Anora

Initiation of coverage

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Inderes corporate customer

This report is a summary translation of the report “Tuotto-odotus lähinnä osingon varassa” published on 9/27/2022 at 7:44 am

Expected return mainly based on dividends

Anora is the Nordic market leader in wines and spirits. Organic growth is modest due to a stable market, and we expect earnings growth in the next few years to come mainly from acquisitions and synergies, as well as the leveling off of raw material costs. In the absence of longer-term earnings growth, Anora's expected return is mainly based on dividend yield of about 6%. The valuation at the current levels seems relatively correct, which is why we do not see the share as attractive. We initiate coverage of Anora with a Reduce recommendation and a EUR 7.5 target price.

Leading producer and distributor of wines and spirits in the Nordic countries

Anora was born in September 2021 from the Finnish Altia and Norwegian Arcus, who both were producers, importers and distributors of spirits and wines. In June 2022, Anora acquired the leading Danish wine company Globus Wine. Anora is currently the largest player in the Nordic market for both wines and spirits. The company has both its own brands and partner brands that it distributes. We believe the potential competitive advantage consists of the attractiveness of own brands compared to competitors and Anora's strong position in the Nordic countries, which makes it an interesting distribution partner.

Market development and historic earnings have been stable excluding the COVID era

The market for alcoholic beverages in the Nordic countries is very stable. Anora estimates that volume growth in recent years has been 1-2% and will be around 1% in coming years. However, in Finland in particular, total consumption of alcohol has been falling for some years and we see a risk that the market will stabilize or even make a small downturn also in the Nordic countries. As Anora's market position is already strong, we find it difficult to win significant market shares. We therefore feel that the organic growth outlook for the company is modest. As far as earnings are concerned, the predecessors of Anora have been quite flat, e.g., in 2016-19. During COVID, demand was strongly driven by the retail alcohol monopoly chains, which supported Anora's profitability in 2020-21.

Globus Wine acquisition and merger synergies support earnings growth in coming years

Anora's guidance is that 2022 comparable EBITDA is EUR 75-85 million, i.e. clearly lower than the level of around EUR 100 million in the two previous years and will return to the pre-COVID level. In addition to the normalization of sales channels, the company will be depressed by the significantly increased barley prices this year. We do, however, expect, Anora to reach the top end of the guidance range and estimate a comparable EBITDA of EUR 84 million. We believe that earnings growth in 2023-24 is supported by 1) Globus Wine joining Anora, 2) the price of barley leveling off and/or the introduction of price increases to compensate for it, 3) materialization of the 8-10 MEUR merger synergies between Altia and Arcus. With these and small organic growth, we expect the company's EBITDA level to reach about EUR 95 million in 2024-25.

Expected return that relies mainly on dividends is too low

Although we expect earnings growth from Anora in the next few years, we believe that the expected return is mainly based on dividend yield that is around 6% in our estimates. We feel the 14-15x P/E ratio for the next few years is correct or slightly elevated. We expect that Anora will generate a ROCE that is roughly equivalent to the return requirement, i.e. 7-8%, which makes the P/B level of 1.0 seem justified.

Recommendation

Reduce

EUR 7.50

Share price:
7.10

Key figures

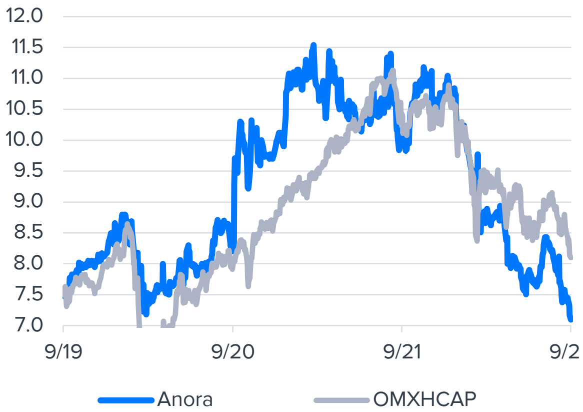
	2021	2022e	2023e	2024e
Revenue	665.0	709.8	727.3	741.8
growth-%	94%	7%	2%	2%
EBIT adj.	69.8	51.4	53.6	60.0
EBIT-% adj.	10.5 %	7.2 %	7.4 %	8.1 %
Net Income	42.7	25.7	32.5	38.3
EPS (adj.)	1.04	0.49	0.48	0.57
P/E (adj.)	10.5	14.4	14.8	12.5
P/B	1.5	1.0	1.0	0.9
Dividend yield-%	4.1 %	6.3 %	6.3 %	6.3 %
EV/EBIT (adj.)	12.4	12.8	11.8	10.3
EV/EBITDA	9.1	8.6	7.2	6.5
EV/S	1.3	0.9	0.9	0.8

Source: Inderes

Guidance (Unchanged)

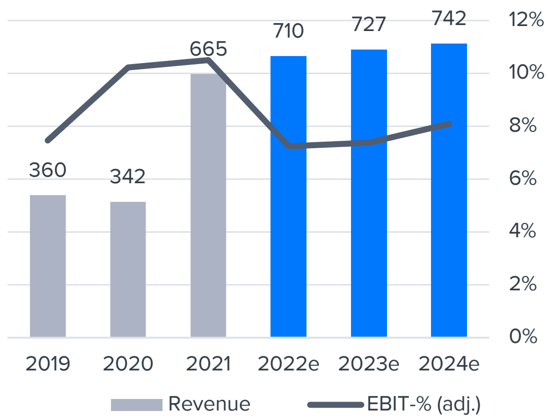
Anora's comparable EBITDA in 2022 is expected to be between EUR 75-85 million.

Share price



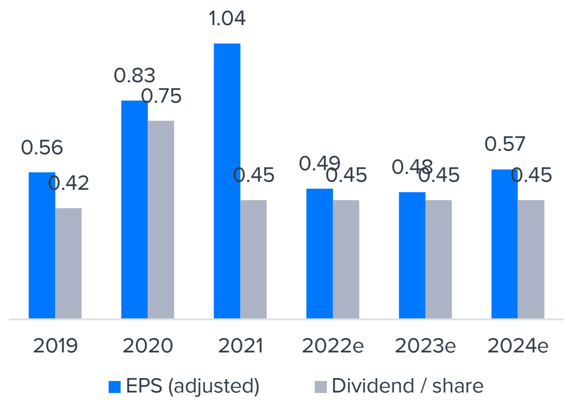
Source: Millistream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

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

Risk factors

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

Valuation	2022e	2023e	2024e
Share price	7.10	7.10	7.10
Number of shares, millions	67.6	67.6	67.6
Market cap	480	480	480
EV	659	634	616
P/E (adj.)	14.4	14.8	12.5
P/E	18.7	14.8	12.5
P/FCF	neg.	7.3	8.5
P/B	1.0	1.0	0.9
P/S	0.7	0.7	0.6
EV/Sales	0.9	0.9	0.8
EV/EBITDA	8.6	7.2	6.5
EV/EBIT (adj.)	12.8	11.8	10.3
Payout ratio (%)	118.5 %	93.6 %	79.4 %
Dividend yield-%	6.3 %	6.3 %	6.3 %

Source: Inderes

Contents

Anora in brief

Anora is the leading producer/distributor of wines and spirits in the Nordic countries. Anora was born in autumn 2021 when the Finnish Altia and Norwegian Arcus merged. The company has an extensive brand portfolio and exports to dozens of countries in addition to domestic sales.

1888 / 1922
Year of establishment of Anora's predecessors in Finland / Norway

9/2021
Altia and Arcus merged into Anora

710 MEUR
Net sales 2022e

84 MEUR **(11.8% of net sales)**
Comparable EBITDA 2022e

#1
Market position in the Nordic wine market

#1
Market position in the Nordic spirits market

1,117
Personnel at the end of Q2'22

7
Own production plants

1919 to the 1970s

- The predecessors of Anora were part of the state-owned alcohol company in Finland and Norway that also handled retail sales until the 1990s
- At the end of the 1990s, the EEA (European Economic Area) rules required the alcohol production, wholesale and foreign trade monopolies to be dissolved.

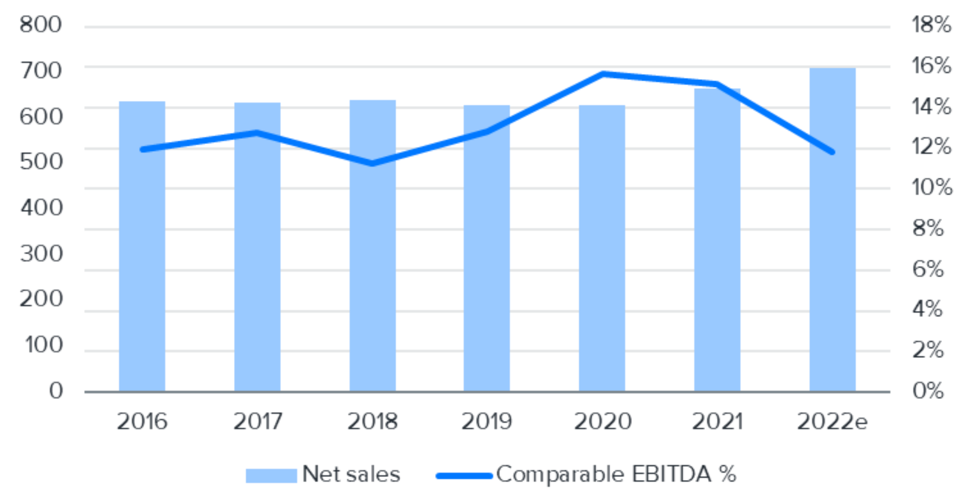
Late 1990s to 2016

- Alcohol production (Altia) and retail sales (Alko) are separated and the state-owned Altia is established in Finland in 1999
- Correspondingly in Norway, Arcus was established in 1996 and Vinmonopolet continued with retail sales
- Both have expanded internationally since then

2016-

- Arcus was gradually privatized in the early 2000s and listed on the stock exchange at the end of 2016
- Altia was listed on the stock exchange 2018
- Arcus and Altia announced the merger in September 2020 and the merger took place in September 2021
- The new company was named Anora
- In June 2022, Anora acquired the Danish company Globus wine

Anora's pro forma net sales and profitability



Company description and business model 1/9

Leading producer and distributor of wines and spirits in the Nordic countries

Anora was formed of Finnish Altia and Norwegian Arcus, both of which were alcohol producers, importers and distributors. Anora's predecessors have also expanded through acquisitions in the past and Anora is now the largest player in the Nordic market for both wines and spirits. The company has both its own brands and partner brands that it distributes. We believe the potential competitive advantage consists of the attractiveness of own brands compared to competitors and Anora's strong position in the Nordic countries, which makes it an interesting distribution partner.

Anora acquired the Danish company Globus Wine in June 2022, but most of the figures in this report refer to business without Globus, because the company has not provided more detailed information about, e.g., product or distribution channel division including Globus. We consider Globus as far as possible and the company is naturally included in our estimates. Otherwise, we primarily use pro forma figures that consider the merger of Altia and Arcus.

Anora's market position in spirits in the Nordic countries is strong, the market share varies from 15% to over 50% depending on the product group. In wines the market is more fragmented and Anora's market share is about 15%.

Geographically, Anora holds the number one position in both wines and spirits in its old domestic markets, Finland and Norway. In Denmark it is #2 in spirits and #1 in wines, while in Sweden it is #2 in wines and #1 spirits. In addition to these markets, Anora has exports to around 30 countries where it has modest overall market shares.

From 2022 onwards, Anora is organized into three segments: Wine, Spirits and Industrial. We will discuss these segments in detail later in this report.

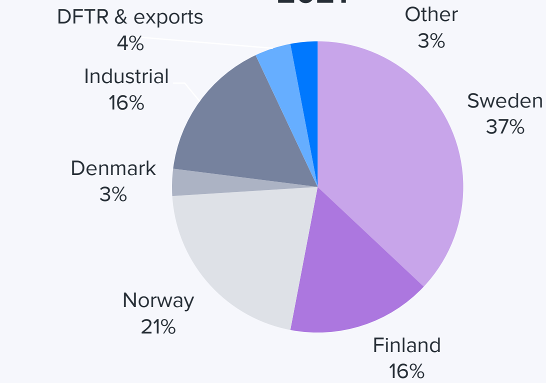
Distribution mainly through monopoly chains

Anora's main sales channel is the state-owned alcohol monopoly stores. In Finland, Sweden and Norway, legislation restricts the sale of wines and spirits to monopoly chains, which include Alko in Finland, Systembolaget in Sweden and Vinmonopolet in Norway. These covered nearly 80% of the beverage sales in 2021. In COVID years 2020-21, the share of monopoly chains in sales grew when restaurants were closed and travel retail and duty free (DFTR) decreased. Sales to monopoly chains are somewhat more profitable in terms of margin profile than other channels, which supported the profitability of Anora in 2020-21.

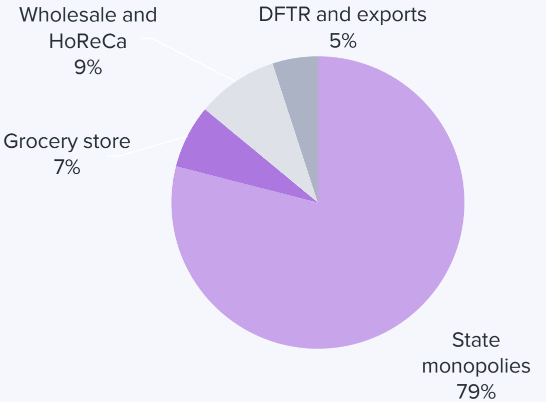
The remaining 20% of Anora's beverage sales in 2021 were divided into other retail trade, wholesale, HoReCa sales, i.e. to restaurants, etc., and exports. In Denmark, the alcoholic beverages market is less regulated and wines and spirits can also be sold in grocery stores. The distribution of Globus Wine acquired by Anora, is entirely via retail stores.

Price increases in monopoly chains are typically possible twice a year, in Norway three times. For DFTR, prices are typically updated only once a year. In Industrial operations the pricing interval varies.

