

Tokmanni

Company report

8/8/2024 8:50 am EEST



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✓ Inderes corporate customer

This report is a summary translation of the report "Markkinoiden luottamus painettu alas" published on 8/8/2024 at 8:50 am EEST.

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Market confidence pushed down

Tokmanni will release its Q2 results on Friday, August 16 at around 8:00 am EEST. We lowered our forecasts following the recent profit warning. The rest of the year looks challenging for the company and the rest of the retail sector as consumer spending remains selective and the critical low price point for discount retailers is threatened by the VAT increase in Finland in September. We reiterate our Accumulate recommendation as the expected return on the stock remains attractive but lower our price target to EUR 13.0 (was EUR 15.0) in the wake of forecast changes driven by a challenging market environment. In our view, Tokmanni's stock offers the over-the-cycle investor a sufficiently attractive expected return to offset short-term market challenges.

Q2 preview: Eyes on segment-level numbers, competitive landscape and outlook

Tokmanni reported preliminary operating figures for Q2 in the profit warning and therefore the added value of the reported figures will be lower than usual. Revenue in Q2 increased by 33% year-on-year to 422 MEUR, mainly supported by the Dollarstore acquisition. EBIT amounted to 27.8 MEUR, representing 6.6% of revenue. The company did not disclose segment-specific figures, but we estimate that growth in the Finnish operations was sluggish. On the other hand, the delayed spring mentioned by the company has also affected Sweden, which is also reflected in the figures reported by competitor Rusta. In addition, profitability was impacted by higher freight costs, which we believe include the additional costs of the Finnish port strikes that occurred in the first quarter. Overall, the Q2 operating numbers were in line with our expectations, but the profit warning and comments on the outlook for the rest of the year led us to be more cautious with our estimates. We expect adjusted EPS of EUR 0.24. We track segment-level figures in the report because visibility into Dollarstore's business has been limited and difficult to predict. We also draw attention to management's comments on the market and competitive situation and Tokmanni's outlook for the rest of the year, as we do not believe that achieving the new guidance is a foregone conclusion.

Profit warning and competitiveness concerns

Although our previous forecasts were broadly in line with the preliminary results reported by the company, we lowered our forecasts for the rest of the year and for the medium term based on the negative comments in the company's profit warning. In addition, several consumer-facing companies that have already reported their Q2 numbers have said they expect the rest of the year to be challenging. Previous expectations of a slight improvement in the consumer environment in H2 proved to be too optimistic. As a result, our medium-term earnings forecasts were reduced by an average of 17%. We also see signs of increased price competition in the market, and we see Tokmanni as one of the hardest hit. For example, there should be investment in price perception, which is an important element in discount retailing.

Expected return remains attractive despite market uncertainties

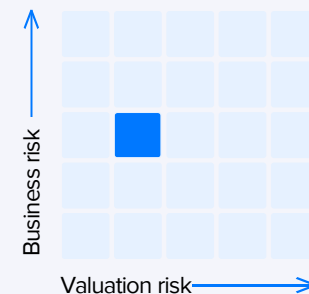
We believe that Tokmanni's valuation for the coming years is moderate (2025e P/E 10x and IFRS16 adj. EV/EBIT 9x). Expected returns above the required return are driven by our forecast of 5% earnings growth, a 6% dividend yield and a gradual increase in valuation multiples towards the Nasdaq Helsinki average. The company's recent performance raises uncertainty about sustainable earnings levels, but this weighs more heavily on our scales than the low valuation. A stronger view on the stock would require more evidence from the company on Dollarstore's profitability turnaround and Tokmanni's improved competitiveness. Over the long term, the stock has significant upside potential if the company can continue to grow and improve its relative profitability.

