

Alma Media

Company report

2/18/2024



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✓ Inderes corporate customer

This report is a summary translation of the report "Kannattavuus on kunnossa, kasvua odotellessa" published on 2/18/2024 at 2:08 pm EET.

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Profitability is good, pending growth

Alma Media's Q4 results, profit distribution and guidance for 2024 were well in line with our expectations, taking into account a small acquisition that was not included in our forecasts prior to the Q4 report. In line with the solid profitability performance, we have made small upward revisions to our operational profitability forecasts for the short and long term. Reflecting this, we raise the target price to EUR 10.5 (was EUR 10.0) and reiterate our Accumulate recommendation.

Defending profitability through 2023

Alma Media reported a Q4 revenue performance well in line with our expectations, as its revenue declined by 1% year-on-year, mainly reflecting the contraction in Consumer and Advertising. Despite the sluggish revenue development, adjusted EBIT slightly exceeded our forecasts and the level of the comparison period. The fourth quarter was thus a continuation of last year's performance, when the company successfully defended and even improved its earnings level through tight cost management, while demand drivers were sluggish in line with the economic situation and cost pressures increased due to inflation. For Q4, Alma recorded higher-than-expected one-off items and also net financial expenses, thus bringing EPS on par with our forecast at EUR 0.13. As expected, the dividend will be increased by one cent to EUR 0.45 per share.

Guidance in line with our expectations, taking into account the acquisition

Alma Media issued a guidance for 2024 according to which its revenue (2023: 305 MEUR) and adjusted EBIT (2023: 73.6 MEUR) are estimated to be at the 2023 level. Our forecast before the report was slightly below this, but it should be noted that we had not yet included the recent Netwheels acquisition in our forecasts. We have made only minor revisions to our near-term forecasts, which, combined with the impact of the acquisition, have increased our revenue forecasts for the next few years by 2% and our adjusted EBIT forecasts by 4% to 5%. We also slightly raised our forecasts for financing costs, leaving our EPS forecasts for the coming years broadly unchanged. The year 2023 was again a convincing indicator of Alma Media's profitability development, and in light of this we raised our longer-term profitability forecasts slightly. In the short term, the company is suffering from demand headwinds that are holding back earnings growth. The current growth investments will increase the company's longer-term earnings growth potential, and the economic turnaround will soon take hold. Thus, we believe the medium-term outlook for earnings growth is good.

Expected return rises above expected return

Based on the current results, we believe that the valuation of Alma Media's stock is reasonable, as the adjusted (LTM) P/E and EV/EBIT multiples are around 15x and 12x, respectively. Given Alma Media's high return on capital, good cash flow generation and longer-term growth prospects, we believe these valuation multiples are at the lower end of the justified valuation range. Overall, we believe that the expected return from the modest upside in valuations, our expectations for medium-term earnings growth and the dividend yield is higher than the expected return. This attractive valuation is also supported by our DCF model, which stands at EUR 10.9 per share.

Recommendation

Accumulate

(previous Accumulate)

EUR 10.50

(previous EUR 10.00)

Share price:

9.92



Key figures

	2023	2024e	2025e	2026e
Revenue	305	308	314	323
growth-%	-1%	1%	2%	3%
EBIT adj.	73.6	73.1	76.0	79.3
EBIT-% adj.	24.2 %	23.7 %	24.2 %	24.5 %
Net Income	56.3	50.7	54.2	57.9
EPS (adj.)	0.66	0.62	0.67	0.71
P/E (adj.)	14.6	15.9	14.9	14.0
P/B	3.6	3.5	3.2	3.0
Dividend yield-%	4.7 %	4.6 %	4.7 %	4.8 %
EV/EBIT (adj.)	12.6	13.2	12.5	11.7
EV/EBITDA	10.2	10.7	10.1	9.5
EV/S	3.0	3.1	3.0	2.9

Source: Inderes

Guidance

(New guidance)

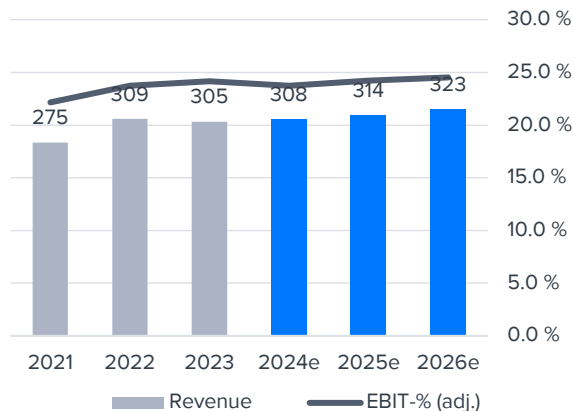
Alma Media expects its full-year revenue and adjusted operating profit of 2024 to remain at the 2023 level. The full-year revenue for 2023 was 304.9 MEUR and the adjusted operating profit was 73.6 MEUR.

Share price



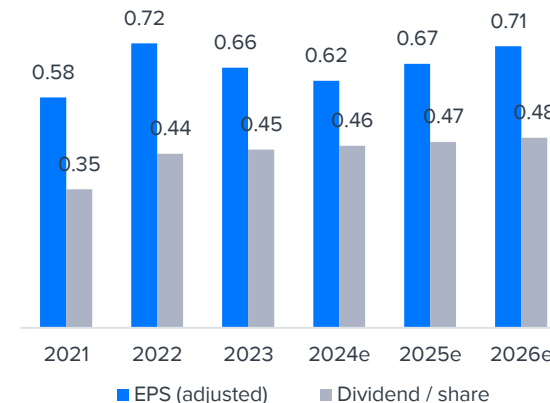
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Profitable growth in digital businesses
- Positive long-term market trends of marketplace businesses
- Stable profitability development and good cash flow of media businesses
- M&A transaction option that is positive considering the track record



Risk factors

- Cyclicity especially in advertising and recruitment business
- Accelerated revolution in media and decrease in print media
- Competitive risks posed by new technologies
- Possible changes in competitive position and dynamics

