

# Ekspress Grupp

**Buy**

Upgraded from Hold

Price: EUR 1.46

Price target: EUR 1.79

(from EUR 0.98)

## Faster growth and higher profitability

We have upgraded our rating on Ekspress Grupp from Hold to BUY, and increased our 12M price target (PT) from EUR 0.98/share to EUR 1.79/share (23% upside potential). We believe that the disposal of the printing business improves not only the company's profitability outlook (a 2018-20 average EBITDA margin of 9% vs. a 2021-23E average EBITDA margin of 13%, on our estimates), but also its growth profile (a 2020-23E adjusted EBITDA CAGR of 21%, on our numbers). On top of this, we note that the company has been quite successful in boosting digital subscriptions in its business (+75% yoy in 9M21 in total in the Baltics), which bodes well for the sustainability of its profit, going forward. Moreover, we stress that its ticketing business is still suffering from the COVID-19 related restrictions in Latvia; should they be lifted, we would see upside potential for our forecast for the group's online ticketing business' profit.

We see a better profit growth profile, following the disposal of the printing business. In our previous update, published in June 2021, we perceived the printing business as the capex-intensive, low-growth and low-margin one. Hence, its sale results in a better outlook for Ekspress Grupp's top line (a 2020-23E adjusted revenues CAGR of 22% vs. 11% previously; the adjusted figures relate to the media business only, as the printing segment was sold in 3Q21), in our view. We also see a stronger profit growth profile (a 2020-23E adjusted EBITDA CAGR of 21% vs. 8% previously), on our forecasts.

**Dividend policy declared – additional sweetener.** We appreciate that, following the disposal of Printall, the company paid out an extraordinary dividend (EUR 3.0m, or a DPS of EUR 0.1; a 7% dividend yield) on 23 November. Moreover, it also declared a new dividend policy, which assumes dividend payout ratios at 30% at least. In our forecasts, we assume the payout ratio at 50%, implying 2022-23E yields of 4%, which we see rather as a sweetener for the core equity story (growth of the business fuelled by the digitisation process). Nonetheless, we see management's willingness in terms of profit distribution as proof of its confidence in the better outlook for cash flow generation capacity, following the recent disposal of the printing business.

**Balance sheet should strengthen further.** Despite the dividends that we expect, we note the solid free cash flows, which should drive the net debt/EBITDA down from 0.7x at end-2021E to just 0.2x at end-2023E. This, in our view, should allow the company to conduct M&A, to strengthen its growth outlook further (at this stage, we do not pencil in any transactions).

**Valuation.** Our DCF (a 90% weight) gives us a 12M PT of EUR 1.75/share (20% upside); while our peer valuation (a 10% weight) produces a 12M PT of EUR 2.15/share (47% upside). On our numbers, the company is valued at 2022-23E P/Es of 13.2-11.5x, indicating 15-18% discounts vs. its peers (on the Bloomberg consensus), and it trades at 2022-23E EV/EBITDAs of 5.5-4.9x, 27-31% below its peers' medians. Consequently, we set our 12M PT at EUR 1.79/share (23% upside), indicating a BUY rating.

**Risks:** GDP growth; competition; employee turnover; litigation; low liquidity.

### Expected events

4Q21 sales figures	12 January 2022
4Q21 results	22 February 2022
1Q22 sales figures	12 April 2022
1Q22 results	29 April 2022
2Q22 sales figures	12 July 2022
2Q22 results	29 July 2022
3Q22 sales figures	12 October 2022
3Q22 results	31 October 2022

### Key data

Market cap	USD 51m
3M ADTV	USD 35k
Free float	27%
Shares outstanding	31m
Major shareholder	Hans H Luik: 73%
Bloomberg code	EEG1T ET
TALSE Index	1,984