Recommendation

Accumulate
(previous Accumulate)

EUR 13.00
(previous EUR 15.00)

Share price:
11.16



Key figures

	2023	2024e	2025e	2026e
Revenue	1392.7	1651.9	1763.1	1848.8
growth-%	19%	19%	7%	5%
EBIT adj.	100.2	100.3	118.1	125.4
EBIT-% adj.	7.2 %	6.1 %	6.7 %	6.8 %
Net income	54.1	46.8	62.4	68.6
EPS (adj.)	1.04	0.84	1.11	1.22

P/E (adj.)	14.8	13.2	10.0	9.2
P/B	3.4	2.4	2.2	2.0
Dividend yield-%	4.9 %	4.6 %	6.2 %	6.8 %
EV/EBIT (adj.)	16.4	14.2	12.0	11.3
EV/EBITDA	8.6	6.4	5.7	5.5
EV/S	1.2	0.9	0.8	0.8

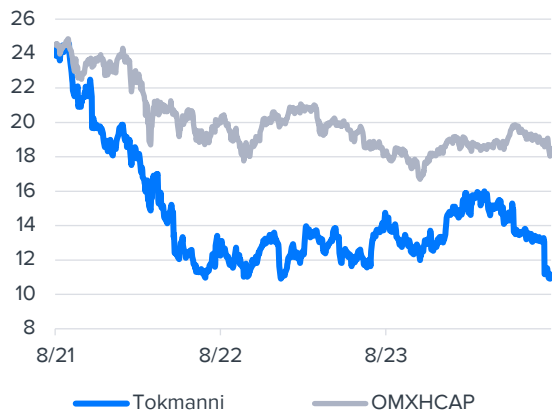
Source: Inderes

Guidance

(Downgraded)

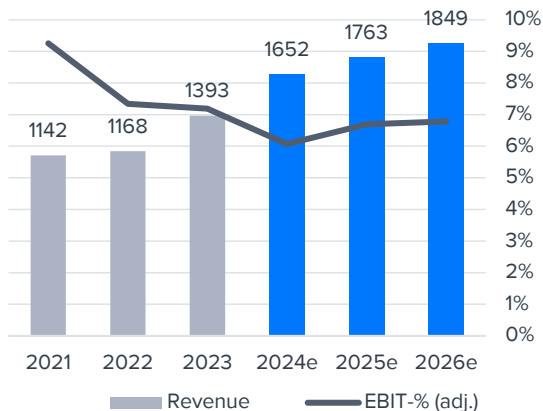
In 2024, Tokmanni expects its revenue to be 1,650-1,730 MEUR (2023: 1393 MEUR). Comparable EBIT is expected to be 98-118 MEUR (2023: 99 MEUR).

Share price



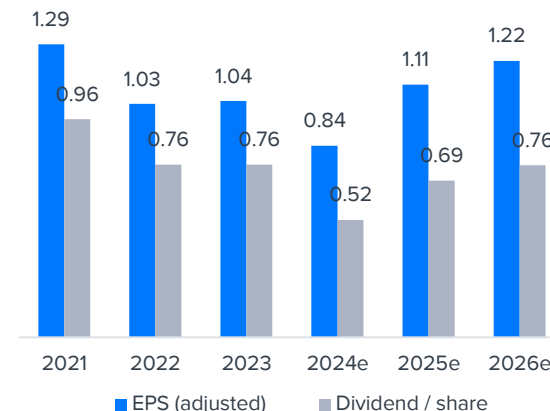
Source: Millstream Market Data AB

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	11.2	11.2	11.2
Number of shares, millions	58.8	58.8	58.8
Market cap	656	656	656
EV	1419	1417	1417
P/E (adj.)	13.2	10.0	9.2
P/E	14.0	10.5	9.6
P/B	2.4	2.2	2.0
P/S	0.4	0.4	0.4
EV/Sales	0.9	0.8	0.8
EV/EBITDA	6.4	5.7	5.5
EV/EBIT (adj.)	14.2	12.0	11.3
Payout ratio (%)	65.0 %	65.0 %	65.0 %
Dividend yield-%	4.6 %	6.2 %	6.8 %

Source: Inderes

Operational figures known, bottom line not yet reported

Estimates vs. outcome

- Based on preliminary operating data, Q2 revenue increased by 32.5% to 422.5 MEUR and adjusted EBIT was 27.8 MEUR, or 6.6% of revenue. Segment-specific figures will be disclosed on the earnings release date.
- We expect Q2 EPS of EUR 0.24, down significantly year-on-year due to lower profitability and higher financing costs.
- We have excluded the consensus forecast due to its inconsistency (forecasts were not updated after the profit warning).

