

Alma Media

Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Kysyntä elpyy rivakasti" published on 07/21/2021 at 9:50 pm

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Demand recovers quickly

Q2 figures published by Alma Media yesterday corresponded as a whole well with our increased estimates after the positive earnings revision. Considering this we only make slight changes to our estimates for the next few years at Group level and expect strong growth in the operating result in the next couple of years. Drivers are quick recovery of demand, and inorganic revenue growth generated by the Nettix acquisition, as well as gradual scaling of profitability. We revise our target price to EUR 12.0 (previously EUR 12.5) and drop our recommendation to Reduce (previously Accumulate).

Strong growth in Q2 with very good profitability

Alma Media's 36% revenue growth in Q2 was stronger than we expected, as especially the recovery of the demand for recruitment services was stronger than we anticipated in the Career segment. Consumer's revenue growth was also clearly faster than we estimated thanks to stronger than expected growth in marketplaces and advertising, while the growth in Talent was largely in line with our expectations. Alma's adjusted operating profit in Q2 amounted to EUR 16.6 million exceeding both our estimate and the consensus. Relatively, the adjusted EBIT margin rose to 23.2% from the comparison period (Q2'20: 22.4%). The earnings overshoot was based on better than we expected results in Career and Consumer. This was based on larger volume recovery than expected especially in digital products and services. The result was slowed down by larger unallocated items and non-recurring items related to acquisitions than we anticipated. Considering this, the EUR 0.12 EPS of continuing operations was slightly below our estimate.

We only made modest estimate revisions; demand recovery and Nettix acquisition as earnings growth drivers

In its Q2 report Alma Media reiterated its recently updated guidance according to which the company expects 2021 revenue (2020: EUR 230 million) and adjusted operating profit (2020: EUR 45.4 million) to grow clearly from 2020. We revised our estimates that indicated strong earnings growth slightly upward already in connection with the Q2 pre-release and thus we have not made any essential changes after the report. On segment level we did, however, slightly raise our estimates for Consumer and Career whose reported profitability exceeded our expectations, but on Group level these were buried under the estimate revisions for unallocated items (Group costs). We expect 18% revenue growth and 33% growth of adjusted EBIT in 2021. Considering the faster than expected recovery of the market we lowered our 2022-2023 revenue growth expectations slightly but still expect average revenue growth of 5% and 9% EBIT growth from the company in 2022-2023.

Expected earnings growth neutralizes the valuation

We believe the earnings-based valuation level of Alma Media's share is slightly elevated compared to the short-term earnings level especially considering the increased gearing (2021e P/E 21x and EV/EBIT 19x) Thanks to earnings growth and strong cash flow the valuation falls to a justified level as the adjusted P/E multiples for 2022-2023e are 19x and 17x and the corresponding EV/EBIT multiples are 17x and 15x. The upside in the valuation multiples in the next few years is, however, too thin in our opinion. Thus, the return expectation consisting of the upside in the valuation multiples and around 3% dividend yield is not justification enough to buy more shares in our opinion.

Recommendation

Reduce

(previous Accumulate)

EUR 12.00

(previous EUR 12.50)

Share price:

11.60



Key indicators

	2020	2021e	2022e	2023e
Revenue	230	272	288	299
growth %	-8%	18%	6%	4%
EBIT adj.	45.5	61.2	67.7	72.5
EBIT % adj.	19.7%	22.5%	23.5%	24.2%
Net profit	27.6	41.8	50.8	55.0
EPS (adj.)	0.36	0.56	0.63	0.67

P/E (adj.)	24.6	20.5	18.4	17.2
P/B	4.0	4.8	4.2	3.8
Dividend yield %	3.4%	2.8%	3.0%	3.4%
EV/EBIT (adj.)	16.6	19.0	16.7	15.1
EV/EBITDA	12.8	15.9	13.6	12.5
EV/Sales	3.3	4.3	3.9	3.7

Source: Inderes

Guidance

(Unchanged)

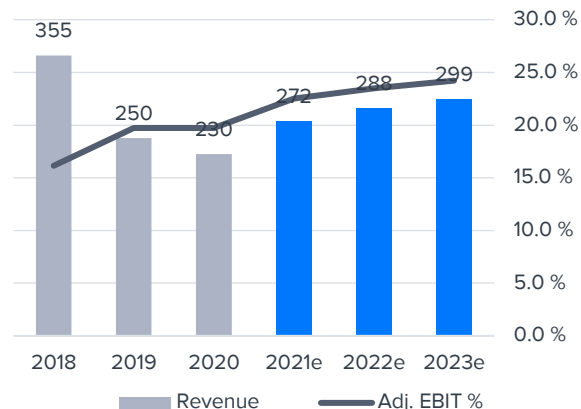
In 2021, Alma Media expects revenue from continuing operations (2020: EUR 230 million) and adjusted operating profit (2020: EUR 45.4 million) to grow clearly from 2020.

