

Excellent Q2 preparedness

The Q2 report revealed excellent preparedness for the tough covid quarter, calming our main concerns. Upcoming quarters will be challenging as the government support tapers off, but we believe management has demonstrated they can navigate through tough conditions.

Main Q2 concerns calmed...

The Q2 report gave us comfort on (1) cost control, operating expenses declined 24% y-on-y vs. expected 14%, (2) cash control, cash at end of period was EUR 6m vs. expected 2m, (3) digital transformation, digital share of group sales increased to pre-covid levels of 47%.

...but Covid is not over yet

Covid will continue to burden sales in H2/20 (although signs of ad spend recovery was visible in Q2), and decreased govt support will pressure margins. Nevertheless, we forecast a Net profit of EUR 0.4m this year, with a sales decline of 10.8%.

Valuation update

Since our Q1/20 update in May, there has been a peer group multiple expansion, a result of both higher share prices and lower earnings estimates. Our Base case sum-of-the-parts valuation indicate a share price of EUR 0.98 (1.01). This assumes an EV/EBITDA 2021E multiple of 8.5x for the Media segment, and 4.0x for the Print segment.

Key figures (MEUR)

	2018	2019	2020E	2021E	2022E
Net sales	60.5	67.5	60.2	62.9	65.1
Net sales growth	11.9%	11.5%	-10.8%	4.5%	3.6%
EBITDA	4.3	6.8	5.1	5.6	5.9
EBITDA margin	7.1%	10.0%	8.5%	9.0%	9.1%
EBIT	1.2	2.7	1.3	1.9	2.2
EBIT margin	2.0%	4.0%	2.2%	3.0%	3.4%
EV/Sales	0.7	0.7	0.8	0.7	0.7
EV/EBITDA	10.6	6.8	8.8	8.2	8.0
EV/EBIT	37.4	16.9	33.8	24.3	21.5
P/E	5,164.8	16.9	62.6	28.8	21.7
P/BV	0.6	0.5	0.4	0.4	0.4
EPS	0.00	0.05	0.01	0.03	0.03
EPS growth	nm	nm	-74.95%	117.14%	32.50%
Div. per share	0.00	0.00	0.00	0.00	0.02
Dividend yield	0.00%	0.00%	0.00%	0.00%	2.70%

Source: Company data, Enlight Research estimates

Fair value range (EUR)

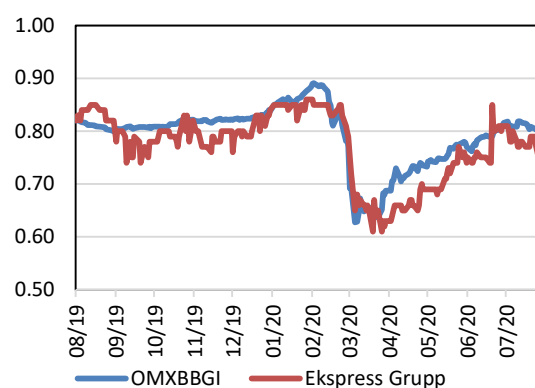
Bull	1.34
Base	0.98
Bear	0.68

Key Data

Price (EUR)	0.74
Ticker	EEG1T
Country	Estonia
Listed	Tallinn

Market Cap (EURm)	22
Net debt (EURm)	16

Shares (m)	30
Free float	42%



Price range

52-week high	0.86
52-week low	0.61

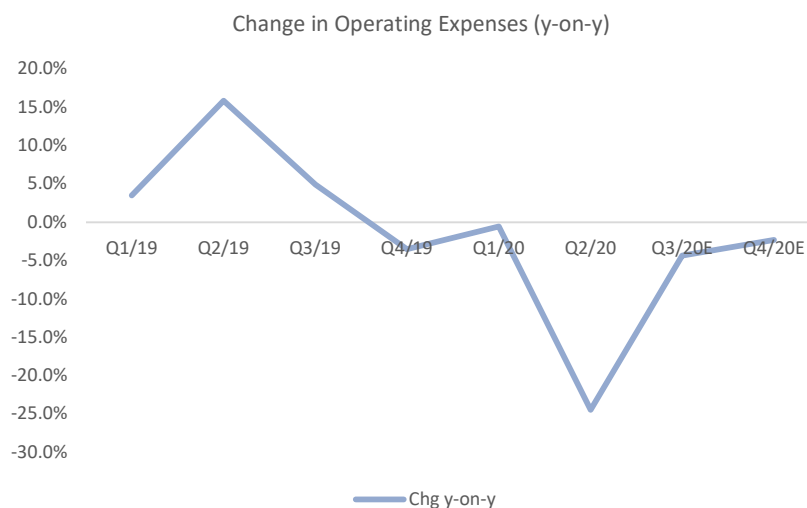
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Q2 Key takeaways

