Tokmanni

Company report

8/19/2024

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Inderes corporate customer

This report is a summary translation of the report “Tulospotentiaali todistetaan vasta 2025-26” published on 8/19/2024 at 7:55 am EEST

Earnings potential to be proven in 2025-26

Tokmanni's Q2 result was soft in many respects, as indicated by the profit warning issued by the company in July. During the quarter, the company faced challenges in each of its markets, resulting in a decline in like-for-like sales. This, together with cost pressures, resulted in the Group's profitability being lower than in the comparison period. The recently revised guidance was naturally repeated and the company's outlook for the rest of the year looks challenging to us. We consider the valuation of the stock to be quite moderate and believe that the stock offers investors a sufficiently attractive risk/reward ratio to compensate for the market uncertainties. We reiterate our Accumulate recommendation and EUR 13.0 target price.

Organic drivers for revenue growth few and far between

In Q2, Tokmanni Group’s revenue grew by 33% to 422 MEUR. Growth was effectively driven by inorganic growth from the Dollarstore integration, while revenue declined in comparable stores due to what management described as a delayed spring, weak consumer purchasing power and challenges with the Dollarstore assortment. Gross margin remained at a reasonable level, although we expected it to have suffered from the downward pressure of price competition in the market. This may reflect an improvement in the gross margin from the realization of cost synergies. Fixed costs rose faster than revenue, driven by higher personnel, marketing and real estate costs. Consequently, the Group's adjusted EBIT decreased from the comparison period to 28 MEUR (6.6% of revenue). With lower profitability than in the comparison period and higher financing costs, earnings per share also fell below the comparison period, but were in line with our forecast.

Rest of the year set to be challenging

Challenges with product mix and customer visit development will, in our view, continue to slow Dollarstore's performance in Q3, and the Finnish VAT increase combined with Tokmanni's aggressive price campaigns will weigh on the Finnish operations' earnings development. We forecast the group's 2024 result to be in line with the comparison period and at the lower end of the guidance range. Hope for an improvement in the group's earnings is provided by an improving gross margin as a result of increasing volumes of shared products in Q4. As for the market itself, we do not expect a major turnaround, but believe that it will only wake up in 2025 as consumer purchasing power improves. We believe the key to Tokmanni Group's investor story is to realize its growth potential and improve profitability in Sweden and Denmark. In addition, the company must prove the viability of the Tokmanni concept and also improve its efficiency, in addition to achieving reasonable comparable growth. The recent sluggish earnings development, profit warning and news on the competitive landscape in the market raise our concerns about the business potential.

Current share price does not reflect potential for earnings improvement

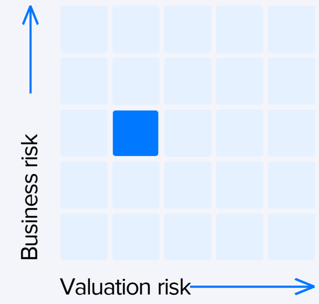
We believe that Tokmanni's valuation is moderate (2025e P/E 10x and IFRS16 adj. EV/EBIT 9x). Expected returns above the required return are driven by our forecast of 5% earnings growth, a 6% dividend yield and a gradual increase in valuation multiples towards the Nasdaq Helsinki average. The company's recent performance raises uncertainty about a sustainable earnings level, but we believe the current share price already provides investors with a sufficient margin of safety to offset temporary market challenges. This hypothesis is also supported by our cash flow model, which suggests a fair value of around EUR 14 per share. Over the long term, the stock has significant return potential if the company can continue to grow and improve its relative profitability even slightly.

Recommendation

Accumulate
(was Accumulate)

EUR 13.00
(was EUR 13.00)

Share price:
10.80



Key figures

	2023	2024e	2025e	2026e
Revenue	1392.7	1652.1	1760.8	1846.3
growth-%	19%	19%	7%	5%
EBIT adj.	100.2	100.7	118.6	125.9
EBIT-% adj.	7.2 %	6.1 %	6.7 %	6.8 %
Net Income	54.1	46.7	63.7	69.7
EPS (adj.)	1.04	0.84	1.13	1.23

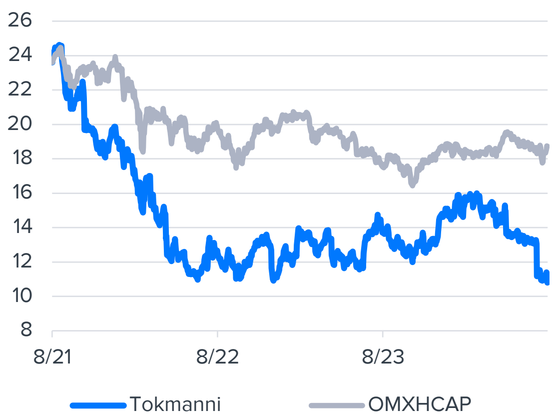
P/E (adj.)	14.8	12.8	9.5	8.7
P/B	3.4	2.4	2.1	1.9
Dividend yield-%	4.9 %	4.8 %	6.5 %	7.1 %
EV/EBIT (adj.)	16.4	13.8	11.7	11.0
EV/EBITDA	8.6	6.2	5.6	5.4
EV/S	1.2	0.8	0.8	0.7

Source: Inderes

Guidance (Unchanged)