Share price



Source: Thomson Reuters

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Strong and 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

- Relatively high cyclicality
- Accelerated revolution in media and steep decrease in print media
- New technologies
- Changes in competitive position and dynamics
- Short-term uncertainty factors caused by COVID

Valuation	2021e	2022e	2023e
Share price	11.6	11.6	11.6
Number of shares, millions	82.3	82.3	82.3
Market cap	954	954	954
EV	1162	1130	1097
P/E (adj.)	20.5	18.4	17.2
P/E	22.8	18.8	17.4
P/FCF	neg.	15.9	15.1
P/B	4.8	4.2	3.8
P/S	3.5	3.3	3.2
EV/Sales	4.3	3.9	3.7
EV/EBITDA	15.9	13.6	12.5
EV/EBIT (adj.)	19.0	16.7	15.1
Payout ratio (%)	62.9 %	56.7 %	59.9 %
Dividend yield-%	2.8 %	3.0 %	3.4 %

Source: Inderes

Strong growth in Q2 with very good profitability

Growth was stronger than expected

Alma Media's revenue grew by some 36% in Q2, which exceeded our expectations clearly. Examined by segment, growth was broad-based but especially Career and Consumer acted as growth drivers and were responsible for estimate overshoots. Career's revenue grew by 47% in Q2 (estimate +35%) pulled by strong demand on the recruitment market, which is mainly explained by the pandemic alleviating and restrictions being lifted in Career's operating countries. Consumer's 69% revenue growth was also quicker than we expected (estimate +51%) due to stronger growth in advertising and marketplaces than we anticipated. Around 60% of Consumer's growth was inorganic from acquisitions (primarily Nettix). Talent's 13% revenue growth was largely in line with our expectations.

Profitability at very good level

Alma Media's adjusted EBIT in Q2 amounted to EUR

16.6 million, which was slightly above our estimate and more clearly above consensus. Our estimate included EUR 0.75 million in PPA related to the Nettix acquisition, which is not included in the adjusted EBIT reported by the company and considering this, the overshoot would have been clearer also compared to our estimate. Alma Media's adjusted EBIT margin was at a strong 23.2% level in Q2 (Q2'20: 22.4%).

At segment level, the operating results of both Career and Consumer exceeded our estimates quite clearly reflecting the higher revenue level and profitability levels that were slightly above our estimates. Talent's relative profitability was slightly below our expectations. At Group level, the result was slowed down by larger unallocated items than we expected (i.e. Group costs). The company recorded EUR 3.6 million in M&A related costs in Q2 (EUR 1.2 million consulting costs related to the Nettix acquisition and EUR 2.4 million in asset transfer tax). Considering this, the reported EUR 0.12 EPS of

continuing operations in Q2 undershot our estimate by one cent.

Operational cash flow at good level in Q2

Alma Media's Q2'21 operational cash flow reached a strong level of EUR 16.1 million. Considering the low capex need the Q2, free cash flow (excluding acquisitions and including leasing payments) was EUR 14.5 million.

Alma Media's net debt rose to EUR 222 million (Q1'21: EUR 39 million) because of a loan withdrawn to finance acquisitions. Thanks to increased indebtedness the leeway in the balance sheet decreased clearly (equity ratio 30% and net gearing 160%). It should, however, be noted that thanks to high profitability and a strong ability to generate cash flow the balance sheet position strengthens quickly, and gearing is inside the comfort zone (2021e net debt/ EBITDA 2.9x).

Estimate table	Q2'20	Q2'21	Q2'21e	Q2'21e	Consensus		Difference (%)	2021e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	52.5	71.6	67.8	64.6	60.0	70.2	6%	272
EBIT (adj.)	11.8	16.6	16.4	14.2	13.3	16.4	1%	61.2
EBIT	9.0	13.0	14.3	13.5	11.3	16.3	-9%	56.6
PTP	8.4	12.6	13.7	13.1	10.7	15.8	-8%	54.9
EPS (reported)	0.06	0.12	0.13	0.13	0.10	0.15	-8%	0.51
Revenue growth-%	-18.1 %	36.4 %	29.1 %	23.0 %	14.3 %	33.7 %	7.2 pp	18.1 %
EBIT-% (adj.)	22.4 %	23.2 %	24.2 %	22.0 %	22.2 %	23.4 %	-1 pp	22.5 %

Source: Inderes & Infront (consensus)

We only made slight estimate changes on Group level

Estimate changes 2021e-2023e

- We did not make any essential estimate revisions to our Group level estimates for the next few years after the report.
- Our 2021-2023 revenue estimates rose by considering the stronger revenue than we expected. We did, however, slightly lower our growth estimates for the next few years as revenue recovers more quickly than earlier expected, already in 2022.
- At segment level we raised the profitability estimates for Career and Consumer slightly and lowered that of Talent a bit for the next couple of years. The net effect of these was positive but we also revised the negative estimates for unallocated items (Group costs) downward, which essentially neutralizes the estimate revisions at Group level.
- We had already adjusted the estimated PPA of the Nettix acquisition from the adjusted EBIT. We removed these adjustments after which our adjusted EBIT and EPS estimates decreased by 4-5% for 2022-2023. The change is in practice only technical and reflects the reporting method.

