

PUUILO OYJ

12/12/2024 10:15 am EET

This is a translated version of "Tuloksellisesti erinomainen kvartaali" report, published on 12/12/2024



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INDERES CORPORATE CUSTOMER

COMPANY REPORT



Quarter of outstanding results

Puulo's profitability in Q3 was at an excellent level and revenue growth continued to be supported by new stores. Although like-for-like store sales were flat year-on-year, we believe that the increase in customer numbers indicates that the concept's appeal has remained unchanged. We believe that the expected return from the stock's earnings growth remains attractive. Therefore, we reiterate our Accumulate recommendation. We raise our target price to EUR 11.5 (was 11.0) due to positive forecast changes.

Growth and excellent cost efficiency

Puulo's revenue grew by 11% year-on-year on the back of new stores. As a result of the lower average basket, like-for-like store revenue was flat versus the prior year. However, we do not see this as a cause for concern, but rather as evidence of the attractiveness of the concept in terms of customer growth (15% for the Group and 2.5% for old stores). Overall, the performance can be considered good, as other players in the sector have reported rather sluggish growth rates. EBITA grew faster than revenue, driven by improved gross margin and tight cost control. Although the company had communicated that it had invested in store efficiency, such a large relative jump in profitability surprised us. In relative terms, the company's adjusted EBITA margin rose to 19.2% of revenue, which is an excellent level for a retailer.

Guidance reiterated; small tweaks to forecasts

The company reiterated its guidance of 380-400 MEUR for revenue and 60-66 MEUR for EBITA. In our view, the reiteration of guidance signals that the business environment will remain challenging for the remainder of the year, as we believe a turnaround in like-for-like growth in Q4 would drive EBITA above guidance. Our forecast revisions based on the report highlighted the excellent Q3 spending performance and the weak outlook for the rest of the year for like-for-like stores. We also increased our store forecasts for 2025-26, which was reflected in a 2% increase in the profit line.

Maintaining the investor story also requires like-for-like store growth

The company's revenue development will continue to be supported by an average annual opening rate of six new stores. As long as customer numbers continue to grow, we believe Puulo's investor story will remain unchanged. As such, the current challenges to like-for-like sales should not be given too much weight, and we believe the trend will turn positive during 2025 as the improving market environment paves the way for the company's average basket to rebound. We expect the company's earnings to improve as the stores opened in previous years come into full operation, shift scheduling efficiencies begin to take effect and the share of private label sales increases. However, increased competition in the retail sector creates some uncertainty for the company's trajectory. In addition, competitive pressure in the market is increasing as several low-cost players plan to expand their store networks in the Nordic countries. However, so far Puulo has managed to navigate the challenging market very well, which we believe is a sign of the company's competitive concept. We forecast Puulo's adjusted EPS to grow at a CAGR of 18% (2023-26e).

Expected return remains attractive

In terms of realized earnings multiples (P/E 19x and IFRS 16 adj. EV/EBIT 14x), the company is priced slightly above our comfort zone. However, this is justified as we expect the company to deliver strong earnings growth in the coming years. Taking into account our earnings growth forecasts, valuation multiples that are slightly elevated on actual earnings, and a 5% dividend yield, the expected total return on the stock is around 15%. We find this level attractive, and it exceeds our WACC, which means that the stock's risk/reward ratio is favorable. The EUR 12.3 per share implied by our cash flow model also suggests upside and justifies a positive view on the stock. We see Puulo as one of the highest quality companies in the sector, with a concept that has proven its competitiveness in both favorable and challenging markets.

Recommendation

Accumulate

(was Accumulate)

11.50 EUR

(was EUR 11.00)

Share price:

10.07

Business risk



Valuation risk



	2023	2024e	2025e	2026e
Revenue	338.5	381.8	438.0	491.1
growth-%	14%	13%	15%	12%
EBIT adj.	52.8	62.5	72.4	83.8
EBIT-% adj.	15.6 %	16.4 %	16.5 %	17.1 %
Net income	38.7	45.9	54.2	62.8
EPS (adj.)	0.46	0.54	0.64	0.74
P/E (adj.)	20.3	18.6	15.8	13.6
P/B	9.2	8.7	7.4	6.3
Dividend yield-%	4.1 %	4.3 %	5.1 %	5.9 %
EV/EBIT (adj.)	16.8	15.2	13.0	11.2
EV/EBITDA	13.1	11.7	9.9	8.7
EV/S	2.6	2.5	2.2	1.9

Source: Inderes

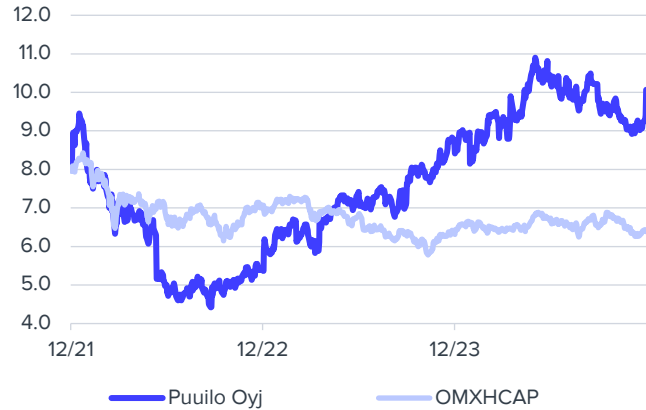
Guidance

(Unchanged)

Puulo predicts that its revenue for 2024 will be 380-400 MEUR (2023: 339 MEUR) and the adjusted EBITA will be in the range of 60-66 MEUR (2023: 54.1 MEUR).

