

Alma Media

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report “Kauppa käy markkinapaikoilla” published on 4/22/2022 at 7:06 pm

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Lively sales in marketplaces

Alma Media's Q1 report published on Friday was excellent, mainly based on rapid growth in the recruitment business. Growth was also effectively transferred to the result, reflecting the high margins of the business. In particular, excellent Q1 figures raised our 2022 estimates, while we did not make major changes to our estimates for the next few years. The reduced share valuation together with a reasonable dividend yield raise the expected return to a good level. Thus, we raise our recommendation to Accumulate (previously Reduce) and reiterate our EUR 11.0 target price.

Profitable growth and abundant cash flow

Alma Media's Q1 revenue growth of 31% exceeded our and the consensus estimates. At segment level, Career exceeded our estimates thanks to very strong recruitment services demand continuing, while Talent's revenue was well in line with our estimates. Consumer's growth also slightly exceeded our estimates, reflecting the continued strong trend in digital advertising. Alma Media's adjusted EBIT was EUR 19.6 million in Q1, exceeding our estimate clearly. Relative profitability rose from the comparison period to 25.7% (Q1'21: 19.1%). Career was primarily responsible for exceeding our estimates, where better than expected development was driven by stronger than estimated revenue growth in the marketplace business with high profitability. The operating result overshoot pushed EPS to EUR 0.19 in line with our estimates even though the positive non-recurring item included in our estimates will occur in Q2.

Q1 figures boost 2022 estimates

Alma Media reiterated its guidance for 2022 according to which its revenue (2021: 275 MEUR) and the adjusted EBIT (61.1 MEUR) will increase from 2021 levels. According to market comments, the company's demand picture has not changed materially, despite the war in Ukraine and the increased uncertainty surrounding the economic outlook. Reflecting the recruitment business' good invoicing development, the short-term outlook is still very favorable, although the growth of advertising and other marketplace businesses is slowing down. Due to the uncertainty surrounding economic growth, we believe the risks in the demand picture lean downward and have, therefore, not made any significant changes to our estimates that expect slowing growth. Considering this, the 9% increase in the estimate for adjusted EBIT for 2022 is largely driven by Q1 figures. We made minor estimate hikes for the next few years, which resulted in 2023-2024 estimates rising by 5%.

Upside in valuation, dividend supports expected return

P/E ratios for 2021-2023 based on our estimates are 14x and corresponding EV/EBIT ratios are 13x and 12x. We find the valuation multiples to be quite reasonable in absolute terms and they are also clearly below the level of the company's historical valuation multiples. In view of the recent rapid increase in interest rates, we do not consider relying on the valuation levels achieved in recent years justified, but nevertheless, we feel there is upside in the share's valuation multiples from the current level. We feel, this together with a good dividend yield of nearly 4% raises the expected return to attractive levels. Our view on the valuation upside is also supported by the share values indicated by our sum-of-the-parts calculation and our cash flow model that focuses on long-term value creation (EUR 11.6-12.9 per share).

Recommendation

Accumulate

(previous Reduce)

EUR 11.00

(previous EUR 11.00)

Share price:

9.58



Key figures

	2021	2022e	2023e	2024e
Revenue	275	303	305	311
growth-%	20%	10%	1%	2%
EBIT adj.	61.1	74.3	72.8	74.7
EBIT-% adj.	22.2 %	24.5 %	23.8 %	24.0 %
Net Income	43.6	60.8	55.2	56.6
EPS (adj.)	0.58	0.68	0.68	0.69

P/E (adj.)	18.6	14.1	14.2	13.8
P/B	5.4	4.0	3.6	3.2
Dividend yield-%	3.2 %	4.0 %	4.2 %	4.5 %
EV/EBIT (adj.)	17.3	12.5	12.3	11.6
EV/EBITDA	14.4	10.1	10.0	9.5
EV/S	3.8	3.1	2.9	2.8

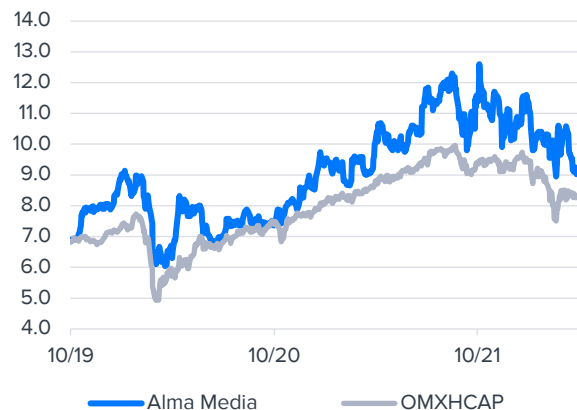
Source: Inderes

Guidance

(Unchanged)

