

# Tokmanni

## Company report

5/20/2024



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# Bumps in the growth story

Tokmanni's Q1 revenue was in line with our expectations, but the earnings level was disappointing due to the weaker than expected performance of the new DollarStore segment. Following the report, we have made some negative revisions to our forecasts and as a result we are revising our target price to EUR 15.0 (was EUR 16.0). We don't see much upside in the multiples, but the earnings growth we expect, combined with a good dividend yield, argues in favor of holding the stock. We reiterate our Accumulate recommendation.

## Profitability was not as expected

Tokmanni's Q1 revenue grew by 42% to 339 MEUR, which was in line with our expectations. The Finnish operations surprised positively, growing by 4.2% and 1.7% comparatively. However, DollarStore, which has a stronger growth profile, disappointed with a comparable revenue growth of 1.8%. Despite revenue at group level being in line with expectations, Tokmanni's comparable EBIT decreased to -5.1 MEUR in the first quarter, which was below our forecast of -2.7 MEUR. The Group's comparable gross margin increased to 34.0% from 31.7% in the previous year, making fixed costs the challenge for the quarter. Tokmanni segment's profitability improved from the comparison period and exceeded our expectations, but DollarStore's Q1 result was weaker than anticipated. Stronger-than-expected seasonality in profitability may explain DollarStore's lower-than-expected profitability, but management also highlighted the weak demand environment and increased competition as factors limiting profitability. Based on management's comments, the events in the Red Sea and the political strikes in Finland put pressure on profitability during the period, although their impact is more pronounced in Q2.

## Guidance dependent on H2, success of DollarStore integration more critical to the story

With a softer-than-expected Q1 report, we lowered our 2024-2026 EBIT forecasts by 5-6%. Tokmanni reiterated its guidance for the current year in the report, but with Q1 profitability below our expectations and comments pointing to a soft Q2, our forecasts for the current year are quite close to the lower end of the guidance range. In terms of guidance, we expect the seasonally strong H2 to determine the game. We acknowledge the risk of a negative earnings warning, but from an investment story perspective, an earnings warning caused by political strikes and temporary challenges in the logistics chain would be relatively insignificant. More relevant to the 2024 performance level, we regard the integration of DollarStore, on which management's Q1 comments seemed positive. A key to the company's earnings growth in the coming years will be DollarStore's continued growth and improved relative profitability.

## Valuation seems neutral

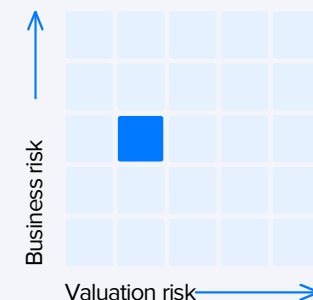
We see Tokmanni's valuation level as quite neutral (P/E 2024e 14x). The multiples are slightly below historical levels, but we believe this is justified by the higher interest rate environment, which pushes up the required return. The company is priced around the upper end of the valuation range we have adopted, so the multiples do not provide much support for the expected return. Therefore, we see strong earnings growth as the main driver of the share's expected return. In addition, the EUR 15.8 value implied by our DCF model suggests that there is still room for upside. Tokmanni trades at a larger-than-usual discount to its peers, which provides some support to the valuation.

## Recommendation

**Accumulate**  
(previous Accumulate)

**EUR 15.00**  
(previous EUR 16.00)

**Share price:**  
13.63



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	1392.7	1673.3	1789.6	1877.4
<b>growth-%</b>	19%	20%	7%	5%
<b>EBIT adj.</b>	100.2	112.9	135.7	146.7
<b>EBIT-% adj.</b>	7.2 %	6.7 %	7.6 %	7.8 %
<b>Net Income</b>	54.1	56.5	75.8	84.7
<b>EPS (adj.)</b>	1.04	1.01	1.34	1.49
<b>P/E (adj.)</b>	14.8	13.5	10.2	9.1
<b>P/B</b>	3.4	2.9	2.6	2.3
<b>Dividend yield-%</b>	4.9 %	5.6 %	6.1 %	6.9 %
<b>EV/EBIT (adj.)</b>	16.4	13.5	11.1	10.0
<b>EV/EBITDA</b>	8.6	6.5	5.8	5.5
<b>EV/S</b>	1.2	0.9	0.8	0.8

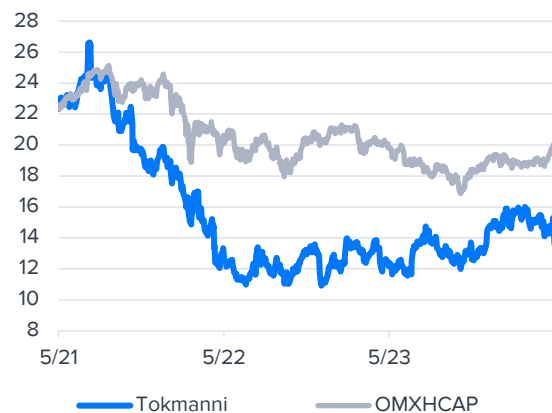
Source: Inderes

## Guidance

(Unchanged)

