

# Anora

## Company report

8/15/2023



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✓ Inderes corporate customer

This report is a summary translation of the report "Ohjeistusta laskettiin odotuksiamme enemmän" published on 8/15/2023 at 6:48 pm EEST.

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# Guidance was lowered more than we expected

Yesterday, Anora lowered its full-year earnings guidance. Although we had expected a downgrade, the magnitude of the cut and the weakness of the company's Danish operations, Globus Wine, came as a surprise to us. The weaker performance may be more permanent than we had imagined, which is why we significantly lowered our estimates for 2023-2025. With lower estimates, our target price fell to EUR 4.7 (was. EUR 5.5). However, with the share price decline in recent months, the stock is still undervalued when looking at, e.g., 2024 figures. We reiterate our Accumulate recommendation.

## Full-year guidance lower than expected, Globus profitability weak

Yesterday, Anora lowered its guidance for the full year and now expects a comparable EBITDA of EUR 70-78 million, down from EUR 80-90 million and last year's level of EUR 76 million. The company justifies the decline by the negative impact of the weakness of SEK and NOK and the significantly lower profitability of Globus Wine than previously estimated. For FX, the company points to a negative impact during H1, but for Globus to a weaker outlook for the full year. The downgraded guidance itself did not come as a surprise to us, as our previous estimate was already slightly below the previous guidance (79 MEUR). However, the comment on Globus Wine's weaker-than-expected profitability - and its extension to the full year - was a clear negative surprise. Indeed, it seems that Globus' profitability level is, at least for the time being, significantly lower than what was communicated during last summer's acquisition (Anora does not publish Globus' figures separately). While we still await further information from the company on the Globus situation, we have significantly lowered our earnings forecasts, especially for the Wine segment, now also for the coming years. However, we expect further improvements in the performance of both Anora as a whole and the Wine segment in the coming years. Our adjusted EBITDA estimate for this year is at the mid-point of the new guidance, i.e., EUR 74 million. Our EPS estimates came down by 10-20% for 2023-2025.

## We believe there is still potential for improvement

After a good period (2020-2021) supported by the COVID pandemic, Anora's performance has been well below its own and our expectations. However, we still see room for improvement in the company's profitability as price increases will at some point offset cost inflation and negative currency effects (we expect this to materialize mainly in the 2024 figures, assuming of course no further headwinds). Synergies and other efficiency measures should also support Anora's profitability, although the company will also channel these savings into growth projects. However, with a rigid pricing model and negative surprises from Globus, this improvement in profitability looks to take at least until the middle of next year.

## Expected return is still good after a significant fall in share price

In our view, 2023 earnings multiples (e.g. P/E 17x) do not look cheap, but if we look at P/B at 0.6x and 2024 multiples (P/E 11x), the stock looks relatively cheap. However, we believe that the return on capital will remain slightly below our required return in the longer term, so below 1x P/B is a justified level for the company. In terms of expected return, some of the earnings growth in the coming years will, therefore, be absorbed by the somewhat elevated multiples, but we also believe that they support the share to some extent. A dividend yield of 5-8% is an important component of our overall annual return expectation of around 15%.

## Recommendation

**Accumulate**

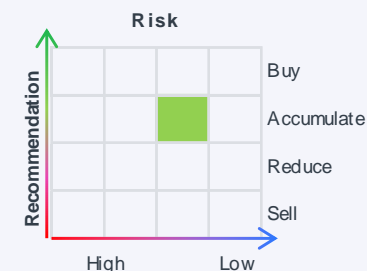
(previous Accumulate)

**EUR 4.70**

(previous EUR 5.50)

**Share price:**

4.26



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	702.7	730.5	748.8	763.8
<b>growth-%</b>	6%	4%	3%	2%
<b>EBITDA (oik.)</b>	76.1	74.0	84.1	88.8
<b>EBITDA-% (oik.)</b>	10.8 %	10.1 %	11.2 %	11.6 %
<b>Net Income</b>	17.9	16.0	27.7	32.0
<b>EPS (adj.)</b>	0.39	0.25	0.41	0.47

<b>P/E (adj.)</b>	19.0	16.9	10.4	9.0
<b>P/B</b>	1.0	0.6	0.6	0.6
<b>Dividend yield-%</b>	3.0 %	5.2 %	6.7 %	7.8 %
<b>EV/EBIT (adj.)</b>	18.1	11.6	8.7	7.4
<b>EV/EBITDA</b>	11.5	6.2	5.0	4.5
<b>EV/S</b>	1.1	0.6	0.6	0.5

Source: Inderes

## Guidance

(Lowered)

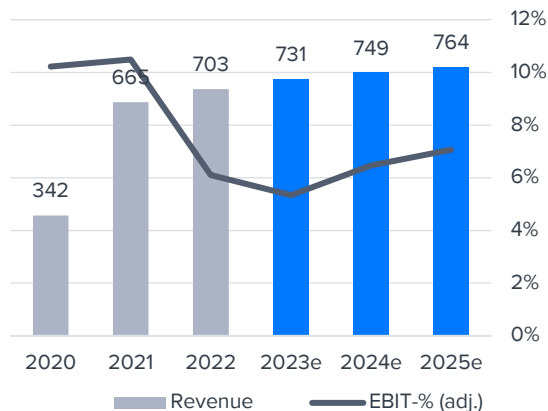
In 2023, Anora's comparable EBITDA is expected to be between EUR 70-78 million.