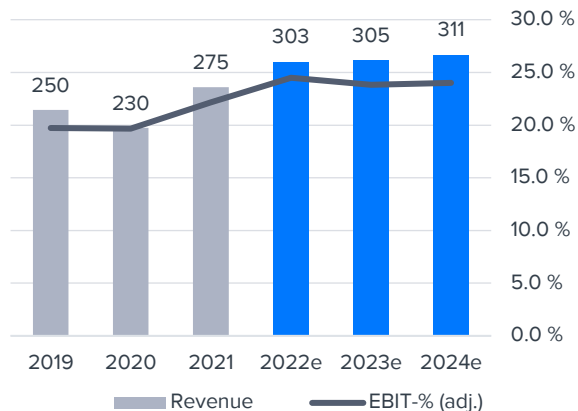
In 2022, Alma Media expects its full-year revenue (2021: 275.4 MEUR) and adjusted operating profit EUR 61.1 million) to grow from 2021.

Share price



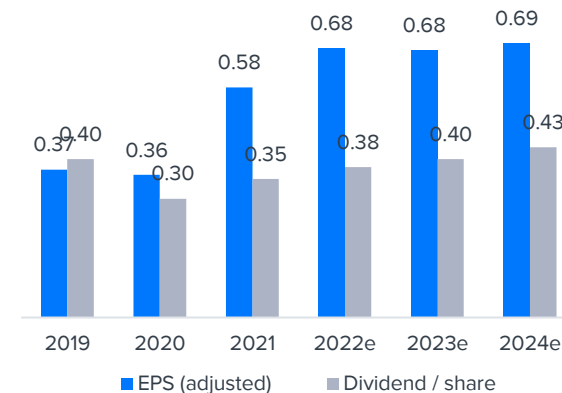
Source: Thomson Reuters

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 strong cash flow in media businesses
- M&A transaction option that is positive considering the track record



Risk factors

- Cyclicalities especially in advertising and recruitment
- Accelerated revolution in media and steep decrease in print media
- Competitive risks posed by new technologies
- Changes in competitive position and dynamics

Valuation	2022e	2023e	2024e
Share price	9.58	9.58	9.58
Number of shares, millions	82.4	82.4	82.4
Market cap	789	789	789
EV	926	895	865
P/E (adj.)	14.1	14.2	13.8
P/E	13.0	14.3	13.9
P/FCF	10.5	12.5	12.1
P/B	4.0	3.6	3.2
P/S	2.6	2.6	2.5
EV/Sales	3.1	2.9	2.8
EV/EBITDA	10.1	10.0	9.5
EV/EBIT (adj.)	12.5	12.3	11.6
Payout ratio (%)	51.5 %	59.7 %	62.5 %
Dividend yield-%	4.0 %	4.2 %	4.5 %

Source: Inderes

Profitable growth and abundant cash flow

Year kicked-off with a bang in terms of revenue

Alma Media's revenue increased by 31% in Q1, which exceeded our 27% growth estimate. At segment level, Career exceeded our estimates, where revenue increased by as much as 65% in Q1 (estimate 55%) reflecting the continued exceptionally strong demand for recruitment services. Talent's 3% growth also exceeded our estimate slightly (estimate 0.3%), and Consumer's revenue growth of some 42% also exceeded our expectation (estimate 37%) reflecting the continued strong trend in digital advertising.

Profitability exceeded our expectations

Alma Media's adjusted EBIT margin rose to 25.7% in Q1 (Q1'21: 19.1%) and exceeded our and consensus estimates clearly. The stronger-than-expected operating result was explained by the growth in revenue in Career, where relative profitability was at an excellent level.

At segment level, Career's profitability (adjusted EBIT-% 46%) exceeded our expectations as revenue growth scaled efficiently to profitability. Correspondingly, Consumer's profitability was slightly below our expectation as the company continued its growth investments in marketplaces' product development which are recognized as costs. Talent's profitability exceeded our expectations in line with the better-than-expected development of digital content and advertising sales.

On the lower lines, the company's profit increased slightly by a positive change in fair value of EUR 2 million from a derivative contract that does not have a cash flow effect. EPS in line with our estimate at EUR 0.19 per share reflected this and the stronger than expected operational result, as our estimates included a sales gain from the Bolt minority, which will only occur in Q2.

Abundant cash flow

Alma Media's Q1'22 operating cash flow reached EUR 27.3 million, mirroring highly efficient working capital management. However, in connection with the Q1 earnings call, the company reported that working capital levels will normalize towards the end of the year. A significant share of order invoicing (especially print orders) is directed to the early part of the year, which means that operating cash flow will focus on the beginning of the year.

Considering the low investment need, free cash flow (incl. leasing payments) was EUR 23.9 million. Thus, Alma Media's net debt fell to EUR 157 million (Q4'21: 182 MEUR). With the acquisitions, the indebtedness of the company's balance sheet remains slightly elevated (net gearing 102%). However, with high profitability and strong cash flow, gearing falls rapidly (2022e net debt/EBITDA 1.5x), which enables acquisitions already in the near future.