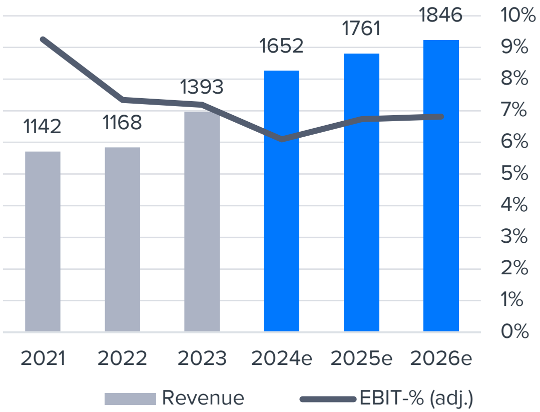
In 2024, Tokmanni expects its revenue to be 1,650-1,730 MEUR (2023: 1393 MEUR) and comparable EBIT to be 98-118 MEUR (was 99 MEUR).

Share price



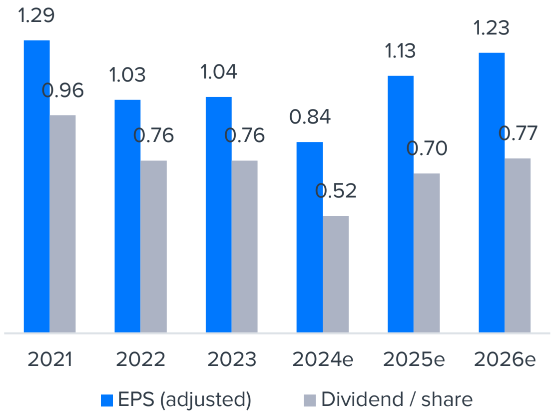
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Dollarstore and international expansion
- New store openings
- Increase in private label share
- Smart buying becoming more popular
- Economies of scale through volumes, e.g., in purchasing and negotiating lease terms
- Exploiting own online store as a potential platform for third party products

Risk factors

- Tighter competition and new international challengers
- Failure in acquisitions or international expansion
- Dependence on central stocks
- Reputation and price impression risks
- Disruptions in product availability and sector's dependence on manufacturing in the Far East

Valuation	2024e	2025e	2026e
Share price	10.8	10.8	10.8
Number of shares, millions	58.9	58.9	58.9
Market cap	636	636	636
EV	1394	1386	1383
P/E (adj.)	12.8	9.5	8.7
P/E	13.6	10.0	9.1
P/B	2.4	2.1	1.9
P/S	0.4	0.4	0.3
EV/Sales	0.8	0.8	0.7
EV/EBITDA	6.2	5.6	5.4
EV/EBIT (adj.)	13.8	11.7	11.0
Payout ratio (%)	65.0 %	65.0 %	65.0 %
Dividend yield-%	4.8 %	6.5 %	7.1 %

Source: Inderes

External as well as internal factors causing weakness

Comparable development sluggish

In Q2, Tokmanni Group's revenue grew by 33% to 423 MEUR, supported by the Dollarstore integration. However, the performance of the businesses underneath was weaker than reported, with the group's like-for-like (LFL) revenue declining by just over 2%. The overall performance across all segments was, in our estimation, weakened by the sluggish development of the non-grocery market and the resulting fierce competition.

In our view, the main factor behind Tokmanni's decline (LFL -3%) was significantly increased competition in a challenging market, but we also believe that management's time was taken up with the integration of Dollarstore and the resolution of other issues. Dollarstore's development (LFL -1%) was hampered by assortment renewal challenges and weak consumer spending power, the company said. Customer visits to the Group's comparable stores also declined, highlighting the Tokmanni Group's loss of market share.

Profitability trend impacted by weak revenue development and cost pressures

The Tokmanni Group's Q2 adj. EBIT was 28 MEUR, corresponding to 6.6% of revenue. Profitability was mainly weighed down by the slow sales development and fixed costs growing faster than revenue. By business area, gross margins remained broadly in line with the comparison period, which we consider a reasonable performance in a challenging market environment. On the other hand, margin accumulation may have been supported by synergies gained from the acquisition. By segment, Tokmanni's adj. EBIT-% was a reasonable 8.4%. Dollarstore's profitability continued to be rather weak (2% EBIT-%), but this may have been negatively affected by seasonal variations within the year (no comparison figures available). With lower profitability than in the comparison period and higher financing costs, earnings per share (EUR 0.25) also fell below the comparison period (EUR 0.33), but were in line with our forecast (EUR 0.24).

High gearing expected to decline towards year-end

The company's debt position (12 months IFRS16 adj. net debt/EBITDA 2.4x) is slightly elevated following the debt-financed acquisition of Dollarstore. The company aims to reduce the ratio to below 2.25x by the end of the current financial year, which requires both repayment of the debt burden and a significant improvement in the result from the H1 trend. However, we believe this is achievable, as of course a large part of the company's earnings will be concentrated in Q4, at which time we also believe Dollarstore's performance will have improved.