### Share price



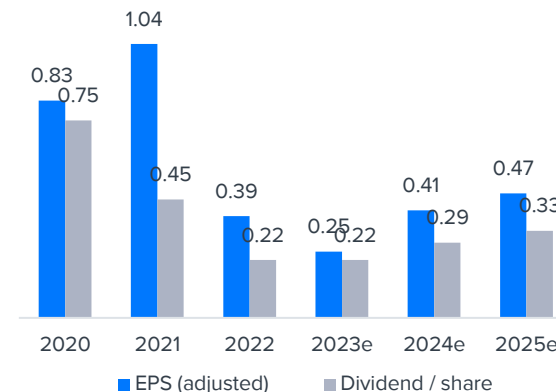
Source: Millistream Market Data AB

### Revenue and EBIT-%



Source: Inderes

### EPS and dividend



Source: Inderes



### Value drivers

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



### Risk factors

- Normalization of demand after COVID depressed earnings
- Price fluctuations of barley affects earnings
- Anora will continue to seek acquisitions which involves risks related to the price and integration

Valuation	2023e	2024e	2025e
Share price	4.26	4.26	4.26
Number of shares, millions	67.6	67.6	67.6
Market cap	288	288	288
EV	454	423	400
P/E (adj.)	16.9	10.4	9.0
P/E	18.0	10.4	9.0
P/FCF	2.0	5.1	5.5
P/B	0.6	0.6	0.6
P/S	0.4	0.4	0.4
EV/Sales	0.6	0.6	0.5
EV/EBITDA	6.2	5.0	4.5
EV/EBIT (adj.)	11.6	8.7	7.4
Payout ratio (%)	93.2 %	70.0 %	70.0 %
Dividend yield-%	5.2 %	6.7 %	7.8 %

Source: Inderes

# Significant cuts to estimates

## Guidance was clearly lowered

Yesterday, Anora lowered its full-year guidance and now expects comparable EBITDA to be EUR 70-78 million, compared to previous range of EUR 80-90 million and last year's level of EUR 76 million. The fall in the mid-point of the guidance was therefore around 13%.

The company justifies the decline by the negative impact of the weakness of SEK and NOK and the significantly lower profitability of Globus Wine than previously estimated. For FX, the company points to a negative impact during H1, but for Globus to a weaker outlook for the full year. The downgraded guidance itself did not come as a surprise to us, as our previous estimate was already slightly below the previous guidance (79 MEUR). The comment on Globus Wine's weaker-than-expected profitability -

and its extension to the full year - was instead a clear negative surprise. Indeed, it seems that Globus' profitability level is, at least for the time being, significantly lower than what was communicated during last summer's acquisition (Anora does not publish Globus' figures separately).

## Estimates down for the whole forecast period

While we still await further information from the company on the Globus situation, we have significantly lowered our earnings forecasts for the Wine segment, now also for the coming years. However, we expect further improvements in the performance of both Anora as a whole and the Wine segment in the coming years. This is supported by our expectation of price increases to compensate for currency effects and cost inflation.

Our new adjusted EBITDA estimate for this year is at the midpoint of the new guidance, i.e., EUR 74 million. Our EPS estimates came down by 10-20% for 2023-2025. We lowered our net sales estimates slightly, although we believe Globus' difficulties are more on the margin than on sales.

Estimates MEUR / EUR	Q2'22	Q2'23	Q2'23e	Q2'23e	Consensus		2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	166		176	149			731
EBITDA (adj.)	19.0		18.0	-			74.0
EBITDA	15.4		18.0	13.3			73.0
EBIT (adj.)	11.2		9.2	-			39.1
EBIT	7.6		9.2	4.9			38.0
EPS (reported)	0.06		0.05	0.01			0.24
Revenue growth-%	3.5 %		6.2 %	-9.9 %			4.0 %
EBIT-% (adj.)	6.8 %		5.2 %			-	5.3 %

Source: Inderes & Bloomberg, 4 analysts (consensus)

# Valuation 1/2

## Valuation summary – Accumulate

Anora's expected return for the next few years consist of both a dividend yield and moderate earnings growth, as merger synergies materialize and the current headwind from raw material prices and currencies alleviates and/or is compensated for with price increases. We do not find the share's valuation level for 2023 attractive measured with earnings multiples considering the modest organic growth potential. However, looking at other valuation methods and the earnings multiples for the coming years, the overall valuation picture seems favorable.

We see the total expected return on the stock consisting mainly of dividend yield, but also partly of earnings growth driven mainly by improved profitability, although some of this goes into digesting multiples. We give the stock an Accumulate recommendation.

