ROE-%	-5.6 %	-57.9 %	20.2 %	32.7 %	7.7 %
CAPEX	-297.4	809.3	-17.1	-30.0	-160.0	ROI-%	1.8 %	-22.0 %	7.6 %	15.5 %	6.6 %
Free cash flow	195.7	106.8	132.7	235.3	-20.3	Equity ratio	38.1 %	14.5 %	18.9 %	26.7 %	28.4 %
Valuation multiples	2019	2020	2021	2022e	2023e	Gearing	48.4 %	351.5 %	218.8 %	144.7 %	145.8 %
EV/S	0.6		1.0	0.8	0.9						
EV/EBITDA (adj.)	22.5		4.8	3.1	5.1						
EV/EBIT (adj.)	13.7		13.0	10.1	13.2						
P/E (adj.)	neg.	neg.	6.1	6.7	11.7						
P/B	0.2	0.4	1.1	0.9	0.9						
Dividend-%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %						

Source: Inderes

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Date	Recommendation	Target price	Share price
11/18/2022	Reduce	2.00 €	1.97 €
1/20/2023	Reduce	2.10 €	2.05 €



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