Estimates	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	319	423	423				0%	1652
EBIT (adj.)	29.3	28.5	28.5				0%	101
PTP	24.5	18.0	17.5				3%	59.0
EPS (reported)	0.33	0.25	0.24				4%	0.79
Revenue growth-%	4.0 %	32.5 %	32.5 %				0 pp	18.6 %
EBIT-% (adj.)	9.2 %	6.7 %	6.7 %				0 pp	6.1 %

Source: Inderes

We only made marginal adjustments to our estimates

Estimate revisions

- The guidance, which was downgraded less than a month ago, was repeated in the context of the report. In 2024, Tokmanni expects its revenue to be 1,650-1,730 MEUR (2023: 1393 MEUR) and adjusted EBIT to be 98-118 MEUR (2023: 99 MEUR.
- Although the forecast changes were minor on an annual basis, we did some fine-tuning between quarters and segments based on the findings of the Q2 earnings call.
- We believe that Q3 will still be challenging in terms of like-for-like development, but we predict that Dollarstore will return to clear growth during Q4 as the challenges with the product assortment come to an end. It is our understanding that Dollarstore will receive a significant number of new products for the Christmas season at the latest, which we believe will have an impact on customer flows and gross margin. Revenue growth will also be supported by a clearly higher number of stores than in the comparison period. Tokmanni's development in Finland is supported by more aggressive price campaigns, although the increase in VAT will slow down demand in H2. This means that their impact is partly mutually exclusive.
- According to our current forecasts, the company will achieve its earnings guidance, but exceed the bottom end only marginally. This increases the risk of a profit warning if the performance for the rest of the year remains modest.

Operational earnings drivers:

- Expansion of the store network, especially in Sweden and Denmark. The return of comparable revenue in Finland to moderate growth and its significant improvement in Sweden and Denmark.
- Increased gross margin through joint purchasing. Increasing the number of private label products in Sweden and Denmark.
- Improving cost-efficiency through i.e., automation and centralized warehouses.
- We predict that the group's result will grow at an annual rate of approximately 5%.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	1652	1652	0%	1763	1761	0%	1849	1846	0%
EBIT (exc. NRIs)	100	101	0%	118	119	0%	125	126	0%
EBIT	97	98	0%	115	116	0%	122	123	0%
PTP	59	59	-1%	79	81	2%	86.8	88.2	2%
EPS (excl. NRIs)	0.84	0.84	0%	1.11	1.13	2%	1.22	1.23	2%
DPS	0.52	0.52	0%	0.69	0.70	2%	0.76	0.77	2%

Source: Inderes

Attractive expected return over the cycle

Long-term growth and earnings expectations pushed low

If Tokmanni's relative profit level would remain unchanged (i.e. EBIT margin ~6%, which we do not believe in the long term) and the company would reach a revenue level of 1,800 MEUR in 2026 (which we believe), the current share price would be justified. If an investor believes that Tokmanni will at least slightly improve its relative profitability from the current level under the pressure of the weak market environment and that growth will continue upwards from 1,800 MEUR, we believe that the stock has considerable upside potential. We believe the expectation of continued growth is justified by the growth potential in Sweden and Denmark and the company's plans to open and renovate more stores in Finland. Although the valuation of the stock is favorable from this perspective, the challenging market and competitive situation in Finland and the uncertainty about Dollarstore's sustainable earnings level weigh more heavily on our recommendation than the growth potential abroad.

Moderate valuation on several indicators

Tokmanni's valuation multiples for the coming years seem moderate to us (2025e P/E 10x and IFRS16 adjusted EV/EBIT 9x), although the valuation for the current fiscal year is close to acceptable levels for the stock (2024e P/E 13x and IFRS16 adjusted EV/EBIT 12x). In our view, the current valuation is weighed down by the low valuation of the sector as a whole, but also by investors' low confidence in Tokmanni's future development. We believe this is due to the competitive retail environment and the low visibility of Dollarstore's business potential. The debt burden should improve as cash flows increase, so we think the balance sheet risk is unlikely to materialize.

Long-term potential, but first investor confidence must be regained

The fair value of around EUR 14, as indicated by our cash flow model, suggests that the potential of the business is higher than the current share price. This is based on our planned long-term growth (Dollarstore expansion) and profitability improvement towards an EBIT margin of 8% (acquisition synergies, increasing private label share and cost savings, including logistics).

Despite uncertainties, the expected return is attractive

We forecast the group's earnings to grow at an annual rate of 5% over the next three years. In addition, investors' expected returns are supported by a dividend yield of approximately 6%. As a result, Tokmanni's expected annual return is in the range of 15%, considering the gradual improvement of the valuation level. This is well above our required return (10%) and, in our view, provides the investor with a large enough safety margin to compensate for temporary market weakness.

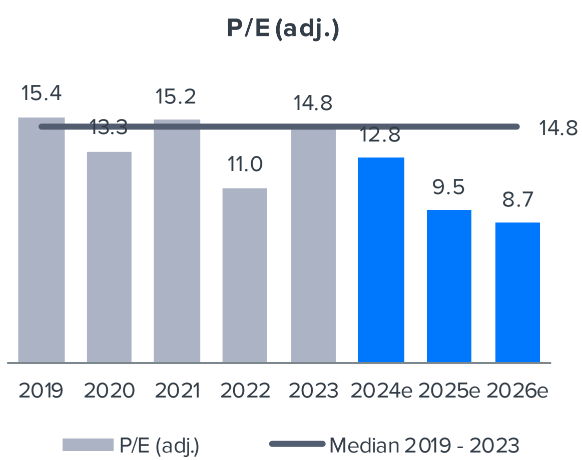
Valuation	2024e	2025e	2026e
Share price	10.8	10.8	10.8
Number of shares, millions	58.9	58.9	58.9
Market cap	636	636	636
EV	1394	1386	1383
P/E (adj.)	12.8	9.5	8.7
P/E	13.6	10.0	9.1
P/B	2.4	2.1	1.9
P/S	0.4	0.4	0.3
EV/Sales	0.8	0.8	0.7
EV/EBITDA	6.2	5.6	5.4
EV/EBIT (adj.)	13.8	11.7	11.0
Payout ratio (%)	65.0 %	65.0 %	65.0 %
Dividend yield-%	4.8 %	6.5 %	7.1 %