Costs under control

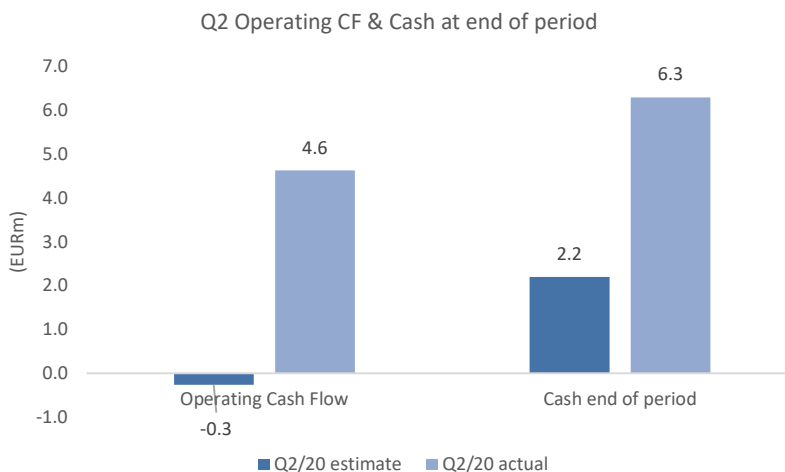
Q2 Operating expenses (marketing, administration, other expenses) declined 24% y-on-y and 18% sequentially to EUR 2.2m, which shows commendable cost flexibility in our view (Q2/20 Operating expenses were 12% below our forecast of EUR 2.5m). We believe this report shows that the company was well-prepared for the tough Q2 Covid quarter and that costs are likely to be under control in coming quarters as well, resulting in a profitable second half and full-year 2020, despite a cost increase due to government support tapering off.



Source: Company reports

Cash position comfortable

The Q2/20 Operating cash flow of EUR 4.6m was almost EUR 5m better than forecast, resulting in cash at the end of period of EUR 6.3m, which was EUR 4.1m above our forecast of EUR 2.2m. Even though some of the cash is likely tied up in the ticketing business due to possible refunds if events are cancelled, we estimate the free cash position to be at least EUR 4m, which is still around EUR 2m better than we expected. In our view, the company has sufficient cash to go through the Covid recovery.

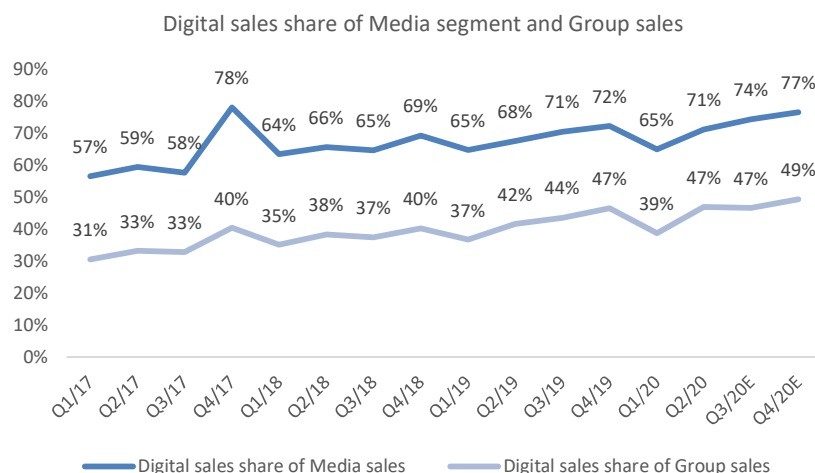


Source: Company reports, Enlight Research

Digital transformation ongoing

From a long-term post-pandemic perspective, Ekspress Grupp's investment story is about digital transformation from printed to digital media. Following a dip in the share of digital revenues in Q1/20 due to digital sales dropping quicker than printed media sales (mainly due to the ticketing, and the digital outdoor advertising business), the digital share of revenues picked up to pre-corona levels in Q2/20. We believe the digital transformation is intact, and in some instances might even be hurried by the pandemic as illustrated by below examples:

- Digital subscriptions have grown 26% since the beginning of the year to reach a total of 63 thousand
- The number of visitors on the company's real estate portal (Kinnisvara24.ee) increased by 50% in Q2/20 compared to the previous quarter



Source: Company reports, Enlight Research (share of digital sales calculated on sales before eliminations)

2020 forecast to be profitable

We forecast a Net profit for the second half of 2020 of EUR 0.5m, leading to a full-year 2020 profit forecast of EUR 0.4m. The seasonality of Ekspress Grupp's business is high with Q3 being a weak quarter while Q4 is the strongest quarter of the year. Consequently, we forecast a Q3/20E Net loss of EUR 0.2m, followed by a Q4/20E Net profit of EUR 0.7m. We recognize the y-on-y profit decrease is substantial but regard it as a positive sign that the company can be profitable during a severe pandemic year.