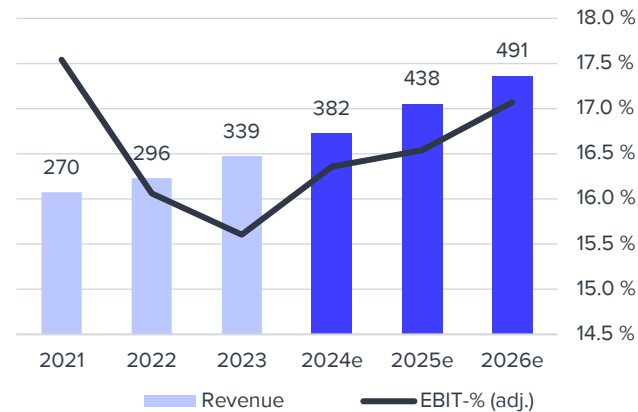


Share price



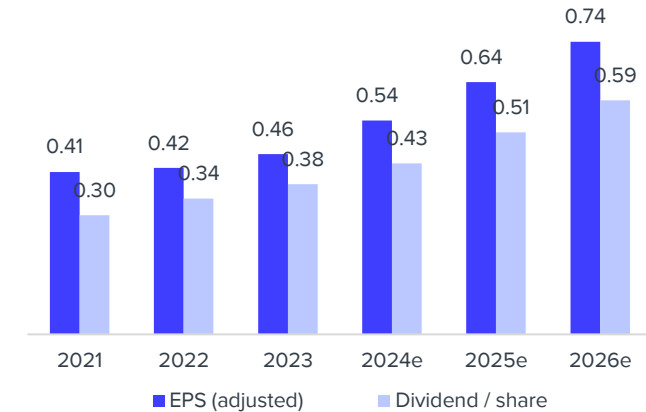
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Increasing the number of stores to over 70
- Significant growth potential remaining in ramping up existing stores
- Growth in private label
- As a result of growth, improved bargaining power with suppliers and scaling of costs
- Further streamlining of operating expenditure levels

Risk factors

- Increased competition as key competitors also expand their brick-and-mortar networks
- Global disruptions in product availability and the rise of protectionism
- Successful category management
- Weakened consumer purchasing power in a cost-inflationary environment

Valuation	2024e	2025e	2026e
Share price	10.1	10.1	10.1
Number of shares, millions	84.8	84.8	84.8
Market cap	854	854	854
EV	951	943	941
P/E (adj.)	18.6	15.8	13.6
P/E	18.6	15.8	13.6
P/B	8.7	7.4	6.3
P/S	2.2	1.9	1.7
EV/Sales	2.5	2.2	1.9
EV/EBITDA	11.7	9.9	8.7
EV/EBIT (adj.)	15.2	13.0	11.2
Payout ratio (%)	80.0 %	80.0 %	80.0 %
Dividend yield-%	4.3 %	5.1 %	5.9 %

Source: Inderes



Growth and effective cost control

Growth is driven by new store openings

Puulo's Q3 revenue grew by 11% year-on-year to 102 MEUR. The result was in line with our expectations (Inderes 103 and consensus 105 MEUR). Growth was entirely driven by new store openings, as the revenue of old stores remained at the same level as last year (-0.4%). Compared to the same period last year, the store network grew by a record seven stores. Comparable store sales growth (2.5%) signaled the attractiveness of the concept, with price-sensitive consumption still concentrated in profitable, lower-priced product categories. Therefore, there is no real drama in the weak comparable revenue development and we believe the basket will pick up as the market environment improves. Overall, we see a good quarter in terms of sales given the circumstances.

Excellent margins and cost efficiency brought profitability to record levels

Q3 EBITA improved by 29% from the comparison period to 19.7 MEUR. This equates to a relative profitability of 19.2%, an excellent level for retail and the highest margin achieved by Puulo in Q3. Profitability was well above expectations (Inderes 17.3 and consensus ~17.9 MEUR). The improved profitability was mainly driven by a higher-than-expected gross margin, positively impacted by a sales mix weighted towards profitable lower-priced products and an increase in the share of own brands. Fixed costs also grew more slowly than expected as the company invested in more efficient shift scheduling. Financing costs were in line with our expectations and the excellent EBIT level explains the EPS of EUR 0.17 (Inderes EUR 0.15 and consensus EUR 0.16), which exceeded our forecast.

Healthy cash flow and balance sheet

Cumulative YTD free cash flow at the end of Q3 stood at 44 MEUR, slightly below the 56 MEUR of the comparison period due to new stores and increased inventory as a result of higher direct imports. However, the previous year's figure was supported by destocking measures. Puulo's balance sheet position remained healthy as the ratio of net debt to EBITDA excluding IFRS 16 items remained at the same level as last year at 0.4x.