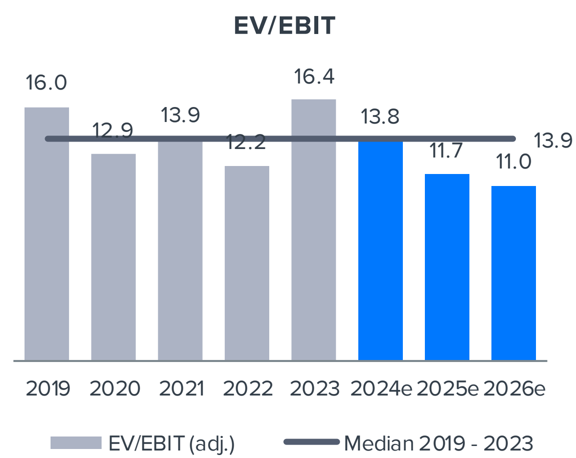
Source: Inderes

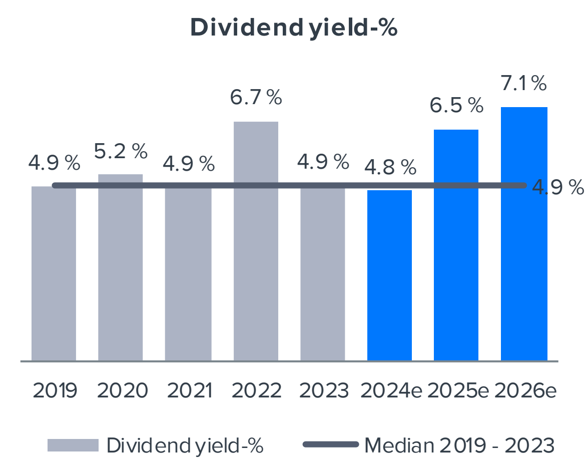
Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	12.6	16.2	19.7	11.3	15.4	**10.8**	**10.8**	**10.8**	**10.8**
Number of shares, millions	58.9	58.8	58.9	58.9	58.8	**58.9**	**58.9**	**58.9**	**58.9**
Market cap	743	956	1157	665	907	**636**	**636**	**636**	**636**
EV	1123	1288	1471	1048	1638	**1394**	**1386**	**1383**	**1372**
P/E (adj.)	15.4	13.3	15.2	11.0	14.8	**12.8**	**9.5**	**8.7**	**7.5**
P/E	15.8	13.4	14.8	11.3	16.8	**13.6**	**10.0**	**9.1**	**7.8**
P/B	4.0	4.4	4.7	2.7	3.4	**2.4**	**2.1**	**1.9**	**1.7**
P/S	0.8	0.9	1.0	0.6	0.7	**0.4**	**0.4**	**0.3**	**0.3**
EV/Sales	1.2	1.2	1.3	0.9	1.2	**0.8**	**0.8**	**0.7**	**0.7**
EV/EBITDA	8.6	7.9	8.4	6.7	8.6	**6.2**	**5.6**	**5.4**	**5.0**
EV/EBIT (adj.)	16.0	12.9	13.9	12.2	16.4	**13.8**	**11.7**	**11.0**	**9.8**
Payout ratio (%)	77.5 %	70.2 %	72.5 %	76.1 %	82.6 %	**65.0 %**	**65.0 %**	**65.0 %**	**60.0 %**
Dividend yield-%	4.9 %	5.2 %	4.9 %	6.7 %	4.9 %	**4.8 %**	**6.5 %**	**7.1 %**	**7.7 %**