Sales by cotuntry, Arcus & Altia total 2021



Beverage sales by distribution channel, Arcus & Altia total 2021



Company description and business model 2/9 - product groups

Product group	Description	Examples of own brands	Examples of partner brands	Share of net sales in 2021 (Altia & Arcus combined)
Wines	▪ Development, marketing and sales of partners' and own wine brands in the Nordic countries ▪ Several dozen partner brands ▪ A wide range of red, white and sparkling wines and, e.g., glöggs	Chill Out, Falling Feather	Masi Agricola, Penfolds	46%
Spirits	▪ Development, production, marketing and sales of partners' and own spirits brands in the Nordic countries ▪ A wide range in various spirits categories ▪ Also includes RTD beverages, i.e. ethanol-based low-alcoholic beverages	Koskenkorva, Linie Aquavit, Larsen Cognac	Fernet-Branca, Jack Daniel's, Jose Cuervo	32%
Industrial	▪ Industrial products such as grain spirits, technical ethanol, barley starch and feed components ▪ Contract manufacturing, especially Finlandia vodka manufacturing for Brown Forman			16%
Logistics	▪ Logistics company Vectura in Norway that also transports non-Anora products to customers			5%
Other beverages	▪ For example, non-alcoholic products	Blossa Glögg		1%

Company description and business model 3/9

Barley as the main raw material

In terms of Anora's own brands it produces spirits from the raw materials itself, while wines are sourced from wine-producing regions and are usually packaged in Anora's plants. Thus, the direct raw material risk is mainly directed at spirits production where the barley used in Finland is the most important single raw material. Anora uses over 200 million kilos of barley annually, i.e. about 10% of the Finnish barley harvest and about one third of the barley sold in Finland. The barley is obtained either directly from farms or from grain dealers.

The price of barley is typically determined by the quantity and quality of the harvest collected in the fall, but it has a market price that also reacts to global movements in the financial and commodity markets. Over the past year, the price of barley has been exceptionally high due to poor harvests and availability problems caused by the war in Ukraine. There are no hedging instruments for the price of barley, so in practice Anora has to buy barley at the current market price. Anora has about a month's stock of barley and purchase prices are agreed for a couple of months. The higher price of barley can be passed on to selling prices, but not fully and with a delay. Other important raw materials are, e.g., bottles, boxes and packaging materials.

Production in nine own plants

Anora has a total of nine own plants located in Finland, Sweden, Norway, Denmark, Estonia and France. The production plants are presented on the following page.

A historically consistent performer

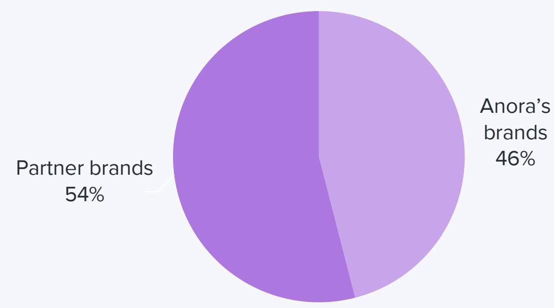
The demand for alcohol is quite stable and this has also led to very steady economic development for Anora's predecessors before the COVID years. The earnings level is moderate, with an EBITDA margin of 10-15%. This is depressed by lower-margin distribution (partner brands) and the Industrial segment.

Since approximately half of Anora's beverage net sales comes from partner brands, growth is small and even in own wine brands production is only bottling with limited investment needs. However, the plants require a certain amount of maintenance and replacement investments, which we expect to be about EUR 10 million p.a.

Earnings focus on the end of the year

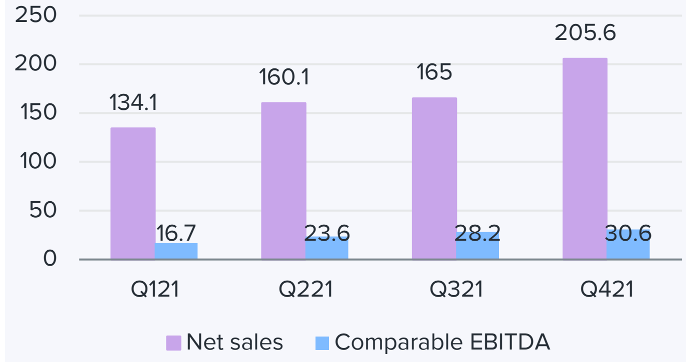
Alcohol sales are typically higher during holidays, which means that the Christmas and New Year's season at the end of the year is typically the best quarter for Anora. In addition, the sales of glögg and akvavit focuses on holidays. In recent years, Q4 has generated good 30% of both sales and EBITDA. Normal seasonality is that Q1 is the weakest and the performance keeps improving every quarter toward the end of the year. The timing of Easter in the spring has some effect on the relative emphasis of Q1 and Q2, but the first of May, midsummer and the beginning of the summer season will usually result in Q2 being the stronger quarter.

Beverage sales by brand category (Altia and Arcus total), 2021



Source: Anora

Seasonality in 2021



Source: Anora, Inderes

Company description and business model 4/9 – main production facilities

Koskenkorva, Finland

- A distillery and integrated plant producing grain spirits and by-products such as technical ethanol, starch and animal feed components
- Production 23 million kg of grain spirits and technical ethanol and about 65 million kg of starch and feed components 2021

Rajamäki, Finland

- Most of the bottling/packaging of former Altia's own products
- Production 57 million liters in 2021

Tabasalu, Estonia

- A small packaging plant serving the Baltic market and contract manufacturing customers

Sundsvall, Sweden

- An akvavit distillery

Gjelleråsen, Norway

- Former Arcus' large production and logistics center
- Bottling/packaging of wines and spirits
- Logistics operations (Vectura)

Cognac, France

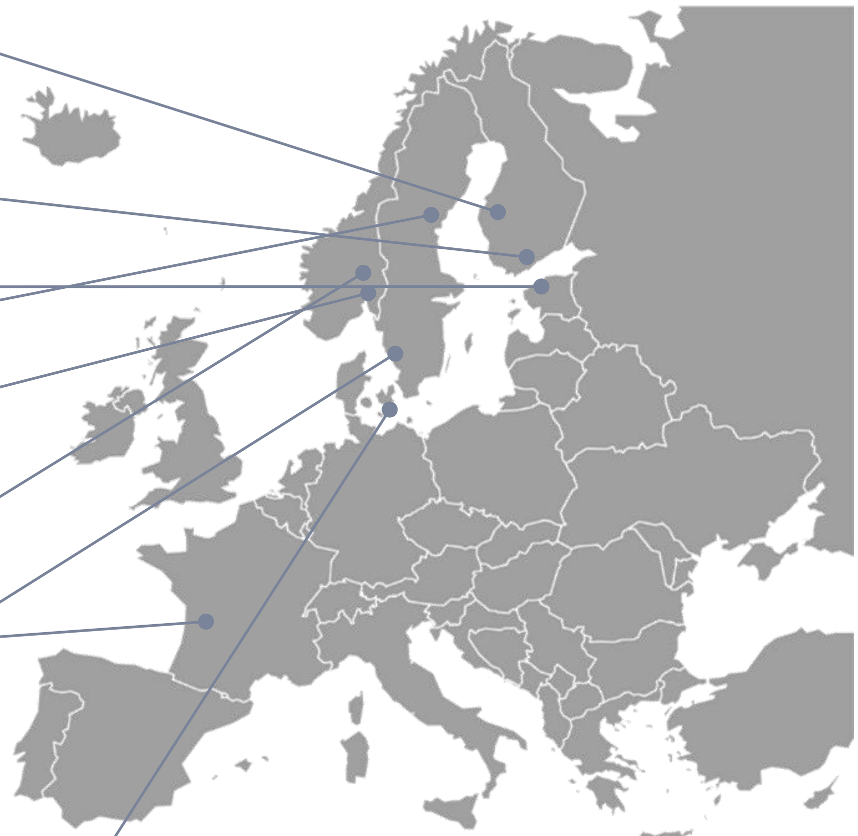
- Production of all cognacs

Atlungstad, Norway

- A small akvavit distillery

Snälleröd, Sweden

- A small akvavit distillery



Koge, Denmark

- Bottling and packaging of wines
- Globus Wine's production plant

Company description and business model 5/9

Wine segment (39% pro forma of 2021 comparable EBITDA)

The Wine segment develops, markets and sells partner wines and Anora's wine brands in the Nordic monopoly market. The main sales channels are the same as for Anora as a whole, i.e. state's retail monopolies in Finland, Sweden and Norway, and HoReCa sales and the grocery trade.

In wines, Anora has a large number of partners in different wine regions and varieties, as well as different price categories. This helps the company ensure an extensive product portfolio where each client can find what they want. Anora is the leading wine seller in the Nordic countries and is #1 in Finland and Norway and #2 in Sweden. With the acquisition of Globus Wine, Anora is also #1 in Denmark, and thus even more clearly the Nordic leader.

Business model is based on several smaller importers

In the wine business, the operating model is slightly different and based on the use of several small import companies. In all markets, Anora has several importers, some of which are also partly owned by the employees, which supports an entrepreneurial approach. While the main brands of one importer can bring a significant share of its income stream, Anora's extensive cooperation and brand portfolio balances the risk. The importers help wine producers to enter the market without their own sales organization and associated costs. The benefit of several small importers is that they operate more personally with the wine producers and very independently, allowing for a fast and flexible approach. On the other hand, through a number of independent companies, Anora also receives more candidates for the monopoly chains' tender offers than it would on its own. For entrepreneurs, Anora offers efficient joint support functions, which also benefits the importers' performance.

Low added value visible as low margins

Wine bottling and packaging takes place in Gjelleråsen (Norway) and Rajamäki (Finland).

We estimate that partner brands account for about 75% of the Wine segment's net sales and the remaining 25% comes from own brands. Globus Wine sells only its own brands, so the acquisition will improve the ratio.

The margins of the wine business are relatively low, which we believe is due mainly to the role of Anora as a distributor (partner brands) or as a bottler and brander (own brands). The profitability of own brands is better.

Measured by 2021 pro forma figures, the Wine segment generated a 32% gross margin and 13% comparable EBITDA margin. Globus Wine in turn generated a 12% comparable EBITDA margin in 2021. The figures are supported by the increased demand in the COVID era, so the historical level is likely to be somewhat lower than these figures. However, the Wine segment of the former Arcus generated an EBITDA margin of close to 12% in 2016-19.

As part of the synergies sought in the merger, Anora has expanded the entrepreneur-type business model to wine imports. Synergies will also be sought in logistics and plant specialization.

Key own brands in the Wine segment

Key partner brands in the Wine segment

Company description and business model 6/9

Spirits segment (47% pro forma of 2021 comparable EBITDA)

The Spirits segment develops, markets and sells both Anora's own spirits brands and partner brands. Sales channels are both the Nordic monopoly markets and the normal retail market in Denmark. The Spirits segment also includes the International business area, which is responsible for Anora's own operations in the Estonian, Latvian, Danish and German markets, and for international DFTR and exports. The main sales channels for the whole segment are, however, the same as for Anora as a whole, i.e. State's retail monopolies in Finland, Sweden and Norway. The main export brands are Koskenkorva, Larsen, Linie and Valhalla.

Smaller sales channels, i.e. restaurants and DFTR, are important for building the brand and Anora (also) sees itself as strong in these channels.

Sovereign Nordic market leader

Anora has a wide portfolio of spirits brands, which enables it to be present in all categories and price categories. Anora's market position in spirits is strong, it is #1 in Finland, Sweden and Norway and #2 in Denmark. Naturally, this also makes the company the largest in the Nordic countries. In addition, the company is #1 in the German akvavit segment. The market for spirits is quite concentrated. Anora's market shares in monopoly sales vary from around 15% to over 50% depending on the product category and we estimate it to be 37% on average in the product categories in which Anora has products.

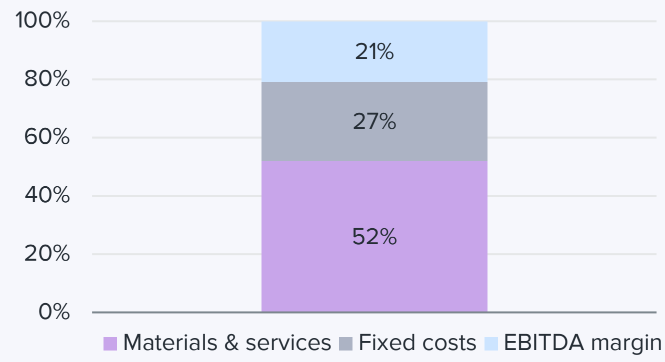
The Spirits segment has its own distilleries, e.g. in Koskenkorva, Finland and Sundsvall, Sweden, as well as a cognac plant in France. Bottling and packaging are carried out at the company's large plants in Gjelleråsen and Rajamäki.

Best margin profile in Anora

Thanks to its extensive own production, the margin profile of the Spirits segment is different and higher than that of the wines. Last year, the segment's gross margin was 48% and the comparable EBITDA margin was 21%. This probably involves a little support from the favorable sales mix in the COVID era. On the other hand, this year the high price of barley has had a negative impact on the segment's result. Before the COVID years, the former Arcus' Spirits segment generated a 15-20% EBITDA margin, the upper range of which we believe is a sustainable margin level for Anora's Spirits segment. The sales of partner brands are a significant part of this segment as well and any partner contracts ending may have a negative impact on the segment's result.

As a result of the merger, the Spirits segment aims to create a joint portfolio of spirits, thus benefiting from a stronger product offering by cross selling it on the Nordic market. The company also seeks growth in the export market with a strong brand/product portfolio. In addition, the merger offers opportunities for specialization in production and more efficient logistics.

Spirits-segment's cost structure, 2021



Source: Inderes

Price of barley in Finland EUR / 1,000kg

Source: Natural Resources Institute Finland (Luke)

Company description and business model 7/9 – Spirits by category

Product group	Unflavored vodka	Akvavit	Cognac	Gin	Bitters	Liqueurs	Whiskey	Rum	Tequila	Other	Total
Anora's own and partners' brands	KOSKENKORVA	LINIE AQUAVIT, O.P. ANDERSON	LARSEN COGNAC, BRAASTAD	SKAGERRAK NORDIC DRY GIN, hernö GIN	GAMMEL DANSK, ENKELT, FERNET-BRANCA, Underberg	XANTÉ, AMARULA, ILLVA SARONNO	FIREBALL, JACK DANIEL'S	PLANTATION RUM	Jose Cuervo, TEQUILA ROSE	JALOVIINA	
Market size, million liters	20	3.0	4.6	4.5	1.4	8.1	13.5	2.6	0.3	5.7	63.7
Anora’s market share	54%	69%	30%	17%	31%	30%	22%	17%	24%	39%	37%
Anora’s volume, million liters	10.8	2.1	1.4	0.8	0.4	2.4	3.0	0.4	0.1	2.2	23.6

Company description and business model 8/9

Industrial segment (18% pro forma of 2021 comparable EBITDA)

The Industrial segment comprises Anora's industrial business, i.e. old Altia's Industrial segment, supply chain operations and logistics company Vectura in Norway.