Earnings growth

(EURm)	H1/19	H1/20	H2/19	H2/20E	2019	2020E
Net profit	-0.264	-0.169	1.658	0.521	1.394	0.352
Growth (y-on-y)		nm		-69%		-75%

Source: Company reports, Enlight Research

Estimate deviations

Sales deviations by segment

Q2 group sales was EUR 1.4m, or 9% below our forecast, which was mainly due to EUR 1.6m lower than expected sales for the Printing segment as the lock-down reduced the demand for advertising brochures from large store chains. The Media segment sales was in-line with forecast, however, digital sales was 12% below forecast. The main reasons for the deviation in digital sales were (1) ticketing platform sales was virtually zero as events were cancelled due to the lock-down, (2) outdoor digital advertising sales experienced a larger than expected decline due to the lock-down, presumably as clients saw little reason to advertise if people are not moving around outdoors. The negative Covid effect on the outdoor advertising market is not isolated to Ekspress Grupp. For example, the global outdoor advertising company, JCDecaux, reported Q2 2020 organic revenue decline of 61% y-on-y for their Billboard segment.

Deviation table by Segment

	Estimate	Outcome	Diff	Diff
Sales	Q2/20	Q2/20	EURm	%
Media segment	9.900	9.860	0.0	-0.4%
<i>whereof digital and online</i>	8.008	7.021	-1.0	-12.3%
Printing	6.213	4.569	-1.6	-26.5%
Corporate functions	0.483	0.520	0.0	7.7%
Eliminations pct of sales	-1.235	-1.037	0.2	-16.0%
Total Sales (Equity)	15.362	13.912	-1.4	-9.4%

	Estimate	Outcome	Diff
Sales growth	Q2/20	Q2/20	bps
Media segment	-14.0%	-14.4%	-35
<i>whereof digital and online</i>	3.0%	-9.7%	-1270
Printing	-6.0%	-30.9%	-2488
Corporate functions	-5.0%	2.4%	736
Eliminations pct of sales	6.9%	7.5%	55
Total sales	-12.1%	-20.4%	-830

Source: Company reports, Enlight Research

EBITDA deviations by segment

The Q2 EBITDA was EUR 0.4m or 31% higher than forecast. The main reason for the positive deviation was a EUR 0.5m or 53% higher than forecast EBITDA for the Media segment, which more than offset a EUR 0.2m negative deviation for the Printing segment. The Q2 EBITDA margin was 11.9% vs. expected 8.2%.

	Estimate	Outcome	Diff	Diff
EBITDA by segment	Q2/20	Q2/20	EURm	%
Media segment	0.990	1.514	0.5	52.9%
Printing	0.435	0.248	-0.2	-43.0%
Corporate functions	-0.143	-0.092	0.1	-35.7%
Eliminations	-0.017	-0.016	0.0	-5.9%
EBITDA (equity)	1.265	1.654	0.4	30.8%

	Estimate	Outcome	Diff
EBITDA margin by segment	Q2/20	Q2/20	bps
Media segment	10.0%	15.4%	535
Printing	7.0%	5.4%	-157
Corporate functions	-29.6%	-17.7%	1194
EBITDA (equity)	8.2%	11.9%	365

Source: Company reports, Enlight Research

Group deviations

See previous sections for Group Sales and EBITDA deviations. At the group level, the Q2/20 EUR 1.5m lower than forecast Sales resulted in a negative deviation of EUR 0.3m at Gross profit line. This was more than offset by positive deviations at the Operating Expense (EUR 0.3m lower than estimated) and Other income (EUR 0.4m higher than estimated) lines, resulting in Operating profit being EUR 0.5m above forecast (the positive deviation followed through down to the Net profit line).