## Value of DCF mode above current share price

Due to the stable industry, steady growth and relatively easily predictable business, the DCF model is, in our opinion, a relevant valuation method for Anora. Our DCF model gives Anora a debt-free value of about EUR 800 million, which means that the value of the share capital is about EUR 400 million, or EUR 6 per share. Here we treat sold receivables as debt. However, the DCF model assumes better profitability than currently in the longer term, whose materialization naturally entails uncertainty.

## Earnings-based valuation expensive in 2023, favorable after that

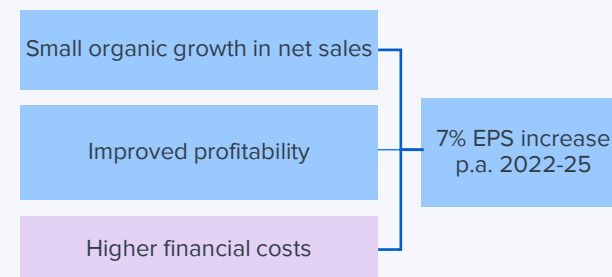
Anora's P/E ratio for 2023 is 17x and the historical average (Anora/former Altia) is 12x. However, the historical ratios of former Arcus have been somewhat higher, P/E 14-18x. The earnings multiples for 2023 are a bit high in our opinion considering the modest return on capital and growth outlook. Looking at next year, the valuation is already attractive as ratios fall to P/E ~10x and EV/EBIT ~9x. The valuation of peers is clearly higher, but we see it as justified. As the companies in the peer group mainly produce alcoholic beverages themselves, their margin and return on capital are clearly higher than Anora's (Anora also has a lot of partner brand distribution). The more international business of the peers also enables a better growth profile. Thus, the valuation of these companies must be much higher than Anora's. Thus, we do not believe their valuation is directly comparable to Anora. We discussed the peer group-based sum of the valuation early in the summer [in this comment](#).

As regards the EV-based valuation, we note that Anora has a relatively high lease liability relative to its value in its balance sheet, over EUR 100 million, which is not actual financial liability. On the other hand, it has of over EUR 90 million sold receivables off-balance-sheet which can be considered debt-like liabilities.

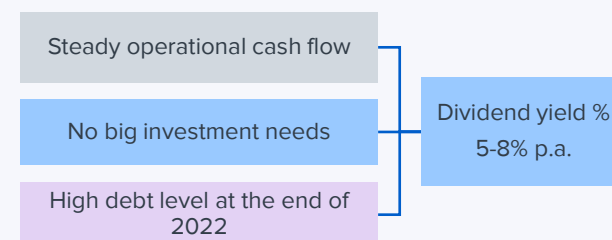
## TSR drivers 2022-2025

■ Positive ■ Neutral ■ Negative

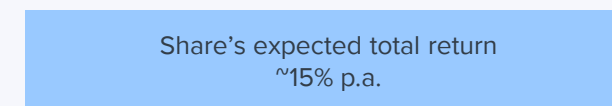
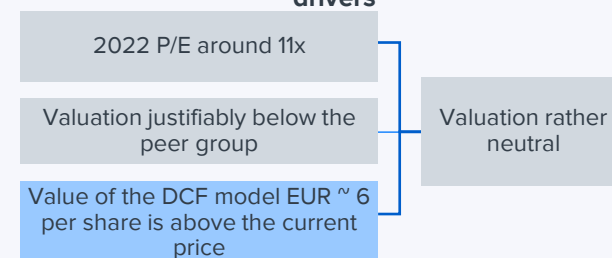
### Profit drivers



### Dividend yield drivers



### Valuation multiple drivers



# Valuation 2/2

## P/B valuation is low, partly deservedly

We forecast Anora's return on capital (both on equity and total invested capital) to be around 7% in 2025-2026, but lower before that. In practice, the rate of return is slightly below our required return (8.0% for equity, 7.5% for total capital). Thus, the P/B ratio should be slightly below 1.0x. The same is true for the EV/IC ratio (i.e. enterprise value/invested capital). At the current share price, both the P/B and EV/IC ratios for 2022-24 are 0.6-0.7x. This level is justified at current earnings levels, but we believe that medium-term return on capital levels justify figures closer to 1x. The book value per share for 2022-2023 is just over EUR 7.

## Expected return is good 10% in the longer term

We believe Anora has the possibility of substantially increasing its volumes within the existing production facilities. Thus, growth in the foreseeable future will not require significant factory investments and the company can use its free cash flow mainly for dividends and possible acquisitions.

Organic growth, however, ties up working capital which limits the return on capital generated by growth. The impact of growth on earnings and return on capital naturally depends on what type of products the company can grow with. However, with our current estimates, growth is rather neutral from the point of view of return on capital and hence value creation. Therefore, the company's level of return on capital is mainly determined by its profitability level. We do not believe in significant value creation opportunities through acquisitions either, as the next natural step would be on the Central European market where cost synergies with Anora are likely to

be small. Recent data on Globus' poor profitability also casts a negative light on the value creation of the acquisition.