Estimates MEUR / EUR	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	92.3	102	103	105			-1%	382
EBITA (adj.)	15.3	19.7	17.3	~17.9			14%	64.2
EBIT	15.0	19.3	17.0	17.6			14%	62.5
EPS (reported)	0.13	0.17	0.15	0.16			13%	0.54
Revenue growth-%	15.4 %	10.7 %	11.6 %	14.0 %			-0.9 pp	12.8 %
EBITA-% (adj.)	16.5 %	19.3 %	16.8 %	~17.0 %			2.5 pp	16.8 %

Source: Inderes & Bloomberg
(consensus, 5 forecasts)



Slight fine-tuning of forecasts

Guidance will be reached one way or another

The company reiterated its guidance of 380-400 MEUR for revenue and 60-66 MEUR for EBITA. We believe the company will meet its guidance and if like-for-like growth is significantly better than Q3, a positive EBITA guidance revision is in the cards.

Some uncertainty for the rest of the year

We reduced our Q4 like-for-like store growth forecasts to zero as we believe the challenging market environment and declining basket will continue to constrain the performance of old stores for the remainder of the year and into early 2025. This reduced our 2024 revenue forecast by 2%. However, we expect the company to meet its revenue guidance (2024e 382 MEUR). Despite lower revenue projections, our 2024 EBITA forecast was raised following the excellent Q3 result. Thus, we expect an EBITA of 64 MEUR, which is in the middle of the guidance range.

More stores into forecasts

We have raised our 2025-26 store forecasts to reflect the faster-than-expected pace of expansion. This raised our 2025-26 revenue forecasts by around 6 MEUR. The impact increased our earnings forecasts by 2%, taking into account the cost-increasing impact of rapidly opening stores (0% impact in 2025). Nevertheless, we see the company's EBITA margin improving to the target level of 17% in 2025 and above in 2026. We believe this will be driven by gross margin improvement, effective cost control and increasing profitability in growing businesses, boosted by the increasing share of private label products.

Forecasts also carry risks

It's good to keep in mind that our forecasts are also subject to risks related to the company's store opening rate and cost control. If the company is unable to open stores at the pace it expects, this would have a downward impact on our forecasts. In the short term, the lack of like-for-like store growth poses risks, but we believe that the continued growth in traffic at older stores reflects the continued popularity of the concept. We expect the situation to improve, with the average basket of goods and services recovering as market conditions improve during 2025. We are relatively confident about the 17% EBITA margin that the company's growth and cost efficiency have enabled, although we believe this could be threatened by a significant increase in competition.

Estimate revisions	2024e	2024	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	389	382	-2%	432	438	1%	482	491	2%
EBIT (exc. NRIs)	62.1	62.5	1%	72.6	72.4	0%	82.2	83.8	2%
EBIT	62.1	62.5	1%	72.6	72.4	0%	82.2	83.8	2%
PTP	56.9	57.4	1%	67.6	67.3	0%	76.9	78.5	2%
EPS (excl. NRIs)	0.54	0.54	1%	0.64	0.64	0%	0.73	0.74	2%

Source: Inderes

Puulo, Q3'24 (in Finnish)



Earnings growth drives attractive expected return

Higher valuation justified

Puulo's LTM P/E (19x) is slightly above our range of acceptable valuation levels (P/E ~16-18x) and we see a gradual downside. However, projected earnings growth will correct the elevated valuation in the coming years as the P/E ratio falls to an attractive level for a growth company (25-26e: 16-13x). EV-based earnings multiples that consider the balance sheet (2025-26e IFRS 16 adj. EV/EBIT 12-10x) also seem attractive when considering Puulo's growth and capital return potential. For a market leader and a company with strong earnings growth, we believe it is justified to accept temporarily elevated multiples.

Valuation in line with peers

When gauging the relative valuation, we give main weight to the P/E ratio and dividend yield. The comparability of EV-based multiples within the peer group is weakened by differences in the length of IFRS 16 leases affecting net debt between the companies.

Examined with the 2024-25e P/E ratio, the company is priced in line with its retail peer group. In our view, a stronger growth outlook than peers, excellent return on capital potential and historical track record allow us to value Puulo above its peers, which is reflected in our view and target price. Overall, we see the peer group median valuation as neutral, with very limited upside.

The dividend distributed by Puulo offers a higher return (~40% premium) than the peer group, driven by the company's strong cash flow profile and lofty profit distribution policy.

Cash flow model indicates an upside

Our cash flow model suggests a fair value of around EUR 12.3, which implies a clear upside from the current price and supports a positive view on the stock. Puulo's cash flow profile is fairly predictable, which allows us to incorporate the value provided by the cash flow model into our valuation of the company.

Reasonable dividend yield

For 2024-25, we forecast a dividend that grows with earnings. Although the stock cannot be called very cheap based on the dividend yield of 5%, it provides a good basis for expected returns. The dividend yield is very close to the free cash flow yield of around 6.7% generated by the company, which is explained by the 80% payout policy. On the updated policy, part of this could be used, e.g., for share buybacks (which are canceled), giving the investor a more tax-efficient alternative to dividends and potentially creating shareholder value if the company manages to buy the shares below fair value.