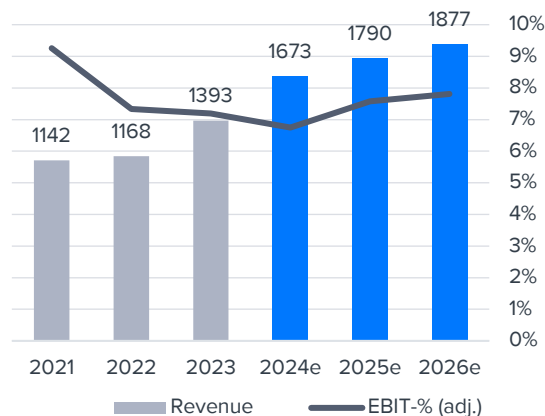
In 2024, Tokmanni expects its revenue to be 1,660-1,760 MEUR (2023: 1393 MEUR). Comparable EBIT is expected to be EUR 110-130 million (2023: 99 MEUR).

## Share price



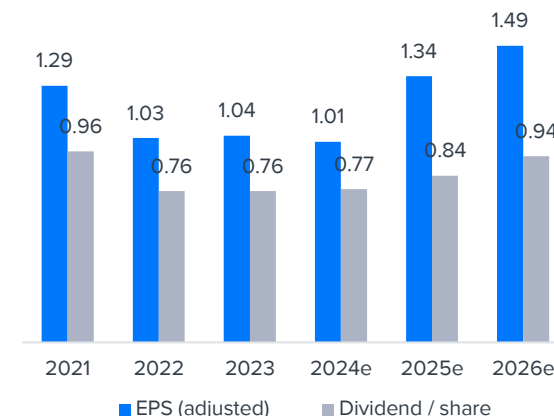
Source: Millistream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- New store openings
- Increase in private label share
- Increasing the number of SKU and expanding into new product categories
- Untapped potential of loyal customers
- Increasing B2B sales
- Smart buying becoming more popular
- Economies of scale through volumes, e.g., in purchasing and negotiating lease terms
- Dollarstore and international expansion
- Exploiting own online store as a potential platform for third party products



## Risk factors

- Decreasing consumer purchasing power as inflation runs rampant
- Decreasing consumer confidence
- Tighter competition and new international challengers
- Failure in acquisitions or international expansion
- Dependence on the central warehouse in Mäntsälä
- 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	13.6	13.6	13.6
Number of shares, millions	58.8	58.8	58.8
Market cap	802	802	802
EV	1524	1500	1472
P/E (adj.)	13.5	10.2	9.1
P/E	14.2	10.6	9.5
P/B	2.9	2.6	2.3
P/S	0.5	0.4	0.4
EV/Sales	0.9	0.8	0.8
EV/EBITDA	6.5	5.8	5.5
EV/EBIT (adj.)	13.5	11.1	10.0
Payout ratio (%)	80.1 %	65.0 %	65.0 %
Dividend yield-%	5.6 %	6.1 %	6.9 %

Source: Inderes

# DollarStore performance missed expectations

## Revenue in line with expectations

Tokmanni's Q1 revenue grew by 42% to 339 MEUR, which was in line with our expectations. Although the most significant growth was driven by the DollarStore acquisition, the company also achieved organic growth in both business segments. According to the company, the timing of Easter in Q1 supported sales. At the end of the quarter, Tokmanni's total number of stores was 372 (note: Miny and shoe stores included), which clearly exceeded the comparison period's level of 231 stores due to the acquisition of DollarStore and the growth of the Finnish store network.

The Tokmanni segment's revenue grew by 4.2%, while comparable in-store sales increased by 1.7%. According to statistics from the Finnish Grocery Trade Association (PTY), total sales in department stores and hypermarkets in Finland increased by 4.5% in Q1, although the emphasis by product category is not fully comparable to Tokmanni.

DollarStore, which operates in Sweden and Denmark, also reported comparable in-store sales growth of 1.8%, which was below our expectations and represents a slowdown compared to the second half of last year. On the earnings call, management stated that DollarStore was impacted by a weak demand environment as well as increased competition.

## DollarStore's profitability missed our expectations, possibly partly due to seasonality

Tokmanni's comparable EBIT for the first quarter decreased to -5.1 MEUR, missing our forecast of -2.7 MEUR. The Group's comparable gross margin increased to 34.0% from 31.7% in the previous year, making fixed costs the challenge for the quarter. Tokmanni segment's comparable EBIT increased to -1.7 MEUR (Q1'23: -1.9 MEUR) and exceeded our expectations. However, Dollarstore's comparable EBIT of -2.8 MEUR was significantly below our expectations. The higher-than-expected seasonality may explain the weaker than expected profitability of

the new business in Q1, and based on management's comments, DollarStore's business also follows a clear seasonality. Net financial items of 9.1 MEUR were below our expectations, which compensated for the difference with our EPS forecasts.

Based on management's comments, the integration of DollarStore is progressing well and at this stage the group has achieved annual synergy benefits of 6.7 MEUR with a target of 15 MEUR.

## Seasonally weak cash flow in Q1

In Q1, Tokmanni's cash flow from operating activities was weak at -40 MEUR (Q1'23 -12.9 MEUR). The company's cash flow is always weak in the seasonally slow Q1, but compared to the previous year, it is good to note that the measures taken in the comparison period to reduce inventories supported the cash flow. Tokmanni's ratio of net debt to comparable EBITDA excluding the impact of IFRS 16 was 2.3x at the end of the period, while the company's long-term target is to keep the ratio below 2.25x at the end of the financial year.

