

2022 Sales +20%, Profits +14%

2022 Sales increased 20% while underlying Net profits increased 14%. Both Sales and Profits beat our Q4/22 estimates resulting in a full-year 2022 double-digit growth in both sales and profits. We expect the double-digit growth to continue in 2023. Our estimates and Fair value are raised.

Q4 above estimates

The Q4/22 Sales increased 20% to EUR 19.2m, which was 11% or EUR 1.9m above forecast, while the Net profit increased 6% to EUR 2.4m, which was 22% or EUR 0.4m above estimate. Full-year 2022 Sales increased 20% with a 2% Net profit decline. However, excluding one-offs, the 2022 Net profit increased by 14%.

2023 growth outlook promising

This year, we forecast Sales to grow 12% to EUR 72m, while we expect the underlying Net profit to grow 10% to EUR 4.7m. Including a one-off expense of EUR 0.6m for the closure of AS Express Grupp, the estimated 2023 Net profit growth is 2%. We estimate the closure of AS Express Post to result in annual cost savings of around EUR 1.5m.

Fair value raised

Our 2023, and 2024 EPS is raised by 15-20% and our DCF Base case Fair value is raised to EUR 2.10/shr. (prev. 2.03). We expect a dividend of EUR 0.05/shr. to be proposed equal to a 3.0% yield. In addition, we forecast a 1.9% yield from the ongoing buy-back program.

Key figures (MEUR)

	2021	2022	2023E	2024E	2025E
Net sales	53.5	64.1	71.8	76.1	78.4
Net sales growth	20.2%	19.9%	12.0%	5.9%	3.0%
EBITDA	8.2	8.9	9.8	9.9	10.4
EBITDA margin	15.4%	13.9%	13.6%	13.0%	13.2%
EBIT	4.9	4.8	5.4	6.1	6.2
EBIT margin	8.3%	7.8%	8.3%	8.0%	8.0%
EV/Sales	1.1	1.1	0.9	0.8	0.8
EV/EBITDA	7.2	7.8	6.6	6.5	6.0
EV/EBIT	12.2	14.4	12.1	10.6	9.9
P/E adj.	12.9	12.0	10.7	10.1	9.6
P/BV	0.9	0.9	0.9	0.8	0.8
EPS adj.	0.12	0.14	0.15	0.16	0.17
EPS growth adj.	44.93%	14.22%	12.01%	6.09%	5.28%
Div. per share	0.18	0.05	0.08	0.08	0.08
Dividend yield	11.58%	3.01%	4.82%	4.82%	4.82%

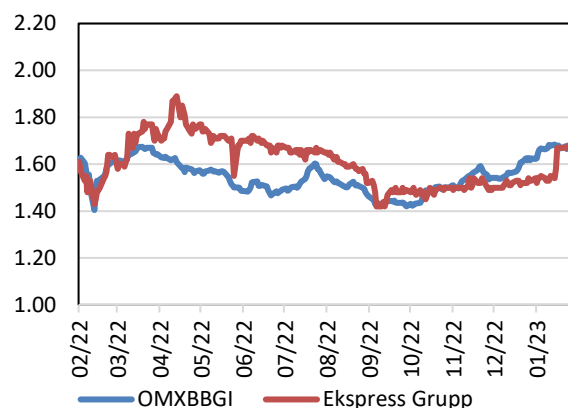
Source: Company data, Enlight Research estimates

Fair value range (EUR)

Bull (term. EBIT marg. 12%)	2.45
Base (term. EBIT marg. 10%)	2.10
Bear (term. EBIT marg. 8%)	1.75

Key Data

Price (EUR)	1.66
Ticker	EEG1T
Country	Estonia
Listed	Tallinn
Market Cap (EURm)	50
Net debt (EURm)	13
Shares (m)	30.2
Free float	27%



Price range

52-week high	1.89
52-week low	1.42

Analyst

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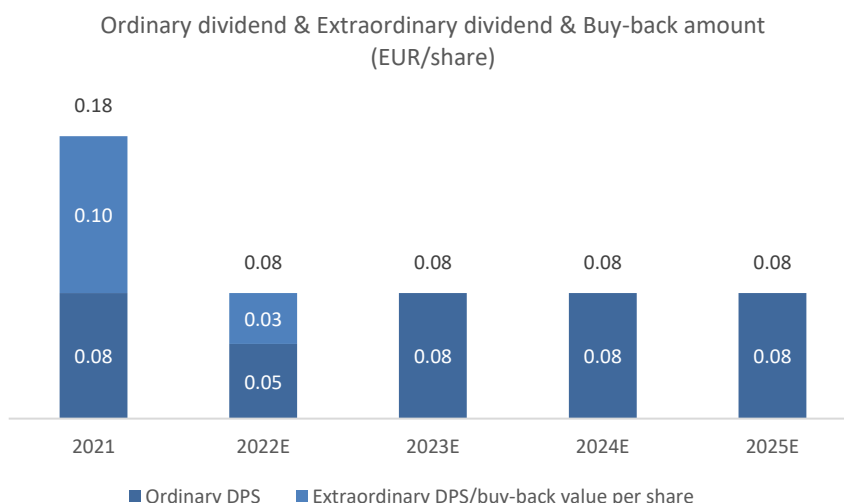
Coverage frequency

4x per year

Key takeaways

Dividend run set to continue...