Valuation	2024e	2025e	2026e
Share price	9.92	9.92	9.92
Number of shares, millions	82.1	82.1	82.1
Market cap	814	814	814
EV	966	948	927
P/E (adj.)	15.9	14.9	14.0
P/E	16.1	15.0	14.1
P/B	3.5	3.2	3.0
P/S	2.6	2.6	2.5
EV/Sales	3.1	3.0	2.9
EV/EBITDA	10.7	10.1	9.5
EV/EBIT (adj.)	13.2	12.5	11.7
Payout ratio (%)	74.4 %	71.2 %	68.1 %
Dividend yield-%	4.6 %	4.7 %	4.8 %

Source: Inderes

Defending profitability was successful

Talent compensates for the development of other segments

Alma Media's revenue declined by 1% in Q4, which was quite in line with our forecast of a 2% decline. Career's revenue contracted by 1% year-on-year, which was well in line with our forecast of stable development. On a country basis, the larger Eastern European countries continued to perform strongly, while Finland and the Baltic countries were clearly negative, as expected.

Revenue in the Consumer segment contracted 6% year-on-year, double the pace of our forecast. The deviation from our forecast came from a number of sources, with no surprises given the Finnish operating environment. Talent made up for the slight underperformance in other segments, again driven by multiple revenue streams, but in particular the strong growth in digital service revenues (16% y/y) was a positive surprise.

Tight rein on costs as per usual

Alma Media achieved an adjusted EBIT margin of 21.5% in Q4, exceeding our estimate by around 1 percentage point. Overall, cost levels per segment were more or less in line with expectations, and the larger driver of the earnings beat came from revenues. Talent, in particular, exceeded our expectations, reflecting the good performance of higher-margin sources. Based on the same drivers, Consumer missed our forecast, but this was compensated by a slightly better-than-expected performance from Career together with Talent. Overall, Q4 was a continuation of the good cost trajectory seen through 2023 and especially H2'23.

The reported Q4 results were well in line with our guidance, with Q4 acquisition-related one-offs slightly above our expectations and net financial expenses also above our expectations. However, this was impacted by the non-cash change in fair value of the

interest rate hedging derivative due to interest rate movements, and cash flow interest expense was lower.

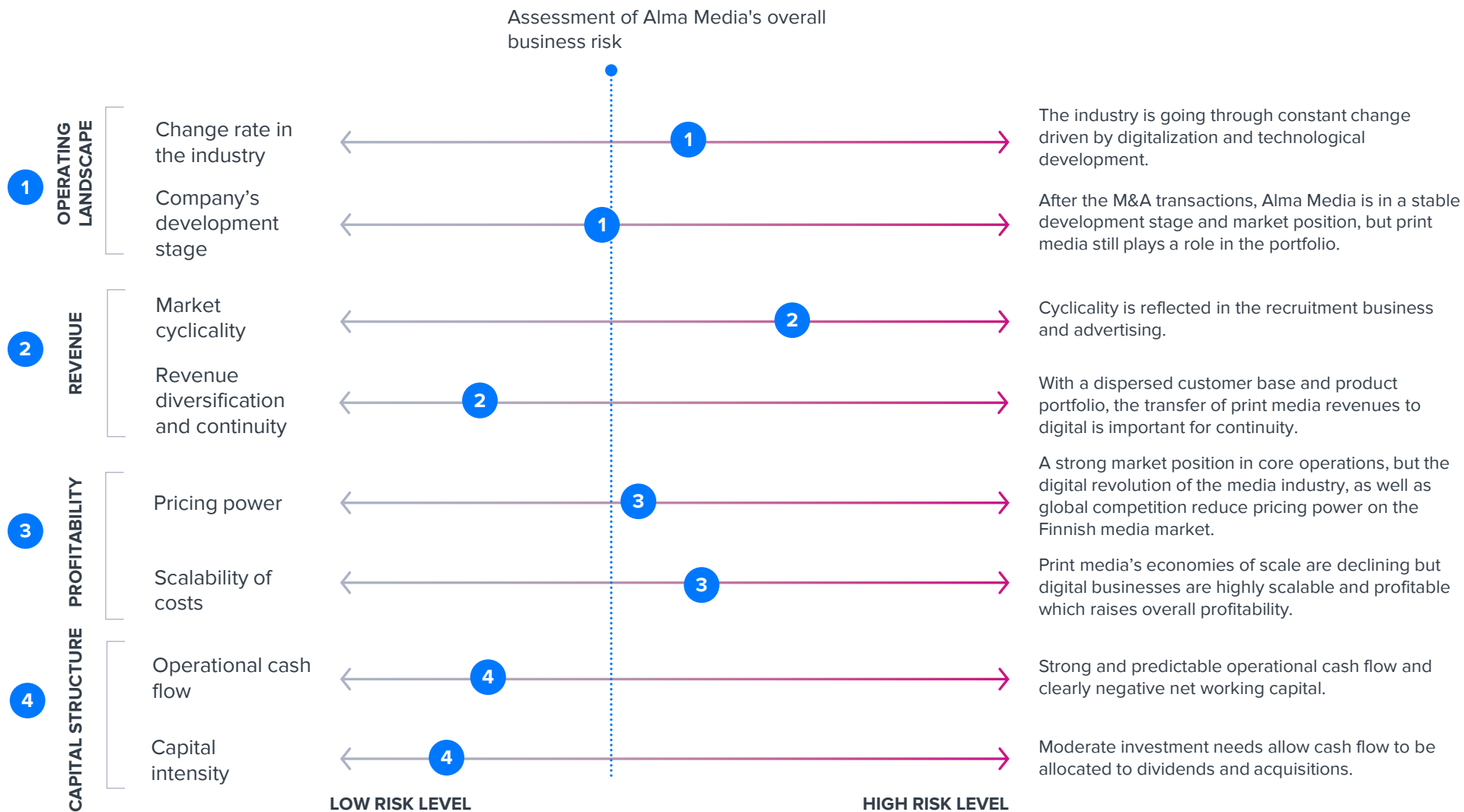
Free cash flow was good, although down on year-on-year

Cash flow from operating activities in 2023 decreased from a record level of the previous year to 63 MEUR (2022: 79.2 MEUR), which was partly due to an increase in interest and tax payments and a slight decrease in working capital. As a result, free cash flow after organic investments and IFRS16 depreciation and amortization remained at around 46 MEUR, although the absolute level is still quite good. Thus, the net debt at the end of 2023 was 146 MEUR, or 1.6x EBITDA. The company's financial position is good, even after the recent acquisition of Netwheels.