### Price performance

52-w range	EUR 0.66-1.83
52-w performance	120%
Relative performance	68%

Ekspress Grupp 12M share price performance



	Revenues	EBITDA	EBIT	NI	EPS	DPS	P/E	EV/EBITDA	Div. yield	ND/EBITDA
	EURm	EURm	EURm	EURm	EUR	EUR	x	x	x	x
2019	67.5	6.8	2.7	1.4	0.05	0.00	31.2x	9.5x	0.0%	3.0x
2020	63.2	7.0	3.1	2.5	0.08	0.00	18.0x	8.4x	0.0%	2.3x
2021E	61.1	8.8	4.3	3.2	0.10	0.10	14.1x	5.8x	6.6%	0.7x
2022E	70.5	9.1	4.9	3.4	0.11	0.05	13.2x	5.5x	3.5%	0.5x
2023E	77.6	9.7	5.5	3.9	0.13	0.06	11.5x	4.9x	3.8%	0.3x

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## Closing Prices as of 02 December 2021

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# Company snapshot – BUY, PT EUR 1.79/share

Ekspress Grupp		SHARE PRICE PERFORMANCE		COMPANY DESCRIPTION							
<b>BUY</b>											
Bloomberg ticker	EEG1T ET			<p>Ekspress Group is the leading media group in the Baltic region. The company has been in operation for over 30 years, and it has been listed on the Tallinn Stock Exchange since 2007. Ekspress Grupp has been growing both organically and through acquisitions. The company's primary area of activity is based on its media segment, which deals with publishing newspapers (both printed and online), running online portals (news, real estate and ticket sales), and offering advertisement services, both online and outdoor. Over 2020, the online media's contribution to the segment's revenues amounted to 71%, and 49% to the company's top line. Ekspress Group disposed of its second segment – printing – which was based on the largest publishing house in the Baltic region, AS Printall, in 3Q21.</p>							
Closing price (EUR/share)	1.46										
PT (EUR/share)	1.79										
Upside to PT	23%										
Shares outstanding (m)	31										
Market cap (USDm)	51										
Free float	41%										
Average daily turnover (USDk)	34.8										
52 Week performance	120%										
52 Week relative performance	68%										
52 Week Range (EUR)	0.66-1.83										
<b>RATIOS</b>											
EUR/share	2019	2020	2021E	2022E	2023E	<b>VALUATION RATIOS</b>	2019	2020	2021E	2022E	2023E
EPS	0.05	0.08	0.10	0.11	0.13	EV/EBITDA	9.5x	8.4x	5.8x	5.5x	4.9x
DPS (from the given year's net profit)	0.00	0.00	0.10	0.05	0.06	P/E	31.2x	18.0x	14.1x	13.2x	11.5x
Dividend pay-out ratio	0%	0%	120%	50%	50%	FCF yield	-5.1%	14.7%	10.2%	7.6%	9.6%
<b>FINANCIAL RATIOS</b>						<b>FCF BREAKDOWN (EURm)</b>					
EBITDA margin	2019	2020	2021E	2022E	2023E	EBIT	2019	2020	2021E	2022E	2023E