Although the return on capital in our forecasts at best reaches the level of the required return also looking further into the future, Anora's expected return at current valuation is reasonably good also in the longer term. If Anora were to distribute its entire free cash flow as dividends (35-40 MEUR), the dividend yield would be approximately 13%. We see this as reflecting Anora's long-term annual return potential. The return is above our required return of some 8%.

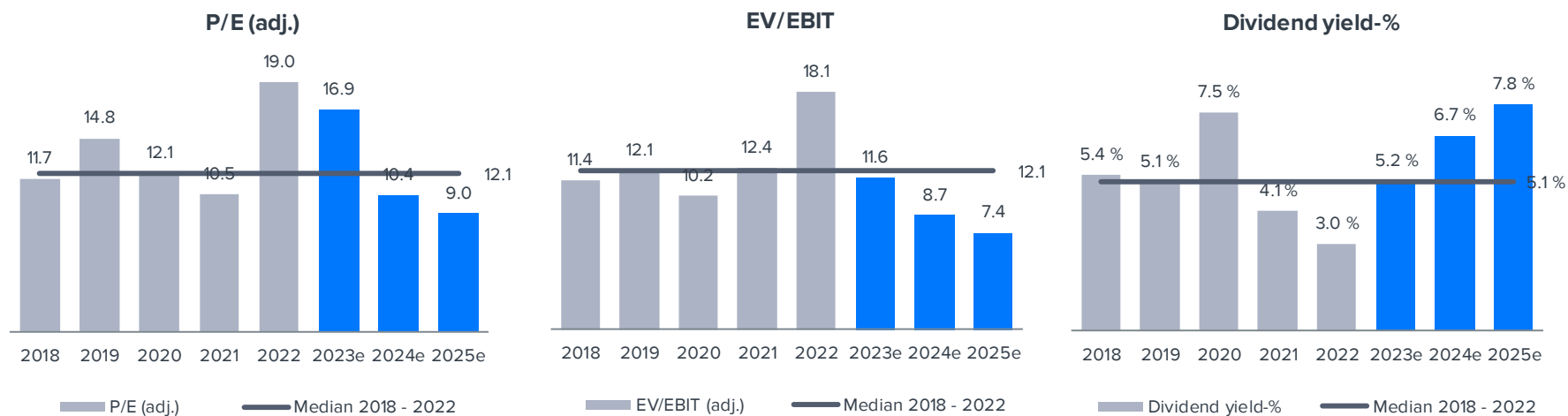
Valuation	2023e	2024e	2025e
Share price	4.26	4.26	4.26
Number of shares, millions	67.6	67.6	67.6
Market cap	288	288	288
EV	454	423	400
P/E (adj.)	16.9	10.4	9.0
P/E	18.0	10.4	9.0
P/FCF	2.0	5.1	5.5
P/B	0.6	0.6	0.6
P/S	0.4	0.4	0.4
EV/Sales	0.6	0.6	0.5
EV/EBITDA	6.2	5.0	4.5
EV/EBIT (adj.)	11.6	8.7	7.4
Payout ratio (%)	93.2 %	70.0 %	70.0 %
Dividend yield-%	5.2 %	6.7 %	7.8 %

Source: Inderes

# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	7.10	8.20	9.98	10.9	7.36	<b>4.26</b>	<b>4.26</b>	<b>4.26</b>	<b>4.26</b>
Number of shares, millions	36.1	36.1	36.1	46.6	67.6	<b>67.6</b>	<b>67.6</b>	<b>67.6</b>	<b>67.6</b>
Market cap	257	296	361	736	498	<b>288</b>	<b>288</b>	<b>288</b>	<b>288</b>
EV	304	325	357	864	778	<b>454</b>	<b>423</b>	<b>400</b>	<b>376</b>
P/E (adj.)	11.7	14.8	12.1	10.5	19.0	<b>16.9</b>	<b>10.4</b>	<b>9.0</b>	<b>7.5</b>
P/E	17.0	16.1	20.3	11.9	27.7	<b>18.0</b>	<b>10.4</b>	<b>9.0</b>	<b>7.5</b>
P/FCF	73.7	8.2	7.0	neg.	neg.	<b>2.0</b>	<b>5.1</b>	<b>5.5</b>	<b>5.4</b>
P/B	1.7	2.0	2.3	1.5	1.0	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
P/S	0.7	0.8	1.1	1.1	0.7	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
EV/Sales	0.9	0.9	1.0	1.3	1.1	<b>0.6</b>	<b>0.6</b>	<b>0.5</b>	<b>0.5</b>
EV/EBITDA	8.9	7.6	8.9	9.1	11.5	<b>6.2</b>	<b>5.0</b>	<b>4.5</b>	<b>4.2</b>
EV/EBIT (adj.)	11.4	12.1	10.2	12.4	18.1	<b>11.6</b>	<b>8.7</b>	<b>7.4</b>	<b>6.6</b>
Payout ratio (%)	91.3 %	82.6 %	152.7 %	71.2 %	82.9 %	<b>93.2 %</b>	<b>70.0 %</b>	<b>70.0 %</b>	<b>70.0 %</b>
Dividend yield-%	5.4 %	5.1 %	7.5 %	4.1 %	3.0 %	<b>5.2 %</b>	<b>6.7 %</b>	<b>7.8 %</b>	<b>9.4 %</b>

