

# Tokmanni

## Company report

8/5/2023



**Olli Vilppo**  
+358 40 761 9380  
olli.vilppo@inderes.fi

✓ Inderes corporate customer

This report is a summary translation of the report “Dollarstore parantaa tuloskasvunäkymää” published on 08/05/2023 at 7:30 pm EEST.

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# Dollarstore improves earnings growth outlook

Tokmanni's Q2 results were close to our expectations, and we finally saw positive development in comparable EBIT. Inflation continues to be a burden on the company, especially in own costs, but we expect the sales margin to continue to recover, supporting the earnings growth outlook. We also remain cautiously positive on the acquisition of Dollarstore. We raised our estimates and the target price to EUR 14.5 (previous EUR 13.50). We reiterate our Accumulate recommendation.

**Overall, the company's performance was close to our expectations and good in a difficult market environment**

Tokmanni's sales increased by 4.0% to EUR 319 million, close to our expectations (325 MEUR). The company's comparable sales margin improved to 36.1% (Q2'22: 34.8%), ahead of our expectations, as a turnaround in consumer goods procurement prices and record sales of own-brand products boosted margins. In contrast, the company's cost structure slightly exceeded our expectations, as inflation increased real estate costs in particular. Tokmanni's comparable EBIT improved by 6% to EUR 28.5 million, in line with our expectations, and EPS decreased to EUR 0.33 (Q2'22: EUR 0.35) as financing costs increased. Inventory continued to decline as expected, lifting cash flow to a strong EUR 80 million (Q2'22: 63 MEUR).

**We raised our estimates for the coming years, in particular with the acquisition of Dollarstore**

The guidance issued by the company on Tuesday also takes into account Dollarstore (as of August 1) and expects 2023 revenue to be between EUR 1,370-1,440 million and adjusted EBIT to be between EUR 90-110 million (2022: 85.8 MEUR). No numerical outlook for Dollarstore's performance in the first half of the year was yet available, but comments indicate good growth and stable profitability. We added Dollarstore to our estimates and our 2023 estimate for Tokmanni (revenue 1,403 MEUR and EBIT 99 MEUR) is now close to the midpoints of the guidance ranges. Overall, our EPS forecasts rose by around 5% over the next few years. For Tokmanni Finland, we expect the improvement in comparable EBIT to continue in H2'23. This is supported in particular by the downturn in Far East procurement and freight prices and the fact that in a price-driven market, customers are increasingly choosing Tokmanni's own brands that have better margins. In 2025, we forecast a revenue of EUR 1,804 million and an EBIT of EUR 140 million, once the synergies of EUR 15 million are fully realized. At group level, we now forecast 10-15 store openings per year, which will also support earnings improvement. We remind investors that around 75% of the global growth in variety discount retail still comes from new store openings and we believe the biggest value-add for Dollarstore is that the growth outlook is improving.

**Earnings growth realization remains the main driver for the stock**

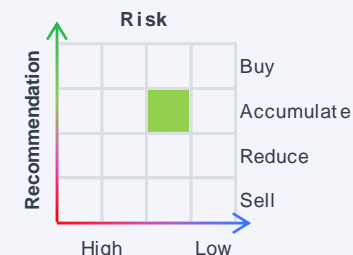
P/E ratios for 2023 and 2024 are 13x and 11x and the corresponding EV/EBITDA ratios are 8x and 6x. Valuation multiples are favorable compared to the company's own history (P/E 15x and EV/EBITDA 9x), but the difference is explained by the uncertainty of the economic outlook and rising interest rate expectations. Also, an international acquisition always slightly raises the risk profile. With our estimates, valuation is at a 20-30% discount to the peer group, and from this perspective there would be upside. In our view, there are clear upward drivers in the valuation already in the next 12 months, as long as the integration of Dollarstore gets off the ground as expected and at the same time Finnish earnings growth continues to pick up in line with our expectations for the rest of the year. However, there are still uncertainties associated with these assumptions, but we still see a good risk/return ratio for the stock. Our DCF calculation (EUR 16) reflects the stock's potential if the company returns to clear earnings growth in line with our estimates for the rest of the year.

## Recommendation

**Accumulate**  
(previous Accumulate)

**EUR 14.50**  
(previous EUR 13.50)

**Share price:**  
13.73



## Key figures

	2022	2023e	2024e	2025e
<b>Revenue</b>	1168.0	1402.8	1707.4	1804.1
<b>growth-%</b>	2%	20%	22%	6%
<b>EBIT adj.</b>	85.7	98.8	126.0	140.3
<b>EBIT-% adj.</b>	7.3 %	7.0 %	7.4 %	7.8 %
<b>Net Income</b>	58.8	62.9	75.6	88.0
<b>EPS (adj.)</b>	1.03	1.07	1.28	1.49

<b>P/E (adj.)</b>	11.0	12.8	10.7	9.2
<b>P/B</b>	2.7	3.0	2.7	2.4
<b>Dividend yield-%</b>	6.7 %	5.7 %	5.8 %	6.3 %
<b>EV/EBIT (adj.)</b>	12.2	16.0	12.1	10.7
<b>EV/EBITDA</b>	6.7	8.0	6.4	6.0
<b>EV/S</b>	0.9	1.1	0.9	0.8