Estimates MEUR / EUR	Q1'23	Q1'24	Q1'24e	Q1'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	238	339	339	335	310	345	0%	1673
EBIT (adj.)	-2.2	-5.1	-4.4	-2.2	-4.0	0.5	16%	113
PTP	-5.3	-14.1	-14.1	-12.0	-14.4	-10.1	0%	71.6
EPS (reported)	-0.07	-0.20	-0.21	-0.17	-0.14	-0.20	-3%	0.96
Revenue growth-%	4.7 %	42.4 %	42.4 %	40.6 %	30.1 %	44.8 %	0 pp	20.2 %
EBIT-% (adj.)	-0.9 %	-1.5 %	-1.3 %	-0.7 %	-1.3 %	0.1 %	-0.2 pp	6.7 %

Source: Inderes & Bloomberg (consensus)

# We lowered our earnings forecasts due to the Q1 earnings miss

## Guidance was reiterated, but H2 determines the game

As expected, Tokmanni reiterated its guidance of 1660-1760 MEUR revenue and 110-130 MEUR comparable EBIT in connection with the report. However, in the report, the company flagged the events in the Red Sea and the political strikes as factors impacting the start of Q2, as they have led to clear shortages in product availability and additional costs. We understand that these factors already plagued the company to some extent in Q1 but based on management's comments and the strong sales margin in Q1, we expect the impact to be more pronounced in Q2.

In conjunction with the report, we have lowered our earnings forecasts for the current year, driven by the Q1 earnings miss and negative forecast revisions for

Q2. Our forecasts are close to the lower end of the guidance range, but given the strong seasonality of the retail sector, H2 will determine the game for us in terms of guidance.

## Negative forecast changes in the coming years

In connection with the update, we have revised our cost forecasts, particularly for DollarStore, resulting in a slight reduction in our earnings forecasts for the coming years. On the earnings call, management flagged DollarStore's growth efforts and lower operating profit margin as factors that make business profitability more volatile than in the Finnish operations. Management remained confident about the 15 MEUR synergy target set in connection with the acquisition.

In our comparable EBIT forecasts, we adjust the fully accounting PPA depreciation related to the group's

acquisitions to make our earnings forecasts more comparable to cash flow.

Estimate revisions	2024e	2024e	Change	2025e	2025e	Change	2026e	2026e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	1673	1673	0%	1791	1790	0%	1879	1877	0%
EBIT (exc. NRIs)	119	113	-5%	143	136	-5%	155	147	-6%
EBIT	116	110	-5%	140	133	-5%	152	144	-6%
PTP	77	72	-7%	103	96	-6%	116	107	-7%
EPS (excl. NRIs)	1.10	1.01	-8%	1.43	1.34	-6%	1.61	1.49	-7%

Source: Inderes

# Risk/reward ratio tilted to the positive side

## Earnings growth driving expected return

In our view, Tokmanni's valuation is neutral/slightly elevated (P/E 2024e 14x). The multiples are slightly below historical levels, which we believe is justified by the increased interest rate environment pushing up the required return. We see no upside to the multiples, leaving the expected return dependent on earnings growth and dividend yield. We expect the company to deliver strong earnings growth in the coming years, increasingly driven by the new DollarStore segment. Therefore, the successful integration of the new business is key to the investment story.

## Valuation below 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. Throughout its history, Tokmanni has been priced below its peers. The company continues to trade at a discount to its peers, although the 25-30% discount on a P/E basis is higher than historical levels. In our eyes, the discount pricing has become too wide, which contributes to a positive view on the stock.

## DCF model indicates upside potential

Our DCF model indicates a value of EUR 15.8 per share for Tokmanni, suggesting a slight upside. We consider the cash flow model suitable for the valuation of Tokmanni and use it as part of the valuation of the stock. Our model assumes that the group's EBIT margin will strengthen from current levels, which will also require an improvement in the relative profitability of the new DollarStore segment.

## Dividend yield becomes attractive at the current share price

We forecast an increasing dividend for 2024-25. At the current share price, the dividend yield remains at a good level of around 5-6%, which supports the overall expected return on the stock. Tokmanni's share also offers a much better dividend yield compared to its peers.