Given the 2022 Net profit of EUR 4.0m (EPS 0.13) and the end of year 2022 cash position of EUR 7.4m, we stand by our 2022 pay-out forecast of EUR 0.08 per share whereof EUR 0.05 (yield 3.0%) is ordinary dividend and 0.03 (yield 1.9%) is from the ongoing buy-back program. This would mark the second consecutive year of dividends (after a two-year break in 2019-20) and we forecast a pay-out (dividends, share buy-back) of EUR 0.08 in 2024 and 2025 as well. The company has an ongoing buy-back program for a maximum amount of EUR 1m (EUR 0.03 per share) entailing maximum 0.588m shares at EUR 1.70 per share to be completed on 9 March 2023. The buy-back yield is 1.9% on the current market cap of EUR 50m. For investors not paying immediate tax on capital gains, buy-back distributions are more tax efficient than dividend distributions as the Estonian corporate withholding tax on dividend distributions is 20%. Worth noting is that there is no guarantee that investors can sell all their shares and some of the bought back shares could be used in future employee share option programs i.e., will not be cancelled. In our share count for 2023, we assume all the buy-back program's 0.588m shares will be bought back and cancelled i.e., we reduce the number of shares by 0.588m this year (reverse dilution). To summarize, we believe a total of EUR 0.08 per share will be paid out from 2022 year's profit through ordinary dividend and share buy-back.



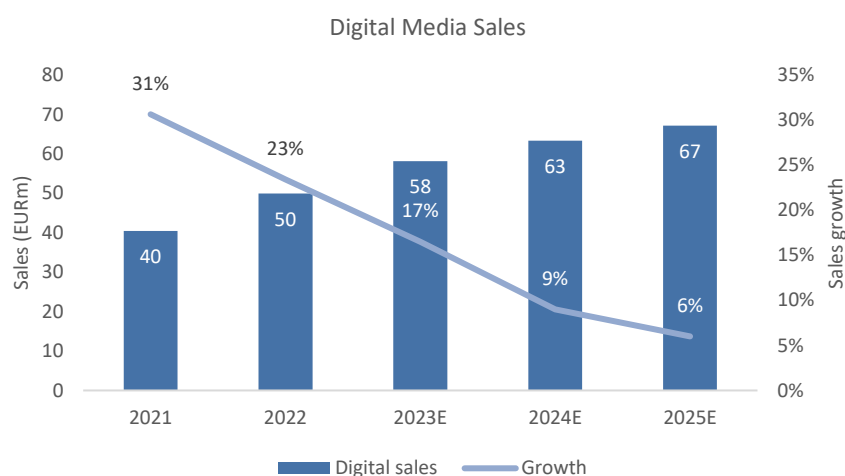
Source: Company (historic), Enlight Research (estimates)

Buy-back vs. dividends	Buy-back	Dividend
Amount distributed to shareholders (EURm)	1.0	1.0
Corporate tax rate on distribution	0%	20%
Corporate tax on distribution (EURm)	0.0	0.2
Net amount distributed to shareholders (EURm)	1.0	0.8
Market cap (EURm)	50.1	50.1
Yield	2.0%	1.6%

Source: Company (historic), Enlight Research (estimates)

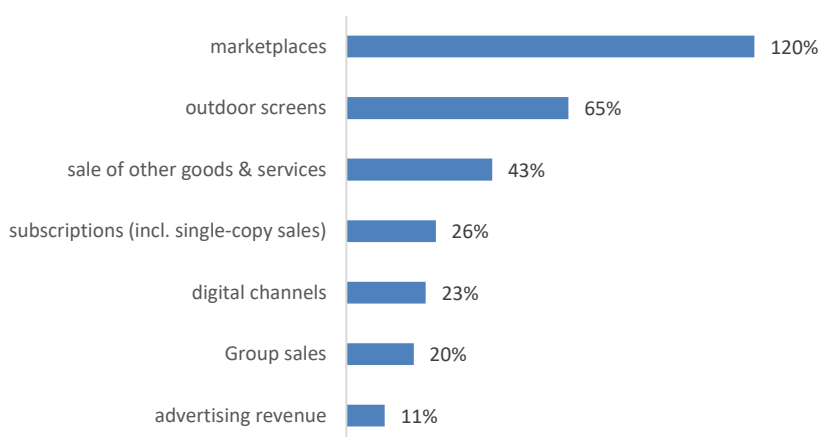
Digital sales growth set to continue...