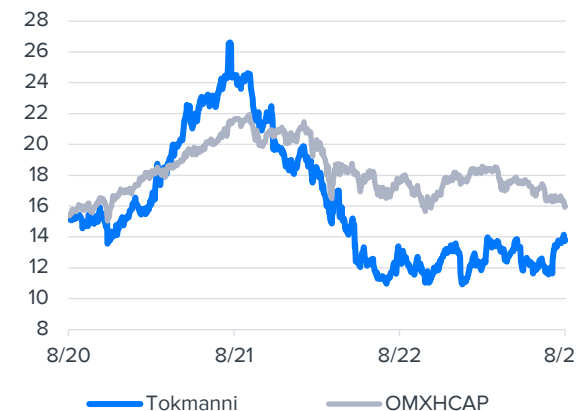
Source: Inderes

## Guidance

(New guidance)

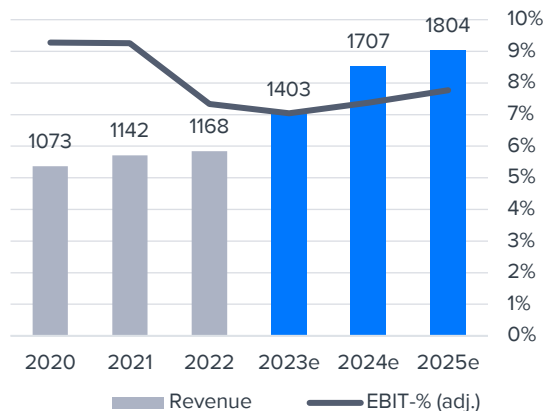
In 2023, Tokmanni expects its revenue to be EUR 1,370-1,440 million. Comparable EBIT is expected to be EUR 90-110 million. 85.8 MEUR).

### Share price



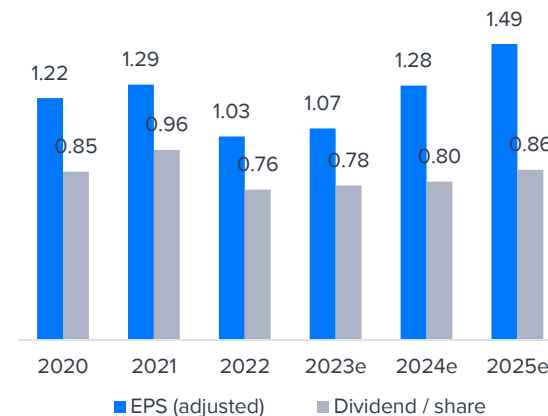
Source: Millstream Market Data AB

### 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
- Option to expand abroad
- Exploiting own online store as a potential platform for third party products



### Risk factors

- Consumers' spending returning from goods to services
- 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	2023e	2024e	2025e
Share price	13.7	13.7	13.7
Number of shares, million	58.9	58.9	58.9
Market cap	808	808	808
EV	1576	1529	1504
P/E (adj.)	12.8	10.7	9.2
P/E	12.8	10.7	9.2
P/B	3.0	2.7	2.4
P/S	0.6	0.5	0.4
EV/Sales	1.1	0.9	0.8
EV/EBITDA	8.0	6.4	6.0
EV/EBIT (adj.)	16.0	12.1	10.7
Payout ratio (%)	73.0 %	62.3 %	57.5 %
Dividend yield-%	5.7 %	5.8 %	6.3 %

Source: Inderes

# Quarter went according to our expectations

## Sales development still showed caution

Tokmanni's sales increased by 4.0% to EUR 319 million. The network of stores expanded by three and reached 200, which supported growth. The company's comparable growth was also positive (+1.0%). Comparable customer volumes unexpectedly fell by 1.3%, but this was offset by a 2.3% increase in average comparable purchases. Grocery sales grew by 4.0%, which was in line with sales of consumer durables, halting the growth in the share of groceries in total sales seen in previous quarters.

Sales volumes continued to fall by 3% and customers' shopping behavior remained cautious, with lower-priced grocery products being sold. In the gardening season that is important for Tokmanni, the best performers were barbecue accessories and garden plants. The lowest selling products were still in the price range above EUR 100. Revenue in B2B sales fell by 4.2% and in e-commerce by 6.9%, but their

impact was limited as they are still small figures in absolute terms.

## Comparable EBIT was in line with our expectations

The comparable sales margin improved to 36.1% (Q2'22: 34.8%), compared to our expectations of 35.2%. The positive development of the sales margin was driven by an increase in the share of own brands to record levels (33% of sales vs. Q2'22: 31.9%), lower clearance sales than in the comparison period and lower purchase prices on the consumer durables side.

In terms of cost structure, the company's expenses as a percentage of net sales rose to 21.2% (Q2'22: 20.4%) and thus expenses increased faster than expected (estimate 20.6%). This development was partly due to sales falling short of our expectations. The company said that the biggest increases in expenses were in rental costs (included in

depreciation) and real estate costs. As expected, the collective agreement-related wage settlements also increased costs. As a result, adjusted EBIT improved to EUR 28.5 million (Q2'22: 27.0 MEUR) meeting our estimate.