Expected return remains attractive

In terms of realized earnings multiples, the company is priced slightly above our comfort zone. However, this is justified as we expect the company to deliver strong earnings growth in the coming years. We forecast Puulo's result to grow at an annual rate of around 18% over the next three years. Given the 5% dividend yield and the slightly elevated valuation, the expected return on the stock is around 15%. We find this level attractive, and it exceeds our WACC, which means that the stock's risk/reward ratio is favorable.

Valuation	2024e	2025e	2026e
Share price	10.1	10.1	10.1
Number of shares, millions	84.8	84.8	84.8
Market cap	854	854	854
EV	951	943	941
P/E (adj.)	18.6	15.8	13.6
P/E	18.6	15.8	13.6
P/B	8.7	7.4	6.3
P/S	2.2	1.9	1.7
EV/Sales	2.5	2.2	1.9
EV/EBITDA	11.7	9.9	8.7
EV/EBIT (adj.)	15.2	13.0	11.2
Payout ratio (%)	80.0 %	80.0 %	80.0 %
Dividend yield-%	4.3 %	5.1 %	5.9 %

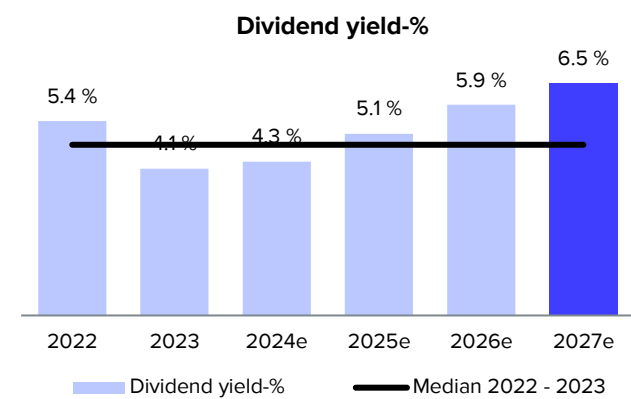
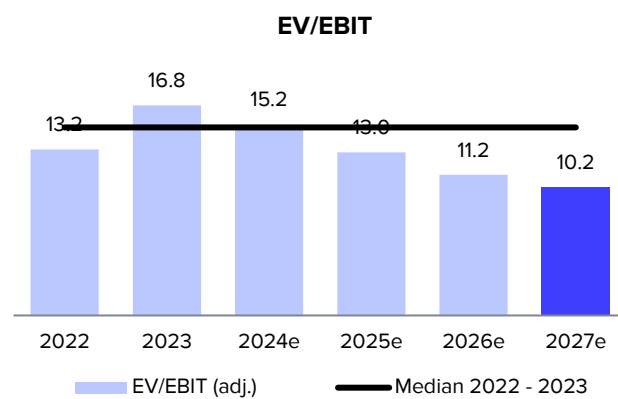
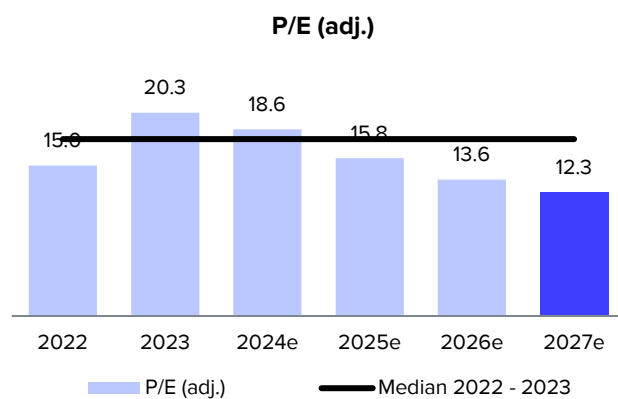
Source: Inderes



Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price				6.32	9.26	10.1	10.1	10.1	10.1
Number of shares, millions				84.8	84.8	84.8	84.8	84.8	84.8
Market cap				536	785	854	854	854	854
EV				630	886	951	943	941	941
P/E (adj.)				15.0	20.3	18.6	15.8	13.6	12.3
P/E				15.3	20.3	18.6	15.8	13.6	12.3
P/B				7.0	9.2	8.7	7.4	6.3	5.5
P/S				1.8	2.3	2.2	1.9	1.7	1.6
EV/Sales				2.1	2.6	2.5	2.2	1.9	1.7
EV/EBITDA				10.4	13.1	11.7	9.9	8.7	8.0
EV/EBIT (adj.)				13.2	16.8	15.2	13.0	11.2	10.2
Payout ratio (%)				82.9 %	83.3 %	80.0 %	80.0 %	80.0 %	80.0 %
Dividend yield-%				5.4 %	4.1 %	4.3 %	5.1 %	5.9 %	6.5 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Europris ASA	1035	1474	14.2	12.9	8.2	7.3	1.4	1.2	14.5	13.2	4.3	4.7	3.1
Byggmax Group AB	243	444	28.5	16.2	6.0	5.3	0.9	0.8	41.5	14.2	1.2	3.0	1.2
Clas Ohlson AB	1262	1387	21.3	14.6	9.6	8.6	1.6	1.4	26.5	17.4	2.3	2.8	7.6
Axfood AB	4441	5375	18.1	16.3	9.2	8.0	0.7	0.7	21.6	19.2	3.5	3.6	6.9
Dollar General Corp	16735	22174	9.5	12.1	7.1	8.1	0.6	0.6	10.7	13.9	2.9	3.0	2.6
Kesko Oyj	7613	10481	16.2	14.9	8.6	8.2	0.9	0.9	17.6	15.8	5.0	5.2	2.8
Musti Group Oyj	687	838	19.5	15.5	10.1	8.8	1.8	1.7	23.3	17.4	3.4	3.9	3.5
Verkkokauppa.com Oyj	68	84		12.0	13.1	6.0	0.2	0.2		13.6		3.9	2.6
Tokmanni Oyj	755	1298	12.7	10.7	5.7	5.1	0.8	0.7	14.5	10.8	5.1	6.3	2.8
Rusta	935	1379	20.4	16.8	8.6	8.3	1.4	1.3	16.8	19.1	2.7	2.6	5.3
Tractor Supply	29078	30677	21.8	20.5	16.7	15.7	2.2	2.1	27.8	25.9	1.5	1.6	13.2
Puulo Oyj (Inderes)	854	951	15.2	13.0	11.7	9.9	2.5	2.2	18.6	15.8	4.3	5.1	8.7
Average			18.2	14.8	9.4	8.1	1.1	1.1	21.5	16.4	3.2	3.7	4.7
Median			18.8	14.9	8.6	8.1	0.9	0.9	19.6	15.8	3.2	3.6	3.1
Diff-% to median			-19%	-13%	36%	23%	183%	153%	-5%	0%	35%	41%	177%

Source: Refinitiv / Inderes



Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	296	65.0	104	92.3	76.8	339	75.4	120	102	84.3	382	438	491	543
EBITDA	60.5	10.6	24.3	18.7	14.3	67.8	12.4	29.0	23.9	15.7	81.0	94.8	109	118
Depreciation	-13.5	-3.6	-3.7	-3.7	-4.0	-15.0	-4.8	-4.5	-4.6	-4.6	-18.5	-22.4	-25.0	-26.1
EBIT (excl. NRI)	47.6	7.0	20.6	15.0	10.3	52.8	7.6	24.4	19.3	11.1	62.5	72.4	83.8	92.0
EBIT	47.0	7.0	20.6	15.0	10.3	52.8	7.6	24.4	19.3	11.1	62.5	72.4	83.8	92.0
Net financial items	-3.1	-1.0	-1.3	-1.0	-1.2	-4.5	-1.3	-1.3	-1.2	-1.3	-5.1	-5.1	-5.3	-5.6
PTP	43.9	6.0	19.3	14.0	9.1	48.4	6.3	23.1	18.1	9.8	57.4	67.3	78.5	86.4
Taxes	-8.8	-1.2	-3.9	-2.8	-1.8	-9.7	-1.3	-4.6	-3.6	-2.0	-11.5	-13.1	-15.7	-17.3
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	35.1	4.8	15.4	11.2	7.3	38.7	5.0	18.5	14.5	7.9	45.9	54.2	62.8	69.1
EPS (adj.)	0.42	0.06	0.18	0.13	0.09	0.46	0.06	0.22	0.17	0.09	0.54	0.64	0.74	0.82
EPS (rep.)	0.41	0.06	0.18	0.13	0.09	0.46	0.06	0.22	0.17	0.09	0.54	0.64	0.74	0.82

Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	9.7 %	10.4 %	17.1 %	15.4 %	12.4 %	14.2 %	16.1 %	14.9 %	10.7 %	9.7 %	12.8 %	14.7 %	12.1 %	10.5 %
Adjusted EBIT growth-%	0.4 %	19.6 %	16.0 %	2.5 %	9.3 %	11.0 %	8.1 %	18.8 %	28.8 %	8.7 %	18.2 %	16.0 %	15.7 %	9.8 %
EBITDA-%	20.4 %	16.3 %	23.2 %	20.2 %	18.6 %	20.0 %	16.4 %	24.2 %	23.4 %	18.7 %	21.2 %	21.6 %	22.2 %	21.8 %
Adjusted EBIT-%	16.1 %	10.8 %	19.7 %	16.2 %	13.3 %	15.6 %	10.0 %	20.4 %	18.9 %	13.2 %	16.4 %	16.5 %	17.1 %	17.0 %
Net earnings-%	11.8 %	7.4 %	14.8 %	12.1 %	9.5 %	11.4 %	6.7 %	15.4 %	14.2 %	9.3 %	12.0 %	12.4 %	12.8 %	12.7 %

Source: Inderes



Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	107	127	133	140	148
Goodwill	33.5	33.5	33.5	33.5	33.5
Intangible assets	17.4	16.4	16.6	17.2	17.8
Tangible assets	55.6	75.9	82.6	89.1	97.0
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.7	1.0	0.0	0.0	0.0
Current assets	124	122	146	175	199
Inventories	89.9	93.1	101	109	123
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	5.4	7.2	7.6	8.8	10.8
Cash and equivalents	28.8	21.5	37.2	56.9	65.8
Balance sheet total	231	249	279	315	348