Ennustetaulukko	Q4'22	Q4'23	Q4'23e	Q4'23e	Consensus		Difference (%)	2023
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Actualized
Revenue	78.7	78.0	76.9	77.3	76.9	78.1	1%	305
EBIT (adj.)	15.2	16.7	15.6	15.4	13.7	16.7	7%	73.6
EBIT	15.0	15.8	15.5	15.4	13.7	16.7	2%	73.0
EPS (reported)	0.20	0.13	0.13	0.14	0.13	0.15	-4%	0.69
DPS	0.44	0.45	0.46	0.43	0.40	0.46	-2%	0.45
Revenue growth-%	0.9 %	-0.9 %	-2.3 %	-1.8 %	-2.3 %	-0.7 %	1.3 pp	-1.3 %
EBIT-% (adj.)	19.4 %	21.5 %	20.3 %	19.9 %	17.8 %	21.4 %	1.2 pp	24.1 %

Source: Inderes & Vara Research (consensus, 5 analysts)

Risk profile of Alma Media's business model



Guidance in line with our expectations, taking into account the acquisition

Estimate revisions 2024e–2025e

- Alma Media's guidance of stable revenue and adjusted EBIT was in line with our forecasts, given that our forecasts did not include the Netwheels acquisition before the Q4 report
- We have included Netwheels in our forecasts (2023 sales of around 8 MEUR, historical operating margin averaging 22.5%), which increased Consumer's forecasts.
- In addition to the acquisition, we made only minor adjustments to our operational forecasts for Talent and Career
- With the changes in organic and inorganic forecasts, our adjusted EPS estimates for the coming years increased by 4-5%.
- At the EPS level, the impact of the increases in operational forecasts was offset by slightly higher net financial expenses forecasts
- Reflecting a slightly more cautious dividend policy, we revised our dividend forecasts slightly downwards for the coming years
- We raised our long-term profitability forecasts slightly following recent encouraging developments

Operational earnings drivers 2024-2025e:

- Short-term earnings drivers are sluggish, as economic development is holding back the development of advertising in particular in Finland, and growth in the recruitment business is also difficult to achieve in the current economic situation.
- In the absence of high-margin revenue drivers and with already trimmed costs, it is difficult to improve profitability in the short term, especially when long-term development investments (costs in the P&L) are not justifiably held back despite the cyclical trend
- We forecast demand to pick up in 2025, when growth should effectively feed through to earnings
- Long-term performance will be driven by growth in digital products, which we expect to more than compensate for the small decline in print media.

Estimate revisions	2023e	2023	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	304	305	0%	302	308	2%	308	314	2%
EBIT (exc. NRIs)	72.5	73.6	2%	69.5	73.1	5%	72.8	76.0	4%
EBIT	72.7	73.0	0%	69.0	72.6	5%	72.3	75.5	4%
PTP	71.1	68.5	-4%	65.4	64.6	-1%	68.9	69.6	1%
EPS (excl. NRIs)	0.65	0.66	1%	0.63	0.62	-1%	0.66	0.67	1%
DPS	0.46	0.45	-2%	0.48	0.46	-4%	0.49	0.47	-4%

Source: Inderes

Investment profile

1.

Growth in digital businesses and excellent profitability

2.

Profitable media activities that continue to generate good cash flow

3.

Cyclicality raises the risk profile of certain earnings streams

4.

Strong cash flow helps lower gearing quickly and brings leeway for acquisitions

5.

We expect the company to continue with acquisitions that shape income sources and strengthen growth

Potential



- Organic growth potential in high profitability digital businesses
- Excellent cash flow and high ROIC
- M&A transaction option that is positive considering the track record

Risks



- Cyclical sensitivity in certain income streams
- Structural decrease in print media income and arising needs for adjustment
- Changes in the competitive position
- Changes in technology

Valuation 1/2

Valuation methods

When valuing the share, we currently place most weight on the share's expected total return based on the forecasts for the next few years (earnings growth + dividends + expected changes in valuation multiples). In addition, we approach the valuation with the cash flow model (DCF). In the valuation, we favor the EV/EBIT ratio that reflects the balance sheet structure and the P/E ratio.

We do not give much weight to the relative valuation, because there are no good peers available for Alma Media's business structure.

Share's expected total return

We believe the role of dividend is crucial in the expected return of the share. With our estimate, the divided yield is just under 5% on average for the next few years.

We forecast organic earnings growth in the coming years to be moderate from 2023 levels. Based on our operational earnings forecast for 2026, earnings growth in the coming years reaches around 8%, which is also in line with EPS growth, as the burden of higher interest rates is offset by a reduction in net debt levels in our projections due to good cash flow. Hence, even mild earnings growth is a slightly positive driver of earnings expectations.

Alma Media's adjusted earnings-based valuation multiples for the previous 12 months are approximately adjusted P/E of 15x and EV/EBIT of 13x. In our view, these earnings-based valuation multiples are modest in absolute terms relative to Alma Media's relatively good return on capital, the

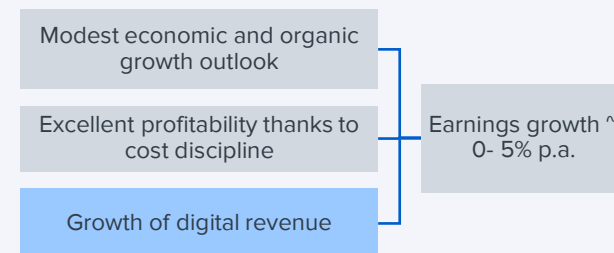
excellent cash conversion of its businesses, its ability to generate free cash flow with moderate capital expenditure needs, and its longer-term growth prospects. Against this backdrop, with long-term growth assumptions and an EV/EBIT ratio of 13-15x, we believe a multiple range of 13-15x is justified.