Net financial expenses exceeded our estimate by EUR 1 million and amounted to EUR 4.2 million (Q2'22: 2.5 MEUR), which explained the slight earnings miss in the bottom lines. EPS dropped to EUR 0.33 (Q2'22: EUR 0.35), while we forecast a decrease to EUR 0.34.

Tokmanni again managed to reduce its inventories and the value of inventories was EUR 292 million (Q2'22: 314 MEUR). This was expected, but according to management comments, efforts are still being made to digest the inventory to lower levels. Q2 cash flow from operating activities developed favorably to EUR 80 million (Q2'22: 63 MEUR).

Estimates MEUR / EUR	Q2'22	Q2'23	Q2'23e	Q2'23e	Consensus		2023e
	Comparator	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	307	319	325				1403
EBIT (adj.)	27,0	28,5	28,6				98,8
PTP	26,1	24,4	25,4				76,5
EPS (reported)	0,35	0,33	0,34				1,07
Revenue growth-%	1,7 %	4,0 %	6,1 %				20,1 %
EBIT-% (adj.)	8,8 %	8,9 %	8,8 %				7,0 %

Source: Inderes

# We added Dollarstore acquisition to our estimates

## We raised our estimates for the coming years

We added Dollarstore to our estimates for the coming years and our 2023 estimate for Tokmanni (revenue 1,403 MEUR and EBIT 99 MEUR) is now close to the midpoints of the company's guidance ranges.

Our estimates increased significantly at the EBIT level, but our EPS forecasts increased much more modestly, as financing costs will rise with the transaction. They had also already risen slightly faster than expected in Q2.

For Tokmanni Finland, we expect the improvement in comparable EBIT to continue in H2'23. This is supported in particular by the downturn in Far East procurement and freight prices and the fact that in a price-driven market, customers are increasingly choosing Tokmanni's own brands that have better margins.

Regarding the dividend, we made no changes to our estimates and believe the company will continue to be a generous dividend payer. However, we estimate that the company will no longer pay out 70% of EPS, as it wants to get the leverage ratio back on target. We therefore forecast the net debt/EBITDA ratio to fall to around 3.2x target at the end of 2024, as it rises to around 3.5x (pro forma) as a result of the transaction.

## With the transaction, the company launched a new strategy work

The company only completed the Dollarstore deal on Tuesday, but work has already started on achieving EUR 15 million in synergy benefits. We consider synergies to be realistic.

The company said that the expansion of Dollarstore is proceeding according to original plans and store openings are also planned for Denmark later this

year. Dollarstore now has 130 stores in Sweden and 2 stores in Denmark. The company commented that it will open more than ten stores per year in all markets.

In 2025, we forecast a revenue of EUR 1,804 million and an EBIT of EUR 140 million, once the synergies of EUR 15 million are fully realized. At group level, we now forecast 10-15 store openings per year, which will contribute to growth and also to earnings improvement. We remind investors that around 75% of the global growth in variety discount retail still comes from new store openings and we believe the biggest value-add for Dollarstore is that the company's growth outlook is improving.

The company also announced that the preparation of a joint strategy 2024-2026 has started and we expect to hear more about this later this year.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	1222	1403	15%	1296	1707	32%	1372	1804	31%
EBIT (exc. NRIs)	90	99	10%	104	126	21%	116	140	21%
EBIT	90	99	10%	104	126	21%	116	140	21%
PTP	77	76	-1%	91.4	95.7	5%	106	111	5%
EPS (excl. NRIs)	1.05	1.07	2%	1.24	1.28	3%	1.44	1.49	4%
DPS	0.78	0.78	0%	0.80	0.80	0%	0.86	0.86	0%

Source: Inderes

# We think the risk/return ratio is good

## Relative valuation still at a discount

We have tried to compile our peer group so that it considers the demand profile of the categories sold by Tokmanni and its customers' profiles in the best possible way. In the current cost-inflationary environment the defensiveness of the sold categories is highlighted in the valuation multiples accepted by the market.

Tokmanni is primarily profiled from the customers' perspective as a variety discount store, because the customer promise is built around a cheap price image, and this is maintained to the end. The peer group includes leading discount stores (Europris, b&m, Dollar General, Target, Puuilo). We point out that Tokmanni's product categories also include defensiveness due to the high share of grocery trade (half of sales). This is represented by Kesko, Musti and Axfood among the peers. The second half of Tokmanni's sales is more volatile consumer goods trade and this is represented in the peers by Clas Ohlsson, Bygghem, Kamux and Verkkokauppa.

The valuation discount compared to the peer group consisting of discount, consumer goods and daily-goods stores is 20-30%, so from this point of view there would be upside in the share.

## Realizing earnings growth as the main driver

P/E ratios for 2023 and 2024 are 13x and 11x and the corresponding EV/EBITDA ratios are 8x and 6x. The 2023 EV/EBITDA ratio is slightly elevated, but this is explained by the fact that the Dollarstore transaction is only reflected in the results for 5 months, but fully reflected in net debt.