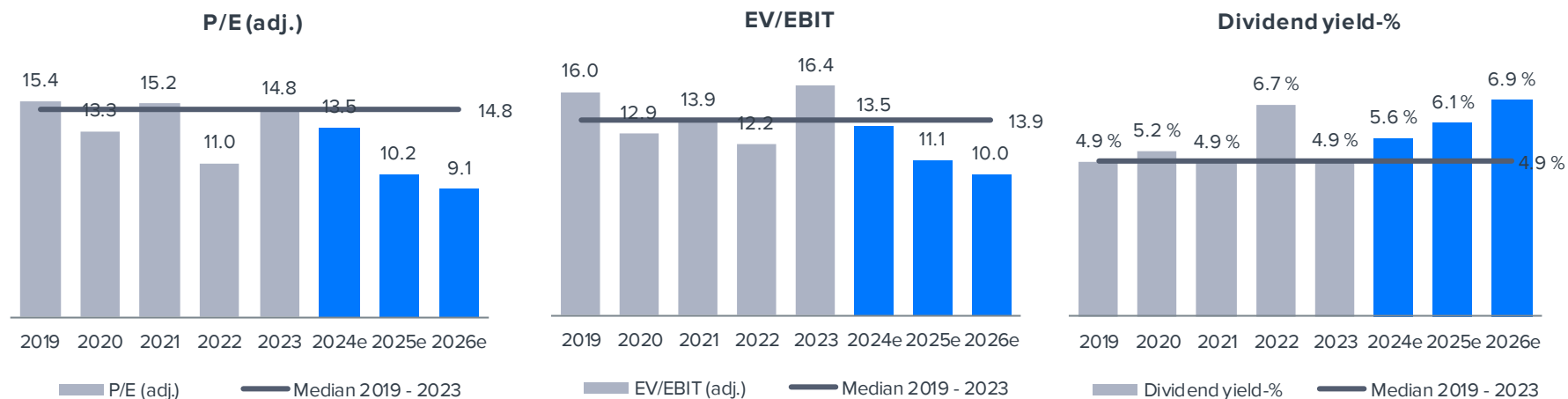
Valuation	2024e	2025e	2026e
Share price	13.6	13.6	13.6
Number of shares, million:	58.8	58.8	58.8
Market cap	802	802	802
EV	1524	1500	1472
P/E (adj.)	13.5	10.2	9.1
P/E	14.2	10.6	9.5
P/B	2.9	2.6	2.3
P/S	0.5	0.4	0.4
EV/Sales	0.9	0.8	0.8
EV/EBITDA	6.5	5.8	5.5
EV/EBIT (adj.)	13.5	11.1	10.0
Payout ratio (%)	80.1 %	65.0 %	65.0 %
Dividend yield-%	5.6 %	6.1 %	6.9 %

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	13.6	13.6	13.6	13.6
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	802	802	802	802
EV	1123	1288	1471	1048	1638	1524	1500	1472	1427
P/E (adj.)	15.4	13.3	15.2	11.0	14.8	13.5	10.2	9.1	7.5
P/E	15.8	13.4	14.8	11.3	16.8	14.2	10.6	9.5	7.8
P/B	4.0	4.4	4.7	2.7	3.4	2.9	2.6	2.3	2.0
P/S	0.8	0.9	1.0	0.6	0.7	0.5	0.4	0.4	0.4
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	6.5	5.8	5.5	4.9
EV/EBIT (adj.)	16.0	12.9	13.9	12.2	16.4	13.5	11.1	10.0	8.4
Payout ratio (%)	77.5 %	70.2 %	72.5 %	76.1 %	82.6 %	80.1 %	65.0 %	65.0 %	60.0 %
Dividend yield-%	4.9 %	5.2 %	4.9 %	6.7 %	4.9 %	5.6 %	6.1 %	6.9 %	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	1001	1294	11.8	10.8	7.6	7.1	1.5	1.5	12.9	11.7	4.8	4.9	2.9
Bygghem AB	195	430	23.3	15.2	5.7	5.1	0.8	0.7	23.3	11.5	2.0	3.6	0.9
Clas Ohlson AB	847	964	14.8	11.5	6.7	6.4	1.1	1.0	18.0	13.7	3.2	3.8	5.2
Axfood AB	5342	6185	18.3	17.1	9.9	9.3	0.9	0.8	22.3	20.4	2.9	3.1	8.4
Dollar General Corp	28708	34651	15.4	15.8	11.6	11.4	1.0	0.9	19.0	19.6	1.7	1.7	4.6
Kesko Oyj	6893	9799	15.0	14.0	8.1	7.8	0.8	0.8	15.2	14.0	5.8	5.8	2.5
Musti Group Oyj	805	943	19.9	16.7	11.3	10.1	2.0	1.9	27.3	20.2	2.8	3.4	4.3
B&M European Value Retail	6365	8688	12.3	11.5	8.7	8.2	1.4	1.3	14.4	13.4	4.0	4.8	7.1
Puuhonka Oyj	897	998	17.8	15.8	13.7	12.4	2.8	2.5	21.6	18.4	3.8	4.3	9.8
Verkkokauppa.com Oyj	102	122	17.0	10.5	8.7	6.7	0.3	0.2	21.1	13.2	2.3	4.6	3.1
Kamux Oyj	230	284	12.2	8.7	7.7	6.1	0.3	0.2	14.1	9.8	3.4	4.8	1.9
Rusta	1061	1519	22.7	17.4	9.6	8.4	1.5	1.4	19.2	16.8	2.3	3.0	6.1
<b>Tokmanni (Inderes)</b>	<b>802</b>	<b>1524</b>	<b>13.5</b>	<b>11.1</b>	<b>6.5</b>	<b>5.8</b>	<b>0.9</b>	<b>0.8</b>	<b>13.5</b>	<b>10.2</b>	<b>5.6</b>	<b>6.1</b>	<b>2.9</b>
<b>Average</b>			<b>16.7</b>	<b>13.7</b>	<b>9.1</b>	<b>8.2</b>	<b>1.2</b>	<b>1.1</b>	<b>19.0</b>	<b>15.2</b>	<b>3.2</b>	<b>4.0</b>	<b>4.7</b>
<b>Median</b>			<b>16.2</b>	<b>14.6</b>	<b>8.7</b>	<b>8.0</b>	<b>1.0</b>	<b>1.0</b>	<b>19.1</b>	<b>13.9</b>	<b>3.1</b>	<b>4.1</b>	<b>4.5</b>
<b>Diff-% to median</b>			<b>-17%</b>	<b>-24%</b>	<b>-26%</b>	<b>-27%</b>	<b>-12%</b>	<b>-13%</b>	<b>-29%</b>	<b>-27%</b>	<b>83%</b>	<b>51%</b>	<b>-35%</b>