Net margin	10.1%	11.1%	14.4%	12.9%	12.5%	NOPAT	2.7	3.1	4.3	4.9	5.5
Effective tax rate	2.1%	4.0%	5.2%	4.9%	5.0%	D&A	2.2	2.8	3.8	3.9	4.4
ROE	19.4%	9.9%	9.9%	20.0%	20.0%	CAPEX (M&A)	4.1	4.1	4.5	4.2	4.2
ROA	2.7%	4.7%	5.8%	6.1%	6.8%	CAPEX (PPE, int. assets)	-6.6	-0.3	0.0	0.0	0.0
ROIC	1.6%	2.6%	3.5%	3.8%	4.2%	Change in WC	-2.8	-2.6	-3.5	-4.9	-4.9
	3.1%	3.6%	5.1%	5.3%	5.8%	FCF	0.9	2.4	-0.2	0.2	0.6
							<b>-2.2</b>	<b>6.4</b>	<b>4.6</b>	<b>3.5</b>	<b>4.4</b>
<b>COMPANY FINANCIALS</b>											
<b>INCOME STATEMENT, EURm</b>						<b>BALANCE SHEET, EURm</b>					
Revenues	2019	2020	2021E	2022E	2023E	PPE	2019	2020	2021E	2022E	2023E
Online media as % of total media	67.5	63.2	61.1	70.5	77.6	Intangibles	14.9	14.1	6.7	6.6	6.5
EBITDA	69.1%	70.8%	77.0%	78.5%	80.0%	Others	56.4	56.6	56.8	57.6	58.4
D&A	6.8	7.0	8.8	9.1	9.7	<b>Total non-current assets</b>	75.9	75.7	69.1	69.8	70.5
Operating profit	-4.1	-4.1	-4.5	-4.2	-4.2	Inventories	3.1	2.8	0.3	0.3	0.3
EBT	2.7	3.1	4.3	4.9	5.5	Trade accounts receivable	12.7	9.5	8.0	8.7	9.6
Income tax	1.7	2.8	3.6	4.3	4.9	Cash and cash equivalents	3.6	6.3	12.1	13.5	15.7
Minorities	-0.3	-0.3	-0.4	-0.9	-1.0	Others	0.0	0.0	0.0	0.0	0.0
Net profit from discontinued operations	1.4	2.5	1.0	3.4	3.9	<b>Total current assets</b>	19.5	18.5	20.3	22.5	25.6
Net profit	1.4	2.5	3.2	3.4	3.9	<b>Total assets</b>	95.4	94.2	89.4	92.3	96.1
<b>CASH FLOW STATEMENT, EURm</b>						<b>Total shareholders equity</b>					
CF from operations	2019	2020	2021E	2022E	2023E	Long-term borrowings	54.6	54.9	56.7	59.0	61.7
D&A	6.7	9.3	10.1	7.9	8.8	Other LT liabilities	19.2	18.6	16.6	16.6	16.6
Changes in WC	4.1	4.0	4.5	4.2	4.2	ST Debt	2.9	2.0	2.0	2.0	2.0
CF from investments	-9.3	-2.8	2.8	-4.9	-4.9	<b>Total non-current liabilities</b>	22.1	20.6	18.6	18.6	18.6
o/w capex (PPE & int. ass.)	-2.8	-2.6	-3.5	-4.9	-4.9	ST Debt	5.1	3.6	1.6	1.6	1.6
o/w capex (M&A)	-6.6	-0.3	0.0	0.0	0.0	ST trade payables	16.5	15.3	14.3	15.2	16.8
CF from fin. activities	5.0	-3.9	-7.0	-1.6	-1.7	Other ST liabilities	0.1	0.1	0.1	0.1	0.1
o/w borrowings	1.2	-1.9	-4.0	0.0	0.0	<b>Total current liabilities</b>	21.6	18.9	15.9	16.9	18.5
o/w dividends	0.0	0.0	-3.0	-1.6	-1.7	<b>Total equity and liabilities</b>	95.4	94.2	89.4	92.3	96.1
						<b>Gross debt</b>					
						24.3					
						<b>Net debt</b>					
						20.7					
						<b>ND/EBITDA</b>					
						3.0x					
						2.3x					
						0.7x					
						0.5x					
						0.3x					
<b>DPS (EUR/share)</b>						<b>Online media as % of total media</b>					
<b>ND/EBITDA and capex</b>						<b>FCF and FCF yield</b>					