Although the valuation multiples are favorable compared to history (P/E 15x and EV/EBITDA 9x), the difference is partly explained by the uncertainty in the economic picture and the rise in interest expectations.

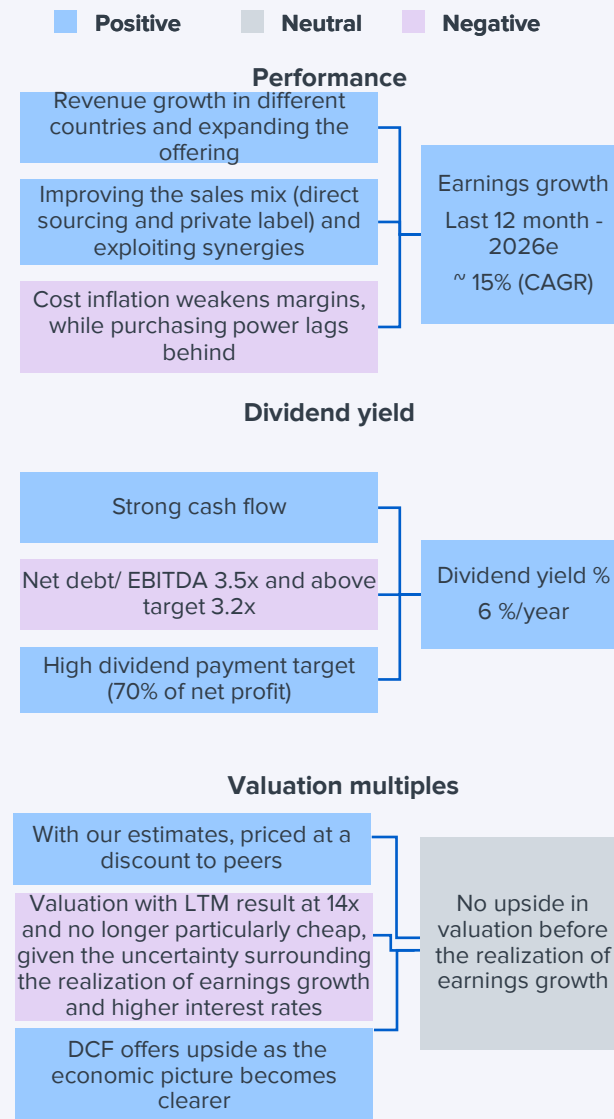
Examined from different angles, we do not yet see any significant short-term upside in Tokmanni's valuation multiples in the current interest rate environment that is also characterized by considerable uncertainty. In practice, a higher acceptable valuation would require either that the longer-term interest rate expectations made a downturn, a steeper slope in Tokmanni's earnings growth in the next few years or better evidence that it will materialize but the prevailing interest rate environment elevates the uncertainty. There are always risks associated with a successful international acquisition as well as with a rising debt leverage, even if a company with strong cash flow can quickly pay down its debts.

The company's current guidance is strong in challenging conditions and if the company reaches the mid-point of the range, we believe it will provide strong evidence to the market. The expected return that we gauge for the stock is mainly driven by our estimate of 15% (CAGR) EPS growth (last 12 months to 2026e) and a dividend yield of 6%.

## DCF indicates an upside

Our DCF calculation (around EUR 16) reflects, in our view, the share's potential (p. 11) if the company returns to earnings growth as we estimate in the second half of 2023, also in terms of EPS.

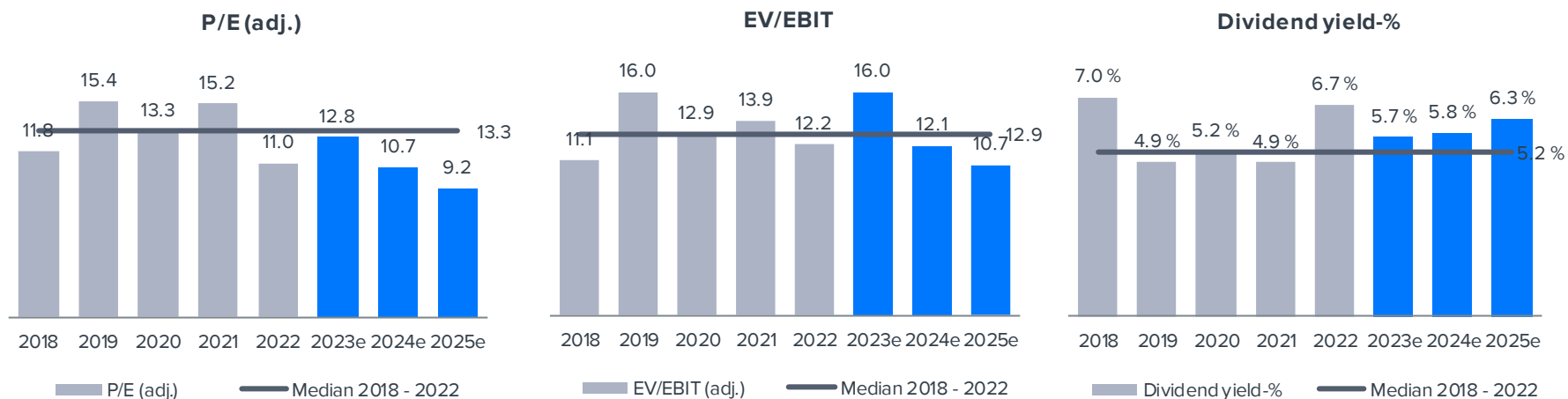
We note to investors that, in addition to the purchase price paid, we have added the IFRS-16 lease liabilities and inventory from the acquisition to Tokmanni's balance sheet but have adjusted the cash flow statement in the "other" item. This is because the import of these items into the balance sheet does not actually affect cash flow, even though our forecasting model assumes this. We also raised our WACC to 8.7% (was 8.0%) as international expansion introduces further uncertainties about the realization of our forecasts.



# Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	7.18	12.6	16.2	19.7	11.3	13.7	13.7	13.7	13.7
Number of shares, millions	58.9	58.9	58.8	58.9	58.9	58.9	58.9	58.9	58.9
Market cap	423	743	956	1157	665	808	808	808	808
EV	558	1123	1288	1471	1048	1576	1529	1504	1474
P/E (adj.)	11.8	15.4	13.3	15.2	11.0	12.8	10.7	9.2	8.6
P/E	11.8	15.8	13.4	14.8	11.3	12.8	10.7	9.2	8.6
P/B	2.4	4.0	4.4	4.7	2.7	3.0	2.7	2.4	2.1
P/S	0.5	0.8	0.9	1.0	0.6	0.6	0.5	0.4	0.4
EV/Sales	0.6	1.2	1.2	1.3	0.9	1.1	0.9	0.8	0.8
EV/EBITDA	8.6	8.6	7.9	8.4	6.7	8.0	6.4	6.0	5.7
EV/EBIT (adj.)	11.1	16.0	12.9	13.9	12.2	16.0	12.1	10.7	10.0
Payout ratio (%)	82.2 %	77.5 %	70.2 %	72.5 %	76.1 %	73.0 %	62.3 %	57.5 %	70.0 %
Dividend yield-%	7.0 %	4.9 %	5.2 %	4.9 %	6.7 %	5.7 %	5.8 %	6.3 %	8.2 %

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
Europris ASA	908	1317	11.2	10.7	7.5	7.2	1.6	1.5	11.2	10.6	5.4	5.5	2.9
Bygghem AB	167	388	15.3	12.3	5.0	4.6	0.7	0.6	11.4	8.3	4.4	5.9	0.8
Clas Ohlson AB	471	619	22.6	12.4	6.1	5.4	0.8	0.8	31.2	14.9	5.7	6.3	3.4
Axfood AB	4820	5695	19.3	17.7	10.4	9.4	0.8	0.8	23.1	20.8	3.0	3.1	8.6
Dollar General Corp	33875	40247	13.0	13.8	10.7	11.0	1.2	1.1	15.4	16.8	1.2	1.4	6.5
Kesko Oyj	7122	9754	13.8	13.4	8.0	7.8	0.8	0.8	13.8	13.5	6.1	6.2	2.6
Musti Group Oyj	568	716	19.5	15.7	9.7	8.5	1.7	1.5	21.6	17.1	3.5	4.3	3.4
B&M European Value Retail	6287	8629	13.6	12.7	9.5	9.1	1.5	1.4	14.7	14.4	4.7	3.9	10.7
Target Corp	56038	69658	20.8	14.3	12.0	9.5	0.7	0.7	24.0	16.3	2.8	3.2	5.8
Puuhonka Oyj	601	699	14.6	13.4	11.5	11.0	2.3	2.2	16.9	15.8	4.7	5.2	7.5
Verkkokauppa.com Oyj	121	143	19.4	10.3	9.8	7.0	0.3	0.3	22.2	12.0	1.8	4.4	4.0
Kamux Oyj	215	283	16.3	10.1	8.9	6.7	0.3	0.3	17.7	10.9	3.1	4.0	1.9
<b>Tokmanni (Inderes)</b>	<b>808</b>	<b>1576</b>	<b>16.0</b>	<b>12.1</b>	<b>8.0</b>	<b>6.4</b>	<b>1.1</b>	<b>0.9</b>	<b>12.8</b>	<b>10.7</b>	<b>5.7</b>	<b>5.8</b>	<b>3.0</b>
<b>Average</b>			<b>16.6</b>	<b>13.1</b>	<b>9.1</b>	<b>8.1</b>	<b>1.1</b>	<b>1.0</b>	<b>18.6</b>	<b>14.3</b>	<b>3.9</b>	<b>4.4</b>	<b>4.8</b>
<b>Median</b>			<b>15.8</b>	<b>13.1</b>	<b>9.6</b>	<b>8.1</b>	<b>0.8</b>	<b>0.8</b>	<b>17.3</b>	<b>14.7</b>	<b>3.9</b>	<b>4.3</b>	<b>3.7</b>
<b>Diff-% to median</b>			<b>1%</b>	<b>-7%</b>	<b>-16%</b>	<b>-21%</b>	<b>37%</b>	<b>12%</b>	<b>-26%</b>	<b>-27%</b>	<b>45%</b>	<b>35%</b>	<b>-17%</b>