Deviation table Group

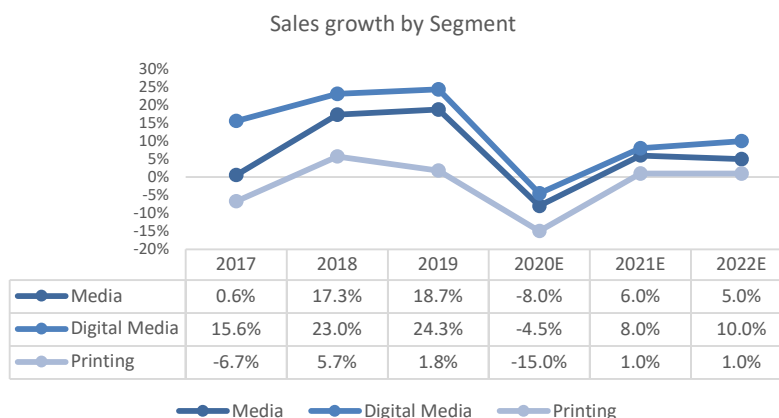
	Estimate	Outcome	Diff	Diff
P&L (EURm)	Q2/20	Q2/20	EURm	%
Sales	15.362	13.912	-1.450	-9.4%
Costs of sales	-12.750	-11.597	1.153	-9.0%
Gross profit (loss)	2.611	2.315	-0.296	-11.4%
Other income	0.105	0.552	0.447	426.6%
Marketing expenses	-0.707	-0.531	0.176	-24.9%
Administrative expenses	-1.767	-1.602	0.165	-9.3%
Other expenses	-0.024	-0.056	-0.032	133.3%
Operating profit	0.219	0.678	0.459	209.5%
Interest income	0.006	0.006	0.000	0.0%
Interest expense	-0.224	-0.217	0.007	-3.1%
FX gain/loss	0.000	-0.012	-0.012	
Other finance costs	0.000	0.000	0.000	
<i>Financial net</i>	<i>-0.218</i>	<i>-0.223</i>	<i>-0.005</i>	<i>2.3%</i>
Profit on shrs of JVs	0.127	0.135	0.008	6.3%
Profit on shrs of associates	-0.020	-0.008	0.012	-60.0%
Profit (loss) before taxes	0.108	0.582	0.474	438.5%
Income tax	-0.002	-0.001	0.002	-75.0%
Net profit	0.106	0.582	0.475	448.2%
Other	-0.020	-0.007	0.013	-65.0%
Net profit (loss)	0.086	0.575	0.488	567.4%
EBITDA	1.265	1.653	0.388	30.7%
	Estimate	Outcome	Diff	
Margins	Q2/20	Q2/20	bps	
Gross margin	17.0%	16.6%	-36	
EBITDA margin	8.2%	11.9%	365	
EBIT margin	1.4%	4.9%	345	
PTP margin	0.7%	4.2%	348	
Net profit margin	0.6%	4.1%	357	

Source: Company reports, Enlight Research

Forecast update & Estimate changes

Sales forecast

We forecast a sales decline for all segments in 2020 due to the pandemic, followed by a return to growth in 2021, and 2022 (see chart below). At the group level, we forecast sales to decrease by 10.8% in 2020, followed by a return to growth of 4.5%, and 3.6% in 2021 and 2022, respectively.



Source: Company reports, Enlight Research

EBITDA forecast

Due to stringent cost cutting and the government salary subsidy of EUR 1.140m, the forecast EBITDA margin “only” decline to 8.5% in 2020 from 10.0% in 2019. Even the underlying EBITDA margin (excluding salary subsidy) is decent at 6.6%, given the circumstances. For 2021, and 2022, we forecast an improvement of the underlying EBITDA margin to 9.0%, and 9.1%, respectively.

EBITDA by segment	Q1/20	Q2/20	Q3/20E	Q4/20E	2019	2020E	2021E	2022E
Media segment	0.248	1.514	0.785	2.172	5.966	4.719	5.390	5.660
Printing	0.584	0.248	0.215	0.373	2.032	1.420	1.544	1.560
Corporate functions	-0.143	-0.092	-0.270	-0.345	-1.150	-0.850	-1.150	-1.150
Eliminations	-0.017	-0.016	-0.050	-0.067	-0.075	-0.150	-0.150	-0.150
EBITDA	0.672	1.654	0.679	2.133	6.773	5.139	5.634	5.919
Covid one-offs	0.000	0.380	0.380	0.380		1.140		
EBITDA excluding covid one-offs	0.672	1.274	0.299	1.753	6.773	3.999	5.634	5.919
Margin	4.3%	9.2%	2.3%	9.9%	10.0%	6.6%	9.0%	9.1%

EBITDA margin by segment	Q1/20	Q2/20	Q3/20E	Q4/20E	2019	2020E	2021E	2022E
Media segment	2.5%	15.4%	9.0%	18.0%	13.5%	11.6%	12.5%	12.5%
Printing	9.4%	5.4%	4.5%	6.0%	7.9%	6.5%	7.0%	7.0%
Corporate functions	-27.8%	-17.7%	-51.7%	-65.2%	-55.4%	-40.7%	-54.6%	-54.0%
EBITDA	4.3%	11.9%	5.3%	12.1%	10.0%	8.5%	9.0%	9.1%

Source: Company reports, Enlight Research

Sales estimate changes by segment

The estimated digital sales of the Media segment is lowered by 9% in 2020, while the whole Media segment sales is lowered by just 1.1%, as stronger than expected advertising revenues offset weaker than expected digital revenues from the ticketing platform, and outdoor advertising operations. We lower our forecast for the Printing segment by 8-11% in the forecast period due to both a structural shift from print to digital as well as a negative covid effect (e.g. lower demand for sales brochures). At the Group level, we lower sales by 3-5% in the forecast period as the Media segment growth is not fully able to offset the Printing segment decline.