Estimates MEUR / EUR	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	319	422	422		-		0%	1652
EBIT (adj.)	29.3	27.8	27.8		-		0%	100
PTP	24.5	-	17.5		-			59.4
EPS (reported)	0.33	-	0.24		-			0.80
Revenue growth-%	4.0 %	32.5 %	32.5 %		-		0 pp	18.6 %
EBIT-% (adj.)	9.2 %	6.6 %	6.6 %		-		0 pp	6.1 %

Source: Inderes & Bloomberg (consensus)

Forecasts down following profit warning

New guidance signals continued volatility for the rest of the year

Tokmanni lowered its guidance for 2024 and expects revenue to be 1,650-1,730 (prev. 1,660-1,760) MEUR and EBIT to be 98-118 (prev. 110-130) MEUR. On the top line, the revision to guidance was virtually a rounding error, but the midpoint of the earnings guidance was down 10% from the previous one. The marked decline in the earnings guidance reflects the continuing competitive challenge as retailers fight for the few coins available to consumers. In addition, the company says that cost pressures will remain elevated, including higher freight costs and the Finnish VAT increase in September. The moderate decline in revenue and the significant decline in profit guidance are more indicative of cost pressures. On the other hand, the company may drive up sales levels through aggressive pricing, which will result in margin pressure.

Only marginal changes in revenue, but our earnings forecasts were significantly lowered

Our 2024-26 earnings forecasts have been reduced by an average of 17% as a result of lower revenue forecasts and higher expense forecasts due to cost pressures. In 2024, we expect revenue to reach 1.52 BNEUR and adjusted EBIT to amount to 100 MEUR (6.1% of revenue). This level reflects the addition of Dollarstore, but also price competition and increased cost pressures. This means that any price increases (VAT increases) will be challenging in the current environment of low consumer purchasing power.

We also made dividend cuts

Given the lower earnings forecasts, we have slightly lowered our dividend forecasts for the coming years. This is due to the fact that the cash flow for the current fiscal year will remain below the normalized level from which the company would still need to reduce its currently elevated debt position. We expect Tokmanni to pay out ~65% of its net profit as

dividends in the coming years.

We recognize the increased competition in domestic retail

In our view, the competitive situation in the Finnish retail sector has tightened. This is reflected in the ongoing price campaigns and the aggressive price-driven growth of new entrants. Ultimately, this is the result of the weak position of the consumer. According to market statistics, Sweden and Denmark are doing better than Finland, but Dollarstore's comparable growth of less than 2% in Q1 does not inspire much confidence in growth prospects for the rest of the year. We also do not expect market conditions in Finland to improve in H2, given the September VAT hike and the outlook of consumer companies. We see Tokmanni as one of last year's sufferers and therefore see investments in improving the company's price image as important. These would obviously have a dampening effect on the margin growth that we also forecast.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	1673	1652	-1%	1790	1763	-1%	1877	1849	-2%
EBIT (exc. NRIs)	113	100	-11%	136	118	-13%	147	125	-15%
EBIT	110	97	-11%	133	115	-13%	144	122	-15%
PTP	72	59	-17%	96	79	-18%	107	86.8	-19%
EPS (excl. NRIs)	1.01	0.84	-16%	1.34	1.11	-17%	1.49	1.22	-18%
DPS	0.77	0.52	-33%	0.82	0.69	-16%	0.92	0.76	-18%

Source: Inderes

Valuation pushed to a low level

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 healthy dividend yield of 6%. By expecting a gradual increase in valuation, Tokmanni's expected annual return is in the range of 15%. This is above our required return (10%) and, in our view, provides the investor with a safety margin to compensate for temporary market weakness.

Valuation	2024e	2025e	2026e
Share price	11.2	11.2	11.2
Number of shares, millions	58.8	58.8	58.8
Market cap	656	656	656
EV	1419	1417	1417
P/E (adj.)	13.2	10.0	9.2
P/E	14.0	10.5	9.6
P/B	2.4	2.2	2.0
P/S	0.4	0.4	0.4
EV/Sales	0.9	0.8	0.8
EV/EBITDA	6.4	5.7	5.5
EV/EBIT (adj.)	14.2	12.0	11.3
Payout ratio (%)	65.0 %	65.0 %	65.0 %
Dividend yield-%	4.6 %	6.2 %	6.8 %

Source: Inderes

Share price upside potential based on profitability level

		EBIT-%				
		6%	7%	8%	9%	10%
P/E	10x	9.2	11.7	14.1	16.6	19.0
	12x	11.1	14.0	17.0	19.9	22.8
	14x	12.9	16.4	19.8	23.2	26.7
	16x	14.8	18.7	22.6	26.5	30.5
	18x	16.6	21.1	25.5	29.9	34.3