Estimates	Q1'21	Q1'22	Q1'22e	Q1'22e	Consensus		Difference (%)	2022e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	58.1	76.2	73.5	72.9	70.0	- 76.5	4%	303
EBIT (adj.)	11.1	19.6	15.7	16.2	14.7	- 17.3	25%	74.3
EBIT	10.8	19.8	15.4	16.1	14.4	- 17.3	29%	73.6
PTP	10.4	20.1	20.7	17.3	16.0	- 19.7	-3%	77.8
EPS (reported)	0.09	0.19	0.19	0.16	0.15	- 0.19	-2%	0.74
Revenue growth-%	-6.1 %	31.2 %	26.5 %	25.6 %	20.6 %	- 31.8 %	4.7 pp	10.2 %
EBIT-% (adj.)	19.1 %	25.7 %	21.4 %	22.2 %	21.0 %	- 22.6 %	4.3 pp	24.5 %

Source: Inderes & Infront (consensus)

Q1 figures boost 2022 estimates

Estimate changes 2022e-2024e

- Our 2022 revenue estimate increased by 3%, mainly due to positive adjustments to our Career revenue estimates for 2022 and especially for the first half
- Our estimates for 2023-2024 increased by only 1%, also mainly due to an increase in Career's estimates
- Similarly, we made marginal downward adjustments to our revenue estimates for Consumer
- Our adjusted EBIT estimate for 2022 increased by 9%, mainly due to the increase in Career's earnings estimate for the first half of the year. We also revised Talent's profitability estimates a smidgen upwards, while Consumer's profitability was revised slightly downwards, reflecting the higher-than-expected cost structure. In addition to usual cost increases, this is also based on development investments that aim, e.g., at moving marketplaces to a transaction driven model
- We also transferred the sales gain from the Bolt minority investment to Q2 from Q1 as regulatory approvals are not expected during April

Operational result drivers 2022-2024e:

- Considering the recent news flow of economic outlook (incl. accelerated inflation, weaknesses in confidence indicators, etc.) we expect Alma Media's growth to slow down clearly in the second half of this year
- We also believe, risks related to the economic growth outlook lean downward in the next few years, even though, to date, economic growth forecasts are predicting clear growth. In line with this, we have maintained especially our short-term revenue growth estimate moderate (2023e revenue growth ~1 %)
- We expect Alma Media's result to grow clearly in 2022, especially reflecting the strong start of the year, but correspondingly we expect profitability in 2023 to fall slightly, reflecting the slow growth we expect, as well as continuing cost inflation and development investments
- In our longer-term estimates, we expect the company's growth to pick up slightly and profitability to increase as the relative share of businesses with higher profitability grows

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	296	303	3%	301	305	1%	307	311	1%
EBIT (exc. NRIs)	68.2	74.3	9%	69.5	72.8	5%	71.2	74.7	5%
EBIT	67.0	73.6	10%	69.0	72.3	5%	70.7	74.2	5%
PTP	71.7	77.8	8%	67.5	70.8	5%	69.2	72.7	5%
EPS (excl. NRIs)	0.62	0.68	9%	0.64	0.68	5%	0.66	0.69	5%
DPS	0.38	0.38	0%	0.40	0.40	0%	0.43	0.43	0%

Source: Inderes

Upside in valuation

Earnings-based valuation is moderate

Based on our Alma Media estimates, the adjusted P/E multiple for 2022e is around 14x and the corresponding adjusted EV/EBIT multiple is close on 13x. In our view, earnings-based valuation multiples for 2022 are moderate in absolute terms and reflect the increase in return requirements on the stock market due to already increased interest rate levels.

The corresponding 2023e multiples that reflect the conservative earnings development we expect and Alma Media's good cash flow, are around 14x and 12x. These multiples are also clearly below the valuation level accepted by the market for the company in recent years.

Given the increase of digital revenue with high profitability and strong cash flow (in particular marketplace businesses and digital advertising and services), we believe that the increase of Alma Media's acceptable valuation level in relation to historical valuation multiples is justified in the medium-term. At the same time it should be noted that a sustainable increase in interest rates above the zero-level seen in recent years can be reflected in general stock market valuation levels. Thus, we do not believe that relying on the accepted valuation levels of recent years (2017-2021 average P/E ratio 19x and EV/EBIT ratio 15x) is justified for the time being.

With our estimates, the share offers an average dividend yield of some 4% over the next few years. Dividend income, together with the upside in the valuation raises the annual return expectation for the next few years above the COE requirement.

Relative valuation and sum-of-the-parts model

In relative terms, the share's earnings-based valuation multiples are moderate especially when benchmarked against the marketplace peer group (p. 8).

