

Too much cash

Strong cash flows mean Ekspress Grupp (EEG) is going from overleveraged to overcapitalized as digital products generate cash. We expect the Free Cash Flow to enable attractive dividends and debt reduction. We reiterate our Base case Fair value and dividend forecast.

Strong cash flow

2023 Free Cash Flow after investments (FCF) reached a record EUR 8.4m (0.28/shr.) equal to a FCF yield of 21%. Even with our lower assumed annual FCF of EUR 5-9m in the forecast period 2024-26, the FCF yield is an attractive +13%. We believe the FCF is sufficient to cover both an attractive dividend yield (6-7%) and a Net debt to EBITDA reduction (from 1.2x to 0.6x) in the forecast period 2024-26. The debt reduction indicate that EEG will be overcapitalized, which implies higher dividends.

Goodwill write-down

Sceptics might argue that the Goodwill (GW) of EUR 48m is too high relative the Equity of EUR 57m. We recognize the argument but are not worried about the GW given the strong FCF. Regardless, the company has the freedom to write-down GW without affecting FCF and dividends.

Base case FV EUR 2.00

The 2024E EV/EBITDA of 4.6x imply a peer discount of +70%. We reiterate our Base Case DCF Fair value (FV) of EUR 2.00/shr. indicating an upside of around 60%.

Key figures (MEUR)

	2022	2023	2024E	2025E	2026E
Net sales	64.1	73.1	77.7	82.8	88.0
Net sales growth	19.9%	14.0%	6.4%	6.5%	6.4%
EBITDA	8.9	10.2	11.1	12.0	13.4
EBITDA margin	13.9%	14.0%	14.3%	14.5%	15.2%
EBIT	4.8	5.5	5.9	6.3	6.7
EBIT margin	7.5%	7.5%	7.6%	7.6%	7.6%
EV/Sales	1.0	0.7	0.7	0.6	0.5
EV/EBITDA	7.1	5.3	4.6	4.2	3.4
EV/EBIT	13.2	9.9	8.7	8.0	6.8
P/E adj.	12.0	10.1	9.1	8.9	7.3
P/BV	0.9	0.7	0.6	0.6	0.6
EPS adj.	0.14	0.12	0.14	0.14	0.17
EPS growth adj.	14.22%	-10.03%	10.55%	3.37%	20.74%
Div. per share	0.05	0.06	0.07	0.08	0.09
Dividend yield	3.01%	4.78%	5.58%	6.37%	7.17%

Source: Company data, Enlight Research estimates

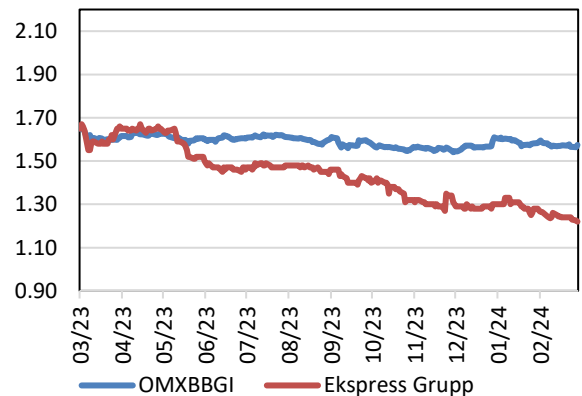
Fair value range (EUR)

Bull (term. EBIT marg. 11%)	2.31
Base (term. EBIT marg. 9%)	2.00
Bear (term. EBIT marg. 7%)	1.70

Key Data

Price (EUR)	1.26
Ticker	EEG1T
Country	Estonia
Listed	Tallinn
Market Cap (EURm)	38
Net debt* (EURm)	10.6
Shares (m)	30.2
Free float	27%

*Last reported



Price range

52-week high	1.67
52-week low	1.22

Analyst

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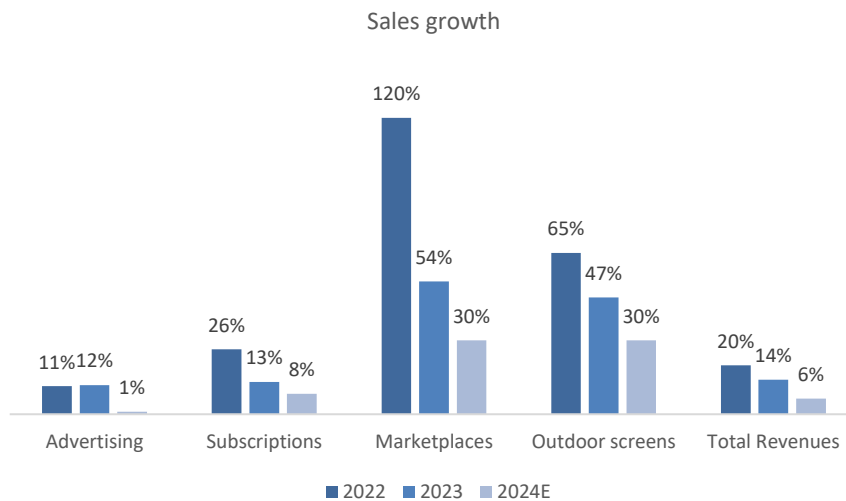
Coverage frequency