Source: Refinitiv / Inderes



# Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
<b>Revenue</b>	<b>1142</b>	<b>227</b>	<b>307</b>	<b>295</b>	<b>339</b>	<b>1168</b>	<b>238</b>	<b>319</b>	<b>369</b>	<b>477</b>	<b>1403</b>	<b>1707</b>	<b>1804</b>	<b>1885</b>
Group	1142	227	307	295	339	1168	238	319	369	477	1403	1707	1804	1885
<b>EBITDA</b>	<b>175</b>	<b>17.5</b>	<b>46.7</b>	<b>41.3</b>	<b>51.8</b>	<b>157</b>	<b>17.5</b>	<b>48.5</b>	<b>57.0</b>	<b>73.3</b>	<b>196</b>	<b>237</b>	<b>250</b>	<b>261</b>
Depreciation	-66.8	-17.8	-18.1	-18.5	-18.8	-73.2	-19.5	-19.8	-28.9	-29.4	-97.5	-111.2	-110.1	-113.7
<b>EBIT (excl. NRI)</b>	<b>106</b>	<b>-0.5</b>	<b>27.0</b>	<b>23.5</b>	<b>35.8</b>	<b>85.7</b>	<b>-1.8</b>	<b>28.5</b>	<b>28.2</b>	<b>43.9</b>	<b>98.8</b>	<b>126</b>	<b>140</b>	<b>147</b>
<b>EBIT</b>	<b>108</b>	<b>-0.3</b>	<b>28.6</b>	<b>22.8</b>	<b>33.0</b>	<b>84.0</b>	<b>-2.0</b>	<b>28.7</b>	<b>28.2</b>	<b>43.9</b>	<b>98.8</b>	<b>126</b>	<b>140</b>	<b>147</b>
Group	108	-0.3	28.6	22.8	33.0	84.0	-2.0	28.7	28.2	43.9	98.8	126	140	147
Net financial items	-10.2	-2.5	-2.5	-2.8	-2.9	-10.7	-3.2	-4.3	-6.8	-8.0	-22.3	-30.3	-28.9	-27.8
<b>PTP</b>	<b>97.5</b>	<b>-2.8</b>	<b>26.1</b>	<b>20.0</b>	<b>30.1</b>	<b>73.3</b>	<b>-5.3</b>	<b>24.5</b>	<b>21.4</b>	<b>35.9</b>	<b>76.5</b>	<b>95.7</b>	<b>111</b>	<b>119</b>
Taxes	-19.6	0.6	-5.2	-4.0	-5.9	-14.6	1.0	-4.8	-3.6	-6.1	-13.6	-20.1	-23.4	-25.1
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>78.0</b>	<b>-2.2</b>	<b>20.8</b>	<b>16.0</b>	<b>24.2</b>	<b>58.8</b>	<b>-4.3</b>	<b>19.6</b>	<b>17.7</b>	<b>29.8</b>	<b>62.9</b>	<b>75.6</b>	<b>88.0</b>	<b>94.3</b>
<b>EPS (adj.)</b>	<b>1.29</b>	<b>-0.04</b>	<b>0.33</b>	<b>0.28</b>	<b>0.46</b>	<b>1.03</b>	<b>-0.07</b>	<b>0.33</b>	<b>0.30</b>	<b>0.51</b>	<b>1.07</b>	<b>1.28</b>	<b>1.49</b>	<b>1.60</b>
<b>EPS (rep.)</b>	<b>1.32</b>	<b>-0.04</b>	<b>0.35</b>	<b>0.27</b>	<b>0.41</b>	<b>1.00</b>	<b>-0.07</b>	<b>0.33</b>	<b>0.30</b>	<b>0.51</b>	<b>1.07</b>	<b>1.28</b>	<b>1.49</b>	<b>1.60</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>Q2'23</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>	6.4 %	0.6 %	1.7 %	5.3 %	1.5 %	2.3 %	4.7 %	4.0 %	25.1 %	40.7 %	20.1 %	21.7 %	5.7 %	4.5 %
<b>Adjusted EBIT growth-%</b>	6.2 %	-107%	-16.5 %	-9.9 %	-11.6 %	-18.9 %	268.0 %	5.9 %	19.9 %	22.7 %	15.2 %	27.5 %	11.3 %	4.9 %
<b>EBITDA-%</b>	15.3 %	7.7 %	15.2 %	14.0 %	15.3 %	13.5 %	7.3 %	15.2 %	15.5 %	15.4 %	14.0 %	13.9 %	13.9 %	13.8 %
<b>Adjusted EBIT-%</b>	9.3 %	-0.2 %	8.8 %	8.0 %	10.6 %	7.3 %	-0.8 %	8.9 %	7.6 %	9.2 %	7.0 %	7.4 %	7.8 %	7.8 %
<b>Net earnings-%</b>	6.8 %	-1.0 %	6.8 %	5.4 %	7.1 %	5.0 %	-1.8 %	6.2 %	4.8 %	6.3 %	4.5 %	4.4 %	4.9 %	5.0 %