The digital media sales growth has been 20-30% in the last two years and we expect 2023 to be another year of double-digit growth. In 2023, our estimated Digital media sales growth is 17% whereof 7% percentage points is organic and 5% is from the acquisition of Lrytas (estimated 2023 sales EUR 3.3m). For the first time, the sales per sub-segments (ad revenues, marketplaces, outdoor screens etc.) were reported in the Q4/22 interim report. As expected, the advertising (EUR +4m) and the subscription revenues (EUR +4m) added the most to sales in 2022, which was driven by the digital advertising and digital subscriptions (sales from digital channels increased by EUR 9.5m or 23% in 2022). In percentage terms, marketplaces grew fastest in 2022 (+120%), which was driven by the ticketing platforms in Latvia and Estonia (newly started). We expect the Digital media sales growth to gradually normalize in 2024, and 2025, but still at a healthy 6-9%.



Source: Company (historic), Enlight Research (estimates)

Reported 2022 growth



Source: Company

Growth per sub-segment	2021	2022	Diff. (EURm)	Diff. %
Advertising revenue	34	38	4	11%
Subscriptions (incl. single-copy sales)	13	17	4	26%
Marketplaces	1	2	1	120%
Outdoor screens	1	2	1	65%
Sale of other goods & services	3	4	1	43%

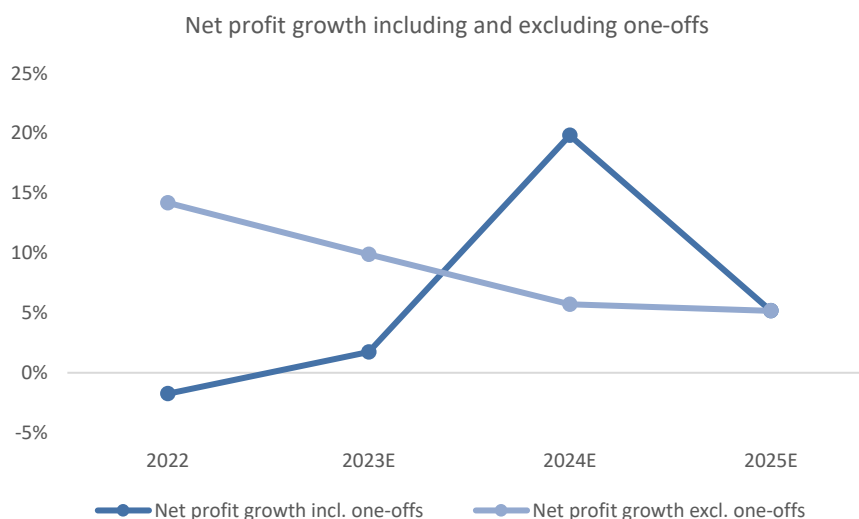
Source: Company

Net profit growth set to continue...

Adjusted for one-offs, the 2022 Net profit grew 14% to EUR 4.2m from 3.7m in 2021 (see table below). This excludes a EUR 0.4m positive one-off in 2021 due to lower acquisition contingency payment for the Latvian ticketing platform and a EUR 0.2m negative one-off in 2022 due to a donation to Ukraine. Including these one-offs, the 2022 Net profit declined by 2% to EUR 4.0m from EUR 4.1m (after minorities). For 2023, we forecast the underlying Net profit to grow 10% to EUR 4.7m from EUR 4.2m in 2021. Including one-offs, our estimated 2023 Net profit growth is 2% (lower growth mainly due to one-off closing costs of AS Express Post). Worth noting is that the closure of AS Express Post is estimated to result in annual recurring cost savings of around EUR 1.5m for Ekspress Grupp. To put this into perspective, the reported Net profit in 2022 was EUR 4.0m i.e., the cost savings from closing AS Express Post represent around a quarter of last year’s Group net profit. In the forecast period 2023-25, we expect the underlying (excluding one-offs) annual net profit growth to be 5-10%.