Assumptions:

1,800 MEUR revenue

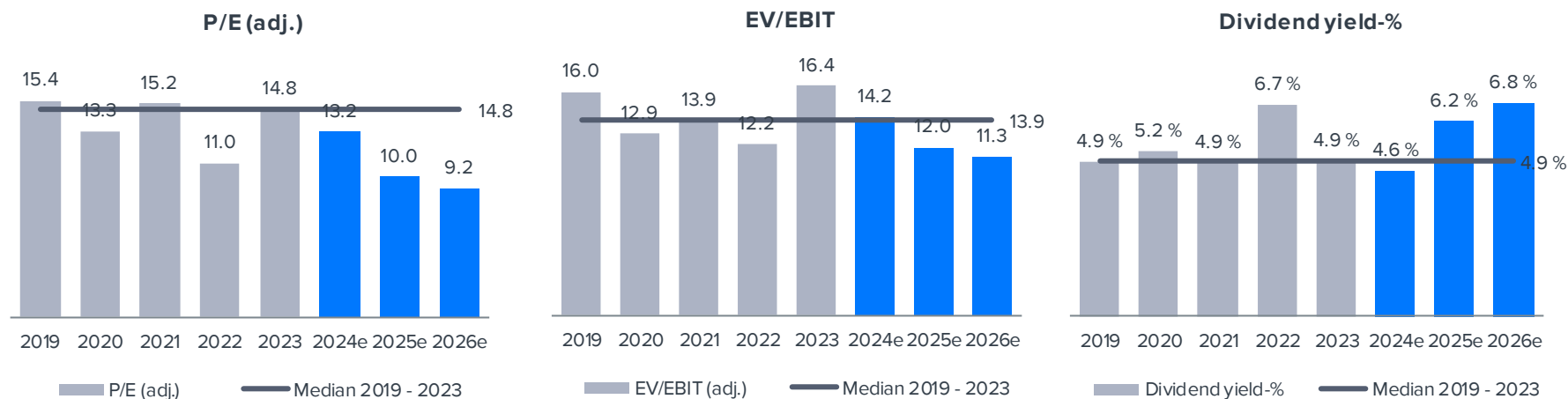
40 MEUR financing costs

Tax rate 20%

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	12.6	16.2	19.7	11.3	15.4	11.2	11.2	11.2	11.2
Number of shares, millions	58.9	58.8	58.9	58.9	58.8	58.8	58.8	58.8	58.8
Market cap	743	956	1157	665	907	656	656	656	656
EV	1123	1288	1471	1048	1638	1419	1417	1417	1412
P/E (adj.)	15.4	13.3	15.2	11.0	14.8	13.2	10.0	9.2	8.3
P/E	15.8	13.4	14.8	11.3	16.8	14.0	10.5	9.6	8.6
P/B	4.0	4.4	4.7	2.7	3.4	2.4	2.2	2.0	1.8
P/S	0.8	0.9	1.0	0.6	0.7	0.4	0.4	0.4	0.3
EV/Sales	1.2	1.2	1.3	0.9	1.2	0.9	0.8	0.8	0.7
EV/EBITDA	8.6	7.9	8.4	6.7	8.6	6.4	5.7	5.5	5.2
EV/EBIT (adj.)	16.0	12.9	13.9	12.2	16.4	14.2	12.0	11.3	10.5
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 %	4.6 %	6.2 %	6.8 %	7.0 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Europris ASA	939	1377	12.8	11.8	7.6	7.0	1.4	1.2	12.9	11.6	5.7	5.3	2.9
Bygghem AB	192	397	23.4	13.9	5.2	4.6	0.8	0.7	28.8	11.2	1.9	4.5	0.9
Clas Ohlson AB	964	1110	16.9	12.0	7.6	6.7	1.2	1.1	20.1	13.7	3.0	3.5	5.8
Axfood AB	5040	5906	18.0	16.5	9.5	8.8	0.8	0.8	21.8	19.4	3.1	3.4	8.0
Dollar General Corp	23834	29570	13.2	13.8	9.9	9.9	0.8	0.8	15.9	16.5	2.0	2.0	3.8
Kesko Oyj	6989	9874	15.6	14.3	8.2	7.8	0.8	0.8	15.8	14.6	5.6	5.6	2.6
Musti Group Oyj	825	984	20.7	17.4	11.9	10.4	2.1	2.0	28.0	20.7	2.7	3.3	4.2
B&M European Value Retail	5370	7791	11.0	10.9	7.8	7.5	1.2	1.2	12.2	12.1	4.8	5.3	6.0
Puuhonka Oyj	833	861	15.3	13.2	11.8	10.2	2.4	2.1	20.0	17.4	4.1	4.8	9.1
Verkkokauppa.com Oyj	86	104	62.2	12.7	12.2	7.0	0.2	0.2	47.4	15.2	1.7	3.9	3.1
Kamux Oyj	203	274	11.7	8.3	7.4	5.8	0.3	0.2	12.3	8.5	3.8	5.1	1.7
Rusta	952	1435	21.0	16.2	8.9	8.3	1.4	1.4	16.9	18.2	2.7	2.5	5.4
Tokmanni (Inderes)	656	1419	14.2	12.0	6.4	5.7	0.9	0.8	13.2	10.0	4.6	6.2	2.4
Average			20.2	13.4	9.0	7.8	1.1	1.0	21.0	14.9	3.4	4.1	4.5
Median			16.3	13.5	8.6	7.6	1.0	1.0	18.5	14.9	3.1	4.2	4.0
Diff-% to median			-13%	-11%	-26%	-25%	-17%	-16%	-28%	-33%	51%	46%	-39%