Industrial operations and contract manufacturing in Finland

The industrial business includes the activities of the Koskenkorva distillery, including industrial products (grain spirits, technical ethanol, barley starch and feed components) and contract manufacturing at the Rajamäki plant. The main raw material in industrial products is barley. Around 30% of old Altia Industrial's net sales goes to internal use but it also has a large volume of external sales. The logic of these products is to utilize all the side streams from the process as vendible products , where Anora is successful.

Anora also has contract manufacturing and logistics services for its partners. In contract manufacturing, a significant contract is the production of Finlandia vodka for Brown Forman. This is the result of selling the Finlandia Vodka brand to Brown Forman in the past, in connection with which Altia entered into a long manufacturing contract. The contract is currently valid until the end of 2035. According to Anora, this contract is a significant part of the Industrial segment's external net sales and supports capacity utilization of the Rajamäki plant well.

Logistics company Vectura in Norway

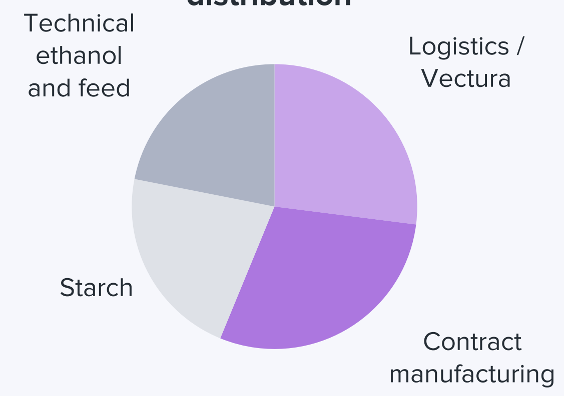
As regards logistics services, this segment includes Arcus' former logistics segment, i.e. the logistics service provider called Vectura. Vectura's logistics center is located in Gjelleråsen and works in close cooperation with Anora's production. Around one-third of Vectura's operations is distribution of Anora's own and partner's products and the rest other customers' products. The products are supplied to typical distribution channels, mainly to the Norwegian alcohol monopoly chain, Vinmonopolet, as well as restaurants, hotels and bars.

Nature of operations keeps the margin low

In 2017-19, Altia Industrial generated a comparable EBITDA margin of 8%, but in 2020-21 it rose to 12-13%. Since the end of last year, the high price of barley has weakened the segment's performance. However, pricing structures in these activities should guarantee at least some kind of profit despite increased costs. Arcus' logistics operations have historically only generated a modest EBITDA with a margin of only 4-5% at its best in 2017-19. The high volume growth brought by COVID has led to challenges and additional costs for logistics operations, which have resulted in lower profitability during COVID, e.g. zero in 2020. Combined, with 2021 pro forma figures this segment generated 7% EBITDA. We believe that for the old Altia operations, the margin will be lower than in the past few years, but on the other hand, the profitability of Norwegian logistics operations will improve as volumes normalize.

We believe that the benefits of the merger do not affect the Industrial business significantly, but there are synergy benefits in logistics and procurement.

Industrial segment's sales distribution



Source: Anora/Altia, Inderes' estimate

Company description and business model 9/9

Two main owners

Anora has two big owners, i.e. the main owners of former Altia and Arcus: The State of Finland's investment company Solidium (19%) and the Norwegian investment company Canica (22%). Although both are long-term owners, we consider it possible that either of these would be prepared to reduce their holding to at least 10 %, and there is no obstacle to totally abandon ownership either. In addition, Geveran, who is under the influence of John Fredriksen, a Norwegian shipping mogul, owns 5% of Anora.

However, we believe that it is likely that the main owners will want to see the impact of the synergy effects of the merger, at least for the most part, before surrendering their ownership on a larger scale.

International management

Anora's CEO is Pekka Tennilä, who has been the CEO of Altia since 2014. Prior to this, Tennilä held various management positions at Carlsberg. His background in the alcohol sector is therefore solid.

Tennilä owns a good 32,000 shares in Anora, i.e. a fair amount, but is not among the largest shareholders.

The Group's CFO is Norwegian Sigmund Toth. Prior to the merger, he was the CFO of Arcus and has worked at Arcus since 2015. Toth owns 14,000 shares in Anora.

In 2021, the CEO's short-term incentive program focused mainly on the development of the company's EBITDA and less on the development of net sales and accident frequency.

Anora's long-term incentive scheme was established in summer 2022 and contains several different programs. In the first program, 2022-24, the indicators are net sales growth, EPS, relative development of the share's total return and an indicator linked to the reduction of CO2 emissions.

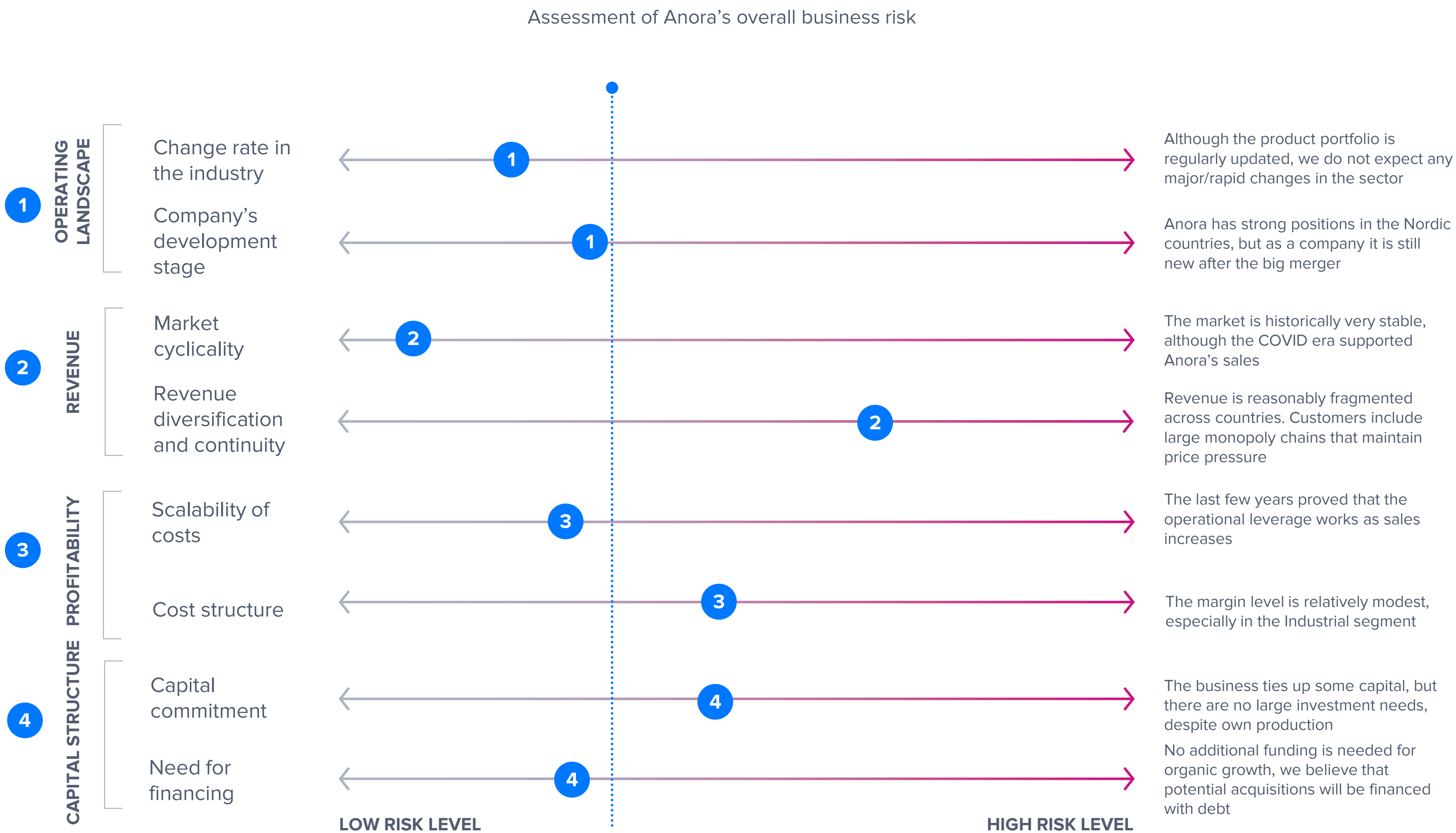
In the second program, the indicators are the same, but the measurement period is only 2022-23. We feel the separate programs with the same objectives cause confusion, but the indicators themselves make sense.

The Board of Directors is led by Michael Holm Johansen, former chairman of Arcus's Board of Directors, whose working background is at Coca-Cola. We note as a positive that the management has a wealth of international experience and several nationalities.

Biggest owners on 08/31/2022*	Share
Solidium	19.4%
Canica	22.4%
Geveran Trading	4.6%
Varma	3.0%
Ilmarinen	2.0%
WestStar	1.8%
Elo	1.0%
Veritas	0.5%
Heikki Savolainen	0.4%
Tapiola Trendi fund	0.3%

Source: Anora *Holding by foreign owners Canica and Geveran on June 30

Risk profile of the business model



Source: Inderes

Investment profile 1/2

1. **Strong market position, stable profitability and extensive product portfolio**

2. **Synergy benefits of the merger will support growth and profitability in coming years**

3. **Historically a rather stable market**

4. **We believe return on capital will remain at the level of their costs**

5. **Possibility of continued expansion in the European market with acquisitions**

6. **Stable and good dividend distributor**

Potential

- **Synergies** Only a year has passed since the merger between Altia and Arcus and synergies will only become fully visible in a few years (especially potential sales synergies). Globus Wine may also offer additional synergy opportunities that the company has yet to publish
- **Geographical expansion** With Anora's extensive Nordic brand portfolio, the company has a better opportunity to increase sales in the export markets (in spirits)
- **Complementing acquisitions** The company is interested in further growth through acquisitions, where the next logical step would be Central Europe. This could again generate new cross-selling synergies

Risks

- **Normalization of demand after COVID will depress earnings this year**
- **Exposure to barley price variation:** Barley is the company's main raw material and its price increase has had a negative impact on earnings this year.
- **An error in product safety or other deterioration in a brand/brand reliability may result in a drop in demand:** However, this risk is mitigated by Anora's geographical dispersion and several different brands
- **Acquisition risks:** Price paid in possible future acquisitions and integration of operations generate their own operational risk

Source: Inderes

Investment profile 2/2

Next, we will discuss Anora's competitive advantages, strengths/opportunities and weaknesses/risks.

Limited competitive advantages

In terms of competitive advantages, we feel that Anora's business should be divided into its own brands and partner brands.

For own brands, the potential competitive advantage is in the brand's strength. This is difficult to measure, but market shares give some perception of the strength of the brand. From this angle, Anora's well-known spirit brands Koskenkorva in non-flavored vodkas and Linie & OP Anderson in akvavit seem to enjoy some competitive advantage as their market shares in the Nordic countries are over 50%. However, we do not believe the own brands offer a company-wide competitive advantage. Anora's history and know-how of acting in a monopoly market can generate some advantage against international competitors but we do not see this as a clear competitive advantage either.

In partner brands, this long knowledge of the monopoly market, combined with a strong position in all Nordic markets, gives Anora a competitive advantage. In these distribution agreements, the competitors are smaller companies who do not have as extensive Nordic business, although local companies are, of course, familiar with the monopoly market as much as Anora. Therefore, partners can easily get skilled distribution across the Nordic countries through Anora.

Industrial segment's operations are mainly handling of side streams and logistics, where we do not see any competitive advantages as such. However, side stream management is important for Anora and making even a small profit here is naturally positive for the Group as a whole.

Other strengths and opportunities

Anora's strong position in the Nordic countries and its extensive brand portfolio also give it a good position in the export markets to seek growth and export Nordic products to Europe through a possible acquisition. Anora also has its own online store in Germany. However, the role of the export market in Anora as a whole is limited, so we do not expect growth there to quickly change the growth profile of Anora.

Anora also sees itself as a forerunner in sustainability. For example, the company aims to reduce its carbon dioxide emissions and move to more climate-friendly packaging. However, Anora does not yet have clear objectives for sustainability, so we cannot compare the objectives with other companies in this sector. We do not believe that, at least in the eyes of the consumer, the sustainability profile of Anora has an impact on purchasing decisions, so it is of little importance on the demand side.

In terms of earnings, we see potential to improve in 2023-24, when the negative impact of barley prices is eliminated and merger synergies are increasingly visible.

Weaknesses and risks

We feel Anora's clear weakness is a stunted target market, which has partly led to the company's subdued historical growth. However, Anora sees small market growth in the coming years as well, but the alcohol consumption trend especially in Finland has made a downturn, which may, if continued, be reflected as a market decline. Anora also has a small range of non-alcoholic products and it invested in the Danish company ISH this year, that sells non-alcoholic beverages. However, the scale of this business is so small for the time being that it is not, in our view, able to compensate for a possible reduction in alcohol consumption.

According to our estimates, Anora's return on capital will be approximately at the level of the return requirement which is a weakness for Anora as an investment as it considerably limits its longer-term expected return. Improving this would require a clear improvement in profitability or a better capital turnover. We will discuss these later.

We see the reduction in partner agreements as a risk, which we believe could mainly be caused by continued consolidation of international alcohol producers. This could lead to an increase in the number of companies handling Nordic distribution themselves.

Industry and market overview 1/4

Anora's relevant market is mainly the Nordic wine and spirits market. In addition, Industrial segment's industrial products have their own, separate, market.

The market is very stable

The latest market figures reported by Anora are from 2020. However, the market is stable, so we believe that this gives a good picture of the current market size as well. Anora estimates the value of the entire Nordic market for wine and spirits to be approximately EUR 12 billion. Around 2/3 of this or EUR 8 billion is wine and 1/3, or EUR 4 billion, spirits. These sums are, however, at retail prices, so they cannot directly be compared with Anora's figures, e.g., when calculating market shares. In volume terms, the market size is about 640 million liters, of which 87% is wines and 13% spirits. So the price per liter for spirits is considerably higher than that of wines. The total market for spirits is thus about 83 million liters, whereas Anora's volume in monopoly channels alone is about 24 million liters. This illustrates Anora's strong position in the market.

Anora estimates that the volume development of the wine market has been slightly increasing, at 1.7% p.a. in 2015-20 and it expects similar average growth in 2021-25. In spirits, historical growth is 1.2% p.a. and the estimate is 1.6%. So the figures in terms of market growth are very small but nonetheless positive. The market for alcoholic beverages is also very defensive and stable, i.e. there are no significant annual fluctuations. However, the COVID years 2020-21 form an exception, especially if one considers the sale of monopoly chains that is important to Anora. During COVID, consumption shifted from restaurants and DFTR to monopoly chains.