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	76.2	85.0	98.7	116	136
Share capital	29.1	29.1	29.1	29.1	29.1
Retained earnings	47.1	55.9	69.6	87.0	106
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	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	113	112	134	146	153
Deferred tax liabilities	0.0	2.7	0.0	0.0	0.0
Provisions	0.0	0.9	0.0	0.0	0.0
Interest bearing debt	113	108	134	146	153
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	41.7	51.7	45.8	52.6	58.9
Interest bearing debt	9.9	14.6	0.0	0.0	0.0
Payables	31.8	37.1	45.8	52.6	58.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	231	249	279	315	348



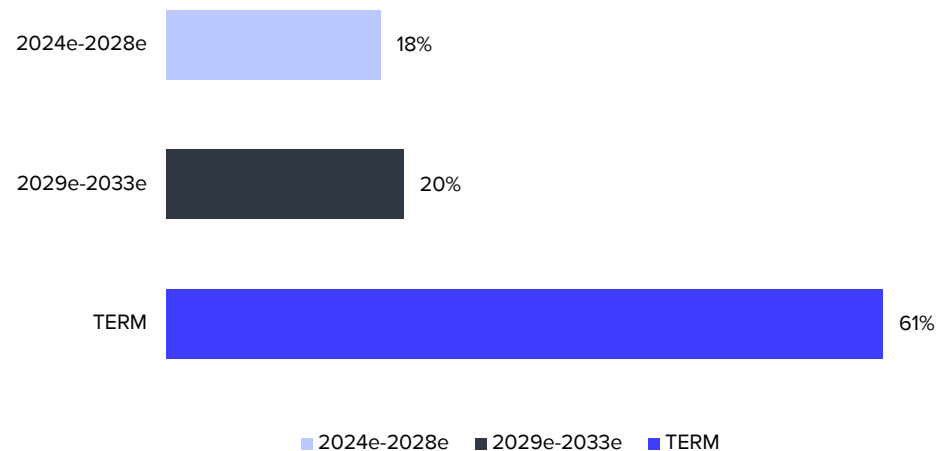
DCF-calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	14.2 %	12.8 %	14.7 %	12.1 %	10.5 %	10.1 %	7.9 %	7.0 %	5.0 %	3.0 %	1.8 %	1.8 %
EBIT-%	15.6 %	16.4 %	16.5 %	17.1 %	17.0 %	17.0 %	17.0 %	17.0 %	17.0 %	16.5 %	16.5 %	16.5 %
EBIT (operating profit)	52.8	62.5	72.4	83.8	92.0	102	110	117	123	123	125	
+ Depreciation	15.0	18.5	22.4	25.0	26.1	28.9	31.5	33.7	35.7	37.3	38.9	
- Paid taxes	-7.3	-13.2	-13.1	-15.7	-17.3	-19.2	-20.8	-22.2	-23.3	-23.3	-24.7	
- Tax, financial expenses	-0.9	-1.0	-1.0	-1.1	-1.1	-1.1	-1.1	-1.2	-1.3	-1.4	-1.4	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	
- Change in working capital	0.4	0.1	-2.7	-8.9	-7.9	-8.3	-7.1	-6.9	-5.2	-3.3	-2.0	
Operating cash flow	60.0	67.0	78.0	83.1	91.9	102	112	121	129	132	137	
+ Change in other long-term liabilities	0.9	-0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-34.2	-25.5	-29.5	-33.5	-37.5	-39.5	-41.0	-42.0	-43.0	-44.0	-44.8	
Free operating cash flow	26.7	40.6	48.5	49.6	54.4	62.4	71.0	78.7	85.9	88.5	92.3	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	26.7	40.6	48.5	49.6	54.4	62.4	71.0	78.7	85.9	88.5	92.3	1465
Discounted FCFF		40.4	44.6	42.2	42.8	45.4	47.8	48.9	49.4	47.1	45.4	720
Sum of FCFF present value		1174	1134	1089	1047	1004	959	911	862	813	765	720
Enterprise value DCF		1174										
- Interest bearing debt		-122.8										
+ Cash and cash equivalents		21.5										
-Minorities		0.0										
-Dividend/capital return		-32.2										
Equity value DCF		1041										
Equity value DCF per share		12.3										

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	1.00%
Risk free interest rate	2.5 %
Cost of equity	9.2 %
Weighted average cost of capital (WACC)	8.2 %