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	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Brown-Forman	31131	33459	30.9	26.4	28.2	24.6	8.7	8.1	42.1	34.0	1.1	1.2	10.8
Davide Campari Milano	14073	15656	25.1	22.0	21.5	19.0	5.3	5.0	33.1	28.2	0.6	0.6	4.7
Diageo	88165	107486	17.5	17.5	15.9	15.8	5.4	5.5	20.8	20.6	2.4	2.5	9.2
Pernod-Ricard	50679	60435	17.3	16.6	15.4	14.8	5.0	4.8	21.1	20.0	2.4	2.5	3.1
Remy-Cointreau	7770	8221	19.3	19.8	17.3	17.8	5.3	5.6	26.9	28.2	1.5	1.6	4.5
Constellation Brands	44993	56451	21.0	19.2	18.1	16.7	6.5	6.1	25.4	22.9	1.2	1.3	5.1
Olvi	637	613	10.4	8.6	7.3	6.4	0.9	0.9	17.1	11.5	4.1	4.4	2.2
Royal Unibrew	3954	4610	20.2	16.9	15.1	13.0	2.6	2.4	23.7	19.5	2.5	2.7	5.5
<b>Anora (Inderes)</b>	<b>288</b>	<b>454</b>	<b>11.6</b>	<b>8.7</b>	<b>6.2</b>	<b>5.0</b>	<b>0.6</b>	<b>0.6</b>	<b>16.9</b>	<b>10.4</b>	<b>5.2</b>	<b>6.7</b>	<b>0.6</b>
<b>Average</b>			<b>20.2</b>	<b>18.4</b>	<b>17.4</b>	<b>16.0</b>	<b>5.0</b>	<b>4.8</b>	<b>26.3</b>	<b>23.1</b>	<b>2.0</b>	<b>2.1</b>	<b>5.6</b>
<b>Median</b>			<b>19.7</b>	<b>18.4</b>	<b>16.6</b>	<b>16.2</b>	<b>5.3</b>	<b>5.2</b>	<b>24.5</b>	<b>21.7</b>	<b>1.9</b>	<b>2.0</b>	<b>4.9</b>
<b>Diff-% to median</b>			<b>-41%</b>	<b>-53%</b>	<b>-63%</b>	<b>-69%</b>	<b>-88%</b>	<b>-89%</b>	<b>-31%</b>	<b>-52%</b>	<b>166%</b>	<b>230%</b>	<b>-88%</b>