Sweden the largest wine market, in spirits Finland is close

Country-specific market information can be found via monopoly chains from Finland, Sweden and Norway. When comparing these countries, Sweden stands out as a very large wine market, with a volume of about 200 million liters per year, while Finland and Norway remain at about 50 and 65 million liters. Denmark is in between these with a volume of good 100 million liters. We have used 2019 figures, because we believe it gives a better picture than the higher sales volume in the COVID years. In Sweden, Viva Wine Group is the clear market leader. Anora's market share is relatively weaker in Sweden and it is number two on the market.

The Danish wine market is much larger per capita than in the other Nordic countries (over 4 l/capita converted to 100% alcohol vs. about 3 l/capita in others). This is probably due to more liberal alcohol legislation, which allows alcohol to be sold in normal retail trade. Globus, acquired by Anora, is number one in the Danish wine market.

In terms of spirits, Sweden and Finland are the same size markets, while Norway is smaller. Differences in the markets can be partly by explained by different tax policies. In Finland and Norway, the taxation of spirits and wines is relatively close to one another, while in Sweden spirits are taxed in relative terms more severely than wines. Compared to other European countries, taxation in the monopoly markets is by far the highest and Denmark's taxation is also above average.

Types of companies in the Nordic market	Number of companies	Annual revenue	Companies, e.g.	Description
Global giants	**2**	**Over EUR 10 bn**	**Diageo, Pernod Ricard**	• International giants with own portfolio of over 200 brands • Own distribution in the Nordic countries, stronger in spirits, but also wines
Regional companies	**~5**	**100-1,000 MEUR**	**Anora, Viva Wine Group, Royal Unibrew, Hans Just**	• Regional players in the Nordic countries • Others mainly distribution, Anora and Viva also have own production
Local companies	**A large group**	**Under 100 MEUR**		• Local distributors, more in the wine market than in spirits

Industry and market overview 2/4

The competitive field is extensive

In the table on the previous page, we outline the competitive field for Anora in the Nordic countries. It consists of 1) global alcohol producers, who are responsible for distributing their products in the Nordic countries, 2) regional companies such as Viva Wine Group or Royal Unibrew better known as a brewery group, and 3) small local distributors. The market is more consolidated in spirits, while wines have a large number of competitors. However, the wine market is also becoming consolidated and already the five largest players are responsible for about half of the wine volume (Finland, Sweden & Norway). The list is not complete and aims only to describe the leading players in the Nordic market.

With regard to Anora's market position, we see a risk that the market of international alcohol producers consolidates further, allowing a larger proportion of the volume to come directly from producers to retail.

In terms of margins, comparison with competitors is to some extent useless, as there are no other companies like Anora that operate both in wine and spirits and both as producers and distributors. The margins of large producers are manifold (at EBIT level) compared to Anora, while pure distributors have very low margin levels.

Alcohol sale is restricted with age limits

The sale of alcohol is limited in all of Anora's markets with age limits. The age limits vary depending on the strength of the drinks and the channel of sale. In retail trade, the age limits vary between 16-20 years (see table on right), while restaurants typically allow purchase of all alcoholic beverages at the age of 18.

Monopoly markets restrict advertising

In monopoly markets, advertising of alcohol is also restricted in different ways.

In Finland , the law prohibits advertising of all strong alcoholic beverages (over 22% by volume). Advertising of weaker alcoholic beverages than this is generally permitted, although it involves restrictions, e.g., in relation to public spaces. Alcohol advertising directed at young people is also prohibited.

In Sweden, alcohol advertising was completely banned in 2003, but has since been liberalized. Advertising of beverages over 15% by volume is still completely prohibited, as is directing advertising at those under the age of 25. The style and presentation of advertising is also regulated.

In Norway, all advertising of alcoholic beverages of over 2.5% by volume is explicitly prohibited.

In Denmark, alcohol advertising is more liberal. However, there too, it involves both regulatory and voluntary regulation and supervision. Advertising aimed at children under the age of 18 is prohibited.

Advertising of Anora's products is therefore possible in Denmark for all products, in Finland and Sweden for wines and in Norway only for non-alcoholic products. The presence or absence of advertising naturally affects the company and its competitors' ability to support product sales. To the extent that advertising is not possible, access to the shelf of (monopoly) stores is in itself crucial. This also highlights the role of the monopoly chains in the distribution of market shares.

Alkoholin oston ikärajat vähittäiskaupassa	Miedot*	Väkevät
Suomi	18	20
Ruotsi	20	20
Norja	18	20
Tanska	16	18

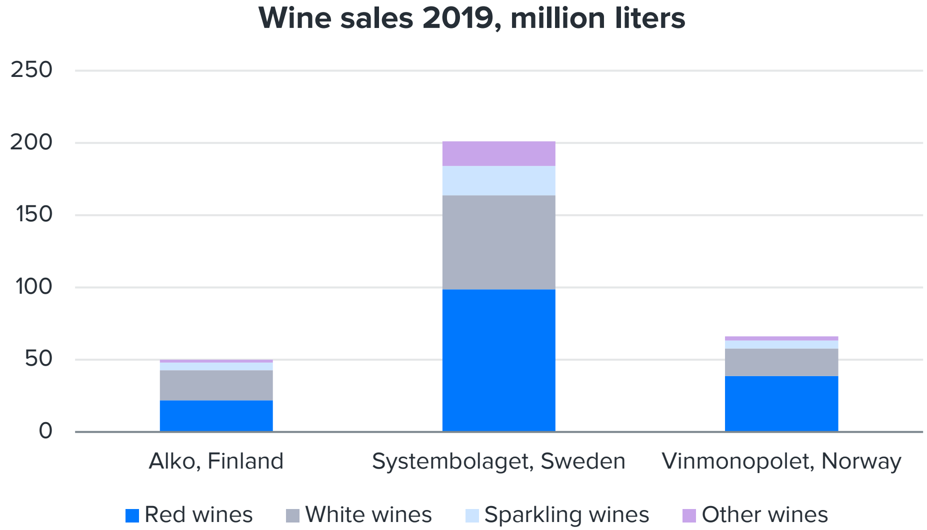
Lähde: Inderes

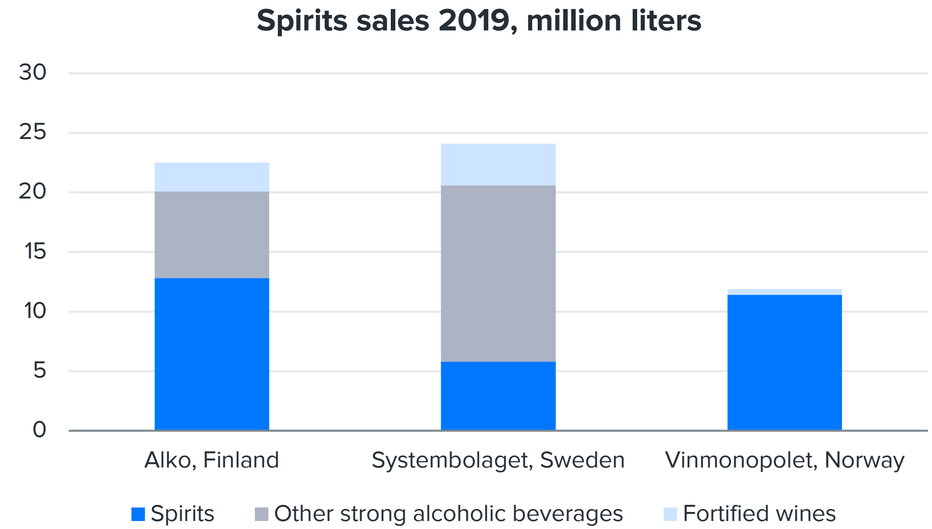
*Low-alcoholic beverages typically about 1-20% by volume, slight variations by market-area In Sweden, for beer with maximum strength 3.5% the age limit is 18

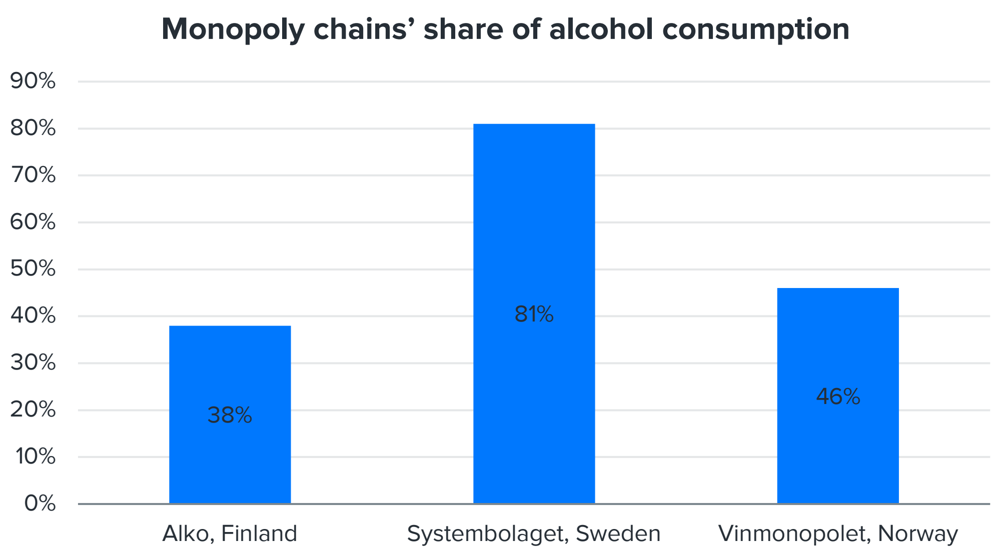
Monopoly chain	Monopoly rights
Alko (Finland)	All beverages over 5.5% by volume
Systembolaget (Sweden)	All beverages over 2.25% by volume, except for up to 3.5% beer which can also be sold in grocery stores
Vinmonopolet (Norway)	All beverages over 4.75% by volume

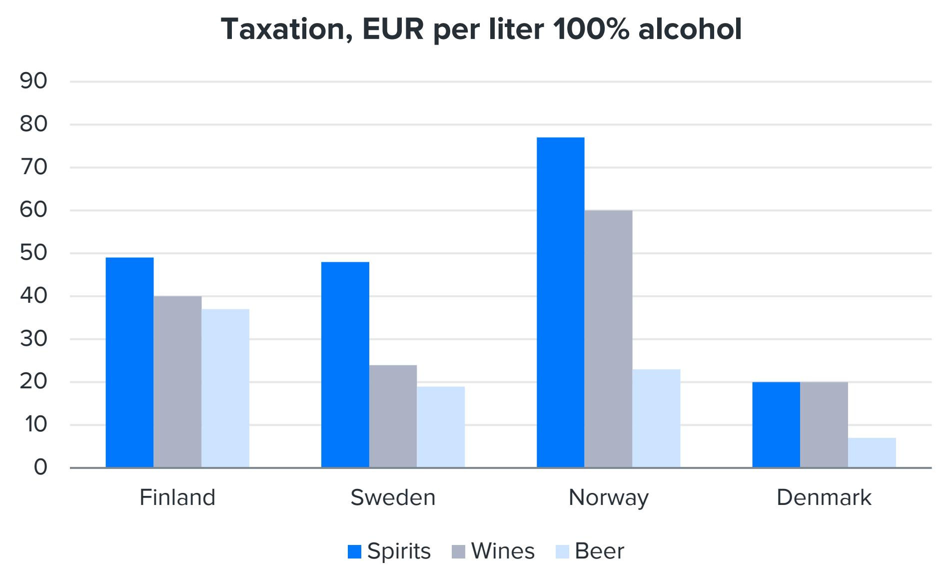
Source: Inderes

Industry and market overview 3/4









Source: Nordic Alcohol market report 2020 & 2021 / monopoly chains

Industry and market overview 4/4

Distribution mainly carried out through monopoly chains

As mentioned earlier, Anora's main sales channels are the alcohol monopoly chains in Finland, Sweden and Norway. These monopolies are the only retail outlet in these countries for wines and spirits. Denmark is a different market because there alcohol sales is free.

All monopoly chains have a similar process when they choose which beverages they want to sell. In these processes, monopoly chains typically publish a description of what kind of product (category, age, country, taste, and price) they want. Then producers/importers like Anora submit their proposals to the monopoly chain. The selection process is slightly different in different countries, either based on the taste of the wine or it can also consider, e.g., packaging/appearance. All product samples also undergo a rigorous quality inspection.

The offering of monopoly chains is typically divided into permanent products, seasonal/temporary products and order selection. The order selection can also be a way to become part of the permanent selection if the product reaches a certain level of sales. Thus, products can also be included in the selection without a process initiated by the monopoly chain. Going forward into the permanent selection through the order selection is therefore more typical for Anora's wines than through the selection process.

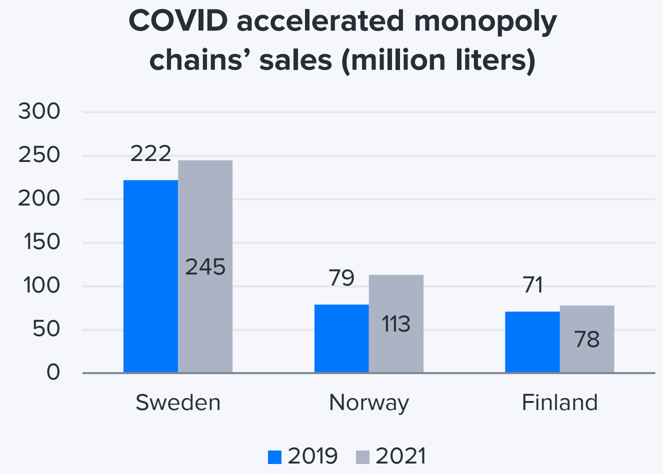
However, in our view, the choice of selection based on the monopoly chains' requirements to some extent limits Anora's ability to find and launch products on the market that interest consumers (compared to a completely free market). On the other hand, once a product is included in the selection, it will remain there if certain sales volumes are exceeded.