Source: Refinitiv / Inderes

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	1168	238	319	364	471	1393	339	422	407	483	1652	1763	1849	1919
Group	1168	238	319	364	471	1393	339	422	407	483	1652	1763	1849	1919
EBITDA	157	17.5	48.5	49.6	74.3	190	26.9	58.2	61.7	76.5	223	246	259	273
Depreciation	-73.2	-19.5	-19.8	-26.6	-30.9	-96.8	-31.9	-31.1	-29.9	-32.9	-125.8	-131.4	-136.3	-141.4
EBIT (excl. NRI)	85.7	-2.2	29.3	26.4	46.7	100	-4.4	27.8	32.5	44.3	100	118	125	134
EBIT	84.0	-2.0	28.7	23.0	43.4	93.1	-5.0	27.1	31.7	43.6	97.5	115	122	131
Group	84.0	-2.0	28.7	23.0	43.4	93.1	-5.0	27.1	31.7	43.6	97.5	115	122	131
Net financial items	-10.7	-3.2	-4.3	-6.8	-10.4	-24.7	-9.1	-9.6	-9.6	-9.6	-38.0	-36.0	-35.6	-34.9
PTP	73.3	-5.3	24.5	16.2	33.1	68.5	-14.1	17.5	22.1	34.0	59.4	79.0	86.8	96.6
Taxes	-14.6	1.0	-4.8	-3.5	-7.0	-14.3	2.1	-3.5	-4.4	-6.8	-12.7	-16.6	-18.2	-20.3
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	58.8	-4.3	19.6	12.7	26.1	54.1	-12.1	14.0	17.7	27.2	46.8	62.4	68.6	76.3
EPS (adj.)	1.03	-0.08	0.34	0.27	0.50	1.04	-0.20	0.25	0.31	0.47	0.84	1.11	1.22	1.35
EPS (rep.)	1.00	-0.07	0.33	0.22	0.44	0.92	-0.21	0.24	0.30	0.46	0.80	1.06	1.17	1.30
Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24e	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 %	11.7 %	2.6 %	18.6 %	6.7 %	4.9 %	3.8 %
Adjusted EBIT growth-%	-18.9 %	348 %	8.8 %	12.1 %	30.5 %	16.8 %	96.4 %	-5.1 %	23.4 %	-5.1 %	0.1 %	17.7 %	6.2 %	7.3 %
EBITDA-%	13.5 %	7.3 %	15.2 %	13.6 %	15.8 %	13.6 %	7.9 %	13.8 %	15.2 %	15.8 %	13.5 %	14.0 %	14.0 %	14.2 %
Adjusted EBIT-%	7.3 %	-0.9 %	9.2 %	7.2 %	9.9 %	7.2 %	-1.3 %	6.6 %	8.0 %	9.2 %	6.1 %	6.7 %	6.8 %	7.0 %
Net earnings-%	5.0 %	-1.8 %	6.2 %	3.5 %	5.5 %	3.9 %	-3.6 %	3.3 %	4.3 %	5.6 %	2.8 %	3.5 %	3.7 %	4.0 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	475	900	919	941	964
Goodwill	136	218	218	218	218
Intangible assets	4.0	45.8	42.9	39.9	36.9
Tangible assets	330	633	657	682	707
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	533	562	589
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	41.2
Cash and equivalents	9.1	134	106	106	111
Balance sheet total	794	1410	1453	1503	1553