The valuation multiples can also be compared to Alma Media's historical valuation multiples, which have averaged 14.5x for the EV/EBIT ratio and 19x for the P/E ratio. The valuation multiples for the previous five years were set in the zero interest rate period, after which acceptable valuation levels have decreased due to increased interest rates. Thus, we do not expect investors to price the share in the current interest rate environment with the same multiples as in the previous five years. It should be noted, however, that Alma Media's business has also changed considerably as the relative share of digital business has increased, which has also increased business profitability, return on capital and cash flow. We feel these factors support an increase in the acceptable valuation level. Thus, we believe that the rise in required returns and the change in business portfolio are clearly driving the acceptable valuation in opposite directions. In our view, the acceptable valuation has risen close to the five-year average levels with the change in the business portfolio.

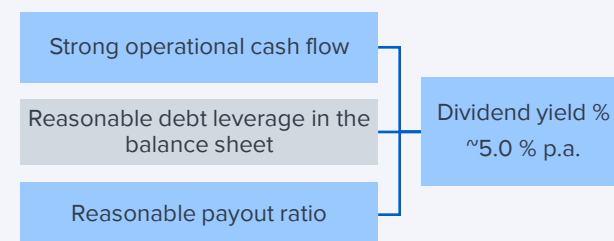
TSR drivers 2023-2026e

■ Positive ■ Neutral ■ Negative

Profit drivers

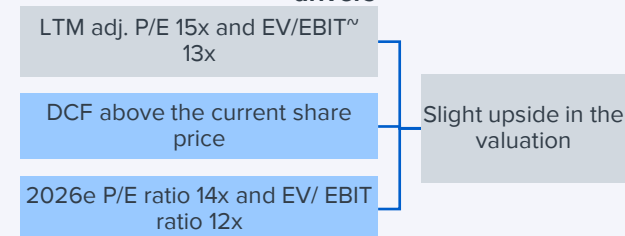


Dividend yield drivers



Valuation multiple

drivers



Risk/reward ratio turns positive

Valuation 2/2

Thus, we feel there is upside in the absolute valuation multiples from the current level. Therefore, the expected return consisting of the upside in the valuation and the dividend yield turn the risk/reward ratio positive in our opinion.

DCF

We feel that the applicability of the DCF calculation in Alma Media's valuation is reasonable, and it reflects the company's long-term ability to create value.

Our DCF model indicates a share value of EUR 10.9. In our DCF model, revenue growth is in the medium and long-term driven by the growth in digital businesses, but the growth is slightly slowed down by the decreasing print media. Our revenue growth estimate for 2026-2032 is 2.5% on average. As the digital businesses grow, the company's relative profitability and return on capital remain, however, relatively stable. The EBIT margin in our model is 23.5%-24.5% in the long term. We have raised our long-term profitability forecasts, as the company's recent profitability performance has been stronger than our long-term expectations. Thus, in our view, the long-term profitability expectations are not unduly demanding in light of Alma Media's performance and are also slightly below the company's own adjusted EBIT margin target of over 25%.

In the model, the weight of the terminal period in the value of cash flows is on a reasonable 56% level. The weighted average cost of capital (WACC) we use in the cash flow model is 8.0%, with the cost of equity being higher at 9.2%.

Valuation	2024e	2025e	2026e
Share price	9.92	9.92	9.92
Number of shares, millions	82.1	82.1	82.1
Market cap	814	814	814
EV	966	948	927
P/E (adj.)	15.9	14.9	14.0
P/E	16.1	15.0	14.1
P/B	3.5	3.2	3.0
P/S	2.6	2.6	2.5
EV/Sales	3.1	3.0	2.9
EV/EBITDA	10.7	10.1	9.5
EV/EBIT (adj.)	13.2	12.5	11.7
Payout ratio (%)	74.4 %	71.2 %	68.1 %
Dividend yield-%	4.6 %	4.7 %	4.8 %

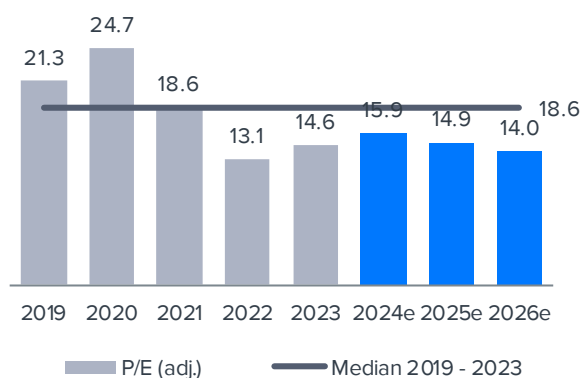
Source: Inderes

Valuation table

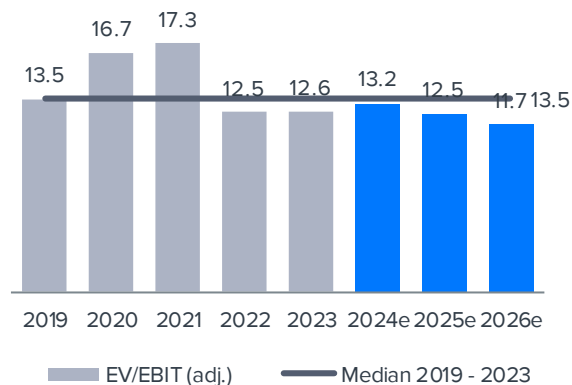
Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	7.96	8.92	10.8	9.40	9.60	9.92	9.92	9.92	9.92
Number of shares, millions	82.3	82.3	82.4	82.2	82.1	82.1	82.1	82.1	82.1
Market cap	655	734	891	773	788	814	814	814	814
EV	667	756	1059	920	925	966	948	927	904
P/E (adj.)	21.3	24.7	18.6	13.1	14.6	15.9	14.9	14.0	13.2
P/E	21.3	26.7	20.4	10.7	14.0	16.1	15.0	14.1	13.3
P/B	3.8	4.0	5.4	3.8	3.6	3.5	3.2	3.0	2.8
P/S	2.6	3.2	3.2	2.5	2.6	2.6	2.6	2.5	2.5
EV/Sales	2.7	3.3	3.8	3.0	3.0	3.1	3.0	2.9	2.7
EV/EBITDA	9.3	12.8	14.4	9.5	10.2	10.7	10.1	9.5	8.9
EV/EBIT (adj.)	13.5	16.7	17.3	12.5	12.6	13.2	12.5	11.7	10.9
Payout ratio (%)	106.8 %	89.9 %	66.1 %	50.0 %	65.6 %	74.4 %	71.2 %	68.1 %	67.2 %
Dividend yield-%	5.0 %	3.4 %	3.2 %	4.7 %	4.7 %	4.6 %	4.7 %	4.8 %	5.0 %