Operational result drivers 2021-2023e:

- In 2021-2023 we expect Alma Media's revenue to grow on average by 9% p.a. and adjusted EBIT by 17% p.a.; after the strong revenue and adjusted operating profit growth in 2021 the rate will, however, slow down clearly in 2022-2023 as the market has recovered from the dip caused by the COVID pandemic and the effect from the Nettix acquisition fades out.
- In our estimates for the next few years profitability growth is driven especially by improved sales distribution when the relative share of digital revenue increases.
- We expect the company to reach the EUR 1.5 million cost synergy from the Nettix acquisition by the end of 2022 in the Consumer segment.
- In 2022-2023, Talent's slight profitability improvement is driven by growth in digital content, advertising, and services. We expect this to compensate for the effect of decreasing revenue from print media.
- In 2022, the Nettix acquisition will boost Career's growth still in Q1, in addition to which we expect 2022-2023 revenue to grow organically in marketplaces, digital advertising and services, which compensates for the estimated drop in print media sales and supports profitability growth.

Estimate revisions	2021e	2021e	Change	2022e	2022e	Change	2023e	2023e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	261	272	4%	280	288	3%	291	299	3%
EBIT (exc. NRIs)	61.1	61.2	0%	70.2	67.7	-4%	75.5	72.5	-4%
EBIT	56.5	56.6	0%	66.2	66.7	1%	72.1	72.0	0%
PTP	54.3	54.9	1%	63.7	64.9	2%	69.6	70.2	1%
EPS (excl. NRIs)	0.57	0.56	-1%	0.66	0.63	-4%	0.71	0.67	-5%
DPS	0.32	0.32	0%	0.35	0.35	0%	0.40	0.40	0%

Source: Inderes

Return expectation in line with return requirement

Earnings growth quickly depresses valuation multiples

Alma Media's adjusted 2021e P/E multiple based on our estimates is 21x and the corresponding adjusted EV/EBIT multiple is 19x. The earnings-based valuation multiples for 2021 are, in our view, on relatively high absolute levels, especially with the EV-based multiple that considers the indebtedness of the balance sheet.

The relatively quick earnings growth we are expecting depresses the corresponding multiples to more moderate levels in coming years (2022-23e P/E 19x and 17x and adjusted EV/EBIT 17x and 15x), which puts them, as a whole, slightly above the levels accepted by the market for the company in recent years. As digital revenue with high profitability and strong cash flow grows (especially marketplace business and digital advertising and services) Alma Media's accepted valuation level rising compared to historical valuation multiples is justified in our opinion.

Dividend supports return expectation

We expect Alma Media to raise its 2021 dividend to EUR 0.32 (2020: EUR 0.30 per share) per share after the cut in 2020. With the current share price, this offers a dividend yield of nearly 3%, which together with the slight upside in the valuation raises the return expectation to a level that is in line with the return requirement.

Relative valuation level

In relative terms, the earnings-based valuation multiples of the share are not high, especially when the peer group of digital marketplaces is used as a yardstick (page 8). We believe that this reflects the outlook of accelerating growth in digital services

expected in the valuation of these peers and the interest outlook that is at a low level far into the future.

With 2021-2022 EV/EBIT multiples, Alma Media is valued with a 17-24% discount to its extensive peer group. With corresponding P/E multiples the discount is as much as 38-45%. The platform companies in the extensive peer group are currently valued at very high absolute multiples and we do not believe similar multiples should be accepted for Alma Media as it is not a pure platform company. Alma Media is also clearly smaller in size than its peers.

Sum-of-parts calculation and DCF model

We believe the company should be valued at a discount to its peers. The different growth and profitability outlooks of the businesses should also be noted. We feel these factors are also reflected in the highly fragmented valuation level of the peers. Thus, we use the peer group as a yardstick mainly in our sum-of-parts calculation where we apply a discount to Alma Media relative to the valuation multiples of the peers due to the above-mentioned reasons.