Industrial's market

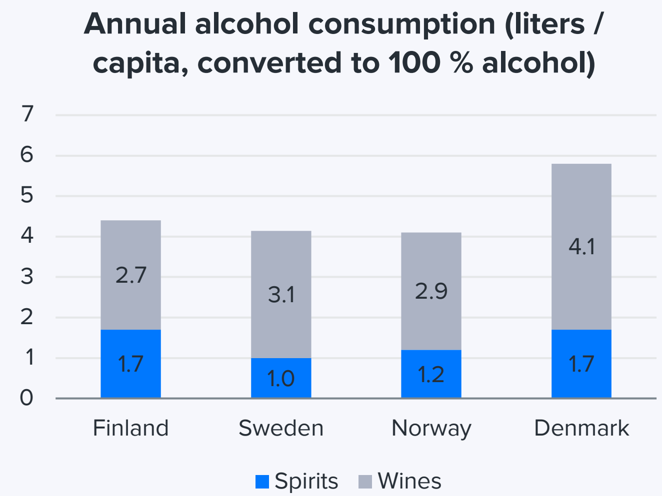
The market is quite different for the Industrial segment. The main end uses of technical ethanol are techno chemicals, liquids for geothermal heat pumps and the pharmaceutical and packaging industries. The growing demand for geothermal heat pumps supports the market for technical ethanol. Anora is the market leader in the market of liquids for geothermal heat pumps in Finland under its own Naturet brand. The main competitors in this market are Aspo owned Telko and international chemical giants Ineos and Cargill.

In the case of starch, Anora cooperates closely with Finnish Chemigate and also sells directly to the brewery and food industry. In 2018, the company estimated that its market share on the Finnish starch market was around 25%. However, the price of starch is determined by the world market. The main competitors are international Cargill and Roquette.

As regards feed components, Anora has a cooperation agreement with Atria-owned A-Rehu that purchases all feed components by Anora.



Source: Anora



Source: Nordic Alcohol market report 2020 & 2021 / monopoly chains, Inderes

Strategy and financial objectives 1/2

Anora’s strategy and financial objectives have not yet been published

After Anora was born in September 2021, it started planning a new strategy and financial objectives. We believe that this work is largely completed and is to be published in connection with the CMD in late 2022. Therefore, Anora does not currently have a clear published strategy nor financial objectives for the merged company. We do, however, examine the focus areas announced by Anora and the financial objectives of Arcus and Altia and based on this speculate on Anora’s possible future financial objectives.

Anora has five focus areas

Anora’s focus areas are of a very general nature and do not include numerical targets or clear measures to achieve the objectives. In addition, the focus areas contain increasing/improving practically all different areas of Anora, so they do not really give us much information about the priorities of Anora. We believe that the most important measures for profitability and thus return on capital would be to increase the share of own brands, improve efficiency and organic growth.

In addition, Anora has three "theses" that describe the company: Market leader, willingness to grow and forerunner in sustainability.

1
- Improving efficiency
- Digitalization of processes

2
- Improve by building own portfolio with brands relevant to the consumer

3
- Increasing partner business

4
- Releasing value from Industrial and logistics business

5
- Clear growth in international business both with M&A and own brands

Anora organizes a CMD on November 29 in connection with which (or shortly before) we expect the company to publish the new strategy, sustainability objectives and financial objectives

Strategy and financial objectives 2/2

Financial objectives

Based on Altia's and Arcus' earlier financial objectives (shown on the right), we estimate that the financial objectives of Anora could be, for example:

2-3% net sales growth, which would mean a slightly faster growth than market growth, which the company could create, e.g., by winning market shares and international growth

Comparable EBITDA margin: 15%. Anora reached this level in 2020-21 supported by exceptionally good demand. This year, the margin will be lower and we see 15 % as a good target level.

We believe that Anora will continue to use debt leverage in the future. This makes sense considering the stability of the business and possible future acquisitions. The balance sheet target could, .e.g., be Altia's previous **net debt/EBITDA under 2.5x**, although it could also be under 3x or 1-3x. With a low return on capital, some kind of debt leverage is also sensible to improve ROE.

We also expect that Anora will seek to continue as a good dividend payer and target **a payout ratio of at least 50%**.

Synergies of the Arcus and Altia merger

In connection with the merger, Anora announced that it seeks synergies of EUR 8-10 million, of which 80% should materialize within 2 years. By the end of Q2'22, i.e. after the first 9 months, EUR 3 million has materialized in synergies.

The list of cost synergy areas issued by Anora is quite general and the company has not specified which area is expected to bring the largest savings or how they are distributed by segment.

In addition, the company expects net sales synergies both from expanding in the Nordic market and in new and old markets outside it. This description also practically covers all of Anora's activities, and thus does not indicate where synergies are expected more specifically. We assume, however, that net sales synergies will mainly be in the 20% that will be realized in more than 2 years' time and that the cost synergies should mainly be realized in two years.

Globus Wine acquisition in June 2022

In June 2022, Anora announced a significant expansion in the Danish market, when it acquired the country's largest wine company Globus Wine. The purchase price was approximately 600 MDKK, while Globus' adjusted EBITDA in 2021 was 66 MDKK. Thus, the EV/EBITDA ratio of the transaction was around 9x. We believe the COVID pandemic has supported Globus' demand to some extent but not nearly as much as for Anora's other operations. In 2020, the EBITDA was DKK 52 million, so the with their average EV/EBITDA would be about 10x. This is somewhat higher than Anora's valuation, but we believe that it is still reasonable.

Anora has not announced the magnitude of possible synergies, but we assume there are some synergies. However, the Danish market is a new opening for Anora in wines, so direct cost synergies are probably limited. Even as a whole the synergies are hardly more than a couple of million euros.

Arcus' former financial objectives:

- Net sales: 3-5% annual growth, including small acquisitions
- EBITDA: 6-9% annual growth over the next 3-5 years
- Dividend policy: 50 to 70% of net income

Altia's former financial objectives:

- Net sales: 2% average growth
- Comparable EBITDA: 15% margin in the long term
- Net debt/comparable EBITDA: Under 2.5x
- Dividend policy: 60 % or more of net profit

Sources of cost synergies according to Anora:

- Purchasing and manufacturing
- Logistics and warehousing
- Administrative and general expenses
- Other operating expenses

Historical development and economic situation 1/2

Altia and Arcus have grown through acquisitions

Altia and Arcus have both grown through acquisitions before the merger. In case of former Altia, there was a break in acquisitions after 2013 and in 2016-2020 net sales remained at the same level. Arcus managed to maintain the growth trend (about 5% CAGR in 2016-20), partly organically, partly with small acquisitions.

Starting from 2019, Anora also publishes pro forma figures for the new company. However, this does not include Globus Wine. In 2019, the combined pro forma net sales of Altia and Arcus were about EUR 630 million and remained almost at the same level in 2020. If we add Globus Wines' 2020 sales (about 70 MEUR) to this, the sales of the current structure were about EUR 700 million. The increase in demand in 2021 due to COVID boosted sales to EUR 665 million or, including Globus pro forma net sales was EUR 740 million.

Low-margin operations depress profitability

Anora's profitability in its own spirits production is, in our opinion, quite good (although not published separately), but the margin is depressed by the lower-margin distribution of partner brands and industrial and logistics operations that together form the majority of the company's net sales.

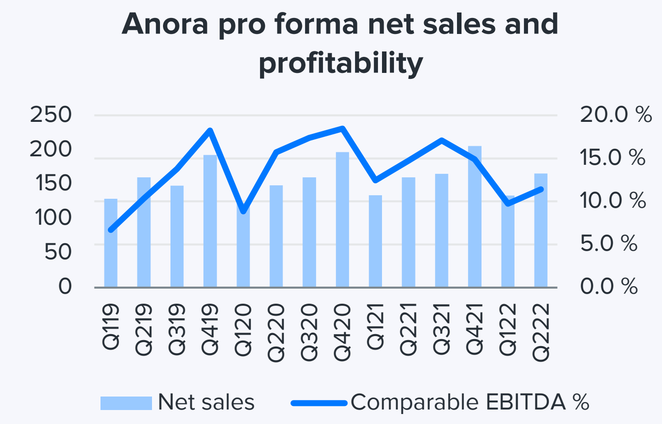
However, former Altia was able to raise its profitability from the 10% adjusted EBITDA margin in 2015 to 12.7% in 2019. Boosted by COVID, the margin rose above 15% in 2021, but we do not consider this a sustainable level. For the former Arcus, the margin varied between 11-14% before COVID and rose to 17% in 2020-21. Combined, the margin was 12.8% in 2019, which we expect to be the right starting point for estimating future years. Supported by the demand boost from COVID in 2020-21, the pro forma EBITDA margin was 15-16%. Globus Wine, in turn, generated an EBITDA margin of 10% in 2020 and 12% in 2021 so roughly equivalent to the level of Anora's wine business, but lower than the Group's margin.

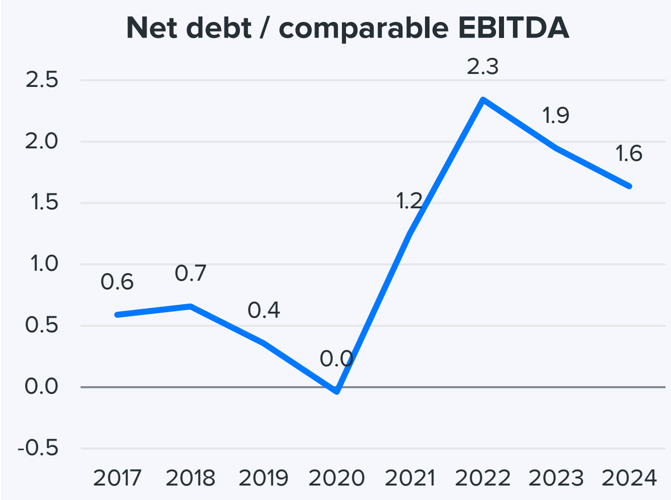
Steady cash flow enables debt leverage

Due to the stable nature of the business, the ability to generate cash flow is also fairly stable. As growth is very moderate, growth investments are not needed in practice, so investments are replacement and improvement investments. In terms of cash flow and the balance sheet, pro forma figures are not widely available, so in this respect we do not examine historical figures.

For the balance sheet, Anora's net debt/comparable pro forma EBITDA (i.e., considering the merger of Arcus and Altia for the last 12 months) was 2.2x at the end of Q2'22. We estimate that Globus Wine's purchase raises it to about 2.8x pro forma.

However, we expect good cash flow to decrease indebtedness relatively quickly. Therefore, Anora can continue to make small and medium-sized acquisitions, for example next year. In our estimates, net debt relative to EBITDA is about 2x in 2023, so Anora could allocate about EUR 100 million to acquisitions and still stay below 3x.





Historical development and economic situation 2/2

Acquisitions have increased intangible assets

As the company has grown significantly through acquisitions, its balance sheet contains a significant amounts of intangible assets. Goodwill and other intangible assets together exceed EUR 500 million, or almost 45% of the balance sheet. Here we use our estimate of the balance sheet at the end of 2022, which also includes the Globus acquisition. However, a more detailed breakdown of Globus' balance sheet items has not yet been published. Due to the consistent performance of the businesses we do not see any significant write-down risk related to goodwill.

The balance sheet contains relatively little tangible assets, about 15%. The majority of this is also right-of-use assets, i.e. leases recognized in the balance sheet, and actual tangible assets only amount to EUR 70 million. As we have pointed out, considering the company's modest organic growth profile, it has no investment needs, so we do not expect tangible assets to grow.

The remainder is working capital and cash. Working capital is relatively high, as inventories represent over 20% of sales and receivables around 30%. The sales program for trade receivables applied by Anora decreases the amount of receivables. On the liabilities side accounts payable are at the same level as the two combined, so in terms of net working capital, Anora's situation is close to zero and therefore good. So, based on this it seems that Anora's partners/raw material suppliers finance the supply chain.

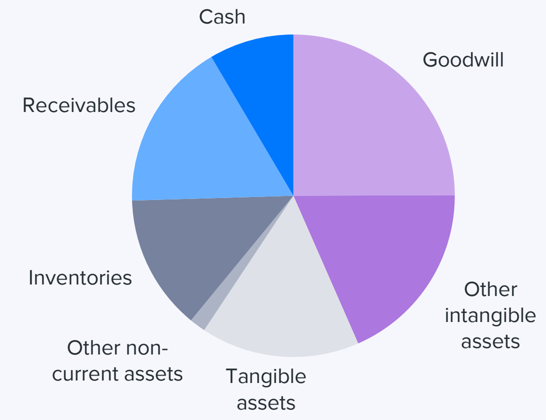
The above-mentioned accounts payable represent a large share of Anora's liabilities, over 30%. The share capital covers approximately 40%, which is also the company's equity ratio and the remaining 30% are debts. In this respect, we believe that the balance sheet is quite balanced and, as said, the large accounts payable support Anora's balance sheet situation.

Improving balance sheet efficiency seems difficult

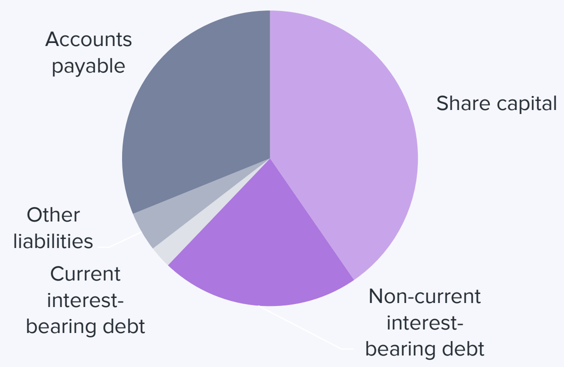
To improve the return on capital, Anora should improve profitability and/or capital turnover. Capital turnover in turn requires higher net sales with the same balance sheet or a smaller balance sheet. We have previously described Anora's modest growth potential, which means that a significant improvement in capital turnover is hardly likely.

Considering that the balance sheet contains a large amount of intangible assets and tangible assets, which are unlikely to substantially change, the only efficiency target is working capital. As indicated, inventory levels and receivables could be improved, but net working capital is already at a relatively good level considering accounts payable. Even if Anora was successful in reducing inventories and/or receivables, we believe the risk is that Anora's partners/suppliers would not want to support Anora's negative working capital and thus would tighten their own sales conditions. All in all we, therefore, see only limited possibilities for improving balance sheet efficiency and thus capital turnover.

Balance sheet assets



Balance sheet liabilities and equity



Estimates 1/4

We estimate the Group's earnings through segments' EBITDA

We model Anora based on the development of net sales and EBITDA in its three segments. Anora does not report segments at EBIT level, so we deduce it by subtracting the Group's depreciation from the EBITDA of the segments. We include already announced acquisitions in the estimates, but we do not predict possible future acquisitions. However, the Globus Wine acquisition on July 1, 2022 supports estimates in the next 12 months.

As we pointed out previously, Anora's business is quite defensive and stable and its development is not significantly affected by the economic cycle. We believe the key factors in terms of performance in the next few years are materialization of synergy benefits and the price development of raw materials, especially barley.