Net profit growth	2021	2022	2023E	2024E	2025E
Net profit	4.1	4.0	4.1	4.9	5.2
Net profit growth	62%	-2%	2%	20%	5%
One-off income					
Lower contingency LV ticket platform	0.4				
Donations to Ukraine		-0.2			
AS Express Post closing cost			-0.6		
Net profit excl. one-offs	3.7	4.2	4.7	4.9	5.2
Net profit growth excl. one-offs	62%	14%	10%	6%	5%

Source: Company (historic), Enlight Research (estimates)



Source: Company (historic), Enlight Research (estimates)

Valuation

DCF Valuation Base case Fair value EUR 2.10

Our Base case DCF Fair value is raised to EUR 2.10/share (prev. 2.03), corresponding to an upside around 25%. Higher estimates are the main reason for the higher Fair value (see Estimate changes). Our Base case assume a terminal EBIT margin of 10.0%, which reflects the higher margins inherent in a digital media company vs. a traditional media company. Our Bear and Bull case motivated share prices are EUR 1.75 (prev. 1.67), and EUR 2.45 (prev. 2.37), respectively. The only difference between our Bear and Bull scenarios is the assumed terminal EBIT margin which is 8% (Bear) and 12% (Bull), respectively. See below tables for our scenarios and DCF sensitivity.

DCF Valuation Scenarios	Bear	Base	Bull
WACC	10.3%	10.3%	10.3%
Terminal Sales growth	3.0%	3.0%	3.0%
Terminal EBIT margin	8.0%	10.0%	12.0%
Fair Value per share (EUR)	1.75	2.10	2.45
Upside/Downside (last price)	5%	26%	47%
Share price (EUR)	1.67	1.67	1.67

Source: Enlight Research

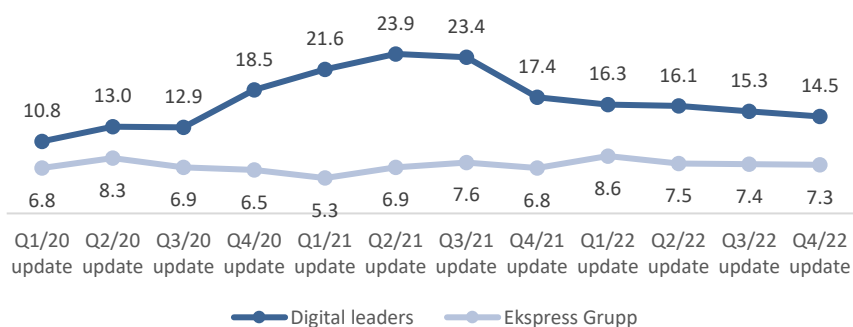
DCF sensitivity	Current	Step	Test values & Results										
Equity beta	1.20	0.15	0.45	0.60	0.75	0.90	1.05	1.20	1.35	1.50	1.65	1.80	1.95
Fair value (DCF)	2.10		3.58	3.18	2.84	2.55	2.31	2.10	1.92	1.76	1.61	1.49	1.37
Target debt ratio*	30.0 %	5.0 %	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%
Fair value (DCF)	2.10		1.37	1.48	1.61	1.75	1.92	2.10	2.31	2.56	2.85	3.19	3.60
Risk-free IR	3.5 %	0.5 %	1.0 %	1.5 %	2.0 %	2.5 %	3.0 %	3.5 %	4.0 %	4.5 %	5.0 %	5.5 %	6.0 %
Fair value (DCF)	2.10		3.00	2.78	2.58	2.40	2.24	2.10	1.97	1.85	1.74	1.64	1.55

Source: Enlight Research, *(D/D+E)

Peer valuation indicates upside

Following the Print segment divestment, more than 70% of Ekspress Grupp's revenues is digital (digital subscriptions and online ads). Hence, we compare Ekspress Grupp to other digital leaders in the media sector. Since our Q3/22 Update in November 2022, the current year forecast EV/EBITDA multiples have contracted for the Digital leaders' peer group from 15.3x to 14.5x, while Ekspress Grupp's multiple has decreased from 7.4x to 7.3x. This means Ekspress Grupp is trading at an EV/EBITDA 2023E peer discount of 50% (was 52% in our Q3/22 Update). Worth noting is that Ekspress Grupp's dividend yield is superior to all peers except Alma Media (see next page for peer table).

EV/EBITDA current forecast year Ekspress Grupp vs. Digital leaders



Source: MarketScreener, Enlight Research, Q1/20 prices from 14 May 2020, Q2/20 prices from 4 Aug 2020, Q3/20 prices from 11 Nov 2020, Q4/20 prices from 17 Feb 2021, Q1/21 prices from 6 May 2021, Q2/21 prices from 12 Aug 2021, Q3/21 prices from 2 Nov 2021, Q4/21 prices from 7 Mar 2022, Q1/22 prices from 6 May 2022, Q2/22 prices from 8 Aug 2022, Q3/22 prices from 4 Nov 2022, Q4/22 prices from 17 Feb 2023