Source: Inderes

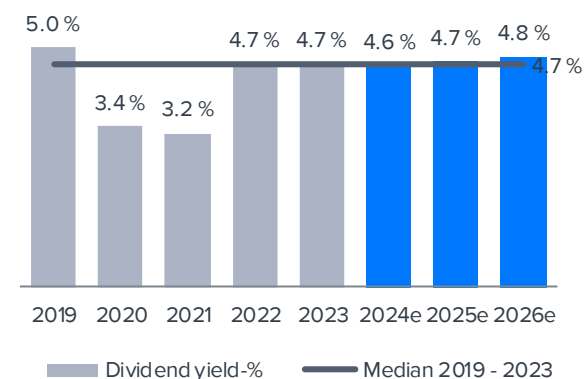
P/E (adj.)



EV/EBIT (oik.)



Dividend yield-%



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
Alma Media	817	968	13.1	12.5	10.6	10.4	3.1	3.0	14.7	13.9	4.8	5.3	3.3
Agora SA	272		2.8	3.5	3.9								0.5
Future PLC	927	1362	5.3	5.1	4.8	4.6	1.5	1.4	5.7	5.3	0.5	0.5	0.7
Gannett Co Inc	311	1196	11.9	8.5	4.8	4.3	0.5	0.5		8.7			
Lagardere SA	2914	7019	12.7	11.6	7.9	8.3	0.8	0.8	9.9	9.1	6.3	6.3	2.3
Arnoldo Mondadori Editore SpA	567	803	8.3	8.1	5.4	5.3	0.8	0.8	8.5	8.2	5.7	6.0	1.7
New York Times Co	6658	6288	19.2	16.8	16.1	14.2	2.7	2.5	26.1	23.3	1.1	1.0	3.8
Rizzoli Corriere della Sera Mediagroup SpA	386	564	5.6		3.9		0.7		6.7		8.1		0.9
TX Group AG	1448	1415	9.3	8.1	6.1	5.6	1.4	1.4	9.7	8.6	4.3	5.0	0.4
Promotora de Informaciones SA	313	1093	10.2	8.6	6.0	5.4	1.1	1.1	23.9	10.3			
Vocento SA	67	121	8.8	6.3	3.2	2.8	0.3	0.3	13.4	6.7	6.4		0.3
Auto Trader Group PLC	7633	7675	19.0	17.0	18.2	16.4	11.9	11.0	26.0	22.7	1.3	1.5	10.9
Carsales.Com Ltd	7890	8543	29.5	25.9	24.2	21.5	12.8	11.5	38.8	33.7	2.1	2.4	4.2
Moneysupermarket.Com Group PLC	1576	1626	11.4	10.3	9.9	9.0	3.1	2.9	14.7	13.2	5.0	5.2	5.4
REA Group Ltd	14815	14930	36.8	31.1	31.4	27.0	17.4	15.4	50.1	45.2	1.0	1.2	15.3
Rightmove PLC	5193	5153	16.0	14.7	15.9	14.6	11.3	10.3	21.2	18.8	1.7	1.9	71.9
Schibsted ASA	6495	7091	44.3	33.8	27.5	23.2	5.0	4.8	49.3	33.9	0.7	0.8	1.8
Scout24 SE	4920	5121	17.6	15.7	15.3	13.8	9.0	8.2	23.4	20.5	1.9	2.2	3.3
Seek Ltd	5471	6241	28.9	23.5	21.1	17.8	8.8	8.0	47.1	35.5	1.5	2.1	3.4
Stroeer SE & Co KgaA	2947	4677	14.5	12.5	7.3	6.7	2.3	2.1	15.7	12.9	4.3	5.0	5.5
Adevinta ASA	11797	13618	25.2	20.0	17.5	14.8	6.7	5.9	34.0	26.2	0.1	0.2	1.4
Alma Media (Inderes)	814	966	13.2	12.5	10.7	10.1	3.1	3.0	15.9	14.9	4.6	4.7	3.5
Average		4653	15.3	13.7	11.7	11.3	5.1	4.8	21.6	17.9	3.3	3.1	7.5
Median		4677	12.9	12.5	8.9	9.7	2.7	2.7	18.4	13.5	2.1	2.2	3.3