Source: Inderes

# Balance sheet

Assets	2021	2022	2023e	2024e	2025e
<b>Non-current assets</b>	<b>449</b>	<b>475</b>	<b>861</b>	<b>814</b>	<b>819</b>
Goodwill	136	136	266	266	266
Intangible assets	4.7	4.0	7.0	8.5	9.0
Tangible assets	306	330	586	537	541
Associated companies	0.1	0.2	0.0	0.0	0.0
Other investments	0.2	0.7	0.7	0.7	0.7
Other non-current assets	0.0	2.1	0.0	0.0	0.0
Deferred tax assets	1.4	1.6	1.6	1.6	1.6
<b>Current assets</b>	<b>368</b>	<b>319</b>	<b>368</b>	<b>439</b>	<b>463</b>
Inventories	264	281	323	384	406
Other current assets	0.0	2.5	2.5	2.5	2.5
Receivables	23.0	26.4	31.7	38.6	40.8
Cash and equivalents	81.3	9.1	10.9	13.3	14.1
<b>Balance sheet total</b>	<b>817</b>	<b>794</b>	<b>1229</b>	<b>1253</b>	<b>1282</b>

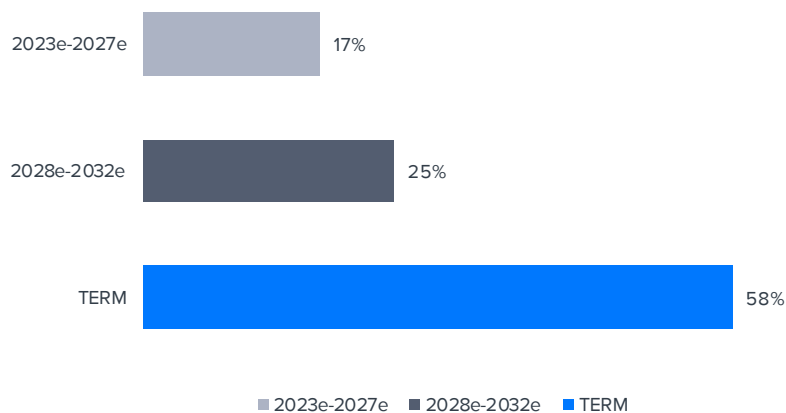
Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
<b>Equity</b>	<b>245</b>	<b>247</b>	<b>266</b>	<b>296</b>	<b>337</b>
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	137	138	156	186	227
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	-2.0	-0.8	0.0	0.0	0.0
Other equity	110	110	110	110	110
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>345</b>	<b>328</b>	<b>706</b>	<b>665</b>	<b>644</b>
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	340	323	701	661	639
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	5.3	4.8	4.8	4.8	4.8
<b>Current liabilities</b>	<b>227</b>	<b>219</b>	<b>257</b>	<b>292</b>	<b>301</b>
Short term debt	55.9	69.7	77.9	73.4	71.0
Payables	165	149	178	217	229
Other current liabilities	6.4	1.1	1.1	1.1	1.1
<b>Balance sheet total</b>	<b>816</b>	<b>794</b>	<b>1229</b>	<b>1253</b>	<b>1282</b>

# DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	2.3 %	20.1 %	21.7 %	5.7 %	4.5 %	3.0 %	2.5 %	2.0 %	2.0 %	2.0 %	1.5 %	1.5 %
EBIT-%	7.2 %	7.0 %	7.4 %	7.8 %	7.8 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %
<b>EBIT (operating profit)</b>	<b>84.0</b>	<b>98.8</b>	<b>126</b>	<b>140</b>	<b>147</b>	<b>155</b>	<b>159</b>	<b>162</b>	<b>166</b>	<b>169</b>	<b>171</b>	
+ Depreciation	73.2	97.5	111	110	114	125	123	122	121	121	120	
- Paid taxes	-14.8	-13.6	-20.1	-23.4	-25.1	-27.1	-28.2	-29.1	-30.1	-31.1	-31.8	
- Tax, financial expenses	-2.1	-4.0	-6.4	-6.1	-5.8	-5.6	-5.3	-5.0	-4.7	-4.4	-4.2	
+ 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	-44.9	-17.0	-29.5	-11.6	-9.7	-6.8	-5.8	-4.8	-4.9	-5.0	-3.8	
<b>Operating cash flow</b>	<b>95.4</b>	<b>162</b>	<b>181</b>	<b>209</b>	<b>220</b>	<b>241</b>	<b>243</b>	<b>245</b>	<b>247</b>	<b>249</b>	<b>252</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	-98.8	-484.2	-64.4	-114.7	-117.4	-116.3	-117.4	-118.4	-119.6	-120.2	-126.4	
<b>Free operating cash flow</b>	<b>-3.9</b>	<b>-322.4</b>	<b>117</b>	<b>94.6</b>	<b>103</b>	<b>125</b>	<b>126</b>	<b>127</b>	<b>127</b>	<b>129</b>	<b>126</b>	
+/- Other	0.0	217	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-3.9	-105.9	117	94.6	103	125	126	127	127	129	126	1767
<b>Discounted FCFF</b>		<b>-102.4</b>	<b>104</b>	<b>77.4</b>	<b>77.3</b>	<b>86.4</b>	<b>80.0</b>	<b>74.2</b>	<b>68.5</b>	<b>63.8</b>	<b>57.3</b>	<b>805</b>
Sum of FCFF present value		1391	1494	1390	1312	1235	1149	1069	994	926	862	805
<b>Enterprise value DCF</b>		<b>1391</b>										
- Interest bearing debt		-392.4										
+ Cash and cash equivalents		9.1										
-Minorities		0.0										
-Dividend/capital return		-44.7										
<b>Equity value DCF</b>		<b>963</b>										
<b>Equity value DCF per share</b>		<b>16.4</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

# Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	1073.2	1141.8	1168.0	<b>1402.8</b>	<b>1707.4</b>	EPS (reported)	1.21	1.32	1.00	<b>1.07</b>	<b>1.28</b>
EBITDA	163.6	174.6	157.2	<b>196.3</b>	<b>237.2</b>	EPS (adj.)	1.22	1.29	1.03	<b>1.07</b>	<b>1.28</b>
EBIT	98.9	107.7	84.0	<b>98.8</b>	<b>126.0</b>	OCF / share	2.70	2.27	1.62	<b>2.75</b>	<b>3.08</b>
PTP	88.9	97.5	73.3	<b>76.5</b>	<b>95.7</b>	FCF / share	1.60	1.31	-0.07	<b>-1.80</b>	<b>1.99</b>
Net Income	71.2	78.0	58.8	<b>62.9</b>	<b>75.6</b>	Book value / share	3.69	4.16	4.20	<b>4.52</b>	<b>5.02</b>
Extraordinary items	-0.6	2.1	-1.7	<b>0.0</b>	<b>0.0</b>	Dividend / share	0.85	0.96	0.76	<b>0.78</b>	<b>0.80</b>
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	785.0	816.5	793.8	<b>1228.8</b>	<b>1252.7</b>	Revenue growth-%	14%	6%	2%	<b>20%</b>	<b>22%</b>
Equity capital	217.3	244.7	247.0	<b>266.0</b>	<b>295.7</b>	EBITDA growth-%	25%	7%	-10%	<b>25%</b>	<b>21%</b>
Goodwill	135.8	136.2	136.2	<b>266.2</b>	<b>266.2</b>	EBIT (adj.) growth-%	41%	6%	-19%	<b>15%</b>	<b>28%</b>
Net debt	332.8	314.3	383.3	<b>767.9</b>	<b>720.8</b>	EPS (adj.) growth-%	49%	6%	-20%	<b>4%</b>	<b>20%</b>
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	15.2 %	15.3 %	13.5 %	<b>14.0 %</b>	<b>13.9 %</b>
EBITDA	163.6	174.6	157.2	<b>196.3</b>	<b>237.2</b>	EBIT (adj.)-%	9.3 %	9.3 %	7.3 %	<b>7.0 %</b>	<b>7.4 %</b>
Change in working capital	15.2	-20.0	-44.9	<b>-17.0</b>	<b>-29.5</b>	EBIT-%	9.2 %	9.4 %	7.2 %	<b>7.0 %</b>	<b>7.4 %</b>
Operating cash flow	158.6	133.7	95.4	<b>161.8</b>	<b>181.3</b>	ROE-%	35.4 %	33.8 %	23.9 %	<b>24.5 %</b>	<b>26.9 %</b>
CAPEX	-64.3	-55.8	-98.8	<b>-484.2</b>	<b>-64.4</b>	ROI-%	16.2 %	17.0 %	13.1 %	<b>11.7 %</b>	<b>12.1 %</b>
Free cash flow	94.0	77.3	-3.9	<b>-105.9</b>	<b>116.9</b>	Equity ratio	27.7 %	30.0 %	31.1 %	<b>21.6 %</b>	<b>23.6 %</b>
						Gearing	153.1%	128.5 %	155.2 %	<b>288.7 %</b>	<b>243.8 %</b>
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	1.2	1.3	0.9	<b>1.1</b>	<b>0.9</b>						
EV/EBITDA (adj.)	7.9	8.4	6.7	<b>8.0</b>	<b>6.4</b>						
EV/EBIT (adj.)	12.9	13.9	12.2	<b>16.0</b>	<b>12.1</b>						
P/E (adj.)	13.3	15.2	11.0	<b>12.8</b>	<b>10.7</b>						
P/B	4.4	4.7	2.7	<b>3.0</b>	<b>2.7</b>						
Dividend-%	5.2 %	4.9 %	6.7 %	<b>5.7 %</b>	<b>5.8 %</b>						

Source: Inderes

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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 €



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