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**	**2025e**	**2024e**
Europris ASA	943	1379	12.9	11.9	7.7	7.0	1.4	1.3	13.0	11.7	5.7	5.2	2.9
Byggmax Group AB	187	389	23.1	13.8	5.2	4.6	0.8	0.7	28.3	11.0	2.0	4.6	0.9
Clas Ohlson AB	934	1078	16.6	11.8	7.5	6.7	1.2	1.1	19.6	13.5	3.0	3.6	5.7
Axfood AB	5195	6052	18.8	17.2	9.9	9.2	0.8	0.8	22.9	20.5	3.0	3.2	8.3
Dollar General Corp	24663	30369	13.7	14.2	10.2	10.2	0.9	0.8	16.5	17.2	1.9	2.0	4.0
Kesko Oyj	7252	10138	16.0	14.7	8.4	8.0	0.9	0.8	16.5	15.2	5.4	5.4	2.7
Musti Group Oyj	869	1028	21.6	18.2	12.4	10.8	2.2	2.1	29.4	21.8	2.6	3.1	4.4
B&M European Value Retail	5271	7712	10.8	10.7	7.7	7.4	1.2	1.1	11.8	11.8	4.9	5.5	5.9
Puuilo Oyj	849	877	15.6	13.4	12.1	10.4	2.5	2.2	20.4	17.8	4.0	4.7	9.3
Verkkokauppa.com Oyj	84	102	60.7	12.4	11.9	6.8	0.2	0.2	46.1	14.7	1.8	4.0	3.0
Kamux Oyj	171	242	10.3	7.3	6.5	5.2	0.2	0.2	10.3	7.2	4.5	6.1	1.4
Rusta	952	1430	21.2	16.3	9.0	8.3	1.4	1.4	17.1	18.4	2.6	2.5	5.4
Tokmanni (Inderes)	**636**	**1394**	**13.8**	**11.7**	**6.2**	**5.6**	**0.8**	**0.8**	**12.8**	**9.5**	**4.8**	**6.5**	**2.4**
Average			**20.1**	**13.5**	**9.0**	**7.9**	**1.1**	**1.1**	**21.0**	**15.1**	**3.5**	**4.2**	**4.5**
Median			**16.3**	**13.6**	**8.7**	**7.7**	**1.0**	**1.0**	**18.4**	**15.0**	**3.0**	**4.3**	**4.2**
Diff-% to median			***-15%***	***-14%***	***-29%***	***-27%***	***-18%***	***-18%***	***-30%***	***-36%***	***57%***	***51%***	***-44%***

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	**1168**	**238**	**319**	**364**	**471**	**1393**	**339**	**423**	**402**	**489**	**1652**	**1761**	**1846**	**1921**
Group	1168	238	319	364	471	1393	339	423	402	489	1652	1761	1846	1921
EBITDA	**157**	**17.5**	**48.5**	**49.6**	**74.3**	**190**	**26.8**	**59.5**	**55.9**	**82.1**	**224**	**246**	**258**	**276**
Depreciation	-73.2	-19.5	-19.8	-26.6	-30.9	-96.8	-31.9	-31.7	-29.9	-32.9	-126.4	-130.4	-134.6	-139.1
EBIT (excl. NRI)	**85.7**	**-2.2**	**29.3**	**26.4**	**46.7**	**100**	**-4.5**	**28.5**	**26.8**	**49.9**	**101**	**119**	**126**	**140**
EBIT	**84.0**	**-2.0**	**28.7**	**23.0**	**43.4**	**93.1**	**-5.1**	**27.8**	**26.0**	**49.2**	**97.9**	**116**	**123**	**137**
Group	84.0	-2.0	28.7	23.0	43.4	93.1	-5.1	27.8	26.0	49.2	97.9	116	123	137
Net financial items	-10.7	-3.2	-4.3	-6.8	-10.4	-24.7	-9.1	-9.8	-10.0	-10.0	-38.9	-35.0	-34.7	-34.0
PTP	**73.3**	**-5.3**	**24.5**	**16.2**	**33.1**	**68.5**	**-14.2**	**18.0**	**16.0**	**39.2**	**59.0**	**80.6**	**88.2**	**103**
Taxes	-14.6	1.0	-4.8	-3.5	-7.0	-14.3	2.1	-3.3	-3.2	-7.8	-12.2	-16.9	-18.5	-21.7
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	**58.8**	**-4.3**	**19.6**	**12.7**	**26.1**	**54.1**	**-12.2**	**14.8**	**12.8**	**31.4**	**46.7**	**63.7**	**69.7**	**81.5**
EPS (adj.)	**1.03**	**-0.08**	**0.34**	**0.27**	**0.50**	**1.04**	**-0.20**	**0.26**	**0.23**	**0.54**	**0.84**	**1.13**	**1.23**	**1.44**
EPS (rep.)	**1.00**	**-0.07**	**0.33**	**0.22**	**0.44**	**0.92**	**-0.21**	**0.25**	**0.22**	**0.53**	**0.79**	**1.08**	**1.18**	**1.38**

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	2.3 %	4.7 %	4.0 %	23.5 %	39.0 %	19.2 %	42.4 %	32.5 %	10.2 %	3.8 %	18.6 %	6.6 %	4.9 %	4.1 %
Adjusted EBIT growth-%	-18.9 %	348%	8.8 %	12.1 %	30.5 %	16.8 %	100.9 %	-2.9 %	1.7 %	6.8 %	0.6 %	17.8 %	6.1 %	11.4 %
EBITDA-%	13.5 %	7.3 %	15.2 %	13.6 %	15.8 %	13.6 %	7.9 %	14.1 %	13.9 %	16.8 %	13.6 %	14.0 %	13.9 %	14.4 %
Adjusted EBIT-%	7.3 %	-0.9 %	9.2 %	7.2 %	9.9 %	7.2 %	-1.3 %	6.7 %	6.7 %	10.2 %	6.1 %	6.7 %	6.8 %	7.3 %
Net earnings-%	5.0 %	-1.8 %	6.2 %	3.5 %	5.5 %	3.9 %	-3.6 %	3.5 %	3.2 %	6.4 %	2.8 %	3.6 %	3.8 %	4.2 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	**475**	**900**	**915**	**933**	**952**
Goodwill	136	218	218	218	218
Intangible assets	4.0	45.8	42.9	39.9	36.9
Tangible assets	330	633	652	673	696
Associated companies	0.2	0.0	0.0	0.0	0.0
Other investments	0.7	0.6	0.6	0.6	0.6
Other non-current assets	2.1	2.3	0.0	0.0	0.0
Deferred tax assets	1.6	0.0	1.0	1.0	1.0
Current assets	**319**	**510**	**510**	**533**	**551**
Inventories	281	343	388	414	434
Other current assets	2.5	2.6	2.6	2.6	2.6
Receivables	26.4	31.0	36.8	39.2	41.1
Cash and equivalents	9.1	134	82.5	77.7	73.9
Balance sheet total	**794**	**1410**	**1425**	**1466**	**1504**