We believe that Alma Media should be valued at a discount to the companies in the peer group of marketplace businesses that have a greater market potential. In addition, the different growth and profitability prospects of the businesses and how these are linked to general economic and cyclical development must be considered. Thus, we use the peer group as a benchmark primarily in our sum-of-the-parts calculation where we, due to the aforementioned factors, apply a discount to Alma Media relative to the valuation multiples of the peers.

The value of our updated sum-of-the-parts calculation is EUR 11.6. Our sum-of-the-parts model is described in more detail [in our extensive report](#). We feel, the valuation multiples of the platform companies in the extensive peer group are not especially high, considering their longer-term growth and profitability outlook. Thus, we feel that our sum-of-the-parts model that is based on relative valuation supports our view of the moderate share valuation. This overall picture is also supported by the share value of the DCF calculation, EUR 12.9 per share, that reflects the longer-term potential.

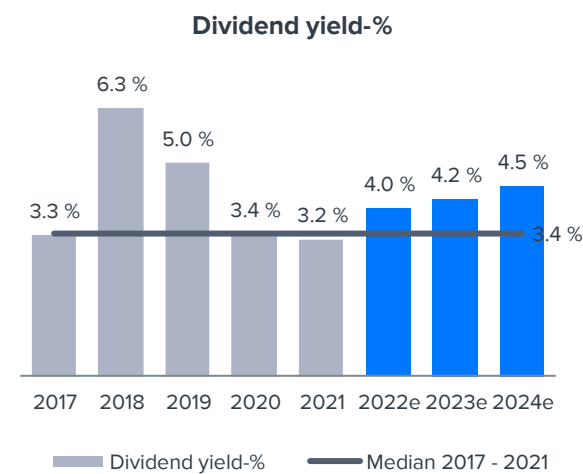
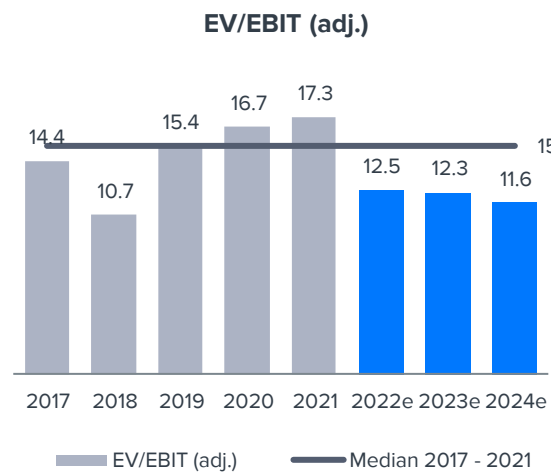
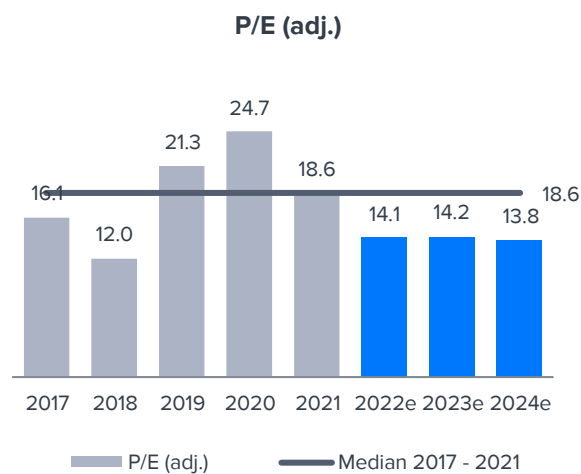
Valuation	2022e	2023e	2024e
Share price	9.58	9.58	9.58
Number of shares, millions	82.4	82.4	82.4
Market cap	789	789	789
EV	926	895	865
P/E (adj.)	14.1	14.2	13.8
P/E	13.0	14.3	13.9
P/FCF	10.5	12.5	12.1
P/B	4.0	3.6	3.2
P/S	2.6	2.6	2.5
EV/Sales	3.1	2.9	2.8
EV/EBITDA	10.1	10.0	9.5
EV/EBIT (adj.)	12.5	12.3	11.6
Payout ratio (%)	51.5 %	59.7 %	62.5 %
Dividend yield-%	4.0 %	4.2 %	4.5 %