Simplified earnings estimate for Anora

Due to the very stable business and historical performance (before COVID), Anora's earnings can, in our opinion, be modeled very simply like this:

Average pro forma EBITDA for 2016-19 of EUR 77 million

+ Globus Wine's EBITDA about EUR 8 million

+ income gain from integration synergies (we assume 5 MEUR from 8-10 MEUR synergies)

+ possible organic growth of EUR 0-5 million

= 90-95 MEUR.

The calculation can be applied for 2024-25 when most merger synergies are visible.

Next, we will discuss the estimates in more detail.

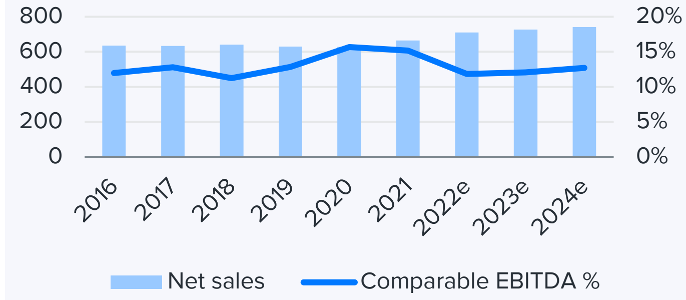
Earnings returning to pre-COVID levels in 2022

Anora has no net sales guidance for this year. Its H1'22 net sales rose by 2% compared to H1'21 pro forma net sales. Net sales were negatively affected by the normalization of demand (decline in monopoly sales but increase in DFTR) after COVID, the loss of a partner in the Wine segment and the smaller production of the Koskenkorva plant. Net sales in turn were supported by price increases, especially due to the high price of barley in the Industrial and Spirits segments.

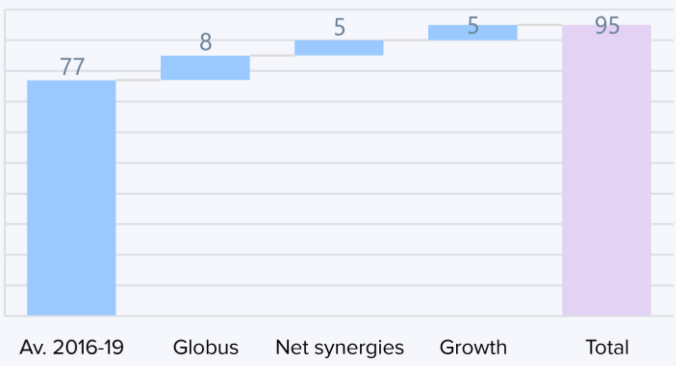
At the beginning of the year, Anora's guidance was that it expects comparable EBITDA to be EUR 75-85 million in 2022. This is clearly below the pro forma level of about EUR 100 million in 2020-21, but at the same levels as in the years before COVID. As mentioned, COVID supported the demand of monopoly chains and thus also of Anora in 2020-21, which will normalize this year.

H1 comparable EBITDA was EUR 32 million, or EUR 8 million lower than in 2021. H2 is seasonally stronger and the guidance suggests that H2 earnings will fall roughly as much compared to last year as in H1.

Anora pro forma net sales and profitability



Earnings components 2019 - 2025 (comparable EBITDA)



Estimates 2/4

At segment level, the earnings drop is largely due to the Wine segment, where a combination of lower sales and higher costs swept away half of the H1 result compared to the previous year. Price increases should gradually compensate for higher costs, but there are only a couple of possibilities for price increases in a year which means they materialize with a delay. In the Spirits and Industrial segments, earnings have fallen only slightly from last year, which we consider a good performance, given the negative impact of the massive increase in barley prices on these segments.

We believe that the development of the rest of the year will be very similar to that of the first half The acquisition of Globus Wine will naturally support H2'22 figures. We expect that net sales for 2022 will grow by 7% or organically by 1% and comparable EBITDA to be EUR 84 million, i.e. at the top of the estimate range. Reported earnings are depressed especially by non-recurring costs related to the merger and our reported EBITDA estimate for 2022 is EUR 76 million. We do not predict non-recurring items in coming years.

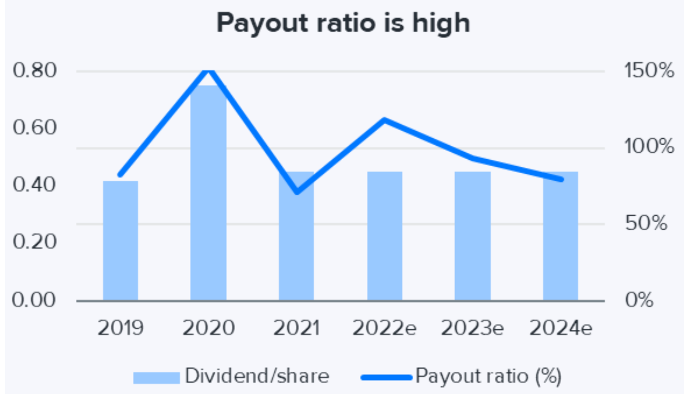
We expect the dividend to remain unchanged in 2022, although EPS will be halved

The weakening result hits comparable EPS hard which we expect will fall to less than half, or to about EUR 0.50. Last year, Anora distributed a dividend of EUR 0.45 per share and we estimate that the company will maintain this level despite a clear decrease in earnings. Preconditions for dividend distribution are supported by the fact that the company's cash flow is higher than the accounting result, because depreciation is higher than investments. However, depending on Anora's new financial objectives in terms of growth (especially acquisitions), indebtedness and dividend distribution, we see a clear risk that dividends can also be cut.

Earnings almost unchanged in 2023

In 2023 , we estimate only a 2% increase in net sales and an organic decline of 3%, while falling barley prices lowers sales prices, especially in the Industrial segment. On the other hand, we believe that the effect of cost pressure leveling off and price increases will slightly increase the gross margin in the Wine and Spirits segments. However, DFTR kicking off and growth investments require some increase in fixed costs in the Spirits segment, and in the Wine segment the company has mentioned a turnaround which also requires some cost investments. Therefore, we believe that the result will improve only slightly in 2023, mainly thanks to the Wine segment.

With the higher financing costs caused by the Globus Wine acquisition and increasing interest rates we expect 2023 EPS to be at the 2022 level. However, we expect the same dividend of EUR 0.45 for 2023, which means a payout ratio of almost 100%. This is somewhat under 100% of the free cash flow.



Estimates 3/4

In 2024, the potential should be realized

Anora has said that 80% of its merger synergies should be achieved in two years, by fall 2023. We assume that the effects of this year's barley price spike have stabilized by the end of next year at the latest, and that the cost synergies from the Globus Wine acquisition will also be visible mainly in 2024. Thus, 2024 should be the year in which the earnings potential of Anora's current structure becomes visible. We estimate a small 2% increase in net sales and an improvement in earnings in both the Wine and Spirits segments in 2024. We expect a comparable EBITDA of EUR 93 million in 2024, which is in line with the simplified earnings model on the previous page.

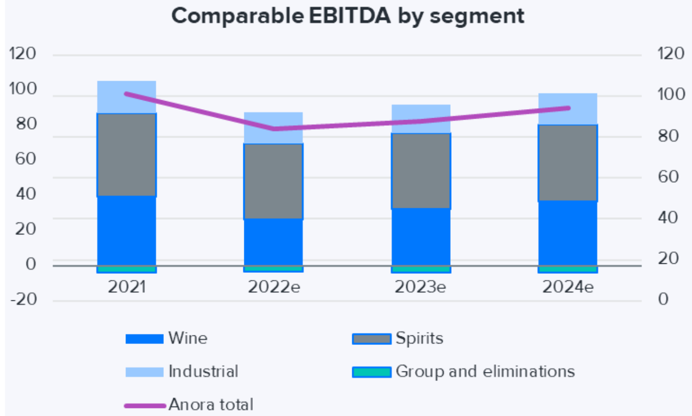
Steady cash flow mainly used for dividends

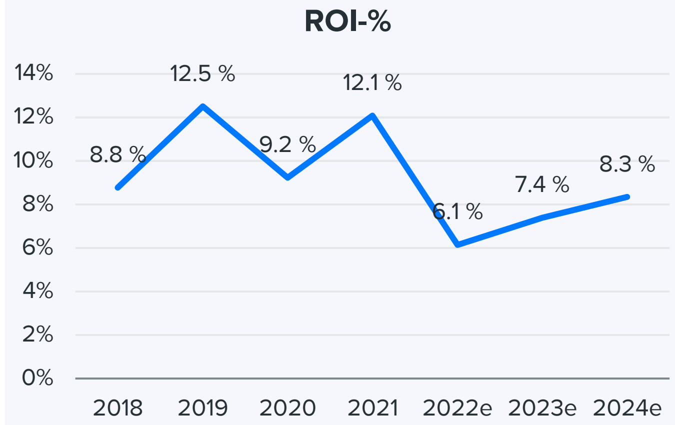
With small changes in net sales, we believe that Anora's working capital will remain roughly at the same level in the longer term. Next year, we expect money to be released from working capital as the price of barley falls and supply chain difficulties alleviate, freeing up money committed to inventories.

We believe typical operating cash flow to be around EUR 65-70 million of which Anora spends about EUR 25-30 million on replacement investments (including lease repayments). Thus, free cash flow amounts to EUR 35-45 million. Of this, approximately EUR 30 million is spent on the stable dividend distribution we estimate, so there is still some money left to repay debt. A slightly declining debt, together with growing earnings, pushes the net debt/EBITDA ratio to a relatively moderate level of 1.5x by the end of 2024. As an alternative, Anora could distribute its entire free cash flow as dividends, which would result in a dividend yield of approximately 8%.

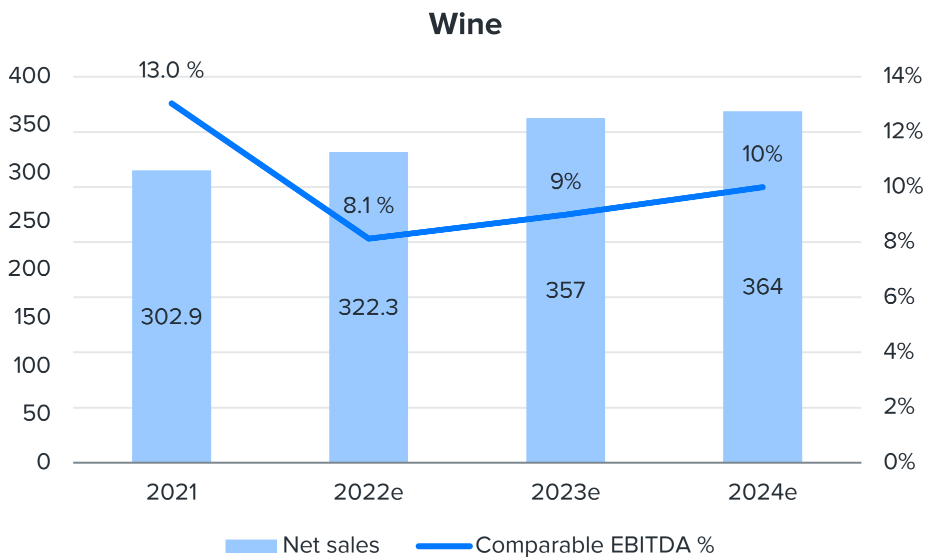
Return on capital close to the required return

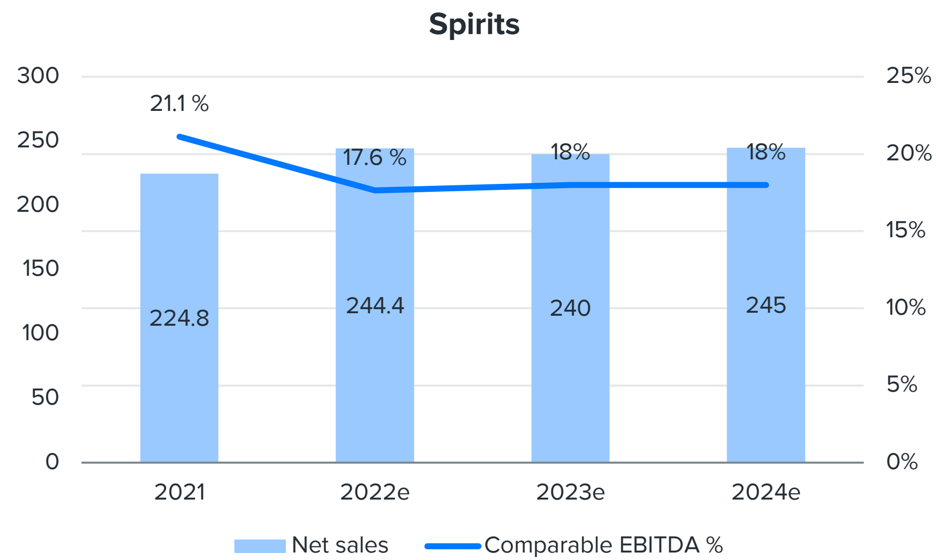
The ROCE of Anora and its predecessors Altia and Arcus, has typically been at a moderate level of 5-10%. We believe the ROCE in Anora will increase to 7-8% from 2024 onwards. This corresponds roughly to the level of the company's required return, i.e. we do not expect the company to create much financial added value. This also affects the longer-term expected return, which we will discuss in the valuation section.

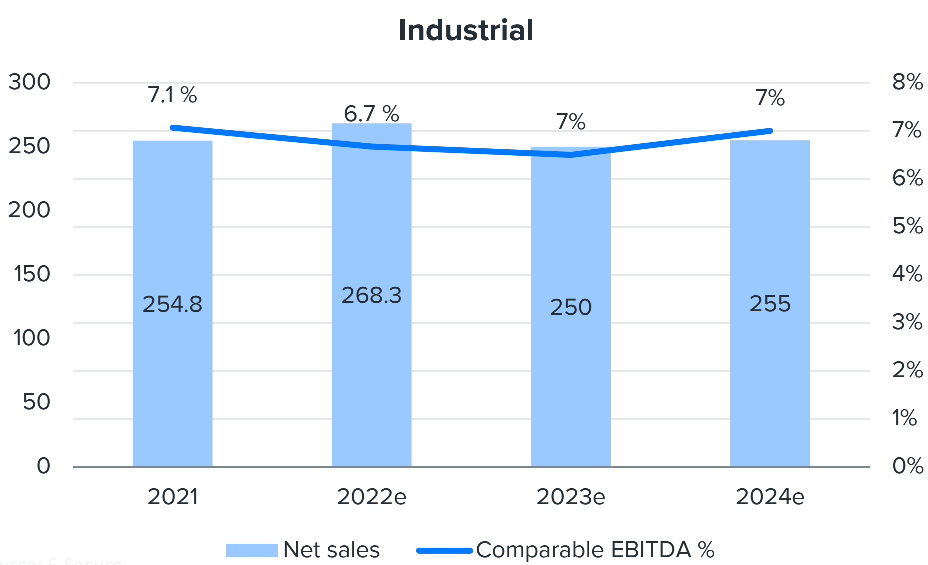




Forecasts 4/4 - Division estimates







Source: F-Secure

Valuation and recommendation 1/2

Stable performance and cash flow make valuation easier

Anora's steady performance and cash flow development makes it relatively easy to use a number of conventional valuation methods. This enables the use of both the DCF model and earnings-based valuation, and also makes dividend yield predictable. For the expected return, we look at the earnings growth in coming years, the dividend level and possible changes in valuation multiples.