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	275	309	75.3	78.2	73.4	78.0	305	75.0	78.2	75.4	79.4	308	314	323	330
Alma Career	82.2	110	27.7	28.5	27.4	26.9	110.5	27.0	27.4	27.4	27.1	109	111.3	116	119
Alma Talent	99.7	96.5	23.9	23.4	21.4	26.0	94.8	23.3	23.2	21.5	25.0	93.0	93.7	94.5	95.5
Alma Consumer	94.5	104	24.2	26.3	24.7	25.2	100	25.0	27.8	26.8	27.5	107	110	113	116
Other and eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.2	-0.2	-0.8	-1.0	-1.0	-1.0
EBITDA	73.5	97.2	20.8	24.3	25.2	20.4	90.6	20.5	23.2	25.0	22.0	90.6	94.1	97.6	101
Depreciation	-16.7	-17.2	-4.3	-4.5	-4.3	-4.5	-17.6	-4.5	-4.5	-4.5	-4.5	-18.0	-18.5	-18.8	-18.9
EBIT (excl. NRI)	61.1	73.4	17.0	19.4	20.5	16.7	73.6	16.1	18.8	20.6	17.6	73.1	76.0	79.3	82.7
EBIT	56.8	80.0	16.5	19.9	20.8	15.8	73.0	16.0	18.7	20.5	17.5	72.6	75.5	78.8	82.2
Alma Career	30.0	42.5	11.0	12.3	12.0	9.9	45.3	10.8	11.6	11.9	10.1	44.3	45.6	47.3	48.9
Alma Talent	20.6	19.7	4.8	4.7	5.2	5.9	20.6	4.7	4.7	5.2	5.6	20.2	20.4	20.7	21.2
Alma Consumer	23.9	24.4	4.0	5.6	5.8	4.1	19.6	3.8	5.5	6.2	5.1	20.6	22.2	23.5	24.9
Other and eliminations	-13.4	-13.2	-2.9	-3.3	-2.5	-3.2	-11.8	-3.1	-3.1	-2.7	-3.1	-12.0	-12.2	-12.3	-12.3
NRIs	-4.3	6.6	-0.5	0.5	0.3	-0.9	-0.6	-0.1	-0.1	-0.1	-0.1	-0.5	-0.5	-0.5	-0.5
Net financial items	-1.4	6.3	-1.9	2.9	-1.5	-4.8	-5.3	-2.0	-2.0	-2.0	-2.0	-8.0	-6.0	-4.5	-3.9
PTP	56.3	86.9	14.6	22.8	19.7	11.5	68.5	14.0	16.7	18.5	15.5	64.6	69.6	74.2	78.3
Taxes	-12.1	-14.5	-2.9	-4.1	-4.3	-0.9	-12.1	-3.0	-3.6	-4.0	-3.3	-13.9	-15.0	-16.0	-16.8
Minority interest	-0.7	0.0	0.0	0.0	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	-0.4	-0.4	-0.4
Net earnings	43.6	72.4	11.7	18.7	15.2	10.7	56.3	11.0	13.1	14.5	12.2	50.7	54.2	57.9	61.1
EPS (adj.)	0.58	0.72	0.15	0.19	0.18	0.14	0.66	0.14	0.16	0.18	0.15	0.62	0.67	0.71	0.75
EPS (rep.)	0.53	0.88	0.14	0.23	0.19	0.13	0.69	0.13	0.16	0.18	0.15	0.62	0.66	0.71	0.74

Key figures	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	19.6 %	12.1 %	-1.3 %	-1.4 %	-1.5 %	-0.9 %	-1.3 %	-0.3 %	0.0 %	2.7 %	1.8 %	1.0 %	1.9 %	2.9 %	2.1 %
Adjusted EBIT growth-%		20.1 %	-13.2 %	0.6 %	6.6 %	9.8 %	0.4 %	-5.4 %	-2.9 %	0.3 %	5.4 %	-0.7 %	4.0 %	4.2 %	4.4 %
EBITDA-%	26.7 %	31.5 %	27.7 %	31.1 %	34.3 %	26.1 %	29.7 %	27.3 %	29.6 %	33.1 %	27.7 %	29.4 %	30.0 %	30.2 %	30.7 %
Adjusted EBIT-%	22.2 %	23.8 %	22.6 %	24.7 %	28.0 %	21.5 %	24.2 %	21.4 %	24.0 %	27.3 %	22.2 %	23.7 %	24.2 %	24.5 %	25.1 %
Net earnings-%	15.8 %	23.4 %	15.6 %	23.9 %	20.7 %	13.7 %	18.5 %	14.6 %	16.7 %	19.2 %	15.3 %	16.5 %	17.3 %	17.9 %	18.5 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	429	437	445	445	444
Goodwill	294	298	308	308	308
Intangible assets	87	88	87	88	88
Tangible assets	34	41	40	39	38
Associated companies	4.2	4.4	4.4	4.4	4.4
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	8.8	5.9	5.9	5.9	5.9
Deferred tax assets	0.6	0.2	0.2	0.2	0.2
Current assets	66.2	90.3	70.9	70.5	72.4
Inventories	0.7	0.6	0.6	0.6	0.6
Other current assets	0.1	3.9	3.9	3.9	3.9
Receivables	35	33	34	35	36
Cash and equivalents	30	52	32	31	32
Balance sheet total	495	528	523	523	524

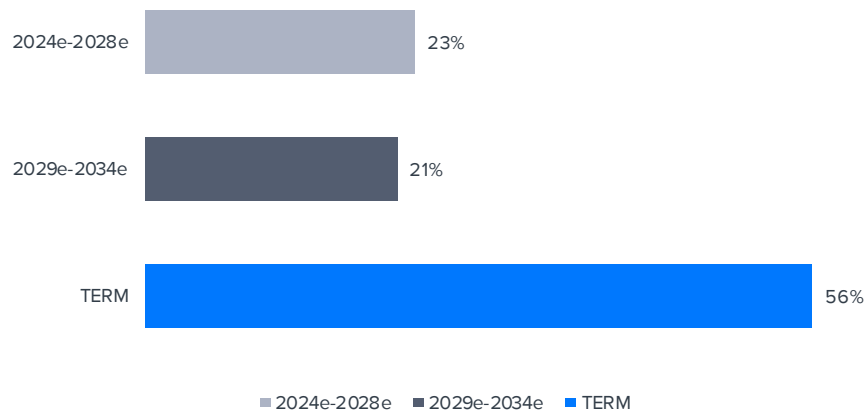
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	206	223	237	253	272
Share capital	45	45	45	45	45
Retained earnings	132	148	161	178	197
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	7.7	7.7	7.7	7.7	7.7
Other equity	20	20	20	20	20
Minorities	2	3	3	3	3
Non-current liabilities	191	216	194	175	154
Deferred tax liabilities	17	17	17	17	17
Provisions	0.0	0.0	0.0	0.0	0.0
Interest bearing debt	164	192	170	151	130
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	10.2	7.0	7.0	7.0	7.0
Current liabilities	98	89	93	95	97
Interest bearing debt	10	7	10	11	10
Payables	81	80	80	82	84
Other current liabilities	7.0	3	2.5	2.5	2.5
Balance sheet total	495	528	523	523	524