Estimate changes			
Sales	2020E	2021E	2022E
Media segment			
Old	41.123	43.179	45.338
New	40.681	43.121	45.277
Change (EURm)	-0.442	-0.057	-0.060
Change (%)	-1.1%	-0.1%	-0.1%
<i>whereof digital and online</i>			
Old	32.061	35.267	38.793
New	29.160	31.493	34.642
Change (EURm)	-2.901	-3.774	-4.151
Change (%)	-9.0%	-10.7%	-10.7%
Printing			
Old	24.410	24.410	24.166
New	21.841	22.059	22.280
Change (EURm)	-2.570	-2.351	-1.886
Change (%)	-10.5%	-9.6%	-7.8%
Corporate functions			
Old	1.972	1.992	2.012
New	2.086	2.107	2.128
Change (EURm)	0.114	0.115	0.116
Change (%)	5.8%	5.8%	5.8%
Eliminations			
Old	-4.416	-4.369	-4.491
New	-4.452	-4.402	-4.559
Change (EURm)	-0.036	-0.033	-0.068
Change (%)	0.8%	0.8%	1.5%
Total sales			
Old	63.089	65.212	67.025
New	60.156	62.886	65.127
Change	-4.6%	-3.6%	-2.8%

Source: Enlight Research

EBITDA estimate changes by segment

We raise our Media segment 2020 EBITDA forecast by 6.3%, following the more than 50% better than expected Q2/20 EBITDA. Our 2020 Printing segment forecast is lowered by 23.5% following the Q2/20 EBITDA that was 43% below our forecast. At the Group level, we lower our 2020 EBITDA estimate by 2.5%, while 2021E, and 2022E is lowered by 8.4%, and 8.2%, respectively. In addition to lower Printing EBITDA, the EBITDA for Corporate functions is lowered (return to pre-covid levels).

Estimate changes			
EBITDA	2020E	2021E	2022E
Media segment			
Old	4.441	5.175	5.436
New	4.719	5.390	5.660
Change (EURm)	0.278	0.215	0.224
Change (%)	6.3%	4.2%	4.1%
Printing			
Old	1.855	1.904	1.812
New	1.420	1.544	1.560
Change (EURm)	-0.435	-0.360	-0.252
Change (%)	-23.5%	-18.9%	-13.9%
Corporate functions			
Old	-1.000	-0.900	-0.800
New	-0.850	-1.150	-1.150
Change (EURm)	0.150	-0.250	-0.350
Change (%)	-15.0%	27.8%	43.8%
Eliminations			
Old	-0.027	-0.027	-0.027
New	-0.150	-0.150	-0.150
Change (EURm)	-0.123	-0.123	-0.123
Change (%)	455.6%	455.6%	455.6%
Total EBITDA			
Old	5.269	6.152	6.450
New	5.139	5.634	5.919
Change (EURm)	-0.130	-0.518	-0.531
Change (%)	-2.5%	-8.4%	-8.2%

Source: Enlight Research

Group estimate changes

For 2020, the forecast Group EBIT is raised by 22% or EUR 0.2m to EUR 1.3m. For 2021, and 2022, we lower our EBIT forecast 10%, and 5%, respectively. This is mainly an effect of government support not being present in 2021, and 2022. Our new 2020 EPS forecast is EUR 0.01 compared to zero before the Q2 report. For 2021, we keep our estimates unchanged at EUR 0.03, while it is lowered by EUR 0.01 in 2022. Our dividend forecast is unchanged, with no dividend expected in 2020, and 2021, and EUR 0.02 in 2022 (see table below).

EBIT (EURm)	2020E	2021E	2022E
Old estimate	1.1	2.1	2.3
New estimate	1.3	1.9	2.2
Change	0.2	-0.2	-0.1
Change (pct)	22.3%	-10.1%	-4.6%

EPS (EUR)	2020E	2021E	2022E
Old estimate	0.00	0.03	0.04
New estimate	0.01	0.03	0.03
Change	0.01	0.00	-0.01
Change (pct)	nm	0%	-23.2%

Dividend (EUR)	2020E	2021E	2022E
Old estimate	0.00	0.00	0.02
New estimate	0.00	0.00	0.02
Change	0.00	0.00	0.00
Change (pct)	nm	nm	0.0%

Source: Enlight Research

Valuation update

Peer valuation

We divide our peer companies into Digital leaders (60%+ digital sales), Digital laggards (less than 50% digital sales), and Print service providers. Since our last peer valuation update (after the Q1/20 report), the EV/EBITDA multiples has expanded for all our peer groups, which in most cases is a function of both higher share price and lower estimated EBITDA. The Ekspress EV/EBITDA ratio has also expanded with a 2021 estimated EV/EBITDA multiple of 8.3 (from 6.8x). The valuation premium for digital leaders vs. digital laggards has increased from 140% to 173%.