Digital leaders

Company	Ccy	Price (last)	EV/EBITDA 2021	EV/EBITDA 2022	EV/EBITDA 2023E	EV/EBITDA 2024E	Div. yield 2021	Div. yield 2022	Div. yield 2023E	Div. yield 2024E
Alma Media	EUR	9.73	12.8	9.7	10.5	10.2	3.6%	4.1%	4.3%	4.7%
Schibsted	NOK	223.60	20.7	24.2	22.0	18.5	0.9%	0.9%	0.9%	1.0%
Baltic Classifieds Group	EUR	1.74	27.6	21.8	16.8	16.0	0.0%	0.6%	1.2%	1.7%
Wirtualna Polska Hld	PLN	100.4	11.4	10.0	8.8	7.8	1.5%	1.2%	1.9%	2.0%
Average			18.1	16.4	14.5	13.1	1.5%	1.7%	2.1%	2.4%
Median			16.7	15.9	13.7	13.1	1.2%	1.0%	1.5%	1.9%
Ekspress Grupp	EUR	1.67	7.2	7.8	7.3	6.6	11.6%	4.8%	4.8%	4.8%

Source: MarketScreener, Enlight Research, prices from 17 February 2023

Estimate deviations

The Q4/22 Sales was 11% or EUR 1.9m above our estimate of EUR 17.3m. The Q4/22 Gross profit was 7.5% above forecast. The Q4/22 Pre-tax Profit was 21.4% or EUR 0.5m above our estimate, despite higher than expected interest expenses by EUR 0.3m. To summarize, higher than expected revenues with costs roughly in-line with estimates resulted in the Net profit coming in 22% or EUR 0.4m above forecast.

Deviation table Group

P&L (EURm)	Estimate	Outcome	Diff	Diff
	Q4/22	Q4/22	EURm	%
Sales	17.274	19.185	1.911	11.1%
Costs of sales	-11.960	-13.473	-1.513	12.7%
Gross profit (loss)	5.314	5.712	0.398	7.5%
Other income	0.252	0.263	0.011	4.4%
Marketing expenses	-0.792	-0.846	-0.054	6.9%
Administrative expenses	-2.457	-2.381	0.076	-3.1%
Other expenses	0.008	-0.008	-0.016	-200.0%
Operating profit	2.326	2.740	0.414	17.8%
Interest income	-0.029	0.007	0.036	-124.1%
Interest expense	0.044	-0.208	-0.252	-572.7%
FX gain/loss	0.000	0.000	0.000	nm
Other finance costs	-0.194	-0.015	0.179	-92.3%
<i>Financial net</i>	<i>-0.179</i>	<i>-0.216</i>	<i>-0.037</i>	<i>20.7%</i>
Profit on shrs of JVs	0.327	0.085	-0.242	-74.0%
Profit on shrs of associates	-0.325	0.000	0.325	-100.0%
Profit (loss) before taxes	2.149	2.609	0.460	21.4%
Income tax	-0.150	-0.173	-0.023	15.3%
Net profit	1.999	2.429	0.430	21.5%
EBITDA	3.406	3.794	0.388	11.4%

Sales growth	Estimate	Outcome	Diff
	Q4/22	Q4/22	%-pts
Group Sales (excl. Printing)	8.3%	20.3%	12.0

Margins	Estimate	Outcome	Diff
	Q4/22	Q4/22	bps
Gross margin	30.8%	29.8%	-1.0
EBITDA margin	19.7%	19.8%	0.1
EBIT margin	13.5%	14.3%	0.8
PTP margin	12.4%	13.6%	1.2
Net profit margin	11.6%	12.7%	1.1

Source: Company reports, Enlight Research

Estimate changes

We increase our 2023 and 2024 sales estimates by 7.1% on the back of continuous strong digital sales boosted by the Lrytas acquisition. Our EBITDA is raised by 6.3% this year and 3.1% for 2024, reflecting the higher sales estimates. The 2024 EBIT estimate is raised by 7.0%, this year and 12.2% next year, as cost savings from the closing of AS Express Post has a positive effect. The EPS (adjusted for one-offs) estimates are raised by EUR 0.03 for 2023 and EUR 0.02 for 2024, while our Dividend estimates for the same years are left unchanged.