4x per year

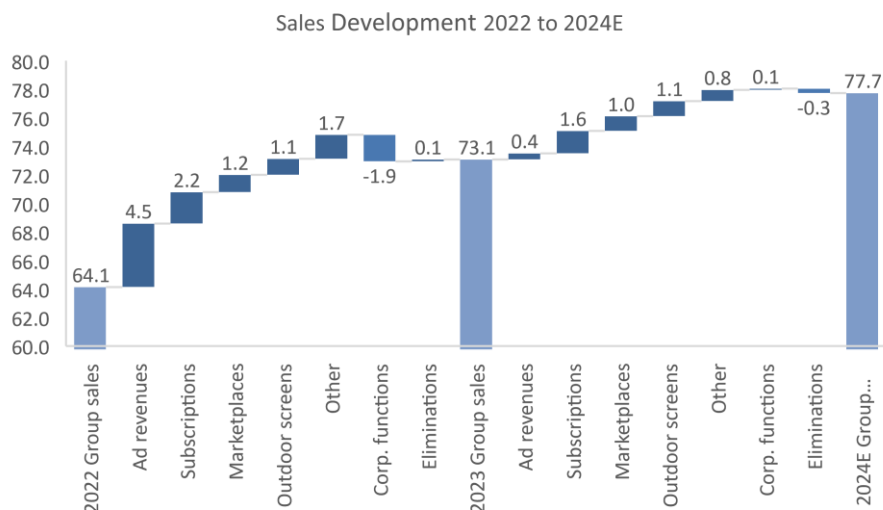
Key takeaways

New segments boost growth

Despite an expected Estonian GDP decline of around 3% in 2023, Ekspres Grupp managed to increase its sales by 14% to EUR 73m. Even excluding acquisitions, the sales growth was 9% (like-for-like). The growth rate slowdown within the traditional segments, Advertising (+12%) and Subscriptions (+13%), was offset by the new segments, Marketplaces (+54%) and Outdoor screens (+47%). The traditional segments (Advertising and Subscriptions) share of Media revenues decreased to 83% in 2023 from 87% in 2022. In 2024, we forecast the new segments (Marketplaces, Outdoor screens) to contribute EUR 2.1m of additional sales while the traditional segments are expected to contribute EUR 2.0m. To summarize, while the traditional segments still make up most of sales (around 80% of group sales), the new segments are expected to contribute most of the growth.



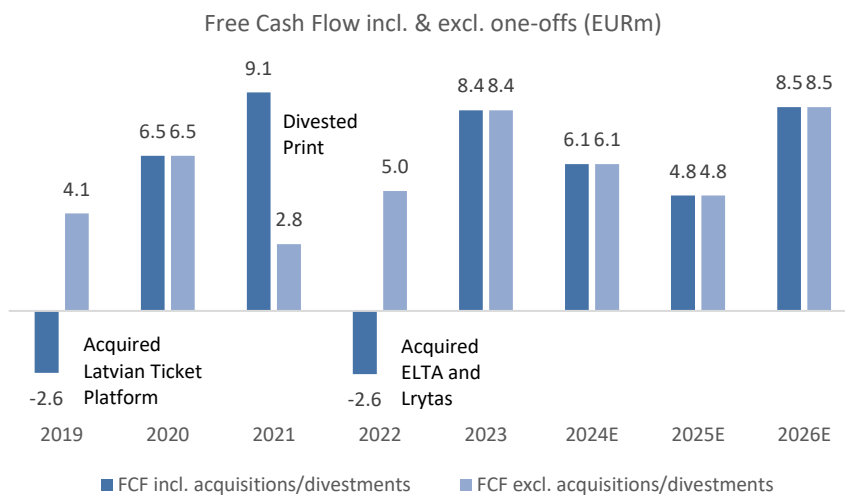
Source: Company reports (historic), Enlight Research (estimates)