Peer EV/EBITDA 2021E ratios

	Q1 update	Q2 update
Digital leaders	10.8	13.0
Digital laggards	4.5	4.8
Print service	3.5	4.1
Ekspress Grupp	6.8	6.8

Source: MarketScreener, Enlight Research, Q1 prices from 14 May 2020, Q2 prices from 4 Aug 2020

Digital leaders

Company	Ccy	Price (last)	Shares (m)	Mcap (m)	Net debt (m)		EV (m)	EV/Sales 2018	EV/Sales 2019	EV/Sales 2020E	EV/Sales 2021E	EV/EBITDA 2018	EV/EBITDA 2019	EV/EBITDA 2020E	EV/EBITDA 2021E
					(last)	(last)									
Axel Springer	EUR	56.80	108	6,128	1,953	8,081	2.5	2.6	2.5	2.4	11.0	12.8	13.0	11.7	
Daily Mail & General	GBP	6.48	229	1,485	-99	1,386	1.0	1.0	1.1	1.1	6.8	7.2	12.2	7.7	
Schibsted	NOK	337.15	234	78,951	2,147	81,098	4.5	4.3	4.1	4.1	24.8	20.8	nm	19.6	
Average							2.7	2.6	2.6	2.5	14.2	13.6	12.6	13.0	
Ekspress Grupp	EUR	0.75	29.8	22	22	45	0.7	0.7	0.8	0.7	10.6	6.8	8.9	8.3	

Digital laggards

Company	Ccy	Price (last)	Shares (m)	Mcap (m)	Net debt (m)		EV (m)	EV/Sales 2018	EV/Sales 2019	EV/Sales 2020E	EV/Sales 2021E	EV/EBITDA 2018	EV/EBITDA 2019E	EV/EBITDA 2020E	EV/EBITDA 2021E
					(last)	(last)									
Poligrafici Editoriale SpA	EUR	0.14	132	19	29	48	0.3	0.3	0.3	0.4	5.2	nm	10.7	5.8	
Agora	PLN	7.58	47	353	465	818	0.7	0.7	0.9	0.8	7.6	4.5	nm	4.4	
Cofina SGPS	EUR	0.23	103	24	45	69	0.8	0.8	0.8	0.8	4.6	4.1	4.2	4.6	
North Media A/S	DKK	57.00	18	1,023	-330	693	0.6	0.6	0.7	0.7	5.1	3.6	3.7	3.5	
Reach PLC	GBP	0.58	296	172	-30	142	0.2	0.2	0.2	0.2	0.8	0.8	1.1	1.1	
Sanoma Oyj	EUR	9.41	163	1,534	544	2,078	1.6	2.3	2.0	1.9	6.4	8.2	4.8	6.7	
Roularta Media Group	EUR	11.60	13	146	0	146	0.5	0.5	0.5	0.5	23.0	6.3	6.8	7.4	
Average							0.7	0.8	0.8	0.8	7.5	4.6	5.2	4.8	

Print service

Company	Ccy	Price (last)	Shares (m)	Mcap (m)	Net debt (m)		EV (m)	EV/Sales 2018	EV/Sales 2019E	EV/Sales 2020E	EV/Sales 2021E	EV/EBITDA 2018	EV/EBITDA 2019E	EV/EBITDA 2020E	EV/EBITDA 2021E
					(last)	(last)									
Elanders	SEK	63.7	35	2,252	3,633	5,885	0.5	0.5	0.5	0.5	8.1	4.1	4.6	3.9	
Lisgrfica Impressao	EUR	0.0	187	3	13	15	1.0	1.2	1.3	1.3	neg.	neg.	neg.	neg.	
ScandBook	SEK	13.7	5	63	50	113	0.4	0.4	0.4	0.4	4.0	4.3	4.5	4.3	
Average							0.7	0.7	0.8	0.8	6.0	4.2	4.5	4.1	

Source: MarketScreener, Enlight Research, prices from 4 Aug 2020

Sum-of-the-parts (SOTP) valuation

As in previous reports, we base our SOTP valuation on the estimated EV/EBITDA 2021 peer multiples for our peer groups (Digital leaders, Digital laggards, and Print service). For the Media segment, our Bull case applies an EV/EBITDA multiple of 9.5x, while our Bear case applies a multiple of 7.5x. Our Base case uses the mid-point multiple of 8.5x. For the Print segment, we apply an EV/EBITDA multiple of 4.0x for all scenarios. Applying these multiples to our estimated EBITDA, and deducting the estimated 2021 Net debt, indicates a Base case equity value per share of EUR 0.98. Our Bull and Bear cases indicates an equity value per share of EUR 1.34, and EUR 0.68, respectively (see below table for SOTP summary).