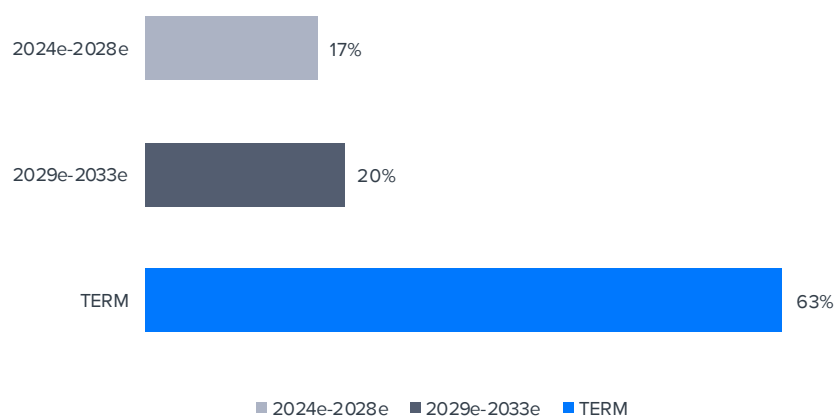
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	247	265	268	300	328
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	138	147	149	181	209
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	786	784	789
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	782	779	785
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	399	419	436
Interest bearing debt	69.7	138	86.9	86.6	87.2
Payables	149	260	308	329	345
Other current liabilities	1.1	3.6	3.6	3.6	3.6
Balance sheet total	794	1410	1453	1503	1553

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	19.2 %	18.6 %	6.7 %	4.9 %	3.8 %	3.5 %	3.5 %	3.5 %	3.5 %	3.0 %	2.5 %	2.5 %
EBIT-%	6.7 %	5.9 %	6.5 %	6.6 %	6.9 %	7.5 %	8.2 %	8.2 %	8.0 %	8.0 %	8.0 %	8.0 %
EBIT (operating profit)	93.1	97.5	115	122	131	149	169	174	176	181	186	
+ Depreciation	96.8	126	131	136	141	146	151	156	161	166	170	
- Paid taxes	0.2	-26.6	-16.6	-18.2	-20.3	-25.5	-29.7	-31.1	-31.6	-32.9	-34.0	
- Tax, financial expenses	-5.2	-8.1	-7.6	-7.5	-7.3	-5.8	-5.6	-5.5	-5.4	-5.2	-5.0	
+ 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	-2.7	-7.9	-6.1	-4.9	-4.7	-4.9	-5.1	-5.3	-4.7	-4.0	
Operating cash flow	233	186	214	227	240	259	280	289	295	305	313	
+ 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	-144	-153	-159	-163	-168	-173	-178	-183	-182	-179	
Free operating cash flow	-292.2	41.9	61.2	68.1	77.1	91.0	106	111	112	123	133	
+/- 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	41.9	61.2	68.1	77.1	91.0	106	111	112	123	133	2199
Discounted FCFF		40.5	54.5	55.7	58.0	63.0	67.7	64.9	60.3	60.9	60.8	1003
Sum of FCFF present value		1589	1549	1494	1438	1380	1317	1250	1185	1124	1063	1003
Enterprise value DCF		1589										
- Interest bearing debt		-864.2										
+ Cash and cash equivalents		134										
-Minorities		0.0										
-Dividend/capital return		-44.7										
Equity value DCF		814										
Equity value DCF per share		13.8										