The value of our updated sum-of-parts calculation has risen to EUR 13.9 per share considering the considerable increase in the valuation multiples of the peers. Correspondingly, the value of the share based on the DCF model that shows the longer-term potential is EUR 12.9 per share. Our view does not, however, rely on these levels materializing over the next 12 months.

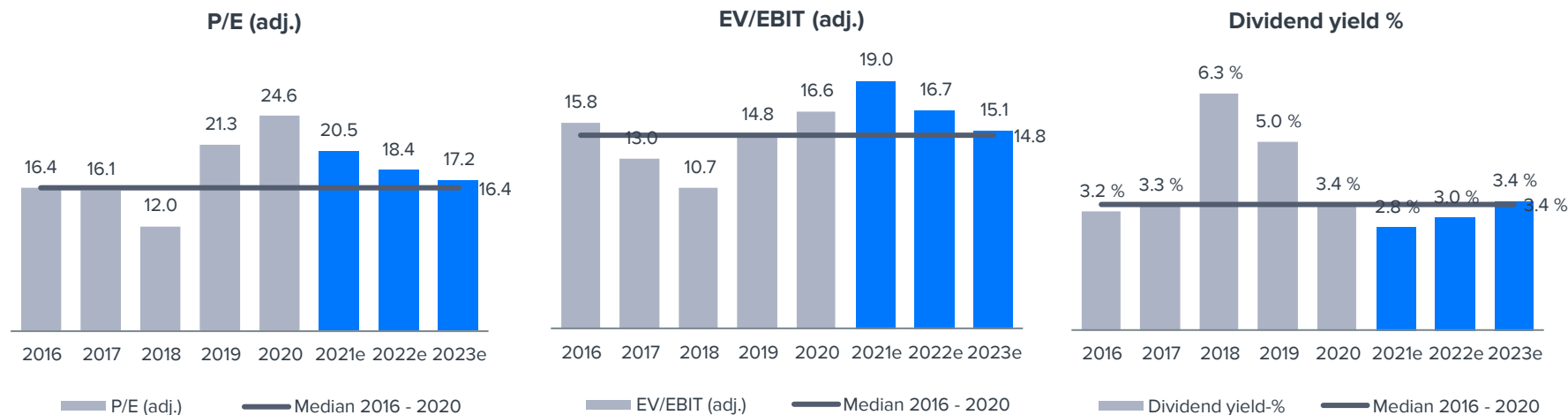
Valuation	2021e	2022e	2023e
Share price	11.6	11.6	11.6
Number of shares, millions	82.3	82.3	82.3
Market cap	954	954	954
EV	1162	1130	1097
P/E (adj.)	20.5	18.4	17.2
P/E	22.8	18.8	17.4
P/FCF	neg.	15.9	15.1
P/B	4.8	4.2	3.8
P/S	3.5	3.3	3.2
EV/Sales	4.3	3.9	3.7
EV/EBITDA	15.9	13.6	12.5
EV/EBIT (adj.)	19.0	16.7	15.1
Payout ratio (%)	62.9 %	56.7 %	59.9 %
Dividend yield-%	2.8 %	3.0 %	3.4 %

Source: Inderes

Valuation table

Valuation	2016	2017	2018	2019	2020	2021e	2022e	2023e	2024e
Share price	5.03	7.19	5.54	7.96	8.92	11.6	11.6	11.6	11.6
Number of shares, millions	82.4	82.4	82.3	82.3	82.3	82.3	82.3	82.3	82.3
Market cap	414	592	456	655	734	954	954	954	954
EV	557	662	616	729	756	1162	1130	1097	1066
P/E (adj.)	16.4	16.1	12.0	21.3	24.6	20.5	18.4	17.2	16.3
P/E	24.5	18.4	10.9	21.3	26.6	22.8	18.8	17.4	16.4
P/FCF	13.6	19.2	58.2	8.5	6.7	neg.	15.9	15.1	14.5
P/B	3.5	4.3	2.8	3.8	4.0	4.8	4.2	3.8	3.5
P/S	1.2	1.6	1.3	2.6	3.2	3.5	3.3	3.2	3.1
EV/Sales	1.6	1.8	1.7	2.9	3.3	4.3	3.9	3.7	3.4
EV/EBITDA	11.6	9.9	8.0	10.2	12.8	15.9	13.6	12.5	11.7
EV/EBIT (adj.)	15.8	13.0	10.7	14.8	16.6	19.0	16.7	15.1	14.0
Payout ratio (%)	78.0 %	61.4 %	69.0 %	106.8 %	89.3 %	62.9 %	56.7 %	59.9 %	65.0 %
Dividend yield-%	3.2 %	3.3 %	6.3 %	5.0 %	3.4 %	2.8 %	3.0 %	3.4 %	4.0 %