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
<b>Revenue</b>	<b>1168</b>	<b>238</b>	<b>319</b>	<b>364</b>	<b>471</b>	<b>1393</b>	<b>339</b>	<b>428</b>	<b>410</b>	<b>496</b>	<b>1673</b>	<b>1790</b>	<b>1877</b>	<b>1947</b>
Group	1168	238	319	364	471	1393	339	428	410	496	1673	1790	1877	1947
<b>EBITDA</b>	<b>157</b>	<b>17.5</b>	<b>48.5</b>	<b>49.6</b>	<b>74.3</b>	<b>190</b>	<b>26.9</b>	<b>59.0</b>	<b>64.6</b>	<b>85.4</b>	<b>236</b>	<b>258</b>	<b>269</b>	<b>293</b>
Depreciation	-73.2	-19.5	-19.8	-26.6	-30.9	-96.8	-31.9	-31.1	-29.9	-32.9	-125.8	-124.9	-125.2	-126.1
<b>EBIT (excl. NRI)</b>	<b>85.7</b>	<b>-2.2</b>	<b>29.3</b>	<b>26.4</b>	<b>46.7</b>	<b>100</b>	<b>-4.4</b>	<b>28.6</b>	<b>35.4</b>	<b>53.2</b>	<b>113</b>	<b>136</b>	<b>147</b>	<b>170</b>
<b>EBIT</b>	<b>84.0</b>	<b>-2.0</b>	<b>28.7</b>	<b>23.0</b>	<b>43.4</b>	<b>93.1</b>	<b>-5.0</b>	<b>27.9</b>	<b>34.6</b>	<b>52.5</b>	<b>110</b>	<b>133</b>	<b>144</b>	<b>167</b>
Group	84.0	-2.0	28.7	23.0	43.4	93.1	-5.0	27.9	34.6	52.5	110	133	144	167
Net financial items	-10.7	-3.2	-4.3	-6.8	-10.4	-24.7	-9.1	-9.8	-9.8	-9.8	-38.5	-36.8	-36.5	-35.7
<b>PTP</b>	<b>73.3</b>	<b>-5.3</b>	<b>24.5</b>	<b>16.2</b>	<b>33.1</b>	<b>68.5</b>	<b>-14.1</b>	<b>18.1</b>	<b>24.9</b>	<b>42.7</b>	<b>71.6</b>	<b>95.9</b>	<b>107</b>	<b>131</b>
Taxes	-14.6	1.0	-4.8	-3.5	-7.0	-14.3	2.1	-3.6	-5.0	-8.5	-15.1	-20.1	-22.5	-27.5
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
<b>Net earnings</b>	<b>58.8</b>	<b>-4.3</b>	<b>19.6</b>	<b>12.7</b>	<b>26.1</b>	<b>54.1</b>	<b>-12.1</b>	<b>14.5</b>	<b>19.9</b>	<b>34.2</b>	<b>56.5</b>	<b>75.8</b>	<b>84.7</b>	<b>103</b>
<b>EPS (adj.)</b>	<b>1.03</b>	<b>-0.08</b>	<b>0.34</b>	<b>0.27</b>	<b>0.50</b>	<b>1.04</b>	<b>-0.20</b>	<b>0.26</b>	<b>0.35</b>	<b>0.59</b>	<b>1.01</b>	<b>1.34</b>	<b>1.49</b>	<b>1.81</b>
<b>EPS (rep.)</b>	<b>1.00</b>	<b>-0.07</b>	<b>0.33</b>	<b>0.22</b>	<b>0.44</b>	<b>0.92</b>	<b>-0.21</b>	<b>0.25</b>	<b>0.34</b>	<b>0.58</b>	<b>0.96</b>	<b>1.29</b>	<b>1.44</b>	<b>1.76</b>
<b>Key figures</b>	<b>2022</b>	<b>Q1'23</b>	<b>Q2'23</b>	<b>Q3'23</b>	<b>Q4'23</b>	<b>2023</b>	<b>Q1'24</b>	<b>Q2'24e</b>	<b>Q3'24e</b>	<b>Q4'24e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>	<b>2027e</b>
<b>Revenue growth-%</b>	2.3 %	4.7 %	4.0 %	23.5 %	39.0 %	19.2 %	42.4 %	34.3 %	12.4 %	5.3 %	20.2 %	6.9 %	4.9 %	3.7 %
<b>Adjusted EBIT growth-%</b>	-18.9 %	348 %	8.8 %	12.1 %	30.5 %	16.8 %	96.4 %	-2.4 %	34.5 %	13.9 %	12.7 %	20.2 %	8.1 %	15.6 %
<b>EBITDA-%</b>	13.5 %	7.3 %	15.2 %	13.6 %	15.8 %	13.6 %	7.9 %	13.8 %	15.8 %	17.2 %	14.1 %	14.4 %	14.3 %	15.0 %
<b>Adjusted EBIT-%</b>	7.3 %	-0.9 %	9.2 %	7.2 %	9.9 %	7.2 %	-1.3 %	6.7 %	8.7 %	10.7 %	6.7 %	7.6 %	7.8 %	8.7 %
<b>Net earnings-%</b>	5.0 %	-1.8 %	6.2 %	3.5 %	5.5 %	3.9 %	-3.6 %	3.4 %	4.9 %	6.9 %	3.4 %	4.2 %	4.5 %	5.3 %