## Valuation

We have upgraded Ekspress Grupp from Hold to BUY, with a new 12M price target (PT) of EUR 1.79/share, yielding 23% upside potential. We rely more on our DCF valuation (a 90% weight), which offers a PT of EUR 1.75/share (20% upside); we assign such a large weight to our DCF, as we believe that its cash generation capacity (i.e., a combination of the company's growth and profitability profile) is an essential part of Ekspress Grupp's equity story.

### Valuation summary

	Weight	PT	Current price	Upside
DCF	90%	1.75	1.46	20%
Peer-based valuation	10%	2.15	1.46	47%
<b>Weighted PT</b>	<b>100%</b>	<b>1.79</b>	<b>1.46</b>	<b>23%</b>

Source: WOOD Research

### DCF: 12M PT at EUR 1.75/share

We base our DCF valuation on the following assumptions:

- ✓ A WACC of c.10%.
- ✓ A present value of the discounted free cash flows of EUR 23m for 2022-28E.
- ✓ An end-2021E net debt of EUR 6m.
- ✓ A present value of the terminal value of EUR 30m.
- ✓ A terminal growth rate of 2.0% (vs 1.0% previously; we have decided to increase the terminal growth rate for Ekspress Grupp amid the disposal of the Printall business, i.e., the low-margin, low-growth part of the company).

### DCF valuation

EUR m	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Terminal
Revenues	70.5	77.6	83.9	89.1	92.7	95.5	98.4	100.4
yoy	15%	10%	8%	6%	4%	3%	3%	2%
EBIT	4.9	5.5	6.4	6.6	7.1	6.4	6.8	6.0
EBIT margin	7%	7%	8%	7%	8%	7%	7%	6%
Cash tax	1.0	1.1	1.3	1.3	1.4	1.3	1.4	1.2
<b>NOPAT</b>	<b>3.9</b>	<b>4.4</b>	<b>5.1</b>	<b>5.3</b>	<b>5.7</b>	<b>5.1</b>	<b>5.4</b>	<b>4.8</b>
(+) D&A	4.2	4.2	4.2	4.2	4.2	4.2	4.3	4.3
(-) capex	-4.9	-4.9	-4.9	-4.9	-4.9	-4.9	-4.9	-4.9
(-) Working capital growth	0.2	0.6	0.6	0.5	1.0	0.3	0.3	0.2
<b>Net investment</b>	<b>-0.5</b>	<b>-0.1</b>	<b>-0.1</b>	<b>-0.2</b>	<b>0.3</b>	<b>-0.4</b>	<b>-0.4</b>	<b>-0.4</b>
<b>FCF</b>	<b>3.5</b>	<b>4.4</b>	<b>5.0</b>	<b>5.0</b>	<b>6.0</b>	<b>4.7</b>	<b>5.0</b>	<b>4.4</b>

Terminal growth [g(t)]	2.0%
PV TV	30
PV FCF 2022-28E	23
<b>Enterprise value (EURm)</b>	<b>53</b>
Net debt (end 2021E)	6
Minorities (end 2021E)	0
Investment in associates (2021E)	2
<b>Equity value (EURm)</b>	<b>49</b>
Number of shares (m)	31
Value per share (EUR, 1 Jan 2022)	1.58
<b>12M PT (EUR)</b>	<b>1.75</b>

Source: WOOD Research

## DCF sensitivity

		2022E WACC						
		6.7%	7.7%	8.7%	9.7%	10.7%	11.7%	12.7%
Terminal growth rate	1.1%	1.69	1.67	1.65	1.64	1.62	1.61	1.59
	1.4%	1.72	1.71	1.69	1.67	1.66	1.64	1.62
	1.7%	1.76	1.74	1.73	1.71	1.69	1.68	1.66
	2.0%	1.80	1.79	1.77	1.75	1.73	1.72	1.70
	2.3%	1.85	1.83	1.81	1.79	1.78	1.76	1.74
	2.6%	1.90	1.88	1.86	1.84	1.82	1.80	1.79
	2.9%	1.95	1.93	1.91	1.89	1.87	1.85	1.84

Source: WOOD Research

## WACC calculation

	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Risk free rate	1%	1%	1%	1%	1%	1%	1%	1%
Unlevered beta	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23
Levered beta	1.54	1.53	1.52	1.52	1.51	1.52	1.51	1.51
Equity risk premium	7%	7%	7%	7%	7%	7%	7%	7%
<b>Cost of equity</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>
Pre-tax cost of debt	4%	4%	4%	4%	4%	4%	4%	4%
Tax rate	20%	20%	20%	20%	20%	20%	20%	20%
<b>After tax cost of debt</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.2%</b>
%D	24%	24%	23%	23%	23%	23%	23%	23%
%E	76%	76%	77%	77%	77%	77%	77%	77%
<b>WACC</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>	<b>9.7%</b>