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	**247**	**265**	**268**	**301**	**330**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	138	147	149	183	211
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-0.8	-0.7	0.0	0.0	0.0
Other equity	110	119	119	119	119
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**328**	**743**	**761**	**750**	**744**
Deferred tax liabilities	0.0	12.9	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	323	726	756	745	739
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	4.8	4.3	4.3	4.3	4.3
Current liabilities	**219**	**402**	**396**	**415**	**430**
Interest bearing debt	69.7	138	84.0	82.8	82.1
Payables	149	260	308	329	345
Other current liabilities	1.1	3.6	3.6	3.6	3.6
Balance sheet total	**794**	**1410**	**1425**	**1466**	**1504**

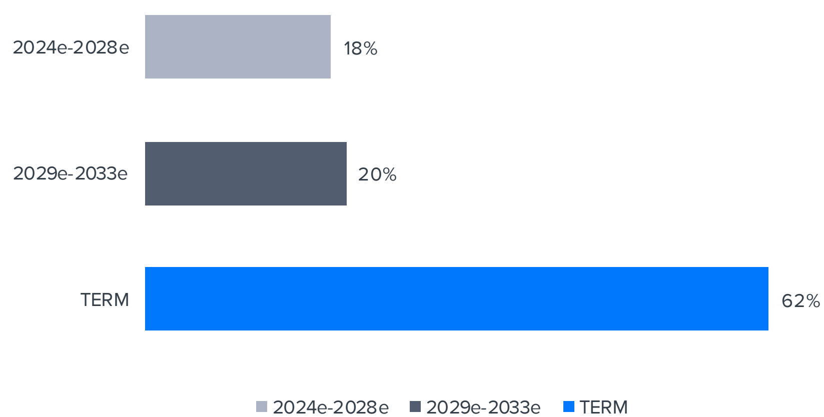
DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	19.2 %	18.6 %	6.6 %	4.9 %	4.1 %	3.5 %	3.5 %	3.5 %	3.5 %	3.0 %	2.5 %	2.5 %
EBIT-%	6.7 %	5.9 %	6.6 %	6.7 %	7.1 %	7.5 %	8.2 %	8.2 %	8.0 %	8.0 %	8.0 %	8.0 %
EBIT (operating profit)	**93.1**	**97.9**	**116**	**123**	**137**	**149**	**169**	**175**	**176**	**182**	**186**	
+ Depreciation	96.8	126	130	135	139	144	148	153	157	162	167	
- Paid taxes	0.2	-26.1	-16.9	-18.5	-21.7	-25.9	-30.2	-31.6	-32.1	-33.4	-34.5	
- Tax, financial expenses	-5.2	-8.1	-7.3	-7.3	-7.1	-5.4	-5.2	-5.1	-4.9	-4.8	-4.6	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	47.6	-2.8	-7.7	-6.0	-5.3	-4.7	-4.9	-5.1	-5.3	-4.7	-4.0	
Operating cash flow	**233**	**187**	**214**	**226**	**242**	**257**	**276**	**286**	**291**	**301**	**310**	
+ Change in other long-term liabilities	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-524	-140	-149	-154	-158	-163	-168	-173	-178	-182	-180	
Free operating cash flow	**-292.2**	**47.6**	**65.4**	**71.7**	**84.0**	**93.4**	**108**	**112**	**113**	**119**	**130**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-292.2	47.6	65.4	71.7	84.0	93.4	108	112	113	119	130	2138
Discounted FCFF		**46.1**	**58.4**	**58.8**	**63.4**	**64.8**	**69.1**	**66.0**	**61.2**	**59.1**	**59.3**	**977**
Sum of FCFF present value		1584	1537	1479	1420	1357	1292	1223	1157	1096	1037	977
Enterprise value DCF		**1584**										
- Interest bearing debt		-864.2										
+ Cash and cash equivalents		134										
-Minorities		0.0										
-Dividend/capital return		-44.7										
Equity value DCF		**808**										
Equity value DCF per share		**13.7**										