Source: Refinitiv / Inderes



# Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue</b>	<b>665</b>	<b>133</b>	<b>166</b>	<b>182</b>	<b>222</b>	<b>703</b>	<b>160</b>	<b>171</b>	<b>179</b>	<b>221</b>	<b>731</b>	<b>749</b>	<b>764</b>	<b>779</b>
Wine	303	53.2	70.4	85.1	108	317	73.3	75.0	80.0	100.0	328	341	348	355
Spirits	225	44.9	59.5	57.1	72.3	234	48.9	60.0	56.0	79.0	244	249	254	259
Industrial	255	60.8	67.5	78.5	78.7	286	67.5	66.0	75.0	75.0	284	286	292	298
Group and eliminations	-117.5	-25.5	-31.6	-38.8	-37.2	-133.2	-30.2	-30.0	-32.0	-33.0	-125	-128	-130	-133
<b>EBITDA</b>	<b>95.2</b>	<b>11.9</b>	<b>15.4</b>	<b>21.7</b>	<b>18.9</b>	<b>67.9</b>	<b>6.9</b>	<b>15.0</b>	<b>23.6</b>	<b>27.5</b>	<b>73.0</b>	<b>84.1</b>	<b>88.8</b>	<b>90.6</b>
Depreciation	-31.2	-7.8	-7.8	-9.0	-8.6	-33.2	-8.6	-8.8	-8.8	-8.8	-35.0	-35.6	-34.8	-33.2
<b>EBIT (excl. NRI)</b>	<b>69.8</b>	<b>5.2</b>	<b>11.2</b>	<b>14.3</b>	<b>12.3</b>	<b>42.9</b>	<b>-0.7</b>	<b>6.2</b>	<b>14.8</b>	<b>18.7</b>	<b>39.1</b>	<b>48.5</b>	<b>54.0</b>	<b>57.4</b>
<b>EBIT</b>	<b>64.0</b>	<b>4.1</b>	<b>7.6</b>	<b>12.8</b>	<b>10.3</b>	<b>34.7</b>	<b>-1.7</b>	<b>6.2</b>	<b>14.8</b>	<b>18.7</b>	<b>38.0</b>	<b>48.5</b>	<b>54.0</b>	<b>57.4</b>
Wine (EBITDA)	39.5	3.1	4.6	9.0	6.9	23.5	1.2	2.0	8.0	10.0	21.2	27.3	29.6	30.2
Spirits (EBITDA)	47.5	8.1	9.0	9.2	11.5	37.8	5.8	10.0	11.0	13.5	40.3	42.3	44.4	45.3
Industrial (EBITDA)	18.1	3.3	4.1	5.5	4.8	17.7	2.5	4.0	5.0	5.0	16.5	18.6	19.0	19.4
Group and eliminations	-4.0	-1.4	1.2	-0.4	-2.2	-2.8	-1.6	-1.0	-0.4	-1.0	-4.0	-4.1	-4.2	-4.3
Share of profits in assoc. compan.	1.6	0.9	0.0	-0.4	0.1	0.6	1.1	0.0	0.2	0.3	1.6	1.5	1.5	1.5
Net financial items	-11.1	-2.4	-2.3	-2.9	-4.4	-11.9	-5.3	-5.0	-4.0	-4.0	-18.3	-15.0	-15.0	-10.0
<b>PTP</b>	<b>54.5</b>	<b>2.6</b>	<b>5.4</b>	<b>9.5</b>	<b>5.9</b>	<b>23.4</b>	<b>-5.9</b>	<b>1.2</b>	<b>11.0</b>	<b>15.0</b>	<b>21.3</b>	<b>35.0</b>	<b>40.5</b>	<b>48.9</b>
Taxes	-11.4	-0.6	-1.0	-1.5	-2.2	-5.3	0.3	-0.2	-2.2	-3.0	-5.1	-7.0	-8.2	-9.9
Minority interest	-0.4	-0.1	0.0	0.0	-0.1	-0.2	0.0	0.0	-0.1	-0.1	-0.2	-0.3	-0.3	-0.3
<b>Net earnings</b>	<b>42.7</b>	<b>1.9</b>	<b>4.4</b>	<b>8.0</b>	<b>3.6</b>	<b>17.9</b>	<b>-5.6</b>	<b>1.0</b>	<b>8.7</b>	<b>11.9</b>	<b>16.0</b>	<b>27.7</b>	<b>32.0</b>	<b>38.6</b>
<b>EPS (adj.)</b>	<b>1.04</b>	<b>0.04</b>	<b>0.12</b>	<b>0.14</b>	<b>0.08</b>	<b>0.39</b>	<b>-0.07</b>	<b>0.01</b>	<b>0.13</b>	<b>0.18</b>	<b>0.25</b>	<b>0.41</b>	<b>0.47</b>	<b>0.57</b>
<b>EPS (rep.)</b>	<b>0.92</b>	<b>0.03</b>	<b>0.06</b>	<b>0.12</b>	<b>0.05</b>	<b>0.27</b>	<b>-0.08</b>	<b>0.01</b>	<b>0.13</b>	<b>0.18</b>	<b>0.24</b>	<b>0.41</b>	<b>0.47</b>	<b>0.57</b>
<b>Key figures</b>	<b>2021</b>	<b>Q1'22</b>	<b>Q2'22</b>	<b>Q3'22</b>	<b>Q4'22</b>	<b>2022</b>	<b>Q1'23</b>	<b>Q2'23e</b>	<b>Q3'23e</b>	<b>Q4'23e</b>	<b>2023e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
<b>Revenue growth-%</b>	94.2 %	-0.5 %	3.5 %	10.1 %	7.8 %	5.7 %	19.5 %	3.2 %	-1.6 %	-0.3 %	4.0 %	2.5 %	2.0 %	2.0 %
<b>Adjusted EBIT growth-%</b>	99.3 %	-41.1 %	-28.9 %	-36.0 %	-46.5 %	-38.5 %	-112.5 %	-44.7 %	3.6 %	52.5 %	-9.1 %	24.2 %	11.3 %	6.2 %
<b>EBITDA-%</b>	14.3 %	8.9 %	9.3 %	11.9 %	8.5 %	9.7 %	4.3 %	8.8 %	13.2 %	12.4 %	10.0 %	11.2 %	11.6 %	11.6 %
<b>Adjusted EBIT-%</b>	10.5 %	3.9 %	6.8 %	7.8 %	5.5 %	6.1 %	-0.4 %	3.6 %	8.3 %	8.5 %	5.3 %	6.5 %	7.1 %	7.4 %
<b>Net earnings-%</b>	6.4 %	1.4 %	2.6 %	4.4 %	1.6 %	2.6 %	-3.5 %	0.6 %	4.9 %	5.4 %	2.2 %	3.7 %	4.2 %	5.0 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>692</b>	<b>772</b>	<b>765</b>	<b>755</b>	<b>746</b>
Goodwill	278	311	311	311	311
Intangible assets	197	226	226	226	226
Tangible assets	197	214	204	193	185
Associated companies	16.3	20.7	20.7	20.7	20.7
Other investments	0.7	0.7	1.0	1.0	1.0
Other non-current assets	0.1	0.0	0.0	0.0	0.0
Deferred tax assets	3.1	0.6	3.0	3.0	3.0
<b>Current assets</b>	<b>542</b>	<b>529</b>	<b>481</b>	<b>521</b>	<b>478</b>
Inventories	140	186	161	165	168
Other current assets	0.2	4.1	4.1	4.1	4.1
Receivables	233	248	183	187	191
Cash and equivalents	169	91.4	133	165	115
<b>Balance sheet total</b>	<b>1233</b>	<b>1301</b>	<b>1246</b>	<b>1276</b>	<b>1224</b>