Sum-of-parts valuation	Bull case	Base case	Bear case
Media segment	Digital success	Mid-point	Digital failure
Media segment EBITDA (EURm)	5.8	5.4	5.0
Media segment EV/EBITDA multiple	9.5	8.5	7.5
EV Media segment (EURm)	55	46	37
Print service segment			
Print service segment EBITDA (EURm)	1.9	1.5	1.5
Print service segment EV/EBITDA multiple	4.0	4.0	4.0
EV Print service segment (EURm)	8	6	6
EV Ekspress Grupp	63	52	43
Less Net debt	23	23	23
Equity value	40	29	20
Equity value per share	1.34	0.98	0.68

Source: Enlight Research

Risk factors

Below is a selection of risk factors that we have chosen to highlight given the current environment. It should not be regarded as a complete list of all risk factors. For examples of more risks, we refer to our initiation report “Transforming to Digital” published on Nov 18, 2019 as well as previously published reports.

COVID-19

Our new forecast factors in a slow recovery from the pandemic, but it does not factor in a serious second wave of the COVID-19 virus (another shutdown of the economy). If a serious second wave was to come with another round of shutdowns, our estimates would most likely have to be revised downward.

Loan re-financing risk

Given the uncertainty in the economy, there could be a risk that the company cannot re-finance its loans at the same terms. For example, the Mar-Aug loan vacation granted from SEB in the amount of EUR 1.2 will be added as a bullet on the due date of the loan in October 2021 (current loan interest is 2.15-2.6% base interest rate of zero).

Interest rate risk

The interest rates on loans are tied to the EURIBOR. A significant increase in the EURIBOR most likely would affect the profitability of the company.

Credit risk

Given the increase in unemployment, there is a risk that clients will not be able to pay their invoices resulting in accounts receivables write-down.

Litigation risk

During Q2/20, the Ekspress Grupp subsidiary, AS Ekspress Meedia, received a claim from AS MM Grupp, demanding EUR 2m compensation for damages caused by publication of false allegations. AS Ekspress Media considers the claim to be without perspective. To our knowledge, the amount demanded is considerably higher than what is customary in Estonia (fines are in the low thousands rather than millions).

Income Statement	2018	2019	2020E	2021E	2022E
Net sales	60	67	60	63	65
Total operating costs	-56	-61	-55	-57	-59
EBITDA	4	7	5	6	6
Depreciation	-3	-4	-4	-4	-4
Amortizations (total)	0	0	0	0	0
Impairment charges	0	0	0	0	0
EBIT	1	3	1	2	2
Associated companies' profit/loss	-1	0	0	0	0
Net financial items	0	-1	-1	-1	-1
Exchange rate differences	0	0	0	0	0
Pre-tax profit (PTP)	0	2	0	1	1
Net earnings	0	1	0	1	1

Balance Sheet	2018	2019	2020E	2021E	2022E
Assets					
Cash and cash equivalent	1	4	2	2	2
Receivables	9	13	11	12	12
Inventories	3	3	3	3	3
Other current assets	0	0	0	0	0
Current assets	14	19	16	17	17
Tangible assets	12	15	13	12	12
Associated companies	0	2	2	2	2
Investments	3	7	2	3	4
Goodwill	47	56	56	56	56
O intangible rights	0	0	0	0	0
O non-current assets	2	1	1	1	1
Total non-current assets	63	76	75	75	76
Deferred tax assets	0	0	0	0	0
Total (assets)	77	95	91	92	93
Liabilities					
Short-term debt	1	5	5	5	5
Non-ib current liabilities	11	16	12	11	10
O current liabilities	0	0	0	0	0
Current liabilities	12	22	17	16	15
Long-term debt	14	19	18	18	19
O long-term liabilities	0	3	3	3	3
Convertibles	0	0	0	0	0
Total Liabilities	26	44	38	37	37
Deferred tax liabilities	0	0	0	0	0
Provisions	0	0	0	0	0
Shareholders' equity	50	52	52	53	54
Minority interest (BS)	0	0	0	0	0
Minority and equity	50	52	52	53	54
Total (liabilities)	77	95	91	92	93

DCF valuation		Cash flow, mEUR	
WACC (%)	8.58 %	NPV FCF (2020-2022)	1.54
		NPV FCF (2023-2029)	11.74
		NPV FCF (2030-)	37.65
		Non-operating assets	2.56
		Interest-bearing debt	-24.34
		Fair value estimate	29.15
Assumptions 2020-2026 (%)			
Average sales growth	3.59 %	Fair value e. per share (EUR)	0.98
EBIT margin	4.23 %	Share price (EUR)	0.74