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-1.3 %	1.0 %	1.9 %	2.9 %	2.1 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %
EBIT-%	24.0 %	23.6 %	24.1 %	24.4 %	24.9 %	24.5 %	24.5 %	24.0 %	24.0 %	24.0 %	23.5 %	23.5 %	23.5 %
EBIT (operating profit)	73.0	72.6	75.5	78.8	82.2	82.8	84.9	85.2	87.4	89.6	89.9	92.1	
+ Depreciation	17.6	18.0	18.5	18.8	18.9	18.9	18.8	18.8	19.2	19.6	19.6	19.5	
- Paid taxes	-11.9	-13.9	-15.0	-16.0	-16.8	-17.1	-17.5	-17.6	-18.1	-18.5	-18.6	-19.1	
- Tax, financial expenses	-1.0	-1.7	-1.3	-1.0	-0.8	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	-0.7	
+ 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	0.0	
- Change in working capital	-7.9	0.0	0.9	1.3	1.0	1.2	1.3	1.3	1.3	1.3	1.4	1.4	
Operating cash flow	69.8	75.0	78.7	82.0	84.5	85.1	86.7	87.0	89.1	91.3	91.5	93.3	
+ Change in other long-term liabilities	-3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-26	-33	-18.5	-18.0	-18.5	-18.5	-19.0	-19.5	-19.5	-19.5	-19.6	-19.8	
Free operating cash flow	40	42	60.2	64.0	66.0	66.6	67.7	67.5	69.6	71.8	71.9	73.5	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	40	42	60.2	64.0	66.0	66.6	67.7	67.5	69.6	71.8	71.9	73.5	1360
Discounted FCFF		40	52.1	51.3	48.9	45.7	43.0	39.7	37.9	36.2	33.5	31.7	587
Sum of FCFF present value		1046	1007	955	904	855	809	766	726	688	652	619	587
Enterprise value DCF		1046											
- Interest bearing debt		-199											
+ Cash and cash equivalents		52											
-Minorities		-4											
-Dividend/capital return		0											
Equity value DCF		896											
Equity value DCF per share		10.9											

Cash flow distribution



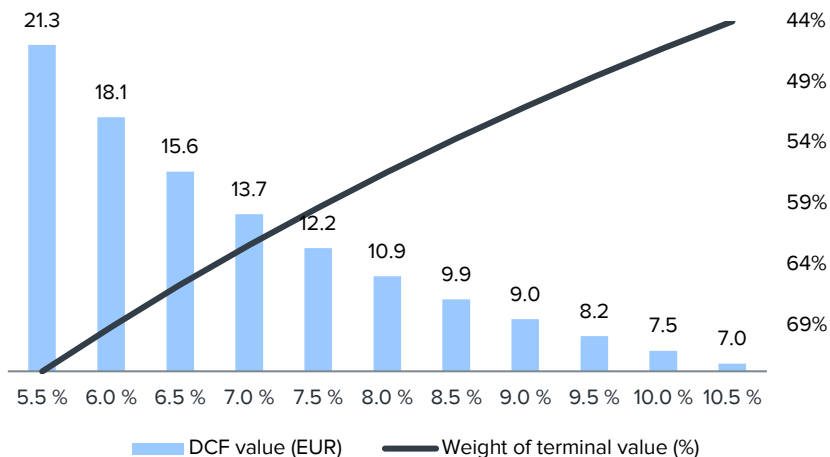
WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.4
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.2 %
Weighted average cost of capital (WACC)	8.0 %

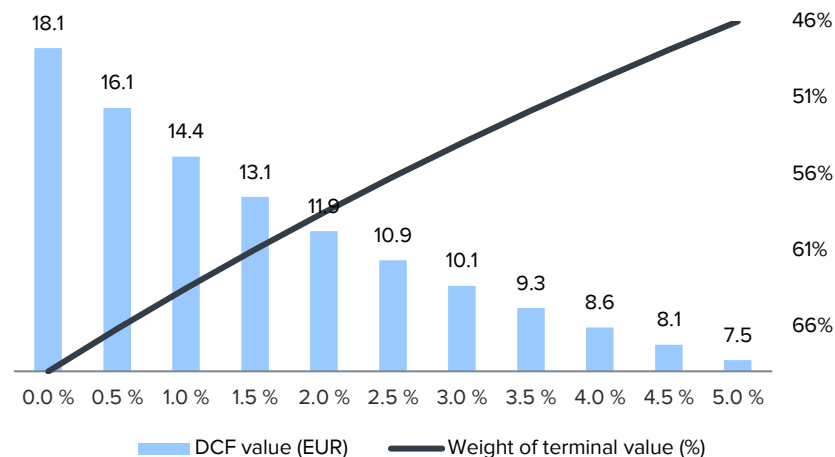
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

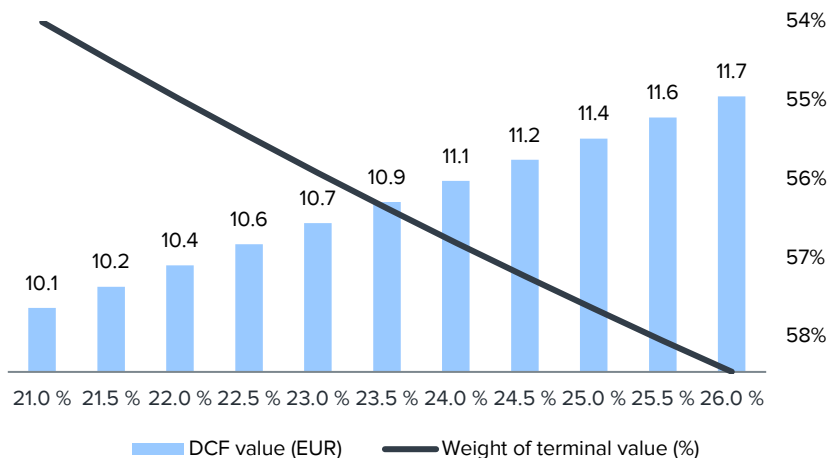
Sensitivity of DCF to changes in the WACC-%