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>475</b>	<b>900</b>	<b>887</b>	<b>886</b>	<b>887</b>
Goodwill	136	218	218	218	218
Intangible assets	4.0	45.8	42.9	39.9	36.9
Tangible assets	330	633	624	626	630
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
<b>Current assets</b>	<b>319</b>	<b>510</b>	<b>594</b>	<b>638</b>	<b>680</b>
Inventories	281	343	393	421	441
Other current assets	2.5	2.6	2.6	2.6	2.6
Receivables	26.4	31.0	37.2	39.8	41.8
Cash and equivalents	9.1	134	161	175	194
<b>Balance sheet total</b>	<b>794</b>	<b>1410</b>	<b>1481</b>	<b>1524</b>	<b>1567</b>

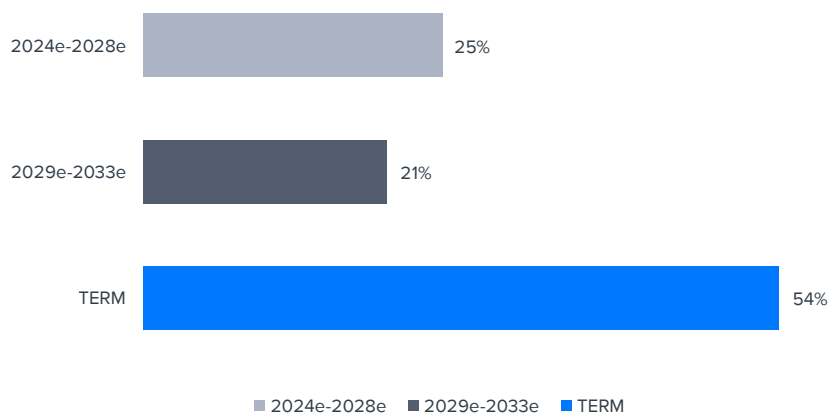
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>247</b>	<b>265</b>	<b>278</b>	<b>308</b>	<b>344</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	138	147	159	190	225
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
<b>Non-current liabilities</b>	<b>328</b>	<b>743</b>	<b>799</b>	<b>791</b>	<b>783</b>
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	794	786	778
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
<b>Current liabilities</b>	<b>219</b>	<b>402</b>	<b>404</b>	<b>425</b>	<b>440</b>
Interest bearing debt	69.7	138	88.3	87.4	86.5
Payables	149	260	312	334	350
Other current liabilities	1.1	3.6	3.6	3.6	3.6
<b>Balance sheet total</b>	<b>794</b>	<b>1410</b>	<b>1481</b>	<b>1524</b>	<b>1567</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	19.2 %	20.2 %	6.9 %	4.9 %	3.7 %	3.0 %	2.5 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	6.7 %	6.6 %	7.4 %	7.7 %	8.6 %	9.0 %	9.0 %	9.0 %	8.5 %	8.5 %	8.5 %	8.5 %
<b>EBIT (operating profit)</b>	<b>93.1</b>	<b>110</b>	<b>133</b>	<b>144</b>	<b>167</b>	<b>181</b>	<b>185</b>	<b>189</b>	<b>182</b>	<b>185</b>	<b>189</b>	
+ Depreciation	96.8	126	125	125	126	126	128	131	134	137	140	
- Paid taxes	0.2	-29.0	-20.1	-22.5	-27.5	-32.3	-33.4	-34.3	-32.9	-33.8	-34.8	
- Tax, financial expenses	-5.2	-8.1	-7.7	-7.7	-7.5	-5.6	-5.5	-5.4	-5.2	-5.1	-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	-4.3	-8.2	-6.2	-4.9	-4.1	-3.5	-2.9	-3.0	-3.0	-3.1	
<b>Operating cash flow</b>	<b>233</b>	<b>195</b>	<b>222</b>	<b>233</b>	<b>253</b>	<b>265</b>	<b>271</b>	<b>277</b>	<b>275</b>	<b>281</b>	<b>286</b>	
+ 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	-112	-124	-127	-124	-134	-139	-142	-147	-147	-151	
<b>Free operating cash flow</b>	<b>-292.2</b>	<b>82.8</b>	<b>98.0</b>	<b>106</b>	<b>129</b>	<b>131</b>	<b>132</b>	<b>135</b>	<b>128</b>	<b>134</b>	<b>135</b>	
+/- 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	82.8	98.0	106	129	131	132	135	128	134	135	2056
<b>Discounted FCFF</b>		<b>78.6</b>	<b>85.6</b>	<b>85.1</b>	<b>95.2</b>	<b>88.9</b>	<b>82.6</b>	<b>77.8</b>	<b>67.5</b>	<b>65.0</b>	<b>60.6</b>	<b>920</b>
Sum of FCFF present value		1707	1628	1543	1458	1362	1273	1191	1113	1046	981	920
<b>Enterprise value DCF</b>		<b>1707</b>										
- Interest bearing debt		-864.2										
+ Cash and cash equivalents		134										
-Minorities		0.0										
-Dividend/capital return		-44.7										
<b>Equity value DCF</b>		<b>932</b>										
<b>Equity value DCF per share</b>		<b>15.8</b>										