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	2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e	2022e	2021e
Alma Media Oyj	11.5	977	1023	18.3	15.9	14.1	12.6	4.0	3.7	22.7	19.5	2.8	3.0	5.1
Agora SA	8.7	87	253		79.2	15.8	8.6	1.3	1.1		88.3			0.5
Future PLC	3456.0	4494	4786	24.2	20.2	21.1	17.8	7.0	6.0	26.8	24.5	0.1	0.1	4.4
Daily Mail and General Trust P L C	1084.0	2657	2408	21.8	17.7	15.4	13.2	1.8	1.8	41.3	31.5	2.3	2.4	2.0
Gannett Co Inc	5.2	632	1649	9.4	8.2	4.2	4.1	0.6	0.6					0.8
Lagardere SCA	20.9	2898	6990	1769.9	35.2	29.0	15.6	1.5	1.2		33.0		3.3	2.8
Meredith Corp	41.7	1437	3571	8.5	11.4	6.4	7.9	1.4	1.5	8.1	9.3			
Arnoldo Mondadori Editore SpA	1.9	490	621	12.2	9.2	6.5	5.5	0.8	0.8	17.9	12.6	2.6	2.7	2.5
New York Times Co	42.3	6025	5541	26.4	22.6	21.5	19.0	3.3	3.1	39.2	34.3	0.5	0.7	4.8
Rizzoli Corriere della Sera Mediagroup !	0.7	345	566	94.4	6.4	4.5	4.1	0.7	0.7	7.3	6.0	4.5	4.5	1.0
Sanoma Oyj	14.9	2444	3173	20.4	17.8	8.9	8.4	2.6	2.5	21.1	18.6	3.7	3.9	3.6
TX Group AG	89.8	868	969	9.9	8.6	6.8	6.2	1.1	1.1	63.2	36.3	2.2	2.3	0.5
Promotora de Informaciones SA	0.8	580	1293	33.6	10.9	12.1	6.5	1.4	1.2		18.9			
Vocento SA		137	270	12.6	10.3	6.6	5.9	0.8	0.7	16.5	12.7	1.9	3.6	0.7
Media peers median		868	1293	20.4	13.7	10.5	8.2	1.4	1.2	21.9	19.5	2.3	2.9	2.3
Auto Trader Group PLC	653.0	7275	7238	42.9	22.6	41.3	22.2	25.0	15.9	52.0	27.2	1.2	1.4	13.9
Carsales.Com Ltd	21.2	3714	3975	30.4	25.9	25.8	22.8	14.8	13.3	38.0	32.3	2.3	2.5	9.6
Holidaycheck Group AG	2.5	923	1471	21.1	15.9	12.1	8.4	1.4	1.2	22.7	22.0	2.3	2.7	2.5
Moneysupermarket.Com Group PLC	257.2	1610	1615	15.7	13.2	12.9	11.2	4.0	3.7	19.1	15.9	4.5	4.8	6.5
REA Group Ltd	160.2	13170	13311	45.4	37.2	38.8	32.0	23.6	18.9	63.8	51.0	0.8	1.1	20.0
Rightmove PLC	659.6	6511	6392	25.6	23.5	25.4	23.4	18.7	17.4	31.5	28.2	1.1	1.3	66.6
Schibsted ASA	465.7	9563	10269	55.6	43.6	40.0	35.9	7.5	7.1	64.7	44.7	0.5	0.6	9.6
Scout24 AG	71.2	6464	5030	28.0	23.7	22.9	20.1	13.2	11.9	46.5	39.4	1.0	1.2	3.0
Seek Ltd	30.7	6752	7701	38.4	38.4	26.2	27.0	7.7	10.7	74.1	57.8	1.2	1.1	6.5
Just Eat Takeaway.com NV	67.3	14105	14151				97.1	3.8	2.9					1.1
New Work SE		1410	1376	24.9	21.9	14.6	13.2	4.8	4.4	37.7	32.8	1.1	1.2	10.3
Stroeer SE & Co KGaA	67.4	3778	5375	25.1	20.3	10.6	9.3	3.4	3.1	23.4	18.2	3.1	3.7	7.1
Adevinta ASA		17792	19247	75.1	37.6	52.0	29.9	16.0	10.8	101.6	60.2			3.1
Recruit Holdings Co Ltd	5581.0	73158	72287	59.3		37.8	28.7	4.2	3.7	70.9	50.0	0.5	0.6	8.7
Marketplace peers median		6632	6815	30.4	23.6	25.8	23.1	7.6	8.9	46.5	32.8	1.2	1.3	7.9
Alma Media (Inderes)	11.60	954	1162	19.0	16.7	15.9	13.6	4.3	3.9	20.5	18.4	2.8	3.0	4.8
Average			6989	98.0	23.0	19.8	18.5	6.3	5.4	39.6	31.7	1.9	2.2	7.6
Median			3571	25.4	20.3	15.4	13.2	3.6	3.1	37.7	29.9	1.9	2.4	4.0
Diff-% to median				-25%	-18%	3%	3%	19%	26%	-46%	-38%	45%	28%	19%