Source: Inderes

Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	7.19	5.54	7.96	8.92	10.8	9.58	9.58	9.58	9.58
Number of shares, millions	82.4	82.3	82.3	82.3	82.4	82.4	82.4	82.4	82.4
Market cap	592	456	655	734	891	789	789	789	789
EV	735	616	762	756	1059	926	895	865	836
P/E (adj.)	16.1	12.0	21.3	24.7	18.6	14.1	14.2	13.8	13.3
P/E	18.4	10.9	21.3	26.7	20.4	13.0	14.3	13.9	13.4
P/FCF	19.2	58.2	8.5	6.7	neg.	10.5	12.5	12.1	12.0
P/B	4.3	2.8	3.8	4.0	5.4	4.0	3.6	3.2	3.0
P/S	1.6	1.3	2.6	3.2	3.2	2.6	2.6	2.5	2.5
EV/Sales	2.0	1.7	3.0	3.3	3.8	3.1	2.9	2.8	2.6
EV/EBITDA	11.0	8.0	10.7	12.8	14.4	10.1	10.0	9.5	9.0
EV/EBIT (adj.)	14.4	10.7	15.4	16.7	17.3	12.5	12.3	11.6	10.8
Payout ratio (%)	61.4 %	69.0 %	106.8 %	89.9 %	66.1 %	51.5 %	59.7 %	62.5 %	63.1 %
Dividend yield-%	3.3 %	6.3 %	5.0 %	3.4 %	3.2 %	4.0 %	4.2 %	4.5 %	4.7 %

Source: Inderes



Peer group valuation

Peer group valuation	Share price	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company		MEUR	MEUR	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
Alma Media Oyj	9.7	743	928	13.6	12.9	10.8	10.4	3.1	3.1	14.1	13.4	4.2	4.6	3.9
Agora SA	6.4	64	211	46.9	24.0	8.8	7.8	0.9	0.8	32.0	12.8		7.8	0.4
Future PLC	2408.0	3570	3840	13.8	11.9	11.0	10.3	3.9	3.7	15.4	14.1	0.2	0.2	3.0
Gannett Co Inc	4.2	556	1570	10.2	10.5	4.5	4.6	0.5	0.6	9.4	11.5			
Lagardere SA	25.4	3588	7148	23.3	17.9	14.0	10.2	1.2	1.0	27.2	14.2	2.4	3.6	3.6
Arnoldo Mondadori Editore SpA	2.0	514	626	8.3	7.6	5.0	4.7	0.7	0.7	10.3	9.3	4.6	4.9	2.1
New York Times Co	41.6	6434	5826	24.8	20.8	20.2	17.4	2.7	2.5	36.0	30.4	0.8	0.8	4.2
Rizzoli Corriere della Sera Mediagroup SpA	0.8	410	557	5.9	5.1	3.9	3.6	0.6	0.6	7.9	6.5	7.6	7.6	1.0
Sanoma Oyj	12.1	1969	2593	15.7	13.5	7.4	6.7	2.0	2.0	16.3	14.3	4.7	4.9	2.8
TX Group AG	151.8	1576	1555	14.3	14.0	10.3	10.2	1.9	1.9	54.3	56.3	4.0	4.0	0.7
Promotora de Informaciones SA	0.7	480	1373	23.7	15.0	10.6	8.5	1.7	1.6		29.1			
Vocento SA		126	213	9.1	8.2	4.9	4.6	0.6	0.6	10.4	8.7	2.6	3.0	0.6
Media peers median		556	1373	14.1	13.2	9.6	8.2	1.4	1.3	15.4	13.8	4.0	4.3	2.5
Auto Trader Group PLC	632.2	7218	7220	20.0	18.7	19.7	18.3	14.4	12.8	25.4	23.2	1.3	1.4	12.1
Carsales.Com Ltd	20.6	3966	4387	27.6	24.2	24.3	21.8	12.8	11.7	31.4	26.9	2.6	2.9	6.0
Holidaycheck Group AG		611	1464	14.3	13.5	10.3	8.5	1.7	1.6	15.9	14.1	3.3	4.0	2.8
Moneysupermarket.Com Group PLC	175.1	1134	1231	11.9	9.5	9.6	8.0	2.8	2.5	13.7	11.3	6.7	7.0	4.7
REA Group Ltd	125.7	11300	11538	28.2	24.2	25.0	21.8	14.8	13.0	39.8	34.2	1.3	1.5	12.6
Rightmove PLC	622.0	6347	6302	21.4	19.5	21.0	19.3	15.9	14.7	26.4	24.7	1.3	1.3	72.4
Schibsted ASA		4569	5349	29.1	23.2	18.9	16.9	3.3	3.1	36.6	27.5	1.0	1.2	1.0
Scout24 SE	57.9	4640	4345	22.9	19.6	18.7	16.4	10.0	9.0	32.2	27.4	1.4	1.6	3.0
Seek Ltd	27.6	6637	7630	27.8	25.6	23.1	21.3	10.5	9.8	40.2	35.6	1.7	1.8	5.7
Just Eat Takeaway.com NV	25.4	5507	6795				891.5	1.1	0.9					0.4
New Work SE		939	914	14.6	12.5	8.7	7.7	2.9	2.6	21.7	18.6	2.2	2.1	5.9
Stroeer SE & Co KgaA	57.7	3342	4614	16.8	13.7	8.0	7.1	2.6	2.3	16.5	13.4	4.0	4.5	6.5
Adevinta ASA		8506	10757	29.7	21.9	19.0	15.2	6.4	5.6	36.9	25.4		0.1	0.8
Recruit Holdings Co Ltd	4877.0	59452	56269	22.0		16.1	15.6	2.8	2.6	28.8	27.0	0.6	0.7	6.6
Marketplace peers median		5074	5826	22.0	19.6	18.9	16.7	4.9	4.4	28.8	25.4	1.6	1.6	5.8
Alma Media (Inderes)	9.58	789	926	12.5	12.3	10.1	10.0	3.1	2.9	14.1	14.2	4.0	4.2	4.0
Average			5755	19.8	16.1	13.4	45.7	4.7	4.3	24.9	21.2	2.8	3.1	6.8
Median			3840	20.0	14.5	10.8	10.3	2.7	2.5	25.9	18.6	2.4	2.9	3.3