Valuation summary - Reduce, target price EUR 7.5

Anora's expected return for the next few years will consist of both a steady dividend yield and moderate earnings growth, as merger synergies materialize and the current headwind from raw material prices alleviates. We believe that the share's valuation level for 2022 is somewhat expensive considering the modest organic growth potential.

Thus we believe the total expected return to mainly be based on the dividend yield and is below 10%. Therefore, our recommendation for the share is Reduce with a EUR 7.5 target price.

Value of the DCF model slightly exceeds the current share price

Due to the stable industry, steady growth and relatively easily predictable business, the DCF model is, in our opinion, a relevant valuation method for Anora.

After our more detailed estimate years (2022-24, discussed above), we expect only 1% net sales growth for the company from 2025 onwards. We assume the EBIT margin to be 7.5-8%. This means that EBIT will be around EUR 60 million in 2025-30. Until 2030, investments will remain below the depreciation level.

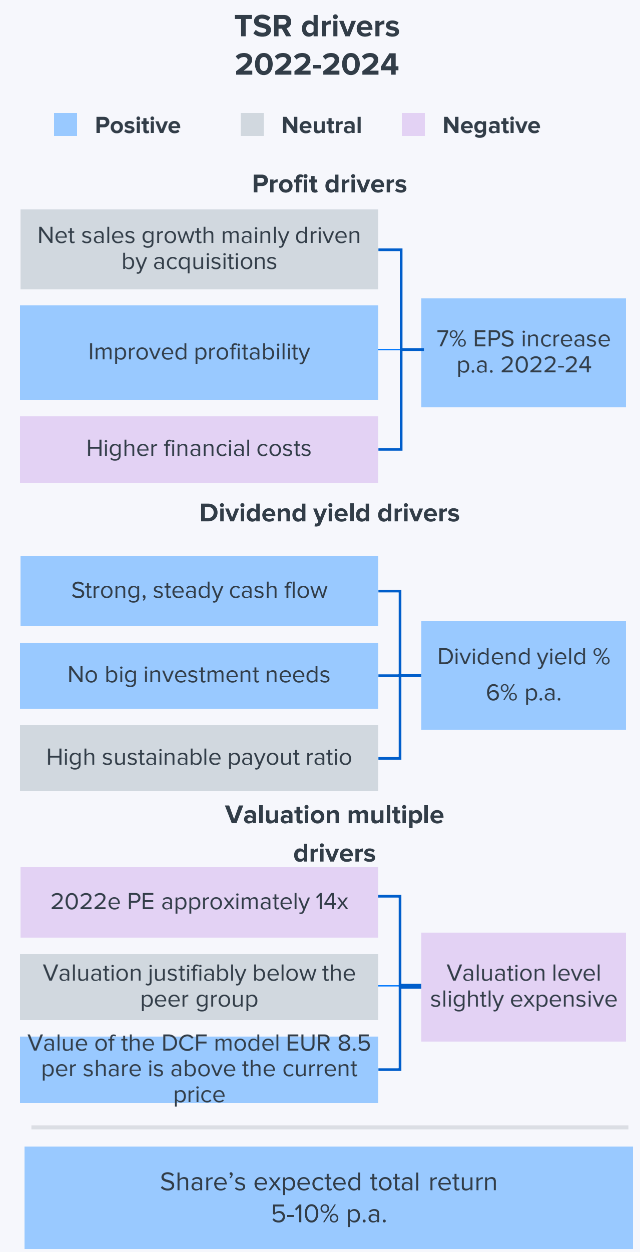
Because the company's demand is even and defensive and profitability is stable, we use a relatively low 7.5% WACC. Even though cash flow is stable, a large proportion, about 55% of cash flows will only be generated after 2031, i.e. in the terminal period.

Our DCF model gives Anora a debt-free value of about EUR 710 million, which means that the value of the share capital is about EUR 600 million, or EUR 8.5 per share.

Earnings-based valuation is slightly expensive

Anora's EV/EBIT valuation is approximately 13x with 2022 earnings. Anora only has one year of history, but we find Altia's historic valuation levels relevant also to Anora, because the return on capital and growth profile are very similar. Examined like this, the average historical EV/EBIT of Altia/Anora is about 11.5x. Similarly, the P/E ratio for 2022 is 14x and the historical average is 12x. However, the historical ratios of former Arcus have been somewhat higher, P/E 14-18x and EV/EBIT 12-18x. The earnings multiples for 2022 are highish in our opinion considering the modest return on capital and growth outlook.

As regards the EV-based valuation, we note that Anora has a relatively high lease liability in its balance sheet, over EUR 100 million, relative to its value, which is not actual financial liability. On the other hand, it has off-balance-sheet sold receivables of some EUR 50 million which can be considered as debt-like assets.



Source: Inderes

Valuation 2/2

We have not adjusted these one way or another, but do not see the EV-based multiples as the best for Anora.

With the current share price and our estimates Anora offers a dividend yield of nearly 6% with its stable dividend. As we stated earlier, this means a payout ratio of around 100% in the next few years, so the dividend may be lower. This also depends on Anora's willingness and activity in acquisitions.

Balance sheet-based valuation in order

With our estimates, Anora's return on capital (both ROE and ROCE) will be around 7-8% in 2024-25. We examine these years because at that time most merger synergies should be visible and the earnings level should correspond to the company's potential. This rate of return is practically the same as our return requirement (8.0% for equity, 7.5% for total capital). Therefore, the balance sheet-based valuation of the share, or P/B, should be around 1.0x. The same is true for the EV/IC ratio (i.e. enterprise value/invested capital). At the current share price, both the P/B and EV/IC ratios for 2022-25 are 0.9-1.0x. This would indicate that the valuation level is pretty much correct as is.

The expected return is below 10% even in the longer term

As the return on capital remains below 10 % and at the level of the required return also further into the future, we do not consider Anora's expected return as attractive even in the longer term. If Anora would distribute its entire free cash flow as dividends the dividend yield would be approximately 8%. In our opinion, this describes Anora's long-term annual return potential well.

Valuation compared to peer group

In our opinion, Anora has no direct peers, either in the Nordic countries nor internationally. We use large international alcohol producers as the peer group, among which we have chosen: Brown-Forman (USA), David Campari Milano (Italy), Diageo (UK), Pernod Ricard (France), Remy Cointreau (France) and Constellation Brands (USA). These are large international alcohol producers whose market cap is measured in billions or tens of billions. Of these, we have previously mentioned Diageo and Pernod Ricard that compete directly with Anora on the Nordic markets. As this group mainly produces alcoholic beverages themselves, their margin and return on capital are clearly higher than Anora's (Anora also has a lot of partner brand distribution). The more international business of the peers also enables a better growth profile. Thus, the valuation of these companies must be much higher than Anora's.

We have also included the Nordic Olvi and Royal Unibrew, which are mainly breweries, in the peer group. These businesses are not, therefore, directly comparable to Anora either .

Anora's multiples are well below the average/median of the peer group with both earnings-based and balance sheet multiples, as should be. This is due to Anora's lower profitability, return on capital and growth. In terms of dividend yield Anora is well above the average 2% level of the peers. This depicts the fact that Anora distributes a large share of its earnings as dividends in the absence of growth opportunities. So we do not feel peer group comparison provides essential support to Anora's valuation.

Acquisition potential

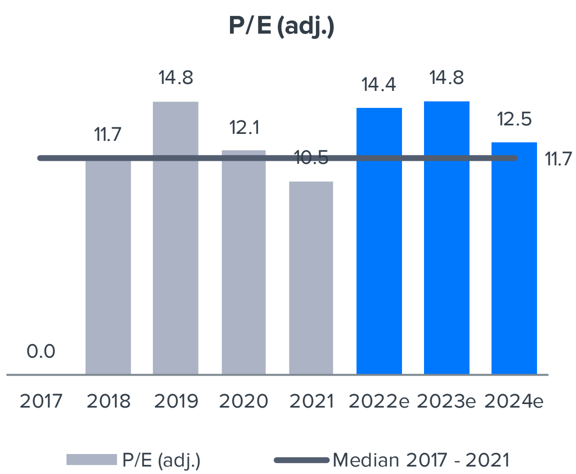
As mentioned earlier, part of Anora's strategy is acquisitions and its predecessors, Arcus and Altia, have expanded mainly through acquisitions in the Nordic countries. Thus, acquisitions are likely also in the future.

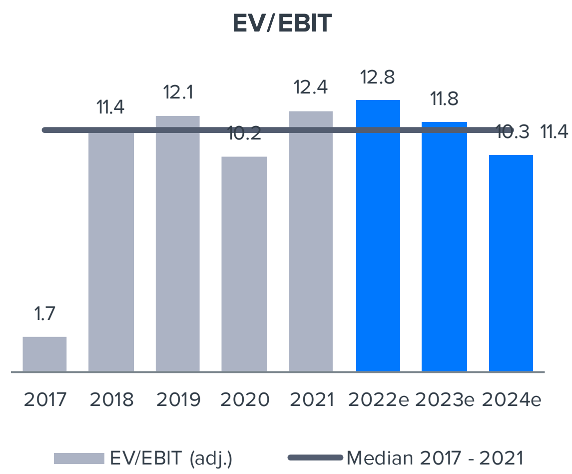
The next step in acquisitions would probably be expansion into Central Europe. We believe this could generate cross-selling synergies, but cost synergies would be limited. Looking at the valuation of the Globus Wine deal (EV/EBITDA 9-10x), it does not seem like Anora would be able to acquire strong players like Globus at relatively low prices. Therefore, we do not see that Anora would be able to create considerable value through acquisitions.

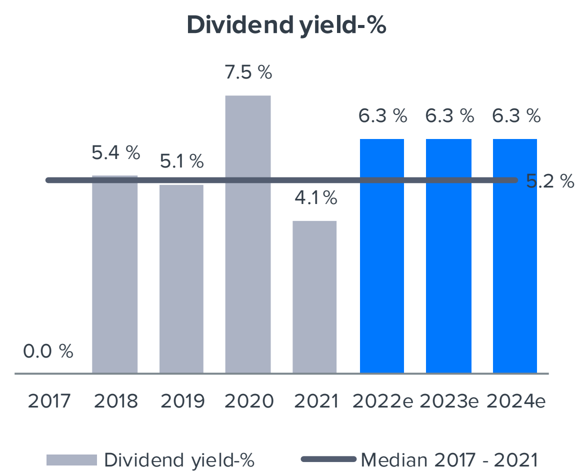
Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price		7.10	8.20	9.98	10.9	**7.10**	**7.10**	**7.10**	**7.10**
Number of shares, millions	36.0	36.1	36.1	36.1	46.6	**67.6**	**67.6**	**67.6**	**67.6**
Market cap		257	296	361	736	**480**	**480**	**480**	**480**
EV	48	304	325	357	864	**659**	**634**	**616**	**597**
P/E (adj.)	0.0	11.7	14.8	12.1	10.5	**14.4**	**14.8**	**12.5**	**11.6**
P/E	0.0	17.0	16.1	20.3	11.9	**18.7**	**14.8**	**12.5**	**11.6**
P/FCF	0.0	73.7	8.2	7.0	neg.	**neg.**	**7.3**	**8.5**	**8.3**
P/B	0.0	1.7	2.0	2.3	1.5	**1.0**	**1.0**	**0.9**	**0.9**
P/S	0.0	0.7	0.8	1.1	1.1	**0.7**	**0.7**	**0.6**	**0.6**
EV/Sales	0.1	0.9	0.9	1.0	1.3	**0.9**	**0.9**	**0.8**	**0.8**
EV/EBITDA	1.2	8.9	7.6	8.9	9.1	**8.6**	**7.2**	**6.5**	**6.2**
EV/EBIT (adj.)	1.7	11.4	12.1	10.2	12.4	**12.8**	**11.8**	**10.3**	**9.7**
Payout ratio (%)	0.0 %	91.3 %	82.6 %	152.7 %	71.1 %	**118.5 %**	**93.6 %**	**79.4 %**	**73.8 %**
Dividend yield-%		5.4 %	5.1 %	7.5 %	4.1 %	**6.3 %**	**6.3 %**	**6.3 %**	**6.3 %**

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**
Brown-Forman	33977	35366	30.2	26.5	28.2	24.8	9.1	8.5	40.3	34.8	2.0	1.1	12.9
Davide Campari Milano	10331	11246	21.4	19.3	18.3	16.5	4.4	4.1	27.5	24.6	0.8	0.8	3.9
Diageo	96495	114169	22.2	18.6	20.0	17.0	6.9	5.9	26.6	21.8	2.0	2.2	12.5
Remy-Cointreau	8686	9026	28.3	20.9	25.0	18.7	7.0	5.7	38.9	29.3	1.2	1.3	5.3
Constellation Brands	45683	57169	19.1	18.3	17.0	16.0	6.4	5.9	23.2	21.0	1.3	1.3	3.5
Olvi	662	631	24.6	12.2	8.8	8.1	1.4	1.4	28.6	16.0	3.8	4.1	2.0
Royal Unibrew	3404	3999	17.1	15.3	13.4	12.0	2.6	2.4	16.8	16.4	3.2	3.2	6.2
Anora (Inderes)	**480**	**659**	**12.8**	**11.8**	**8.6**	**7.2**	**0.9**	**0.9**	**14.4**	**14.8**	**6.3**	**6.3**	**1.0**
Average			**23.2**	**18.7**	**18.7**	**16.1**	**5.4**	**4.8**	**28.8**	**23.4**	**2.0**	**2.0**	**6.6**
Median			**22.2**	**18.6**	**18.3**	**16.5**	**6.4**	**5.7**	**27.5**	**21.8**	**2.0**	**1.3**	**5.3**
Diff-% to median			***-42%***	***-36%***	***-53%***	***-56%***	***-85%***	***-85%***	***-48%***	***-32%***	***215%***	***377%***	***-82%***