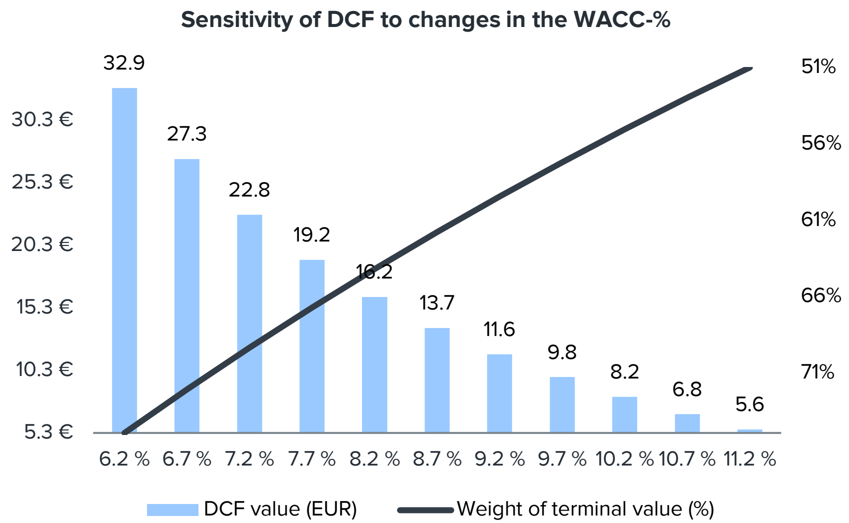
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	5.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	1.70%
Risk free interest rate	2.5 %
Cost of equity	**9.9 %**
Weighted average cost of capital (WACC)	**8.7 %**