Income statement

Income statement	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue	250	230	58.1	71.7	67.7	78.0	275	76.2	78.4	70.6	78.2	303	305	311	317
Alma Career	100.0	62.7	16.2	20.0	21.9	24.1	82.2	26.7	26.9	24.2	25.2	103	103.5	106	108
Alma Talent	103	95.1	24.5	25.2	22.3	27.6	99.7	25.2	25.6	22.6	26.1	99.4	100	101	102
Alma Consumer	47.2	69.8	17.5	26.6	23.6	26.8	94.5	24.8	26.0	23.9	26.9	102	102	104	107
NRI	0.0	2.5	-0.1	-0.2	-0.1	-0.5	-0.9	-0.4	0.0	0.0	0.0	-0.4	0.0	0.0	0.0
EBITDA	71.4	58.9	14.3	17.2	21.8	20.2	73.5	24.1	23.5	22.3	21.4	91.3	89.6	91.3	92.8
Depreciation	-21.9	-15.8	-3.5	-4.2	-4.3	-4.7	-16.7	-4.3	-4.5	-4.5	-4.5	-17.7	-17.3	-17.2	-16.0
EBIT (excl. NRI)	49.4	45.3	11.1	16.6	17.8	15.5	61.1	19.6	19.4	18.2	17.2	74.3	72.8	74.7	77.3
EBIT	49.5	43.1	10.8	13.0	17.5	15.5	56.8	19.8	19.1	17.9	16.9	73.6	72.3	74.2	76.8
Alma Career	37.7	20.6	5.1	7.7	9.0	8.1	30.0	12.3	12.2	10.2	9.2	43.8	42.5	43.1	44.5
Alma Talent	14.8	16.2	5.2	5.1	5.0	5.3	20.6	5.5	5.1	4.6	4.6	19.7	19.4	19.4	19.6
Alma Consumer	6.2	15.0	3.4	7.2	6.6	6.6	23.9	5.0	5.3	6.4	6.4	23.0	22.4	23.6	24.7
Non-allocated and eliminations	0.0	-6.5	-2.7	-3.4	-2.8	-4.5	-13.4	-3.2	-3.2	-3.0	-3.0	-12.4	-11.5	-11.5	-11.5
NRI	-9.2	-2.3	-0.3	-3.6	-0.4	0.0	-4.3	0.2	-0.3	-0.3	-0.3	-0.6	-0.5	-0.5	-0.5
Net financial items	-2.1	-1.0	-0.5	-0.4	-0.7	0.1	-1.4	0.4	-0.5	-0.5	-0.5	-1.1	-1.5	-1.5	-1.4
PTP	47.9	42.2	10.3	12.6	17.5	15.9	56.3	20.0	24.1	17.4	16.4	77.8	70.8	72.7	75.4
Taxes	-10.7	-9.0	-2.2	-2.9	-2.8	-4.1	-12.1	-4.0	-5.3	-3.8	-3.6	-16.7	-15.2	-15.6	-16.2
Minority interest	-6.4	-5.7	-0.5	-0.1	0.0	-0.1	-0.7	0.0	-0.1	-0.1	-0.1	-0.3	-0.4	-0.4	-0.4
Net earnings	30.8	27.5	7.6	9.6	14.7	11.7	43.6	16.0	18.7	13.4	12.7	60.8	55.2	56.6	58.8
EPS (adj.)	0.37	0.36	0.10	0.16	0.18	0.14	0.58	0.19	0.16	0.17	0.16	0.68	0.68	0.69	0.72
EPS (rep.)	0.37	0.33	0.09	0.12	0.18	0.14	0.53	0.19	0.23	0.16	0.15	0.74	0.67	0.69	0.71