Source: Refinitiv / Inderes

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	**342**	**134**	**160**	**165**	**206**	**665**	**133**	**166**	**183**	**228**	**710**	**727**	**742**	**757**
Wine	0.0	62.2	75.0	72.6	93.1	303	53.2	70.4	86.9	112	322	357	364	372
Spirits	0.0	41.9	51.7	57.2	74.0	225	44.9	59.5	60.0	80.0	244	240	245	250
Industrial	0.0	54.1	64.4	68.8	67.5	255	60.8	67.5	70.0	70.0	268	250	255	260
Group and eliminations	0.0	-24.1	-31.0	-33.4	-29.0	-117.5	-25.5	-31.6	-34.0	-34.0	-125.1	-120.0	-122.4	-124.8
EBITDA	**40.3**	**13.2**	**21.5**	**28.2**	**32.3**	**95.2**	**11.9**	**15.3**	**22.0**	**27.0**	**76.3**	**87.6**	**94.3**	**96.2**
Depreciation	-17.4	-7.8	-7.9	-7.7	-7.8	-31.2	-7.8	-7.8	-8.5	-8.5	-32.6	-34.0	-34.3	-34.5
EBIT (excl. NRI)	**35.0**	**8.8**	**15.8**	**22.3**	**22.9**	**69.8**	**5.2**	**11.1**	**15.0**	**20.0**	**51.4**	**53.6**	**60.0**	**61.7**
EBIT	**22.9**	**5.4**	**13.6**	**20.5**	**24.5**	**64.0**	**4.1**	**7.5**	**13.5**	**18.5**	**43.7**	**53.6**	**60.0**	**61.7**
Wine (EBITDA)	0.0	6.8	8.6	10.0	13.2	38.6	3.0	4.6	7.0	11.5	26.1	32.2	36.4	37.2
Spirits (EBITDA)	0.0	7.4	10.6	11.9	18.2	48.1	8.0	9.4	11.0	15.0	43.4	43.2	44.1	44.9
Industrial (EBITDA)	0.0	3.3	4.6	7.0	2.8	17.7	3.6	4.2	6.5	4.0	18.4	16.3	17.9	18.2
Group and eliminations	0.0	-4.3	-2.2	-0.7	-1.9	-9.1	-2.7	-2.9	-2.5	-3.5	-11.7	-4.0	-4.1	-4.2
Share of profits in assoc. compan.	1.2	1.0	-0.1	0.3	0.4	1.6	0.9	0.0	0.3	0.3	1.5	1.5	1.5	1.5
Net financial items	-2.9	-2.6	-3.1	-2.6	-2.8	-11.1	-2.4	-2.2	-3.5	-3.5	-11.6	-14.0	-13.0	-11.0
PTP	**21.3**	**3.8**	**10.4**	**18.2**	**22.1**	**54.5**	**2.6**	**5.3**	**10.3**	**15.3**	**33.6**	**41.1**	**48.5**	**52.2**
Taxes	-3.5	-1.0	-2.6	-3.9	-3.9	-11.4	-0.6	-1.0	-2.5	-3.5	-7.6	-8.3	-9.9	-10.6
Minority interest	0.0	-0.1	-0.1	-0.1	-0.1	-0.4	-0.1	0.0	-0.1	-0.1	-0.3	-0.3	-0.3	-0.3
Net earnings	**17.8**	**2.7**	**7.7**	**14.2**	**18.1**	**42.7**	**1.9**	**4.3**	**7.7**	**11.7**	**25.6**	**32.5**	**38.3**	**41.2**
Net earnings	**17.8**	**2.7**	**7.7**	**14.2**	**18.1**	**42.7**	**1.9**	**4.3**	**7.7**	**11.7**	**25.6**	**32.5**	**38.3**	**41.2**
EPS (adj.)	**0.83**	**0.13**	**0.21**	**0.34**	**0.35**	**1.04**	**0.04**	**0.12**	**0.14**	**0.19**	**0.49**	**0.48**	**0.57**	**0.61**
EPS (rep.)	**0.49**	**0.06**	**0.17**	**0.30**	**0.39**	**0.92**	**0.03**	**0.06**	**0.11**	**0.17**	**0.38**	**0.48**	**0.57**	**0.61**

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-%	-4.8 %	0.0 %	0.0 %	0.0 %	-40.0 %	94.2 %	-0.5 %	3.5 %	10.7 %	10.8 %	6.7 %	2.5 %	2.0 %	2.0 %
Adjusted EBIT growth-%	30.6 %				-34.6 %	99.5 %	-40.7 %	-29.7 %	-32.7 %	-12.7 %	-26.5 %	4.4 %	11.9 %	2.7 %
EBITDA-%	11.8 %	9.8 %	13.4 %	17.1 %	15.7 %	14.3 %	8.9 %	9.3 %	12.0 %	11.9 %	10.7 %	12.0 %	12.7 %	12.7 %
Adjusted EBIT-%	10.2 %	6.6 %	9.9 %	13.5 %	11.1 %	10.5 %	3.9 %	6.7 %	8.2 %	8.8 %	7.2 %	7.4 %	8.1 %	8.1 %
Net earnings-%	5.2 %	2.0 %	4.8 %	8.6 %	8.8 %	6.4 %	1.4 %	2.6 %	4.2 %	5.1 %	3.6 %	4.5 %	5.2 %	5.4 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	**186**	**692**	**764**	**755**	**746**
Goodwill	81.4	278	313	313	313
Intangible assets	20.7	197	232	232	232
Tangible assets	69.1	197	199	190	182
Associated companies	9.1	16.3	16.3	16.3	16.3
Other investments	1.4	0.7	1.0	1.0	1.0
Other non-current assets	0.0	0.1	0.0	0.0	0.0
Deferred tax assets	3.8	3.1	3.0	3.0	3.0
Current assets	**270**	**542**	**490**	**487**	**497**
Inventories	92.3	140	170	160	163
Other current assets	0.2	0.2	0.2	0.2	0.2
Receivables	46.8	233	213	218	223
Cash and equivalents	131	169	106	109	111
Balance sheet total	**456**	**1233**	**1254**	**1243**	**1244**

Source: Inderes

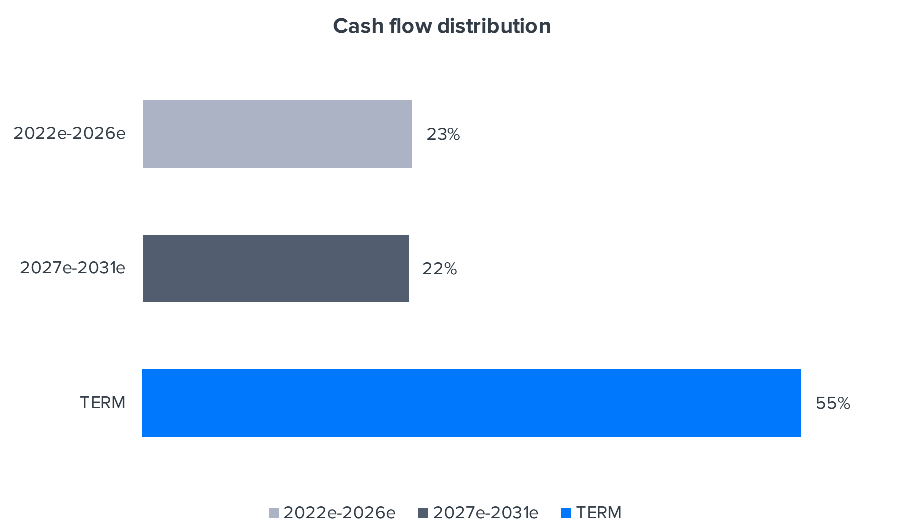
Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	**156**	**508**	**503**	**506**	**514**
Share capital	60.5	61.5	61.5	61.5	61.5
Retained earnings	115	122	117	119	127
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	-19.5	324	324	324	324
Minorities	0.0	0.9	1.2	1.5	1.8
Non-current liabilities	**94.6**	**310**	**327**	**306**	**292**
Deferred tax liabilities	16.8	48.4	48.4	48.4	48.4
Provisions	1.1	3.0	3.0	3.0	3.0
Long term debt	76.7	257	275	254	241
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	1.7	0.0	0.0	0.0
Current liabilities	**205**	**415**	**424**	**431**	**438**
Short term debt	50.2	38.1	30.6	28.3	26.7
Payables	153	374	390	400	408
Other current liabilities	2.0	2.8	2.8	2.8	2.8
Balance sheet total	**456**	**1233**	**1254**	**1243**	**1244**

DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
Revenue growth-%	94.2 %	6.7 %	2.5 %	2.0 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
EBIT-%	9.6 %	6.1 %	7.4 %	8.1 %	8.1 %	7.5 %	7.5 %	7.5 %	7.5 %	8.0 %	8.0 %	8.0 %
EBIT (operating profit)	**64.0**	**43.7**	**53.6**	**60.0**	**61.7**	**57.3**	**57.9**	**58.5**	**59.1**	**63.6**	**64.3**	
+ Depreciation	31.2	32.6	34.0	34.3	34.5	37.1	36.1	35.3	34.7	29.1	28.6	
- Paid taxes	20.9	-7.5	-8.3	-9.9	-10.6	-10.4	-10.7	-11.0	-11.3	-12.5	-11.9	
- Tax, financial expenses	-2.4	-3.8	-3.8	-3.6	-3.2	-2.5	-2.3	-2.1	-1.9	-1.7	-1.6	
+ Tax, financial income	0.0	1.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.0	
- Change in working capital	-10.8	5.2	14.7	0.4	0.4	0.2	0.2	0.2	0.2	0.2	0.2	
Operating cash flow	**103**	**71.2**	**91.1**	**82.1**	**83.7**	**82.6**	**82.0**	**81.7**	**81.6**	**79.6**	**79.6**	
+ Change in other long-term liabilities	3.6	-1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-530.9	-105.2	-25.0	-25.5	-26.0	-26.5	-27.1	-27.6	-28.2	-26.3	-30.4	
Free operating cash flow	**-424.4**	**-35.7**	**66.1**	**56.6**	**57.6**	**56.0**	**55.0**	**54.1**	**53.5**	**53.3**	**49.3**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-424.4	-35.7	66.1	56.6	57.6	56.0	55.0	54.1	53.5	53.3	49.3	765
Discounted FCFF		**-35.0**	**60.3**	**48.1**	**45.5**	**41.2**	**37.6**	**34.4**	**31.6**	**29.3**	**25.2**	**392**
Sum of FCFF present value		710	745	685	637	591	550	512	478	446	417	392
Enterprise value DCF		**710**										
- Interesting bearing debt		-295.0										
+ Cash and cash equivalents		169										
-Minorities		-1.1										
-Dividend/capital return		-30.4										
Equity value DCF		**574**										
Equity value DCF per share		**8.5**										

Wacc	
Tax-% (WACC)	22.0 %
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	2.0 %
Cost of equity	**8.0 %**
Weighted average cost of capital (WACC)	**7.5 %**

Source: Inderes



Summary

Income statement	2019	2020	2021	2022e	2023e
Revenue	359.6	342.4	665.0	**709.8**	**727.3**
EBITDA	43.0	40.3	95.2	**76.3**	**87.6**
EBIT	25.1	22.9	64.0	**43.7**	**53.6**
PTP	24.6	21.3	54.5	**33.5**	**41.1**
Net Income	18.4	17.8	42.7	**25.7**	**32.5**
Extraordinary items	-1.7	-12.1	-5.8	**-7.7**	**0.0**

Balance sheet	2019	2020	2021	2022e	2023e
Balance sheet total	400.1	455.5	1233.3	**1254.2**	**1242.7**
Equity capital	151.2	156.3	507.9	**503.5**	**505.8**
Goodwill	80.1	81.4	277.8	**312.8**	**312.8**
Net debt	28.8	-3.8	126.1	**199.6**	**173.5**

Cash flow	2019	2020	2021	2022e	2023e
EBITDA	43.0	40.3	95.2	**76.3**	**87.6**
Change in working capital	19.4	24.2	-10.8	**5.2**	**14.7**
Operating cash flow	56.3	64.0	102.9	**71.2**	**91.1**
CAPEX	-19.6	-12.0	-530.9	**-105.2**	**-25.0**
Free cash flow	36.3	51.7	-424.4	**-35.7**	**66.1**

Valuation multiples	2019	2020	2021	2022e	2023e
EV/S	0.9	1.0	1.3	**0.9**	**0.9**
EV/EBITDA (adj.)	7.6	8.9	9.1	**8.6**	**7.2**
EV/EBIT (adj.)	12.1	10.2	12.4	**12.8**	**11.8**
P/E (adj.)	14.8	12.1	10.5	**14.4**	**14.8**
P/B	2.0	2.3	1.5	**1.0**	**1.0**
Dividend-%	5.1 %	7.5 %	4.1 %	**6.3 %**	**6.3 %**

Source: Inderes

Per share data	2019	2020	2021	2022e	2023e
EPS (reported)	0.51	0.49	0.92	**0.38**	**0.48**
EPS (adj.)	0.56	0.83	1.04	**0.49**	**0.48**
OCF / share	1.56	1.77	2.21	**1.05**	**1.35**
FCF / share	1.00	1.43	-9.11	**-0.53**	**0.98**
Book value / share	4.18	4.32	10.88	**7.43**	**7.46**
Dividend / share	0.42	0.75	0.45	**0.45**	**0.45**

Growth and profitability	2019	2020	2021	2022e	2023e
Revenue growth-%	1%	-5%	94%	**7%**	**2%**
EBITDA growth-%	26%	-6%	136%	**-20%**	**15%**
EBIT (adj.) growth-%	1%	31%	100%	**-26%**	**4%**
EPS (adj.) growth-%	-9%	49%	26%	**-53%**	**-3%**
EBITDA-%	12.0 %	11.8 %	14.3 %	**10.7 %**	**12.0 %**
EBIT (adj.)-%	7.5 %	10.2 %	10.5 %	**7.2 %**	**7.4 %**
EBIT-%	7.0 %	6.7 %	9.6 %	**6.1 %**	**7.4 %**
ROE-%	12.2 %	11.5 %	12.9 %	**5.1 %**	**6.5 %**
ROI-%	12.5 %	9.2 %	12.1 %	**6.1 %**	**7.4 %**
Equity ratio	37.8 %	34.3 %	41.2 %	**40.1 %**	**40.7 %**
Gearing	19.0 %	-2.4 %	24.8 %	**39.7 %**	**34.3 %**

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
27-09-22	Reduce	7.50 €	7.10 €

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