Cash flow distribution

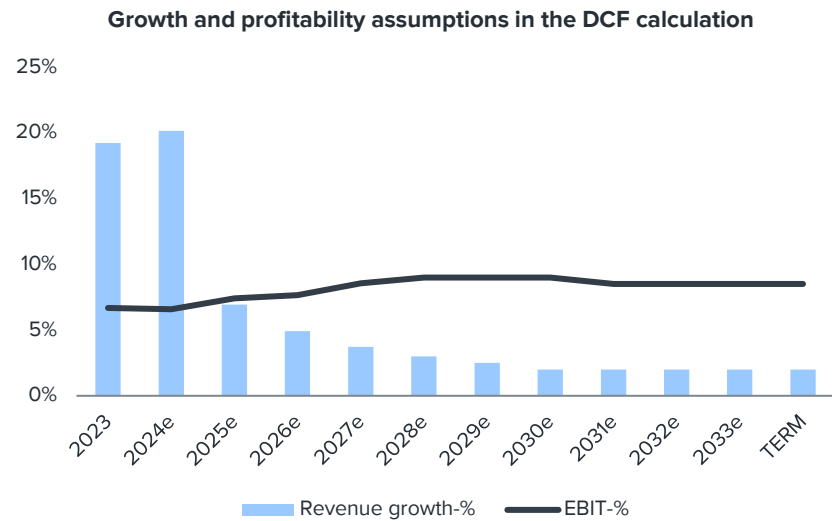
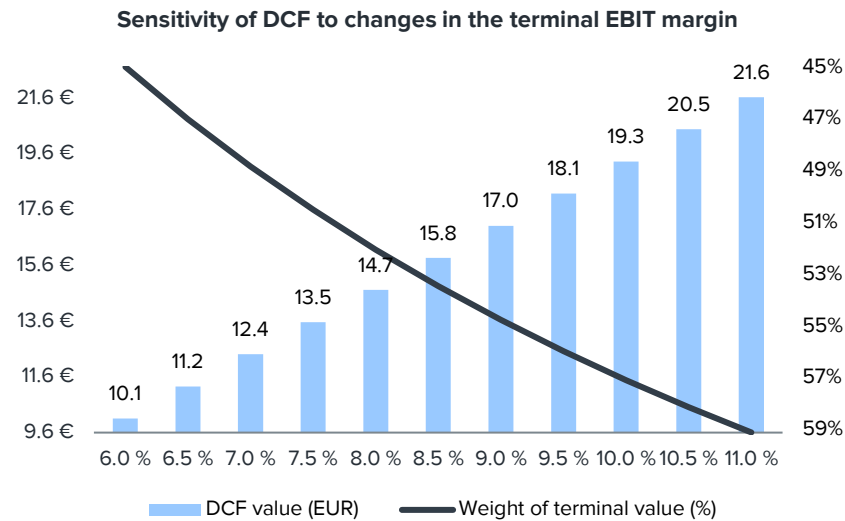
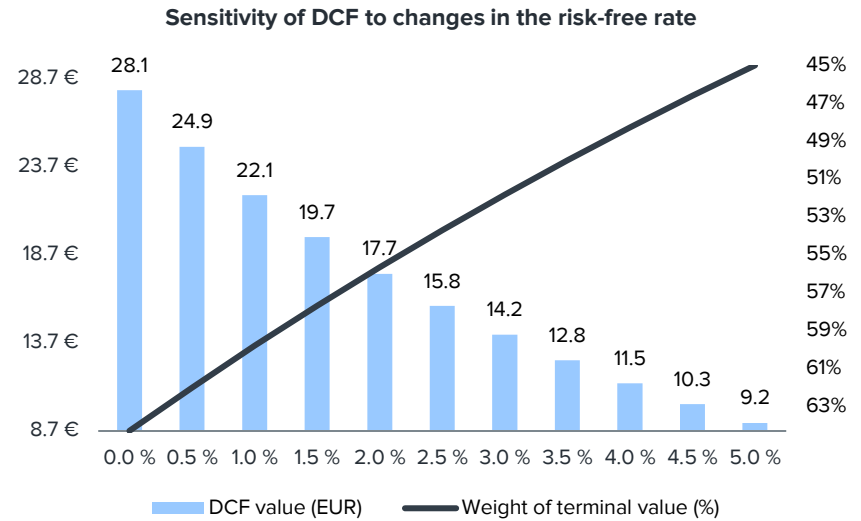
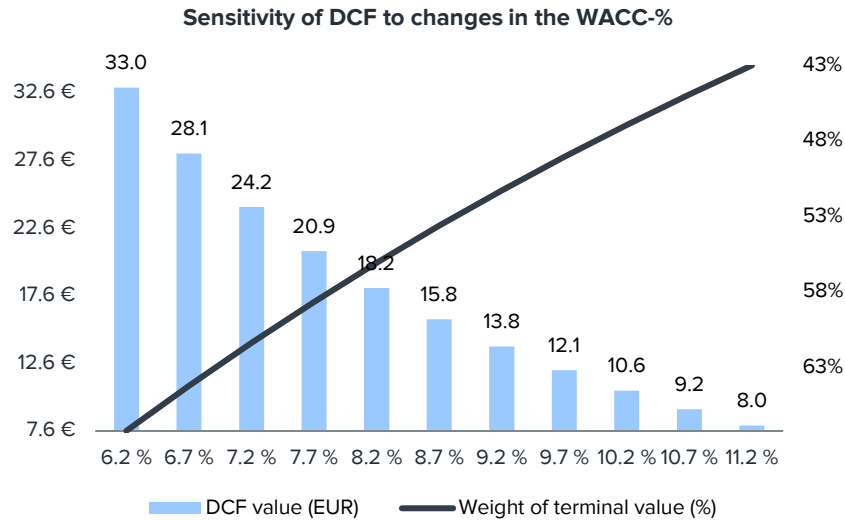