Source: WOOD Research

## Peer group valuation: 12M PT at EUR 2.15/share

**Ekspress Grupp trades at significant discounts to its peers, despite having a similar growth and dividend profile.** On our numbers, the company is valued at 2022-23E P/Es of 13.2-11.5x (15-18% discounts vs. its peers' median, on the Bloomberg consensus). Likewise, significant discounts (27-31%) are visible on our 2022-23E EV/EBITDAs of 5.5-4.9x. We note that some of the discount might be explained by the company's smaller size (market cap of only USD 51m). However, since the disposal of its printing business, its growth profile (we expect a 2020-23E EBITDA CAGR of 21%) is similar to the Bloomberg consensus for most of its peers (median at 20%), and the stock offers similar dividend yields (i.e., c.4%).

## Ekspress Grupp: peers

	Country	Mcap	ND/	P/E			EBITDA	EV/EBITDA			Dividend yield		
		USDm	EBITDA	2021E	2022E	2023E	CAGR 20-23E*	2021E	2022E	2023E	2021E	2022E	2023E
<b>Ekspress Grupp</b>	<b>Estonia</b>	<b>51</b>	<b>0.7x</b>	<b>14.1</b>	<b>13.2</b>	<b>11.5</b>	<b>21%</b>	<b>5.8</b>	<b>5.5</b>	<b>4.9</b>	<b>6.6%</b>	<b>3.5%</b>	<b>3.8%</b>
Sanoma	Finland	2,369	1.9x	19.3	15.9	14.0	-5%	8.4	7.5	7.0	4.2%	4.4%	4.6%
Yelp	United States	2,544	-2.9x	15.9	15.2	12.9	74%	10.5	8.8	7.3	0.0%	0.0%	0.0%
Daily Mail&General Trust	Britain	3,330	-27.6x	42.5	33.4	29.2	39%	14.9	12.8	11.4	2.3%	2.3%	2.4%
Promotora De Informaciones	Spain	387	na	n.a.	n.a.	n.a.	28%	17.4	9.0	7.5	n.a.	n.a.	n.a.
Alma Media	Finland	951	3.0x	17.3	15.7	14.5	16%	14.0	11.8	11.0	3.3%	3.6%	3.9%
Wirtualna Polska	Poland	1,024	2.0x	28.0	21.8	19.3	20%	14.8	12.4	10.8	1.0%	1.5%	1.6%
Arnoldo Mondadori Editore	Italy	583	1.1x	14.4	10.9	10.1	15%	6.2	4.8	4.5	2.4%	2.7%	3.0%
Rcs Mediagroup	Italy	480	na	8.3	8.7	6.9	19%	4.6	4.1	3.0	4.3%	4.9%	4.9%
Bloomsbury Publishing	Britain	385	-0.9x	20.2	18.9	17.6	10%	10.2	9.7	8.8	2.3%	2.6%	2.7%
Roularta Media Group	Belgium	245	-3.3x	19.9	12.7	n.a.	n.a.	6.2	5.3	n.a.	n.a.	n.a.	n.a.
Cairo Communications	Italy	273	na	6.4	6.8	5.8	20%	4.4	4.4	3.5	5.4%	5.4%	5.4%
Vocento	Spain	137	1.1x	7.5	9.5	8.1	55%	3.8	3.1	2.7	3.7%	4.4%	5.1%
Agora	Poland	86	12.2x	n.a.	32.3	14.3	43%	7.1	3.6	3.3	n.a.	n.a.	6.7%
<b>Median</b>				<b>17.3</b>	<b>15.5</b>	<b>14.0</b>	<b>20%</b>	<b>8.4</b>	<b>7.5</b>	<b>7.1</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>
<b>Ekspress Grupp vs. peers' median</b>				<b>-18%</b>	<b>-15%</b>	<b>-18%</b>	<b>0.5pp</b>	<b>-30%</b>	<b>-27%</b>	<b>-31%</b>	<b>4pp</b>	<b>0pp</b>	<b>0pp</b>

Source: WOOD Research, Bloomberg; \*EBITDA CAGR for media segment only, as the printing business was disposed of in 3Q21