Free Cash Flow	2018	2019	2020E	2021E	2022E
Net sales	60	67	60	63	65
Total operating costs	-56	-61	-55	-57	-59
Depreciations total	-3	-4	-4	-4	-4
EBIT	1	3	1	2	2
Taxes on EBIT	0	0	0	0	0
NOPLAT	1	2	1	2	2
Depreciation (neg.)	3	4	4	4	4
Gross cash flow	4	6	5	5	6
Change in wc	3	2	-3	-1	-1
Gross capex (neg.)	-4	-15	-2	-3	-4
Free cash flow	3	-3	0	1	1

Capital structure	2018	2019	2020E	2021E	2022E
Equity ratio	65.7%	54.1%	57.1%	57.3%	57.5%
Debt / Equity ratio	30.7%	47.3%	46.4%	47.6%	49.0%
Capital invested	64.3	70.0	70.9	71.6	72.9
Capital turnover rate	0.8	0.7	0.7	0.7	0.7

Profitability	2018	2019	2020E	2021E	2022E
ROE %	0.0%	2.8%	0.7%	1.5%	1.9%
ROCE%	0.5%	3.6%	1.7%	2.4%	2.8%
ROC%	1.2%	3.5%	1.7%	2.2%	2.5%
EBITDA %	7.1%	10.0%	8.5%	9.0%	9.1%
EBIT %	2.0%	4.0%	2.2%	3.0%	3.4%
Net Margin	0.0%	2.1%	0.6%	1.2%	1.6%

Valuation	2018	2019	2020E	2021E	2022E
EV	45.2	46.0	45.4	46.3	47.5
P/E	5164.8	16.9	62.6	28.8	21.7
P/E diluted	5164.8	16.9	62.6	28.8	21.7
P/Sales	0.5	0.4	0.4	0.4	0.3
EV/Sales	0.7	0.7	0.8	0.7	0.7
EV/EBITDA	10.6	6.8	8.8	8.2	8.0
EV/EBIT	37.4	16.9	33.8	24.3	21.5
P/BV	0.6	0.5	0.4	0.4	0.4

Per share measures	2018	2019	2020E	2021E	2022E
EPS, unadjusted	0.00	0.05	0.01	0.03	0.03
EPS	0.00	0.05	0.01	0.03	0.03
CEPS	0.10	0.18	0.14	0.15	0.16
Operating CF/share	0.22	0.29	0.07	0.13	0.14
Capital empl./share	2.16	2.35	2.38	2.40	2.45
BV/share	1.69	1.73	1.74	1.77	1.80
Tangible BV/share	0.12	-0.16	-0.15	-0.13	-0.09
Div. per share	0.00	0.00	0.00	0.00	0.02
Payout	0.0%	0.0%	0.0%	0.0%	58.8%
Dividend yield	0.0%	0.0%	0.0%	0.0%	2.7%

Shareholders	Capital	Votes
HHL RÜHM OÜ	7.010	31.79 %
HANS LUIK	5.894	26.73 %
ING LUXEMBOURG S.A. AIF	2.961	13.43 %
ACCOUNT		
LHV funds	1.890	8.57 %
SEB S.A. Client UCITS	0.935	4.24 %

Key people	
CEO	Mari-Liis Rüütsalu
CFO	Signe Kukin
IR	Signe Kukin
Chairman	Ahto Päril (Chairman)

P/E $\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/Sales $\frac{\text{Market cap}}{\text{Sales}}$	DPS Dividend for financial period per share
P/BV $\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	CEPS $\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF $\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share $\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value) Market cap + Net debt + Minority interest at market value – share of associated companies at market value	Sales/Share $\frac{\text{Sales}}{\text{Number of shares}}$
Net debt Interest-bearing debt – financial assets	EBITDA/Share $\frac{\text{Earnings before interest, tax, depreciation and amortization}}{\text{Number of shares}}$
EV/Sales $\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share $\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	EAFF/Share $\frac{\text{Pre-tax profit}}{\text{Number of shares}}$
EV/EBIT $\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share $\frac{\text{Total assets} - \text{non-interest-bearing debt}}{\text{Number of shares}}$
Div yield, % $\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets Balance sheet total
Payout ratio, % $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Interest coverage (x) $\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share $\frac{\text{Financial assets} - \text{interest-bearing debt}}{\text{Number of shares}}$	Asset turnover (x) $\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, % $\frac{\text{Operating profit} + \text{financial income} + \text{extraordinary items}}{\text{Balance sheet total} - \text{interest-free short-term debt} - \text{long-term advances received and accounts payable (average)}}$	Debt/Equity, % $\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
ROCE, % $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest-bearing debt (average)}}$	Equity ratio, % $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROE, % $\frac{\text{Profit before extraordinary items} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	CAGR, % Cumulative annual growth rate = Average growth rate per year

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