Source: Thomson Reuters / Inderes

Income statement

Income statement	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21e	Q3'21e	Q4'21e	2021e	2022e	2023e	2024e
Revenue	355	250	61.8	52.5	53.9	62.0	230	58.1	71.7	68.2	73.9	272	288	299	310
Alma Career	96.4	100.0	18.4	13.5	15.5	15.3	62.7	16.2	20.0	20.2	19.8	76.2	80.0	83.3	86.0
Alma Talent	109	103	25.6	22.4	20.7	26.4	95.1	24.5	25.2	24.3	27.6	102	107	112	117
Alma Consumer	152	47.2	17.9	15.7	16.9	19.3	69.8	17.5	26.6	23.8	26.5	94.4	102	104	107
Non-recurring items	-2.3	0.0	-0.1	0.9	0.8	0.9	2.5	-0.1	-0.2	0.0	0.0	-0.3	0.0	0.0	0.0
EBITDA	76.6	71.4	16.3	13.0	17.0	12.8	59.0	14.2	17.2	19.7	21.9	72.9	82.9	87.9	91.3
Depreciation	-15.6	-21.9	-4.1	-4.0	-3.9	-3.8	-15.8	-3.5	-4.2	-4.3	-4.3	-16.3	-16.3	-15.9	-15.3
EBIT (excl. NRI)	57.3	49.4	11.2	11.8	13.2	9.4	45.5	11.0	16.6	15.7	17.9	61.2	67.7	72.5	76.4
EBIT	61.0	49.5	12.2	9.0	13.1	9.0	43.2	10.7	13.0	15.4	17.6	56.6	66.7	72.0	75.9
Alma Career	34.4	37.7	6.6	4.8	5.5	4.5	21.4	5.1	7.7	8.3	7.6	28.7	30.5	32.3	33.5
Alma Talent	15.5	14.8	3.7	2.8	4.1	2.6	13.1	5.2	5.1	4.7	6.1	21.1	21.5	23.3	25.3
Alma Consumer	14.4	6.2	2.7	2.8	4.6	5.0	15.1	3.4	7.3	5.8	7.2	23.6	26.7	27.4	28.2
Others and eliminations	0.0	0.0	-1.8	-0.4	-1.1	-3.1	-6.4	-2.7	-3.4	-3.0	-3.0	-12.1	-11.0	-10.5	-10.5
Non-recurring items	-7.0	-9.2	1.0	-1.0	0.0	0.0	0.0	-0.3	-3.6	-0.4	-0.4	-4.6	-1.0	-0.5	-0.5
Net financial items	-0.3	-2.1	0.3	-0.6	0.0	-0.7	-1.0	-0.5	-0.4	-0.5	-0.5	-1.8	-1.8	-1.8	-1.8
PTP	60.4	47.9	12.5	8.4	13.3	8.2	42.3	10.3	12.6	14.9	17.1	54.9	64.9	70.2	74.1
Taxes	-12.5	-10.7	-2.3	-2.3	-1.9	-2.5	-9.0	-2.2	-2.9	-3.3	-3.8	-12.1	-13.6	-14.7	-15.6
Minority interest	-6.3	-6.4	-1.6	-1.3	-1.9	-1.0	-5.7	-0.5	-0.1	-0.2	-0.2	-0.9	-0.5	-0.5	-0.5
Net earnings	41.7	30.8	8.6	4.9	9.5	4.7	27.6	7.6	9.6	11.5	13.2	41.8	50.8	55.0	58.1
EPS (adj.)	0.46	0.37	0.09	0.09	0.12	0.06	0.36	0.10	0.16	0.14	0.16	0.56	0.63	0.67	0.71
EPS (rep.)	0.51	0.37	0.10	0.06	0.12	0.06	0.34	0.09	0.12	0.14	0.16	0.51	0.62	0.67	0.71