## Peer valuation

	P/E (x)			EV/EBITDA (x)		
	2021E	2022E	2023E	2021E	2022E	2023E
Total weighted median (x)	17.28	15.50	14.04	8.38	7.52	7.11
EPS (EUR) for P/E and EBITDA (EURm) for EV/EBITDA	0.10	0.11	0.13	8.8	9.1	9.7
Implied enterprise value				73	69	69
Implied equity value	53	53	55	67	64	66
Implied equity value per share (EUR)	1.78	1.71	1.78	2.26	2.06	2.14
<b>Weight (%)</b>	0.0%	25.0%	25.0%	0.0%	25.0%	25.0%
<b>Implied weighted equity value per share (EUR)</b>						<b>1.92</b>
12M price target (PT)						2.15

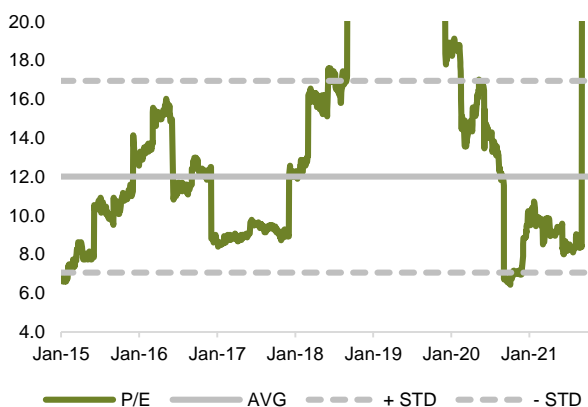
Source: Bloomberg, WOOD Research

**Ekspress Grupp is valued at 5.9x EV/12M trailing EBITDA (Bloomberg consensus), which is 21% below its long-term average.** Likewise, on its P/12M trailing EPS, the company trades at 37x, marking nearly 3x its long-term average. However, we note that the 12M trailing figures include a EUR 2.3m non-cash one-off loss stemming from the disposal of the Printall business; hence, we do not consider the multiple as a meaningful one for valuation purpose. We stress that the company is trading at multiples below the long-term averages, despite its significantly stronger growth and profitability profile, following the disposal of its printing business and the announcement of the new dividend policy (until now, it has had no declared profit distribution policy).

### EV/EBITDA\*



### P/E\*\*



Source: Bloomberg, WOOD Research; \*EV dividend by the trailing 12M EBITDA; \*\*current price divided by trailing 12M EPS; multiples for the period October 2018-January 2020 treated as outliers for the purpose of the average and standard deviations calculations

## Financial forecasts changes

(EUR m)	2021E			2022E			2023E		
	New	Old	Diff.	New	Old	Diff.	New	Old	Diff.
Revenues	61.1	71.4	-14%	70.5	78.8	-11%	77.6	85.2	-9%
EBITDA	8.8	8.2	7%	9.1	8.8	4%	9.7	8.9	9%
Operating profit	4.3	3.6	17%	4.9	4.2	16%	5.5	4.3	28%
Net profit	3.2	2.5	27%	3.4	3.2	8%	3.9	3.3	18%
EBITDA margin	14%	11%	2.9pp	13%	11%	1.8pp	13%	10%	2.1pp
Operating margin	7%	5%	1.9pp	7%	5%	1.6pp	7%	5%	2.0pp
Net margin	5%	4%	1.7pp	5%	4%	0.8pp	5%	4%	1.1pp

Source: Company data, WOOD Research

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## Risks

- ✓ COVID-19 and the macroeconomic environment.
- ✓ M&A.
- ✓ Competition in the media business.
- ✓ Litigation risk.
- ✓ The low liquidity of the stock.
- ✓ Employee turnover.