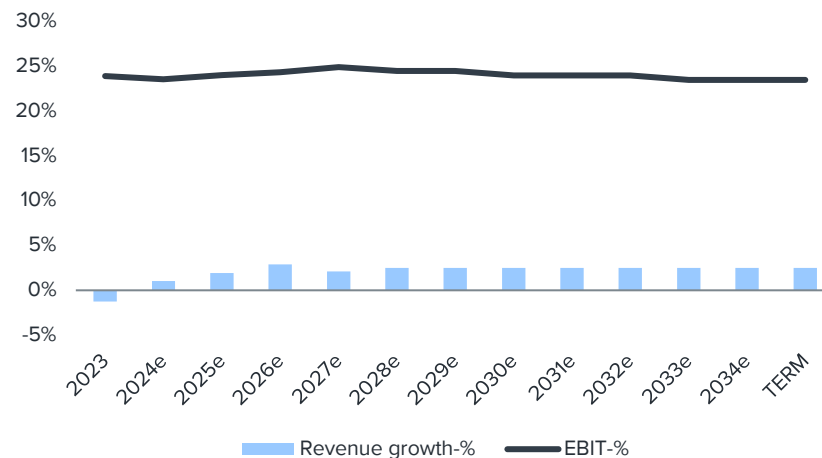
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	275	309	305	308	314	EPS (reported)	0.53	0.88	0.69	0.62	0.66
EBITDA	73.5	97.2	90.6	90.6	94.1	EPS (adj.)	0.58	0.72	0.66	0.62	0.67
EBIT	56.8	80.0	73.0	72.6	75.5	OCF / share	1.00	1.06	0.85	0.91	0.96
PTP	56.3	86.9	68.5	64.6	69.6	FCF / share	-1.28	0.89	0.49	0.51	0.73
Net Income	43.6	72.4	56.3	50.7	54.2	Book value / share	1.99	2.49	2.68	2.85	3.05
Extraordinary items	-4.3	6.6	-0.6	-0.5	-0.5	Dividend / share	0.35	0.44	0.45	0.46	0.47
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	518.4	495.2	527.7	523.1	522.6	Revenue growth-%	20%	12%	-1%	1%	2%
Equity capital	166.5	205.9	222.8	236.6	253.0	EBITDA growth-%	25%	32%	-7%	0%	4%
Goodwill	294.5	294.4	298.0	308.0	308.0	EBIT (adj.) growth-%	35%	20%	0%	-1%	4%
Net debt	182.7	143.7	146.5	147.5	130.1	EPS (adj.) growth-%	61%	24%	-9%	-5%	7%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	26.7 %	31.5 %	29.7 %	29.4 %	30.0 %
EBITDA	73.5	97.2	90.6	90.6	94.1	EBIT (adj.)-%	22.2 %	23.8 %	24.2 %	23.7 %	24.2 %
Change in working capital	14.0	5.0	-7.9	0.0	0.9	EBIT-%	20.6 %	25.9 %	24.0 %	23.6 %	24.1 %
Operating cash flow	82.1	87.0	69.8	75.0	78.7	ROE-%	25.1 %	39.3 %	26.5 %	22.3 %	22.4 %
CAPEX	-190.3	-17.5	-26.2	-32.8	-18.5	ROI-%	17.8 %	20.6 %	18.4 %	17.3 %	18.2 %
Free cash flow	-105.4	73.1	40.4	42.2	60.2	Equity ratio	34.7 %	45.8 %	46.3 %	49.7 %	53.3 %
						Gearing	109.7 %	69.8 %	65.8 %	62.3 %	51.4 %
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	3.8	3.0	3.0	3.1	3.0						
EV/EBITDA (adj.)	14.4	9.5	10.2	10.7	10.1						
EV/EBIT (adj.)	17.3	12.5	12.6	13.2	12.5						
P/E (adj.)	18.6	13.1	14.6	15.9	14.9						
P/B	5.4	3.8	3.6	3.5	3.2						
Dividend-%	3.2 %	4.7 %	4.7 %	4.6 %	4.7 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/16/2020	Reduce	8.80 €	8.70 €
3/12/2020	Reduce	6.80 €	6.54 €
3/26/2020	Reduce	6.50 €	6.50 €
6/12/2020	Accumulate	8.00 €	7.10 €
7/20/2020	Accumulate	8.00 €	7.06 €
10/23/2020	Accumulate	8.50 €	7.84 €
1/13/2021	Reduce	9.50 €	9.54 €
2/18/2021	Reduce	9.00 €	9.14 €
3/8/2021	Accumulate	10.00 €	9.50 €
4/13/2021	Accumulate	10.00 €	9.22 €
4/22/2021	Accumulate	11.00 €	10.46 €
5/28/2021	Accumulate	10.50 €	9.80 €
7/19/2021	Accumulate	12.50 €	11.80 €
7/22/2021	Reduce	12.00 €	11.60 €
9/17/2021	Reduce	11.50 €	10.90 €
10/22/2021	Reduce	12.00 €	12.48 €
2/17/2022	Accumulate	11.00 €	10.00 €
3/14/2022	Reduce	11.00 €	10.60 €
4/25/2022	Accumulate	11.00 €	9.58 €
6/13/2022	Reduce	11.00 €	10.50 €
7/21/2022	Reduce	11.00 €	10.30 €
10/21/2022	Accumulate	10.50 €	9.10 €
2/17/2023	Accumulate	10.50 €	9.63 €
4/24/2023	Accumulate	10.50 €	9.04 €
6/10/2023	Accumulate	10.00 €	8.92 €
7/20/2023	Accumulate	10.00 €	9.14 €
10/19/2023	Accumulate	10.00 €	8.62 €
2/19/2024	Accumulate	10.50 €	9.92 €



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