## WACC

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 %
<b>Cost of equity</b>	<b>9.9 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.7 %</b>

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	<b>1673.3</b>	<b>1789.6</b>	EPS (reported)	1.32	1.00	0.92	<b>0.96</b>	<b>1.29</b>
EBITDA	174.6	157.2	189.9	<b>235.8</b>	<b>257.6</b>	EPS (adj.)	1.29	1.03	1.04	<b>1.01</b>	<b>1.34</b>
EBIT	107.7	84.0	93.1	<b>110.1</b>	<b>132.7</b>	OCF / share	2.27	1.62	3.95	<b>3.31</b>	<b>3.77</b>
PTP	97.5	73.3	68.5	<b>71.6</b>	<b>95.9</b>	FCF / share	1.31	-0.07	-4.97	<b>1.41</b>	<b>1.67</b>
Net Income	78.0	58.8	54.1	<b>56.5</b>	<b>75.8</b>	Book value / share	4.16	4.20	4.51	<b>4.72</b>	<b>5.24</b>
Extraordinary items	2.1	-1.7	-7.0	<b>-2.8</b>	<b>-3.0</b>	Dividend / share	0.96	0.76	0.76	<b>0.77</b>	<b>0.00</b>
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	816.5	793.8	1410.3	<b>1480.8</b>	<b>1524.0</b>	Revenue growth-%	6%	2%	19%	<b>20%</b>	<b>7%</b>
Equity capital	244.7	247.0	265.4	<b>277.9</b>	<b>308.4</b>	EBITDA growth-%	7%	-10%	21%	<b>24%</b>	<b>9%</b>
Goodwill	136.2	136.2	218.1	<b>218.1</b>	<b>218.1</b>	EBIT (adj.) growth-%	6%	-19%	17%	<b>13%</b>	<b>20%</b>
Net debt	314.3	383.3	730.5	<b>722.1</b>	<b>698.4</b>	EPS (adj.) growth-%	6%	-20%	1%	<b>-3%</b>	<b>33%</b>
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	15.3 %	13.5 %	13.6 %	<b>14.1 %</b>	<b>14.4 %</b>
EBITDA	174.6	157.2	189.9	<b>235.8</b>	<b>257.6</b>	EBIT (adj.)-%	9.3 %	7.3 %	7.2 %	<b>6.7 %</b>	<b>7.6 %</b>
Change in working capital	-20.0	-44.9	47.6	<b>-4.3</b>	<b>-8.2</b>	EBIT-%	9.4 %	7.2 %	6.7 %	<b>6.6 %</b>	<b>7.4 %</b>
Operating cash flow	133.7	95.4	232.6	<b>194.5</b>	<b>221.5</b>	ROE-%	33.8 %	23.9 %	21.1 %	<b>20.8 %</b>	<b>25.8 %</b>
CAPEX	-55.8	-98.8	-524.3	<b>-111.7</b>	<b>-123.5</b>	ROI-%	17.0 %	13.1 %	10.5 %	<b>9.6 %</b>	<b>11.3 %</b>
Free cash flow	77.3	-3.9	-292.2	<b>82.8</b>	<b>98.0</b>	Equity ratio	30.0 %	31.1 %	18.8 %	<b>18.8 %</b>	<b>20.2 %</b>
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	128.5 %	155.2 %	275.3 %	<b>259.8 %</b>	<b>226.5 %</b>
EV/S	1.3	0.9	1.2	<b>0.9</b>	<b>0.8</b>						
EV/EBITDA (adj.)	8.4	6.7	8.6	<b>6.5</b>	<b>5.8</b>						
EV/EBIT (adj.)	13.9	12.2	16.4	<b>13.5</b>	<b>11.1</b>						
P/E (adj.)	15.2	11.0	14.8	<b>13.5</b>	<b>10.2</b>						
P/B	4.7	2.7	3.4	<b>2.9</b>	<b>2.6</b>						
Dividend-%	4.9 %	6.7 %	4.9 %	<b>5.6 %</b>	<b>6.1 %</b>						

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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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 €



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