Group estimate changes

Sales (EURm)	2023E	2024E	2025E
Old estimate (excl. Print)	67.1	71.0	na
New estimate (excl. Print)	71.8	76.1	78.4
Change	4.8	5.1	na
Change (pct)	7.1%	7.1%	na

EBITDA (EURm)	2023E	2024E	2025E
Old estimate (excl. Print)	9.2	9.6	na
New estimate (excl. Print)	9.8	9.9	10.4
Change	0.6	0.3	na
Change (pct)	6.3%	3.3%	na

EBIT (EURm)	2023E	2024E	2025E
Old estimate (excl. Print)	5.0	5.4	na
New estimate (excl. Print)	5.4	6.1	6.2
Change	0.4	0.7	na
Change (pct)	7.0%	12.2%	na

EPS (EUR)	2023E	2024E	2025E
Old estimate (excl. Print)	0.13	0.14	na
New estimate (excl. Print)	0.15	0.16	0.17
Change	0.03	0.02	na
Change (pct)	21.7%	15.7%	na

Dividend (EUR)	2023E	2024E	2025E
Old estimate (excl. Print)	0.08	0.08	na
New estimate (excl. Print)	0.08	0.08	0.08
Change	0.00	0.00	na
Change (pct)	0.0%	0.0%	na

Source: Enlight Research

Forecast

Sales by segment	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2022	2023E	2024E	2025E
Media segment	14.062	16.785	16.217	23.650	62.690	70.714	74.957	77.206
<i>digital channels</i>	10.956	13.494	13.207	20.510	49.928	58.166	63.401	67.205
Corporate functions	1.165	1.165	1.254	1.141	4.500	4.725	4.914	5.086
Eliminations	-0.916	-0.903	-1.051	-0.722	-3.050	-3.592	-3.803	-3.919
Total Sales	14.311	17.047	16.420	24.069	64.140	71.847	76.068	78.373
Sales growth	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2022	2023E	2024E	2025E
Media segment	7.5%	4.5%	10.0%	25.8%	20.3%	12.8%	6.0%	3.0%
<i>digital channels</i>	5.0%	8.0%	10.0%	36.8%	23.4%	16.5%	9.0%	6.0%
Corporate functions	6.7%	6.9%	8.0%	-1.4%	9.3%	5.0%	4.0%	3.5%
Eliminations	22.6%	21.6%	34.0%	-7.0%	13.2%	17.8%	5.9%	3.0%
Total Sales	6.6%	3.9%	8.6%	25.5%	19.9%	12.0%	5.9%	3.0%
EBITDA by segment	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2022	2023E	2024E	2025E
Media segment	0.900	2.518	2.785	5.112	10.183	11.314	12.368	13.125
Corporate functions	-0.230	-0.261	-0.376	-0.566	-1.122	-1.432	-2.379	-2.673
Eliminations	-0.025	-0.025	-0.025	-0.025	-0.171	-0.100	-0.100	-0.100
Total EBITDA	0.645	2.232	2.383	4.522	8.890	9.782	9.889	10.352
EBITDA margin	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2022	2023E	2024E	2025E
Media segment	6.4%	15.0%	17.2%	21.6%	16.2%	16.0%	16.5%	17.0%
Corporate functions	-19.7%	-22.4%	-30.0%	-49.6%	-24.9%	-30.3%	-48.4%	-52.6%
Total EBITDA	4.5%	13.1%	14.5%	18.8%	13.9%	13.6%	13.0%	13.2%
Income statement	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2022	2023E	2024E	2025E
Sales	14.311	17.047	16.420	24.069	64.140	71.847	76.068	78.373
Costs of sales	-11.664	-12.785	-12.315	-17.265	-48.185	-54.029	-57.051	-58.780
Gross profit (loss)	2.648	4.262	4.105	6.804	15.955	17.818	19.017	19.593
Other income	0.129	0.205	0.197	0.353	0.789	0.884	0.913	0.940
Marketing expenses	-0.687	-0.784	-0.755	-1.079	-2.979	-3.305	-3.423	-3.527
Administrative expenses	-2.361	-2.301	-2.135	-3.118	-8.823	-9.915	-10.345	-10.659
Other expenses	-0.025	-0.025	-0.025	-0.025	-0.146	-0.100	-0.100	-0.100
<i>Operating expenses</i>	<i>-2.945</i>	<i>-2.906</i>	<i>-2.718</i>	<i>-3.868</i>	<i>-11.159</i>	<i>-12.436</i>	<i>-12.955</i>	<i>-13.345</i>
Operating profit	-0.297	1.356	1.387	2.936	4.796	5.382	6.061	6.248
Interest income	0.000	0.000	0.000	0.000	0.036	0.000	0.000	0.000
Interest expense	-0.150	-0.150	-0.150	-0.350	-0.738	-0.800	-0.710	-0.619
FX gain/loss	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other finance costs	0.000	0.000	0.000	0.000	0.179	0.000	0.000	0.000
<i>Financial net</i>	<i>-0.150</i>	<i>-0.150</i>	<i>-0.150</i>	<i>-0.350</i>	<i>-0.523</i>	<i>-0.800</i>	<i>-0.710</i>	<i>-0.619</i>
Profit on shrs of JVs	-0.061	-0.061	0.000	0.000	-0.242	-0.121	0.000	0.000
Profit on shrs of associates	0.000	0.000	0.000	0.000	0.325	0.000	0.000	0.000
Profit (loss) before taxes	-0.507	1.145	1.237	2.586	4.356	4.461	5.351	5.629
Income tax	0.015	-0.057	-0.062	-0.240	-0.302	-0.344	-0.401	-0.422
Minority interest	0.000	0.000	0.000	0.000	-0.007	0.000	0.000	0.000
Net profit	-0.492	1.088	1.175	2.346	4.047	4.117	4.950	5.207
EBITDA	0.645	2.232	2.383	5.043	8.890	9.782	9.889	10.352
Sales growth	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2022	2023E	2024E	2025E
Sales growth y-on-y	6.6%	3.9%	8.6%	25.5%	19.9%	12.0%	5.9%	3.0%
Sales growth q-on-q	-25.4%	19.1%	-3.7%	46.6%	nm	nm	nm	nm
Margins	Q1/23E	Q2/23E	Q3/23E	Q4/23E	2022	2023E	2024E	2025E
Gross margin	18.5%	25.0%	25.0%	28.3%	24.9%	24.8%	25.0%	25.0%
EBITDA margin	4.5%	13.1%	14.5%	21.0%	13.9%	13.6%	13.0%	13.2%
Operating margin	-2.1%	8.0%	8.4%	12.2%	7.5%	7.5%	8.0%	8.0%
Pre-tax Profit margin	-3.5%	6.7%	7.5%	10.7%	6.8%	6.2%	7.0%	7.2%
Net margin	-3.4%	6.4%	7.2%	9.7%	6.3%	5.7%	6.5%	6.6%