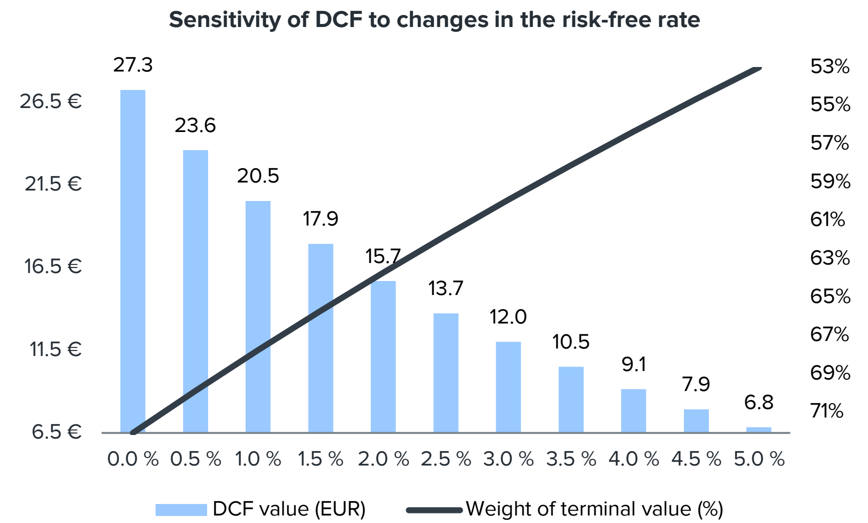
Source: Inderes

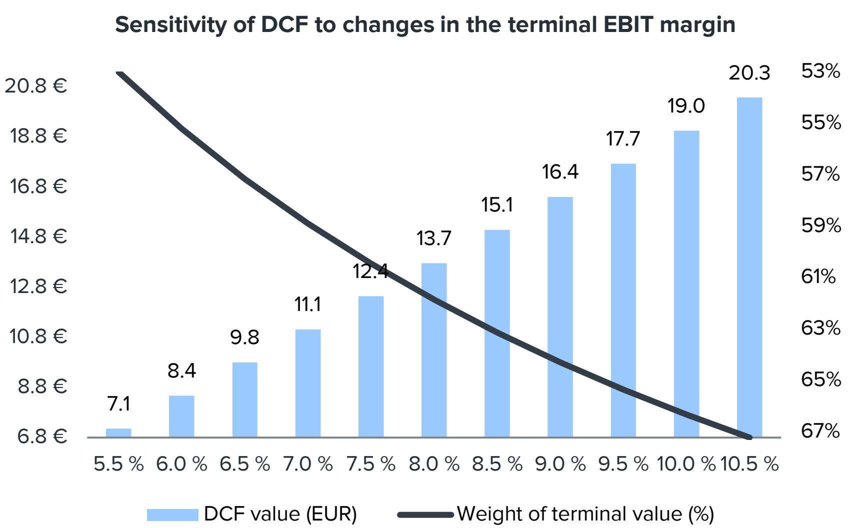
Cash flow distribution

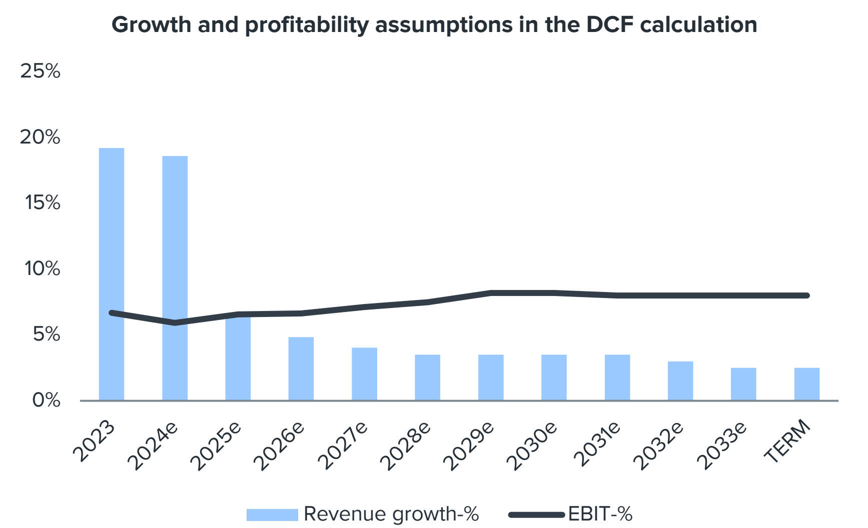


DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e
Revenue	1141.8	1168.0	1392.7	**1652.1**	**1760.8**
EBITDA	174.6	157.2	189.9	**224.3**	**246.0**
EBIT	107.7	84.0	93.1	**97.9**	**115.6**
PTP	97.5	73.3	68.5	**59.0**	**80.6**
Net Income	78.0	58.8	54.1	**46.7**	**63.7**
Extraordinary items	2.1	-1.7	-7.0	**-2.8**	**-3.0**

Balance sheet	2021	2022	2023	2024e	2025e
Balance sheet total	816.5	793.8	1410.3	**1424.6**	**1466.0**
Equity capital	244.7	247.0	265.4	**268.1**	**301.4**
Goodwill	136.2	136.2	218.1	**218.1**	**218.1**
Net debt	314.3	383.3	730.5	**757.8**	**750.4**

Cash flow	2021	2022	2023	2024e	2025e
EBITDA	174.6	157.2	189.9	**224.3**	**246.0**
Change in working capital	-20.0	-44.9	47.6	**-2.8**	**-7.7**
Operating cash flow	133.7	95.4	232.6	**187.4**	**214.0**
CAPEX	-55.8	-98.8	-524.3	**-139.8**	**-148.6**
Free cash flow	77.3	-3.9	-292.2	**47.6**	**65.4**

Valuation multiples	2021	2022	2023	2024e	2025e
EV/S	1.3	0.9	1.2	**0.8**	**0.8**
EV/EBITDA	8.4	6.7	8.6	**6.2**	**5.6**
EV/EBIT (adj.)	13.9	12.2	16.4	**13.8**	**11.7**
P/E (adj.)	15.2	11.0	14.8	**12.8**	**9.5**
P/B	4.7	2.7	3.4	**2.4**	**2.1**
Dividend-%	4.9 %	6.7 %	4.9 %	**4.8 %**	**6.5 %**

Source: Inderes

Per share data	2021	2022	2023	2024e	2025e
EPS (reported)	1.32	1.00	0.92	**0.79**	**1.08**
EPS (adj.)	1.29	1.03	1.04	**0.84**	**1.13**
OCF / share	2.27	1.62	3.95	**3.18**	**3.64**
FCF / share	1.31	-0.07	-4.97	**0.81**	**1.11**
Book value / share	4.16	4.20	4.51	**4.55**	**5.12**
Dividend / share	0.96	0.76	0.76	**0.52**	**0.70**

Growth and profitability	2021	2022	2023	2024e	2025e
Revenue growth-%	6%	2%	19%	**19%**	**7%**
EBITDA growth-%	7%	-10%	21%	**18%**	**10%**
EBIT (adj.) growth-%	6%	-19%	17%	**1%**	**18%**
EPS (adj.) growth-%	6%	-20%	1%	**-19%**	**35%**
EBITDA-%	15.3 %	13.5 %	13.6 %	**13.6 %**	**14.0 %**
EBIT (adj.)-%	9.3 %	7.3 %	7.2 %	**6.1 %**	**6.7 %**
EBIT-%	9.4 %	7.2 %	6.7 %	**5.9 %**	**6.6 %**
ROE-%	33.8 %	23.9 %	21.1 %	**17.5 %**	**22.4 %**
ROI-%	17.0 %	13.1 %	10.5 %	**8.7 %**	**10.3 %**
Equity ratio	30.0 %	31.1 %	18.8 %	**18.8 %**	**20.6 %**
Gearing	128.5 %	155.2 %	275.3 %	**282.7 %**	**249.0 %**

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
5/8/2021	Buy	25.00 €	21.68 €
7/29/2021	Accumulate	27.00 €	24.66 €
10/31/2021	Buy	25.00 €	19.68 €
Analyst changed			
2/14/2022	Buy	20.00 €	17.90 €
4/27/2022	Buy	17.00 €	14.78 €
5/2/2022	Buy	15.00 €	12.40 €
5/27/2022	Accumulate	13.50 €	12.17 €
8/1/2022	Accumulate	14.00 €	12.82 €
9/30/2022	Accumulate	12.50 €	11.04 €
10/31/2022	Accumulate	12.50 €	11.83 €
12/19/2022	Accumulate	12.50 €	11.63 €
2/13/2023	Accumulate	14.00 €	12.98 €
4/13/2023	Accumulate	14.20 €	13.20 €
5/2/2023	Accumulate	13.50 €	12.41 €
8/7/2023	Accumulate	14.50 €	13.73 €
Analyst changed			
11/20/2023	Accumulate	14.00 €	12.61 €
2/14/2024	Reduce	15.50 €	15.42 €
3/25/2024	Accumulate	16.00 €	14.96 €
5/20/2024	Accumulate	15.00 €	13.63 €
6/13/2024	Accumulate	15.00 €	13.35 €
8/8/2024	Accumulate	13.00 €	11.16 €
8/19/2024	Accumulate	13.00 €	10.80 €

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