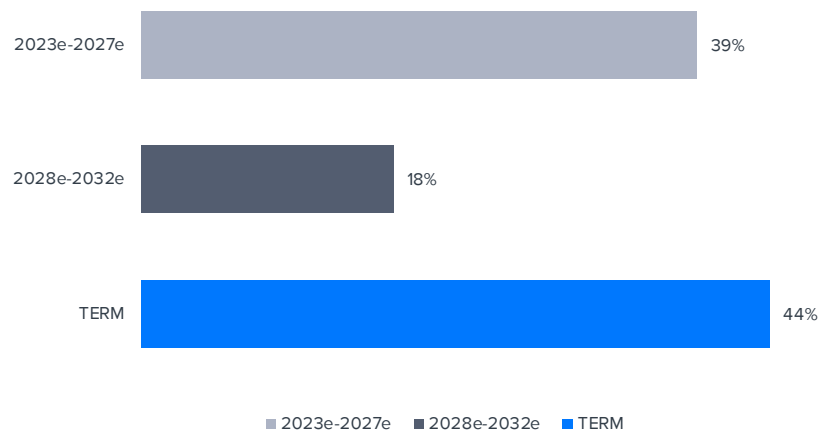
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>508</b>	<b>482</b>	<b>483</b>	<b>496</b>	<b>509</b>
Share capital	61.5	61.5	61.5	61.5	61.5
Retained earnings	122	111	112	125	137
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	324	309	309	309	309
Minorities	0.9	0.9	1.1	1.3	1.5
<b>Non-current liabilities</b>	<b>310</b>	<b>409</b>	<b>360</b>	<b>360</b>	<b>285</b>
Deferred tax liabilities	48.4	57.3	57.3	57.3	57.3
Provisions	3.0	2.7	2.7	2.7	2.7
Long term debt	257	348	300	300	225
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	1.7	0.6	0.0	0.0	0.0
<b>Current liabilities</b>	<b>415</b>	<b>411</b>	<b>403</b>	<b>420</b>	<b>430</b>
Short term debt	38.1	43.9	20.0	20.0	22.7
Payables	374	364	380	397	405
Other current liabilities	2.8	2.8	2.8	2.8	2.8
<b>Balance sheet total</b>	<b>1233</b>	<b>1301</b>	<b>1246</b>	<b>1276</b>	<b>1224</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	5.7 %	4.0 %	2.5 %	2.0 %	2.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
EBIT-%	4.9 %	5.2 %	6.5 %	7.1 %	7.4 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %
<b>EBIT (operating profit)</b>	<b>34.7</b>	<b>38.0</b>	<b>48.5</b>	<b>54.0</b>	<b>57.4</b>	<b>55.1</b>	<b>55.6</b>	<b>56.2</b>	<b>56.8</b>	<b>57.3</b>	<b>57.9</b>	
+ Depreciation	33.2	35.0	35.6	34.8	33.2	32.0	32.9	31.9	31.2	29.2	29.5	
- Paid taxes	6.1	-7.5	-7.0	-8.2	-9.9	-9.8	-10.0	-10.1	-10.2	-10.3	-9.4	
- Tax, financial expenses	-4.1	-6.1	-4.2	-4.2	-3.2	-2.8	-2.8	-2.8	-2.8	-2.8	-2.8	
+ Tax, financial income	1.3	1.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	0.0	
- Change in working capital	-75.4	106	8.4	0.9	0.9	0.5	0.5	0.5	0.5	0.5	0.5	
<b>Operating cash flow</b>	<b>-4.1</b>	<b>167</b>	<b>82.3</b>	<b>78.4</b>	<b>79.5</b>	<b>76.0</b>	<b>77.3</b>	<b>76.7</b>	<b>76.5</b>	<b>75.0</b>	<b>75.8</b>	
+ Change in other long-term liabilities	-1.4	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-111.7	-25.3	-25.5	-26.0	-26.5	-27.1	-27.6	-28.2	-25.3	-30.8	-30.0	
<b>Free operating cash flow</b>	<b>-117.2</b>	<b>141</b>	<b>56.8</b>	<b>52.4</b>	<b>52.9</b>	<b>48.9</b>	<b>49.7</b>	<b>48.6</b>	<b>51.2</b>	<b>44.2</b>	<b>45.8</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	-117.2	141	56.8	52.4	52.9	48.9	49.7	48.6	51.2	44.2	45.8	697
<b>Discounted FCFF</b>		<b>137</b>	<b>51.4</b>	<b>44.0</b>	<b>41.3</b>	<b>35.5</b>	<b>33.5</b>	<b>30.4</b>	<b>29.8</b>	<b>23.9</b>	<b>23.0</b>	<b>350</b>
Sum of FCFF present value		800	663	611	567	526	491	457	427	397	373	350
<b>Enterprise value DCF</b>		<b>800</b>										
- Interest bearing debt		-482										
+ Cash and cash equivalents		91.4										
-Minorities		-0.7										
-Dividend/capital return		-14.9										
<b>Equity value DCF</b>		<b>414</b>										
<b>Equity value DCF per share</b>		<b>6.1</b>										