Source: Company (historical), Enlight Research (estimate)

Risk factors

Below risks is not a complete list of risks related to NEO Finance, but rather a list of risks that we view as the most important to highlight given the current environment and our investment case. For examples of additional risks, we recommend reading the IPO Information document.

Integration of P2P and PIS platform

Our investment case envisions an integration of the P2P lending platform and the PIS (payment initiation service) platform with consumer loan functionality added. If for some reason, this integration is not possible to implement, then our forecast is most likely too optimistic.

Consumer loan offer

The consumer loan service is not yet launched. The ability to launch this service might be dependent on regulatory approval. If for some reason a consumer loan service cannot be launched, our forecast is most likely too optimistic.

Institutional investors

Our forecast assumes that the company can attract additional institutional lenders (investors). If this is not possible, it is most likely not possible to grow the granted loans according to our forecast.

Borrowers

The competition for borrowers is high. Failure to attract borrowers could result in lower than expected intermediary income, and hence profits.

Regulatory risk

The Company operates in a regulated market under licenses granted by the Central Bank of Lithuania. A major change in the regulations and/or a breach resulting in a loss of a license could affect the prospects of the Company significantly.

Russia – Ukraine risk

The company has no significant exposure to Russia, Ukraine, or Belarus.

Income Statement	2021	2022	2023E	2024E	2025E
Net sales	53.5	64.1	71.8	76.1	78.4
Total operating costs	-45.3	-55.3	-62.1	-66.2	-68.0
EBITDA	8.2	8.9	9.8	9.9	10.4
Depreciation & Amort.	-3.4	-4.1	-4.4	-3.8	-4.1
One-off EBIT items	0.4	-0.2	-0.6	0.0	0.0
EBIT	4.9	4.8	5.4	6.1	6.2
Financial net	-0.5	-0.4	-0.9	-0.7	-0.6
Pre-tax profit	4.4	4.4	4.5	5.4	5.6
Taxes	-0.3	-0.3	-0.3	-0.4	-0.4
Minority interest	0.0	0.0	0.0	0.0	0.0
Other items	0.0	0.0	0.0	0.0	0.0
Net profit	4.1	4.0	4.1	5.0	5.2

Balance Sheet	2021	2022	2023E	2024E	2025E
Cash and cash equivalent	11	7	7	6	5
Receivables	9	12	12	13	13
Inventories	0	0	0	0	0
Other current assets	0	0	0	0	0
Total current assets	21	19	20	19	18
Tangible assets	8	9	9	10	10
Goodwill & intangible assets	61	67	67	67	67
Lease & Investment properties	0	0	0	0	0
Long-term Investments	1	1	1	1	1
Associated companies	2	2	2	2	2
Other long-term assets	2	2	2	2	2
Total fixed assets	74	80	81	82	82
Total Assets	94	100	101	101	100
Accounts payable	18	19	21	21	20
Short-term IB debt	3	3	3	3	2
Other current liabilities	0	0	0	0	0
Total current liabilities	21	22	24	23	23
Long-term IB debt	19	22	19	17	14
Convertibles & Lease liab.	0	0	0	0	0
Deferred tax liab.	0	0	0	0	0
Provisions	0	0	0	0	0
Other long-term liab.	1	0	0	0	0
Total long-term liab.	20	22	19	17	14
Total Liabilities	41	44	43	41	37
Minority interest	0	0	0	0	0
Shareholders' equity	54	55	58	60	63
Total liabilities and equity	94	100	101	101	100