Key figures	2018	2019	Q1'20	Q2'20	Q3'20	Q4'20	2020	Q1'21	Q2'21e	Q3'21e	Q4'21e	2021e	2022e	2023e	2024e
Revenue growth-%	-3.4 %	-29.5 %	-0.5 %	-18.1 %	-7.5 %	-5.6 %	-8.0 %	-6.1 %	36.5 %	26.6 %	19.2 %	18.1 %	6.0 %	3.8 %	3.7 %
Adjusted EBIT growth-%		-13.8 %	-3.0 %	-1.2 %	-3.3 %	-24.3 %	-8.0 %	-1.3 %	41.2 %	19.6 %	90.7 %	34.8 %	10.5 %	7.1 %	5.5 %
EBITDA-%	21.6 %	28.5 %	26.3 %	24.7 %	31.5 %	20.6 %	25.6 %	24.5 %	24.0 %	28.8 %	29.6 %	26.8 %	28.8 %	29.4 %	29.4 %
Adjusted EBIT-%	16.2 %	19.7 %	18.0 %	22.4 %	24.4 %	15.1 %	19.7 %	19.0 %	23.2 %	23.1 %	24.2 %	22.5 %	23.5 %	24.2 %	24.6 %
Net earnings-%	11.8 %	12.3 %	13.8 %	9.3 %	17.7 %	7.6 %	12.0 %	13.0 %	13.4 %	16.8 %	17.8 %	15.4 %	17.6 %	18.4 %	18.7 %

Source: Inderes

Balance sheet

Assets	2019	2020	2021e	2022e	2023e
Non-current assets	239	257	443	438	434
Goodwill	130	151	296	296	296
Intangible assets	54	55	84	81	78
Tangible assets	47	41	53	51	49
Associated companies	3.2	6.6	6.6	6.6	6.6
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	3.3	3.9	3.9	3.9	3.9
Deferred tax assets	0.4	0.3	0.3	0.3	0.3
Current assets	162	76.7	45.1	54.4	68.0
Inventories	0.7	0.6	1.6	1.4	1.2
Other current assets	83.3	1.0	0.0	0.0	0.0
Receivables	30	27	33	35	36
Cash and equivalents	48	48	11	18	31
Balance sheet total	401	334	519	523	532

Source: Inderes

Liabilities & equity	2019	2020	2021e	2022e	2023e
Equity	203	205	205	229	255
Share capital	45	45	45	45	45
Retained earnings	101	111	129	153	179
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	7.2	7.7	7.7	7.7	7.7
Other equity	19	19	19	19	19
Minorities	30	21	4	4	4
Non-current liabilities	51	58	229	207	187
Deferred tax liabilities	11	12	12	12	12
Provisions	0.4	0.0	1.0	1.0	1.0
Long term debt	39	32	202	180	160
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.9	14.3	14.3	14.3	14.3
Current liabilities	147	72	85	87	90
Short term debt	9	10	12	10	10
Payables	66	58	69	74	76
Other current liabilities	72.5	3	3.4	3.4	3.4
Balance sheet total	401	334	519	523	532