Cash flow distribution

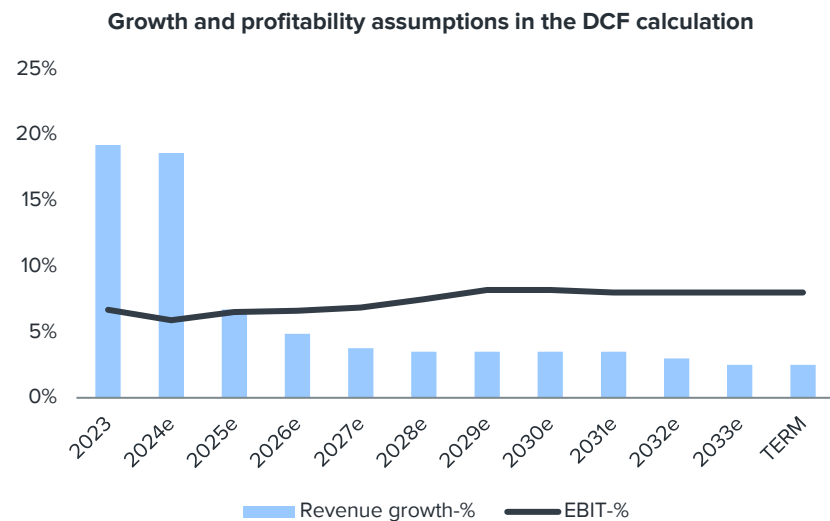
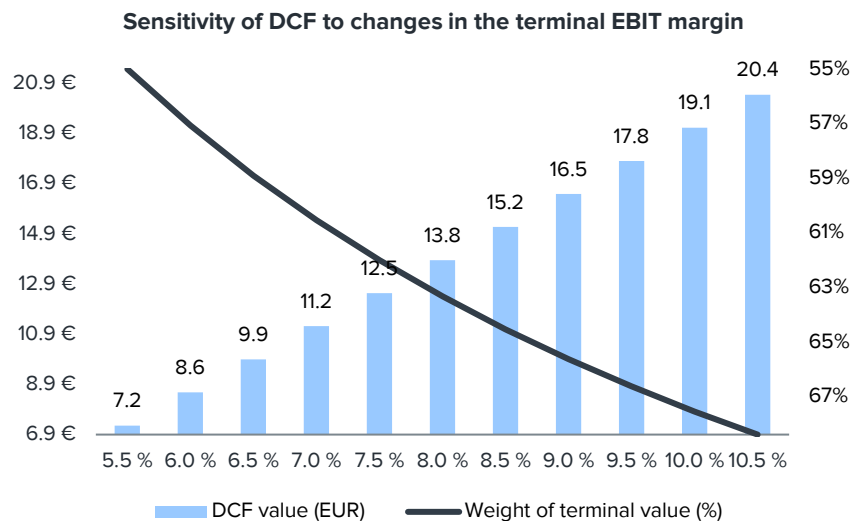
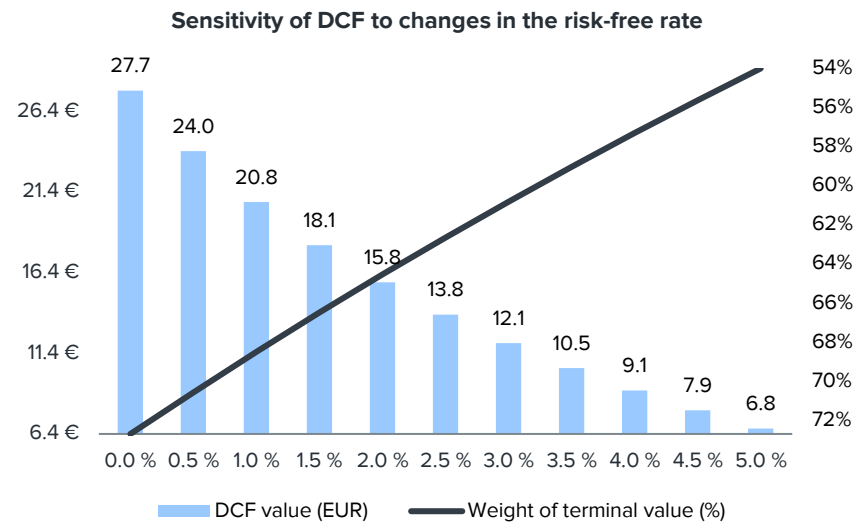
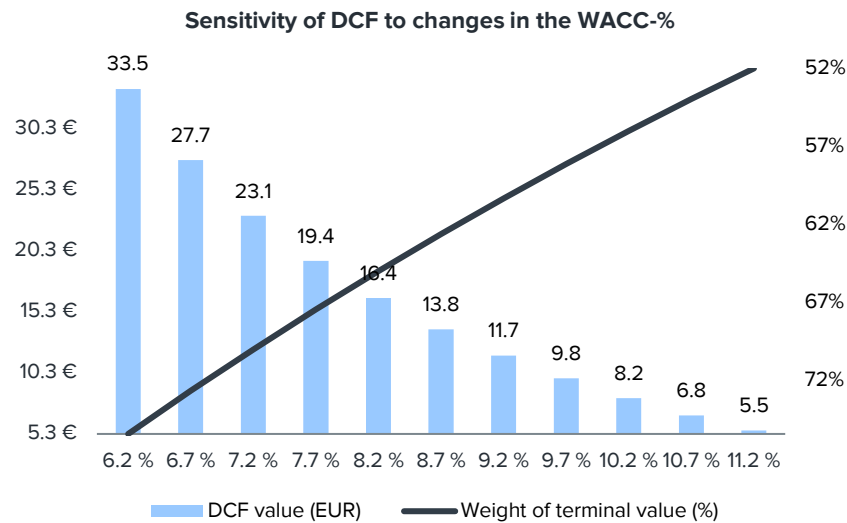