# Financials

## Profit and loss statement

EUR m	2019	2020	2021E	2022E	2023E
Revenues	67.5	63.2	61.1	70.5	77.6
<i>Online media as % of total media</i>	69.1%	70.8%	77.0%	78.5%	80.0%
EBITDA	6.8	7.0	8.8	9.1	9.7
EBIT	2.7	3.1	4.3	4.9	5.5
Profit before tax	1.7	2.8	3.6	4.3	4.9
Tax	-0.3	-0.3	-0.4	-0.9	-1.0
Minorities	0.0	0.0	0.0	0.0	0.0
Net profit	1.4	2.5	3.2	3.4	3.9

Source: Company data, WOOD Research

## Margins

	2019	2020	2021E	2022E	2023E
EBITDA margin	10.1%	11.1%	14.4%	12.9%	12.5%
Net margin	2.1%	4.0%	5.2%	4.9%	5.0%
ROA	1.6%	2.6%	3.5%	3.8%	4.2%
ROE	2.7%	4.7%	5.8%	6.1%	6.8%
ROIC	3.1%	3.6%	5.1%	5.3%	5.8%

Source: Company data, WOOD Research

## Balance sheet

EUR m	2019	2020	2021E	2022E	2023E
PPE	15	14	7	7	7
Intangibles	56	57	57	58	58
Others	5	5	6	6	6
<b>Total non-current assets</b>	76	76	69	70	70
Inventories	3	3	0	0	0
Trade accounts receivables	13	9	8	9	10
Cash and cash equivalents	4	6	12	14	16
Others	0	0	0	0	0
<b>Total current assets</b>	19	18	20	22	26
<b>Total assets</b>	95	94	89	92	96
<b>Total shareholders' equity</b>	55	55	57	59	62
Long-term borrowings	19	19	17	17	17
Other LT liabilities	3	2	2	2	2
<b>Total non-current liabilities</b>	22	21	19	19	19
ST debt	5	4	2	2	2
ST trade payables	16	15	14	15	17
Other ST liabilities	0	0	0	0	0
<b>Total current liabilities</b>	22	19	16	17	18
<b>Total equity and liabilities</b>	95	94	89	92	96
Gross debt	24	22	18	18	18
Net debt	21	16	6	5	3
ND/EBITDA	3.0x	2.3x	0.7x	0.5x	0.3x

Source: WOOD Research, company data

## Cash flow statement

EUR m	2019	2020	2021E	2022E	2023E
<b>CF from operations</b>	<b>7</b>	<b>9</b>	<b>10</b>	<b>8</b>	<b>9</b>
D&A	4	4	5	4	4
Changes in WC	1	2	0	0	1
Other	2	3	6	3	4
<b>CF from investments</b>	<b>-9</b>	<b>-3</b>	<b>3</b>	<b>-5</b>	<b>-5</b>
o/w capex (PPE & int. ass.)	-3	-3	-4	-5	-5
o/w capex (M&A)	-7	0	0	0	0
Other	0	0	6	0	0
<b>CF from fin. activities</b>	<b>5</b>	<b>-4</b>	<b>-7</b>	<b>-2</b>	<b>-2</b>
o/w borrowings	1	-2	-4	0	0
o/w dividends	0	0	-3	-2	-2
Other	4	-2	0	0	0
<b>Net change in cash</b>	<b>2.4</b>	<b>2.6</b>	<b>5.9</b>	<b>1.4</b>	<b>2.2</b>
Cash at the beginning of the year	1.3	3.6	6.3	12.1	13.5
<b>Cash at the end of the year</b>	<b>3.6</b>	<b>6.3</b>	<b>12.1</b>	<b>13.5</b>	<b>15.7</b>

Source: WOOD Research, companies data

## Valuation multiples

	2019	2020	2021E	2022E	2023E
P/E (x)	31.2x	18.0x	14.1x	13.2x	11.5x
EV/EBITDA (x)	9.5x	8.4x	5.8x	5.5x	4.9x
Dividend yield (%)	0.0%	0.0%	6.6%	3.5%	3.8%
FCF yield (%)	-5.1%	14.7%	10.2%	7.6%	9.6%

Source: Company data, WOOD Research

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15/12/2020	HOLD – initiation of coverage	15/12/2020	EUR 0.68
		04/06/2021	EUR 0.98
06/12/2021	BUY	06/12/2021	EUR 1.79

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