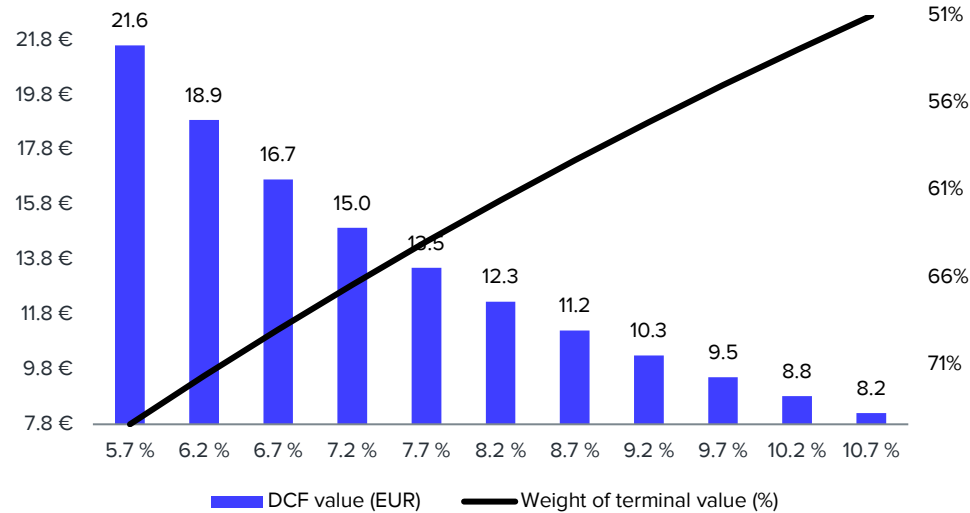
Source: Inderes

Cash flow distribution

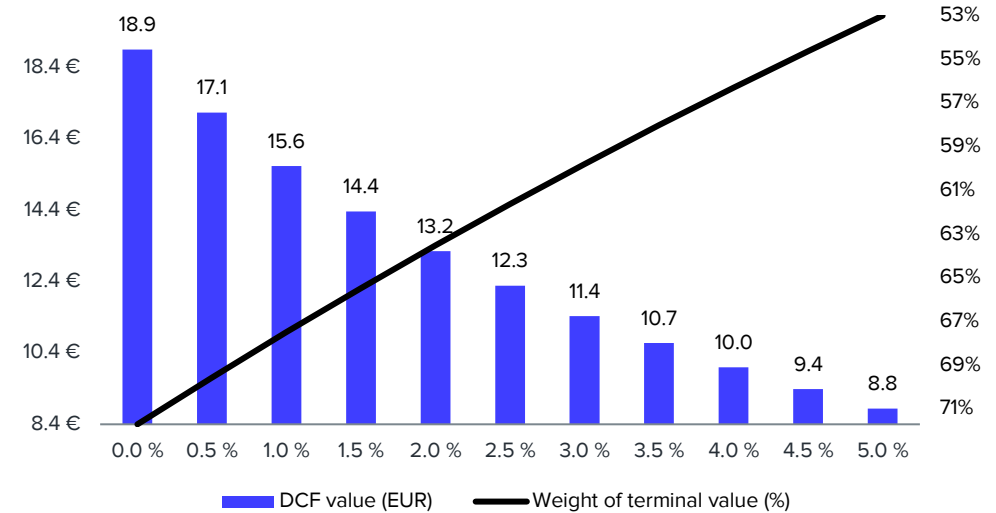


DCF sensitivity calculations and key assumptions in graphs

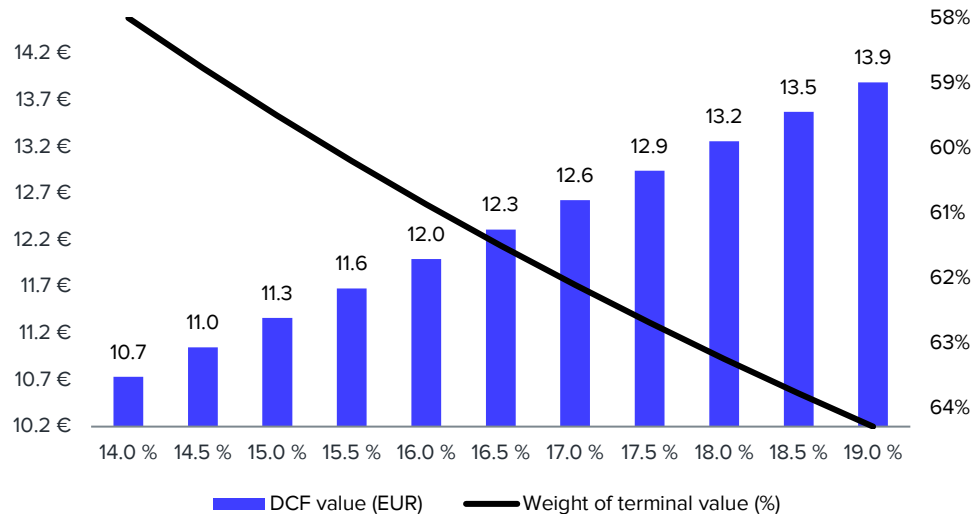
Sensitivity of DCF to changes in the WACC-%