WACC

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

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	Per share data	2021	2022	2023	2024e	2025e
Revenue	1141.8	1168.0	1392.7	1651.9	1763.1	EPS (reported)	1.32	1.00	0.92	0.80	1.06
EBITDA	174.6	157.2	189.9	223.3	246.4	EPS (adj.)	1.29	1.03	1.04	0.84	1.11
EBIT	107.7	84.0	93.1	97.5	115.1	OCF / share	2.27	1.62	3.95	3.16	3.64
PTP	97.5	73.3	68.5	59.4	79.0	FCF / share	1.31	-0.07	-4.97	0.71	1.04
Net Income	78.0	58.8	54.1	46.8	62.4	Book value / share	4.16	4.20	4.51	4.56	5.10
Extraordinary items	2.1	-1.7	-7.0	-2.8	-3.0	Dividend / share	0.96	0.76	0.76	0.52	0.69
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	816.5	793.8	1410.3	1452.8	1503.1	Revenue growth-%	6%	2%	19%	19%	7%
Equity capital	244.7	247.0	265.4	268.2	300.2	EBITDA growth-%	7%	-10%	21%	18%	10%
Goodwill	136.2	136.2	218.1	218.1	218.1	EBIT (adj.) growth-%	6%	-19%	17%	0%	18%
Net debt	314.3	383.3	730.5	762.6	760.2	EPS (adj.) growth-%	6%	-20%	1%	-19%	32%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	15.3 %	13.5 %	13.6 %	13.5 %	14.0 %
EBITDA	174.6	157.2	189.9	223.3	246.4	EBIT (adj.)-%	9.3 %	7.3 %	7.2 %	6.1 %	6.7 %
Change in working capital	-20.0	-44.9	47.6	-2.7	-7.9	EBIT-%	9.4 %	7.2 %	6.7 %	5.9 %	6.5 %
Operating cash flow	133.7	95.4	232.6	185.9	214.4	ROE-%	33.8 %	23.9 %	21.1 %	17.5 %	22.0 %
CAPEX	-55.8	-98.8	-524.3	-144.0	-153.2	ROI-%	17.0 %	13.1 %	10.5 %	8.6 %	10.0 %
Free cash flow	77.3	-3.9	-292.2	41.9	61.2	Equity ratio	30.0 %	31.1 %	18.8 %	18.5 %	20.0 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	128.5 %	155.2 %	275.3 %	284.4 %	253.3 %
EV/S	1.3	0.9	1.2	0.9	0.8						
EV/EBITDA	8.4	6.7	8.6	6.4	5.7						
EV/EBIT (adj.)	13.9	12.2	16.4	14.2	12.0						
P/E (adj.)	15.2	11.0	14.8	13.2	10.0						
P/B	4.7	2.7	3.4	2.4	2.2						
Dividend-%	4.9 %	6.7 %	4.9 %	4.6 %	6.2 %						

Source: Inderes

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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
5/8/2021	Buy	25.00 €	21.68 €
7/29/2021	Accumulate	27.00 €	24.66 €
10/31/2021	Buy	25.00 €	19.68 €
<i>Analyst changed</i>			
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 €
<i>Analyst changed</i>			
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 €



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