Key figures	2019	2020	Q1'21	Q2'21	Q3'21	Q4'21	2021	Q1'22	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	-29.5 %	-8.0 %	-6.1 %	36.5 %	25.4 %	25.9 %	19.6 %	31.3 %	9.4 %	4.3 %	0.2 %	10.2 %	0.7 %	1.9 %	1.9 %
Adjusted EBIT growth-%		-8.3 %	-0.7 %	69.4 %	34.9 %	39.6 %	34.8 %	77.1 %	16.6 %	1.8 %	10.7 %	21.8 %	-2.1 %	2.6 %	3.5 %
EBITDA-%	28.5 %	25.6 %	24.6 %	24.0 %	32.2 %	25.9 %	26.7 %	31.6 %	30.0 %	31.6 %	27.3 %	30.1 %	29.3 %	29.4 %	29.3 %
Adjusted EBIT-%	19.7 %	19.7 %	19.1 %	23.2 %	26.4 %	19.9 %	22.2 %	25.7 %	24.7 %	25.7 %	22.0 %	24.5 %	23.8 %	24.0 %	24.4 %
Net earnings-%	12.3 %	11.9 %	13.1 %	13.4 %	21.7 %	15.0 %	15.8 %	21.0 %	23.8 %	19.0 %	16.2 %	20.0 %	18.1 %	18.2 %	18.5 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	257	432	421	415	409
Goodwill	151	295	295	295	295
Intangible assets	55	91	87	83	78
Tangible assets	41	35	33	31	29
Associated companies	6.6	7.7	2.7	2.7	2.7
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	3.9	3.6	3.6	3.6	3.6
Deferred tax assets	0.3	0.7	0.7	0.7	0.7
Current assets	76.7	86.1	93.0	101	112
Inventories	0.6	0.7	1.5	1.2	0.9
Other current assets	1.0	2.0	2.0	2.0	2.0
Receivables	27	32	35	35	36
Cash and equivalents	48	52	55	63	74
Balance sheet total	334	518	514	516	521

Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	205	167	198	222	246
Share capital	45	45	45	45	45
Retained earnings	111	91.2	123	147	171
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	19	19	19	19	19
Minorities	21	3	3	3	3
Non-current liabilities	58	263	217	196	176
Deferred tax liabilities	12	19	19	19	19
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	32	227	181	160	140
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	14.3	17.1	17.1	17.1	17.1
Current liabilities	72	89	98	98	99
Short term debt	10	8	11	10	10
Payables	58	76	82	82	84
Other current liabilities	3.4	5	5.3	5.3	5.3
Balance sheet total	334	518	514	516	521

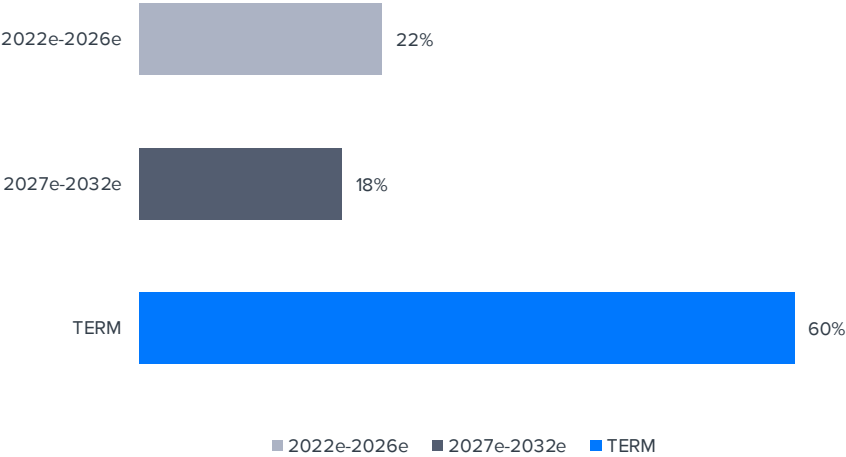
DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
EBIT (operating profit)	56.8	73.6	72.3	74.2	76.8	78.0	81.6	83.7	84.0	84.3	86.4	88.6	
+ Depreciation	16.7	17.7	17.3	17.2	16.0	14.6	12.4	11.8	11.6	11.1	11.1	11.2	
- Paid taxes	-5.1	-16.7	-15.2	-15.6	-16.2	-16.5	-17.3	-17.7	-17.8	-17.8	-18.3	-18.8	
- Tax, financial expenses	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
+ 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	14.0	1.7	0.6	1.2	0.9	1.2	1.2	1.3	1.3	1.3	1.4	1.4	
Operating cash flow	82.1	76.0	74.6	76.6	77.2	77.1	77.8	78.8	78.9	78.6	80.3	82.2	
+ Change in other long-term liabilities	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-190	-11	-11.3	-11.3	-11.3	-11.3	-11.3	-11.3	-11.3	-11.3	-11.3	-12.8	
Free operating cash flow	-105	65	63.3	65.3	65.9	65.8	66.5	67.5	67.6	67.3	69.0	69.3	
+/- Other	0.0	10.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-105	75	63.3	65.3	65.9	65.8	66.5	67.5	67.6	67.3	69.0	69.3	1571
Discounted FCFF		72	56.5	54.4	51.3	47.9	45.2	42.9	40.1	37.3	35.8	33.6	760
Sum of FCFF present value		1277	1205	1149	1094	1043	995	950	907	867	830	794	760
Enterprise value DCF		1277											
- Interesting bearing debt		-235											
+ Cash and cash equivalents		52											
-Minorities		-4											
-Dividend/capital return		-28.8											
Equity value DCF		1067											
Equity value DCF per share		12.9											