DCF valuation	Cash flow, mEUR		
WACC (%)	10.46 %	NPV FCF (2022-2024)	12
Assumptions 2022-2028 (%)		NPV FCF (2025-2031)	24
Sales CAGR	3.48 %	NPV FCF (2032-)	45
Avg. EBIT margin	8.02 %	Non-operating assets	7
Fair value per share (EUR)	2.10	Interest-bearing debt	-25
Share price (EUR)	1.66	Fair value estimate	63

Free Cash Flow	2021	2022	2023E	2024E	2025E
Operating profit	4.9	4.8	5.4	6.1	6.2
Depreciation & Amort.	3.4	4.1	4.4	3.8	4.1
Working capital chg.	5.0	-1.1	1.2	-1.0	-0.6
Other Operating CF items	-0.3	-0.4	-0.4	-0.5	-0.5
Operating Cash Flow	13.0	7.4	10.6	8.4	9.3
Net investments	-1.4	-10.7	-5.0	-4.5	-4.0
Other items	-1.4	-0.6	0.0	0.0	0.0
Free Cash Flow	10.1	-3.8	5.6	3.9	5.3

Capital structure	2021	2022	2023E	2024E	2025E
Equity ratio	57.0%	55.5%	57.6%	59.9%	63.3%
Debt / Equity ratio	41.5%	45.8%	37.8%	33.0%	25.7%
Gearing %	21.0%	32.3%	25.3%	22.9%	18.2%
Net debt/EBITDA	1.4	2.0	1.5	1.4	1.1

Profitability	2021	2022	2023E	2024E	2025E
ROE	7.6%	7.4%	7.3%	8.4%	8.4%
FCF yield	21.2%	-7.5%	11.2%	7.8%	10.6%
EBITDA margin	15.4%	13.9%	13.6%	13.0%	13.2%
EBIT margin	9.1%	7.5%	7.5%	8.0%	8.0%
PTP margin	8.2%	6.8%	6.2%	7.0%	7.2%
Net margin	7.7%	6.3%	5.7%	6.5%	6.7%

Valuation	2021	2022	2023E	2024E	2025E
P/E	11.6	12.6	12.2	10.1	9.6
P/E, adjusted	12.9	12.0	10.7	10.1	9.6
P/Sales	0.9	0.8	0.7	0.7	0.6
EV/Sales	1.1	1.1	0.9	0.8	0.8
EV/EBITDA	7.2	7.8	6.6	6.5	6.0
EV/EBIT	12.2	14.4	12.1	10.6	9.9
P/BV	0.9	0.9	0.9	0.8	0.8
P/BV tangible	-6.6	-4.4	-5.6	-7.8	-13.9

Per share ratios	2021	2022	2023E	2024E	2025E
EPS	0.13	0.13	0.14	0.16	0.17
EPS, adjusted	0.12	0.14	0.15	0.16	0.17
Operating CF/share	0.42	0.24	0.35	0.28	0.31
Free Cash Flow/share	0.33	-0.12	0.19	0.13	0.18
BV/share	1.74	1.79	1.92	2.00	2.09
Tangible BV/share	-0.24	-0.37	-0.29	-0.21	-0.12
Div. per share	0.18	0.05	0.08	0.08	0.08
Div. payout ratio	134.6%	38.0%	58.7%	48.8%	46.4%
Dividend yield	11.6%	3.0%	4.8%	4.8%	4.8%

Shareholders	Capital	Votes
HHL RÜHM OÜ	23.756	47.37 %
HANS LUIK	12.967	25.86 %
LHV Pensionfond L	3.054	6.09 %
SEB S.A. Client UCITS	1.412	2.81 %
Ekspress Grupp AS	0.837	1.67 %
LHV Pensionfond XL	0.779	1.55 %
Citibank/Govt of Norway	0.525	1.05 %
Compensa Life Vienna Ins.	0.522	1.04 %
Mattus & Co AG	0.310	0.62 %
OU Observa	0.251	0.50 %

Key people	
CEO	Mari-Liis Rüttsalu
CFO	Signe Kukin
IR	Signe Kukin
Chairman	Priit Rohumaa

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

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