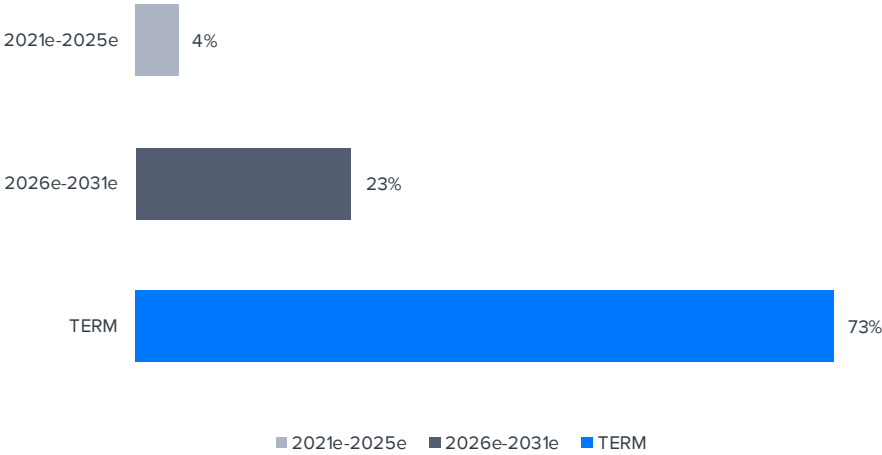
DCF calculation

DCF model	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
EBIT (operating profit)	43.2	56.6	66.7	72.0	75.9	78.3	80.2	82.3	84.3	86.4	86.8	88.9	
+ Depreciation	15.8	16.3	16.3	15.9	15.3	14.8	14.2	13.9	13.2	13.0	10.0	10.0	
- Paid taxes	-8.5	-12.1	-13.6	-14.7	-15.6	-16.1	-16.5	-16.9	-17.3	-17.8	-17.9	-18.3	
- Tax, financial expenses	-0.2	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	
+ 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	8.5	5.4	2.4	1.7	1.7	1.2	1.1	1.1	1.1	1.1	1.2	1.2	
Operating cash flow	58.8	65.8	71.3	74.5	77.1	77.9	78.6	79.9	80.9	82.4	79.7	81.5	
+ Change in other long-term liabilities	13.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-30.8	-233	-11.3	-11.3	-11.3	-11.3	-11.3	-11.3	-11.3	-11.3	-10.0	-10.3	
Free operating cash flow	41.1	-165.7	60.0	63.2	65.8	66.6	67.3	68.6	69.6	71.1	69.7	71.2	
+/- Other	68.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	109	-166	60.0	63.2	65.8	66.6	67.3	68.6	69.6	71.1	69.7	71.2	1612
Discounted FCFF		-161	54.4	53.5	52.1	49.3	46.5	44.3	42.0	40.1	36.7	35.0	793
Sum of FCFF present value		1087	1247	1193	1139	1087	1038	992	947	905	865	828	793
Enterprise value DCF		1087											
- Interesting bearing debt		-42											
+ Cash and cash equivalents		48											
-Minorities		-4											
-Dividend/capital return		-24.7											
Equity value DCF		1064											
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	2018	2019	2020	2021e	2022e	Per share data	2018	2019	2020	2021e	2022e
Revenue	355	250	230	272	288	EPS (reported)	0.51	0.37	0.34	0.51	0.62
EBITDA	76.6	71.4	59.0	72.9	82.9	EPS (adj.)	0.46	0.37	0.36	0.56	0.63
EBIT	61.0	49.5	43.2	56.6	66.7	OCF / share	0.83	0.38	0.72	0.80	0.87
PTP	60.4	47.9	42.3	54.9	64.9	FCF / share	0.10	0.94	1.33	-2.01	0.73
Net Income	41.7	30.8	95.6	41.8	50.8	Book value / share	1.95	2.09	2.23	2.44	2.74
Extraordinary items	3.7	0.1	-2.3	-4.6	-1.0	Dividend / share	0.35	0.40	0.30	0.32	0.35
Balance sheet	2018	2019	2020	2021e	2022e	Growth and profitability	2018	2019	2020	2021e	2022e
Balance sheet total	398.8	400.9	333.9	518.5	522.9	Revenue growth-%	-3%	-29%	-8%	18%	6%
Equity capital	186.8	202.5	204.5	204.7	229.2	EBITDA growth-%	15%	-7%	-17%	24%	14%
Goodwill	133.5	130.3	150.7	295.7	295.7	EBIT (adj.) growth-%	12%	-14%	-8%	35%	11%
Net debt	55.0	-0.5	-6.3	203.4	171.6	EPS (adj.) growth-%	4%	-19%	-3%	55%	12%
Cash flow	2018	2019	2020	2021e	2022e	EBITDA-%	21.6 %	28.5 %	25.6 %	26.8 %	28.8 %
EBITDA	76.6	71.4	59.0	72.9	82.9	EBIT (adj.)-%	16.2 %	19.7 %	19.7 %	22.5 %	23.5 %
Change in working capital	5.3	-29.1	8.5	5.4	2.4	EBIT-%	17.2 %	19.8 %	18.8 %	20.8 %	23.1 %
Operating cash flow	68.4	31.1	58.8	65.8	71.3	ROE-%	28.1 %	18.5 %	15.5 %	21.8 %	23.9 %
CAPEX	-61.2	46.5	-30.8	-232.5	-11.3	ROI-%	23.1 %	18.5 %	17.4 %	17.0 %	15.9 %
Free cash flow	7.8	77.3	109.1	-165.7	60.0	Equity ratio	49.4 %	52.1 %	63.7 %	40.5 %	45.0 %
						Gearing	29.4 %	-0.3 %	-3.1 %	99.4 %	74.9 %
Valuation multiples	2018	2019	2020	2021e	2022e						
EV/S	1.7	2.9	3.3	4.3	3.9						
EV/EBITDA (adj.)	8.0	10.2	12.8	15.9	13.6						
EV/EBIT (adj.)	10.7	14.8	16.6	19.0	16.7						
P/E (adj.)	12.0	21.3	24.6	20.5	18.4						
P/B	2.8	3.8	4.0	4.8	4.2						
Dividend-%	6.3 %	5.0 %	3.4 %	2.8 %	3.0 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
24-09-18	Accumulate	7.20 €	6.44 €
26-10-18	Accumulate	7.00 €	6.24 €
05-12-18	Accumulate	7.00 €	6.42 €
15-02-19	Accumulate	7.00 €	6.22 €
23-04-19	Accumulate	7.00 €	6.12 €
26-04-19	Accumulate	7.00 €	6.18 €
20-05-19	Accumulate	6.70 €	5.82 €
18-07-19	Accumulate	7.00 €	6.50 €
24-10-19	Accumulate	7.30 €	6.96 €
20-11-19	Accumulate	8.20 €	7.80 €
17-12-19	Accumulate	8.30 €	7.90 €
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 €



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