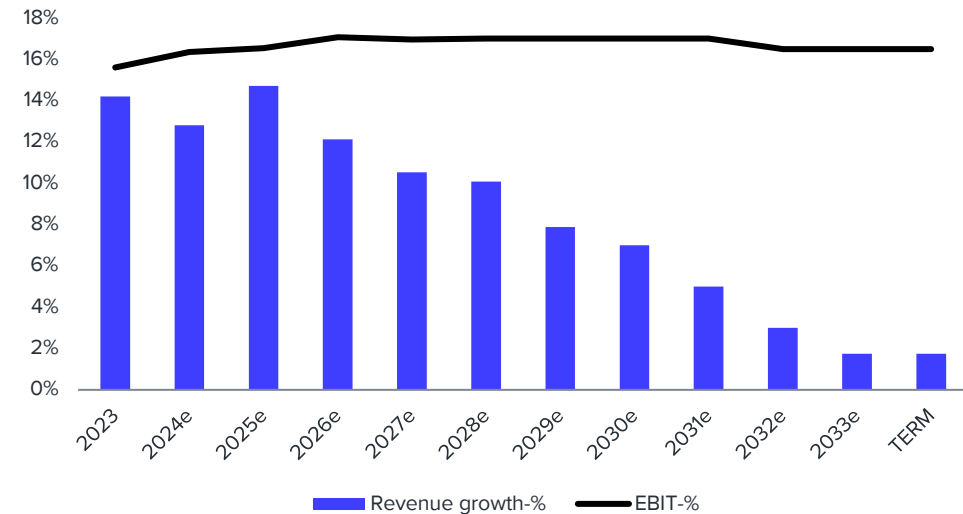
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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



Summary

Income statement	2022	2023	2024e	2025e	Per share data	2022	2023	2024e	2025e
Revenue	296.4	338.5	381.8	438.0	EPS (reported)	0.41	0.46	0.54	0.64
EBITDA	60.5	67.8	81.0	94.8	EPS (adj.)	0.42	0.46	0.54	0.64
EBIT	47.0	52.8	62.5	72.4	OCF / share	0.61	0.71	0.79	0.92
PTP	43.9	48.4	57.4	67.3	FCF / share	0.37	0.31	0.48	0.57
Net Income	35.1	38.7	45.9	54.2	Book value / share	0.90	1.00	1.16	1.37
Extraordinary items	-0.6	0.0	0.0	0.0	Dividend / share	0.34	0.38	0.43	0.51
Balance sheet	2022	2023	2024e	2025e	Growth and profitability	2022	2023	2024e	2025e
Balance sheet total	231.3	248.5	278.8	315.0	Revenue growth-%	10%	14%	13%	15%
Equity capital	76.2	85.0	98.7	116.1	EBITDA growth-%	8%	12%	19%	17%
Goodwill	33.5	33.5	33.5	33.5	EBIT (adj.) growth-%	0%	11%	18%	16%
Net debt	94.5	101.3	97.0	89.4	EPS (adj.) growth-%	2%	8%	19%	18%
Cash flow	2022	2023	2024e	2025e	EBITDA-%	20.4 %	20.0 %	21.2 %	21.6 %
EBITDA	60.5	67.8	81.0	94.8	EBIT (adj.)-%	16.1 %	15.6 %	16.4 %	16.5 %
Change in working capital	1.7	0.4	0.1	-2.7	EBIT-%	15.9 %	15.6 %	16.4 %	16.5 %
Operating cash flow	52.1	60.0	67.0	78.0	ROE-%	48.8 %	48.0 %	50.0 %	50.4 %
CAPEX	-20.4	-34.2	-25.5	-29.5	ROI-%	24.6 %	25.9 %	28.3 %	29.2 %
Free cash flow	31.7	26.7	40.6	48.5	Equity ratio	32.9 %	34.2 %	35.4 %	36.9 %
					Gearing	124.0 %	119.2 %	98.4 %	77.0 %
Valuation multiples	2022	2023	2024e	2025e					
EV/S	2.1	2.6	2.5	2.2					
EV/EBITDA	10.4	13.1	11.7	9.9					
EV/EBIT (adj.)	13.2	16.8	15.2	13.0					
P/E (adj.)	15.0	20.3	18.6	15.8					
P/B	7.0	9.2	8.7	7.4					
Dividend-%	5.4 %	4.1 %	4.3 %	5.1 %					

Source: Inderes



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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
10/12/2021	Accumulate	8.50 €	7.77 €
12/17/2021	Accumulate	10.00 €	8.88 €
4/1/2022	Buy	8.50 €	6.72 €
5/27/2022	Buy	6.00 €	5.16 €
6/15/2022	Buy	6.00 €	4.79 €
9/8/2022	Buy	6.00 €	4.94 €
9/16/2022	Buy	6.00 €	4.92 €
12/16/2022	Buy	6.70 €	5.92 €
3/31/2023	Osta	7.00 €	6.11 €
5/16/2023	Accumulate	8.00 €	7.34 €
6/15/2023	Accumulate	8.00 €	7.18 €
<i>Analyst changed</i>			
9/13/2023	Accumulate	8.50 €	7.63 €
9/25/2023	Accumulate	9.00 €	7.93 €
12/14/2023	Accumulate	9.00 €	8.41 €
3/21/2024	Reduce	9.00 €	9.26 €
3/28/2024	Accumulate	10.00 €	9.18 €
4/24/2024	Accumulate	11.00 €	9.99 €
6/13/2024	Accumulate	11.50 €	10.31 €
9/13/2024	Accumulate	11.00 €	9.84 €
12/12/2024	Accumulate	11.50 €	10.07 €





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