Wacc	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	4.0 %
Equity Beta	1.2
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.0 %
Cost of equity	7.7 %
Weighted average cost of capital (WACC)	7.0 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	250	230	275	303	305	EPS (reported)	0.37	0.33	0.53	0.74	0.67
EBITDA	71.4	58.9	73.5	91.3	89.6	EPS (adj.)	0.37	0.36	0.58	0.68	0.68
EBIT	49.5	43.1	56.8	73.6	72.3	OCF / share	0.38	0.71	1.00	0.92	0.91
PTP	47.9	42.2	56.3	77.8	70.8	FCF / share	0.94	1.32	-1.28	0.91	0.77
Net Income	30.8	95.5	43.6	60.8	55.2	Book value / share	2.09	2.23	1.99	2.37	2.66
Extraordinary items	0.1	-2.2	-4.3	-0.7	-0.5	Dividend / share	0.40	0.30	0.35	0.38	0.40
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	400.9	333.9	518.4	514.0	516.1	Revenue growth-%	-29%	-8%	20%	10%	1%
Equity capital	202.5	204.5	166.5	198.5	222.3	EBITDA growth-%	-7%	-18%	25%	24%	-2%
Goodwill	130.3	150.7	294.5	294.5	294.5	EBIT (adj.) growth-%	-14%	-8%	35%	22%	-2%
Net debt	-0.5	-6.3	182.7	137.7	107.2	EPS (adj.) growth-%	-19%	-3%	61%	17%	-1%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	28.5 %	25.6 %	26.7 %	30.1 %	29.3 %
EBITDA	71.4	58.9	73.5	91.3	89.6	EBIT (adj.)-%	19.7 %	19.7 %	22.2 %	24.5 %	23.8 %
Change in working capital	-29.1	8.5	14.0	1.7	0.6	EBIT-%	19.8 %	18.7 %	20.6 %	24.3 %	23.7 %
Operating cash flow	31.1	58.7	82.1	76.0	74.6	ROE-%	18.5 %	15.4 %	25.1 %	33.9 %	26.6 %
CAPEX	46.5	-30.8	-190.3	-11.3	-11.3	ROI-%	18.5 %	17.4 %	17.8 %	19.9 %	18.5 %
Free cash flow	77.3	109.0	-105.4	75.2	63.3	Equity ratio	52.1 %	63.7 %	32.9 %	39.6 %	44.2 %
						Gearing	-0.3 %	-3.1 %	109.7 %	69.4 %	48.2 %
Valuation multiples	2019	2020	2021	2022e	2023e						
EV/S	3.0	3.3	3.8	3.1	2.9						
EV/EBITDA (adj.)	10.7	12.8	14.4	10.1	10.0						
EV/EBIT (adj.)	15.4	16.7	17.3	12.5	12.3						
P/E (adj.)	21.3	24.7	18.6	14.1	14.2						
P/B	3.8	4.0	5.4	4.0	3.6						
Dividend-%	5.0 %	3.4 %	3.2 %	4.0 %	4.2 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
16-02-20	Reduce	8.80 €	8.70 €
12-03-20	Reduce	6.80 €	6.54 €
26-03-20	Reduce	6.50 €	6.50 €
12-06-20	Accumulate	8.00 €	7.10 €
20-07-20	Accumulate	8.00 €	7.06 €
23-10-20	Accumulate	8.50 €	7.84 €
13-01-21	Reduce	9.50 €	9.54 €
18-02-21	Reduce	9.00 €	9.14 €
08-03-21	Accumulate	10.00 €	9.50 €
13-04-21	Accumulate	10.00 €	9.22 €
22-04-21	Accumulate	11.00 €	10.46 €
28-05-21	Accumulate	10.50 €	9.80 €
19-07-21	Accumulate	12.50 €	11.80 €
22-07-21	Reduce	12.00 €	11.60 €
17-09-21	Reduce	11.50 €	10.90 €
22-10-21	Reduce	12.00 €	12.48 €
17-02-22	Accumulate	11.00 €	10.00 €
14-03-22	Reduce	11.00 €	10.60 €
25-04-22	Accumulate	11.00 €	9.58 €



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