Cash flow distribution



## WACC

Tax-% (WACC)	22.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	5.5 %
Equity Beta	1.00
Market risk premium	4.75%
Liquidity premium	0.75%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>8.0 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>7.6 %</b>

Source: Inderes

# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	342.4	665.0	702.7	<b>730.5</b>	<b>748.8</b>	EPS (reported)	0.49	0.92	0.27	<b>0.24</b>	<b>0.41</b>
EBITDA	40.3	95.2	67.9	<b>73.0</b>	<b>84.1</b>	EPS (adj.)	0.83	1.04	0.39	<b>0.25</b>	<b>0.41</b>
EBIT	22.9	64.0	34.7	<b>38.0</b>	<b>48.5</b>	OCF / share	1.77	2.21	-0.06	<b>2.47</b>	<b>1.22</b>
PTP	21.3	54.5	23.4	<b>21.3</b>	<b>35.0</b>	FCF / share	1.43	-9.11	-1.73	<b>2.08</b>	<b>0.84</b>
Net Income	17.8	42.7	17.9	<b>16.0</b>	<b>27.7</b>	Book value / share	4.32	10.88	7.11	<b>7.13</b>	<b>7.32</b>
Extraordinary items	-12.1	-5.8	-8.2	<b>-1.1</b>	<b>0.0</b>	Dividend / share	0.75	0.45	0.22	<b>0.22</b>	<b>0.29</b>
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	455.5	1233.3	1301.3	<b>1245.5</b>	<b>1275.6</b>	Revenue growth-%	-5%	94%	6%	<b>4%</b>	<b>3%</b>
Equity capital	156.3	507.9	481.6	<b>482.9</b>	<b>495.9</b>	EBITDA growth-%	-6%	136%	-29%	<b>7%</b>	<b>15%</b>
Goodwill	81.4	277.8	310.5	<b>310.5</b>	<b>310.5</b>	EBIT (adj.) growth-%	31%	99%	-38%	<b>-9%</b>	<b>24%</b>
Net debt	-3.8	126.1	300.9	<b>186.7</b>	<b>155.2</b>	EPS (adj.) growth-%	49%	26%	-63%	<b>-35%</b>	<b>63%</b>
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	11.8 %	14.3 %	9.7 %	<b>10.0 %</b>	<b>11.2 %</b>
EBITDA	40.3	95.2	67.9	<b>73.0</b>	<b>84.1</b>	EBIT (adj.)-%	10.2 %	10.5 %	6.1 %	<b>5.3 %</b>	<b>6.5 %</b>
Change in working capital	24.2	-10.8	-75.4	<b>106.1</b>	<b>8.4</b>	EBIT-%	6.7 %	9.6 %	4.9 %	<b>5.2 %</b>	<b>6.5 %</b>
Operating cash flow	64.0	102.9	-4.1	<b>166.8</b>	<b>82.3</b>	ROE-%	11.5 %	12.9 %	3.6 %	<b>3.3 %</b>	<b>5.7 %</b>
CAPEX	-12.0	-530.9	-111.7	<b>-25.3</b>	<b>-25.5</b>	ROI-%	9.2 %	12.1 %	4.9 %	<b>5.3 %</b>	<b>6.8 %</b>
Free cash flow	51.7	-424.4	-117.2	<b>140.9</b>	<b>56.8</b>	Equity ratio	34.3 %	41.2 %	37.0 %	<b>38.8 %</b>	<b>38.9 %</b>
Valuation multiples	2020	2021	2022	2023e	2024e	Gearing	-2.4 %	24.8 %	62.5 %	<b>38.7 %</b>	<b>31.3 %</b>
EV/S	1.0	1.3	1.1	<b>0.6</b>	<b>0.6</b>						
EV/EBITDA (adj.)	8.9	9.1	11.5	<b>6.2</b>	<b>5.0</b>						
EV/EBIT (adj.)	10.2	12.4	18.1	<b>11.6</b>	<b>8.7</b>						
P/E (adj.)	12.1	10.5	19.0	<b>16.9</b>	<b>10.4</b>						
P/B	2.3	1.5	1.0	<b>0.6</b>	<b>0.6</b>						
Dividend-%	7.5 %	4.1 %	3.0 %	<b>5.2 %</b>	<b>6.7 %</b>						

Source: Inderes

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Date	Recommendation	Target	Share price
9/27/2022	Reduce	7.50 €	7.05 €
11/24/2022	Reduce	7.50 €	7.40 €
3/1/2023	Reduce	6.80 €	6.45 €
3/29/2023	Accumulate	6.20 €	5.19 €
5/12/2023	Accumulate	6.20 €	5.26 €
7/26/2023	Accumulate	5.50 €	4.80 €
8/16/2023	Accumulate	4.70 €	4.30 €



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