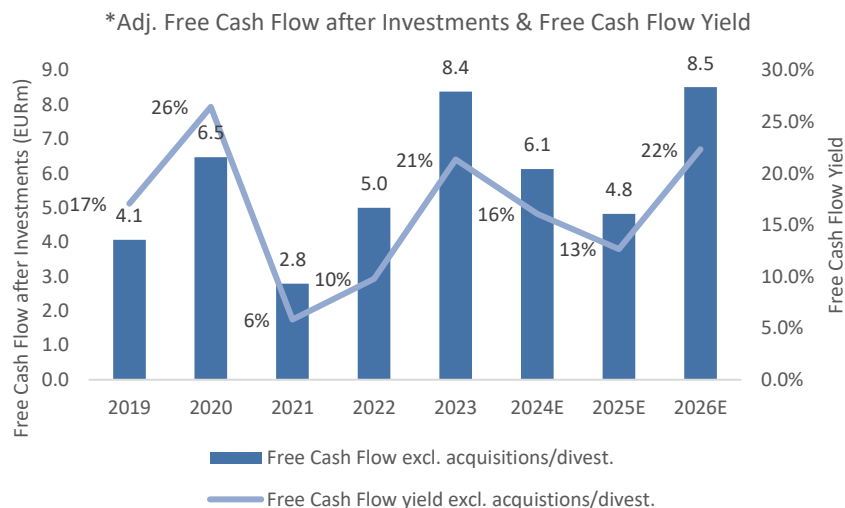
Source: Company reports

Free Cash Flow at record level

The 2023 EUR 8.4m FCF (Free Cash Flow after Investments) excluding one-offs (acquisitions/divestments) was the highest ever reported. Due to acquisitions and divestments, the historical FCF might appear volatile. For example, in 2020 and 2022, the FCF was negative due to acquisitions. However, if we adjust for major acquisitions and divestments, the stability of the FCF is revealed. Between 2019-2023, the FCF excluding one-offs has never been negative (also true for at least as far back as 2012). The 2019-2023 FCF yield excluding one-offs has been 10% or higher except for 2021 when it was 6%. For 2024-26, we forecast annual FCF around EUR 5-9m indicating a FCF yield (FCF divided by market cap) of 13% or higher. Assuming no major acquisitions, this could enable a dividend yield around 8-10% and/or a substantial deleveraging.



Source: Company reports (historical), Enlight Research (estimates)



Source: Company reports (historical), Enlight Research (estimates)

*Free Cash Flow excluding major acquisition & divestments

Attractive dividend yield with de-leveraging

The strong Free Cash Flow (FCF) allows for attractive dividends and de-leveraging. Our 2023 dividend forecast (to be proposed in the AGM announcement) of EUR 1.8m (0.06/share) is comfortably covered by the reported 2023 Free Cash Flow of EUR 8.4m. The 2023 FCF after dividends of EUR 6.6m also more than covers the Net debt

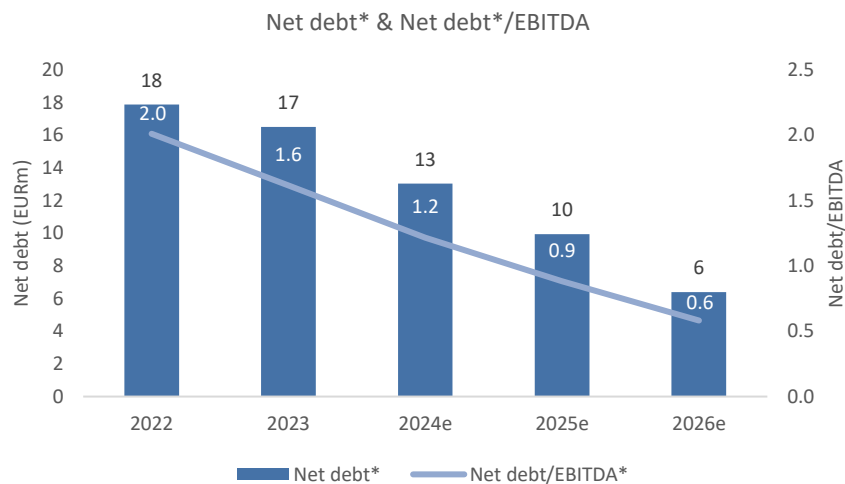
reduction of EUR 1.4m from EUR 17.9m to EUR 16.5m (including rental liabilities according to IFRS 16). Our estimated FCF covers both the forecast dividend payouts and net debt reductions throughout the forecast period 2024-26 (see below table). This means the Net debt to EBITDA ratio is expected to come down from 1.6x in 2023 to 0.6x in 2026, which implies an upside to our estimated dividends. Our estimated 2023 ordinary dividend yield of 4.8% (7.4% including buy-back yield) is expected to increase to 7.1% by the end of the forecast period 2026 (we forecast EUR 0.01 increase in ordinary dividends each year 2024-26). Worth noting is that the total yield including extraordinary dividends and buy-backs has been 24% for the years 2021-23E (based on year-end closing prices).

Free Cash Flow (FCF)

(EURm)	2023	2024E	2025E	2026E
FCF	8.4	6.1	4.8	8.5
Dividends	1.8	2.1	2.4	2.7
FCF after Dividends	6.6	4.0	2.4	5.8
Net debt change	-1.4	-2.9	-1.1	-4.9
Net debt*	16.5	13.6	12.6	7.6
FCF after Net debt change	5.2	1.1	1.3	0.8

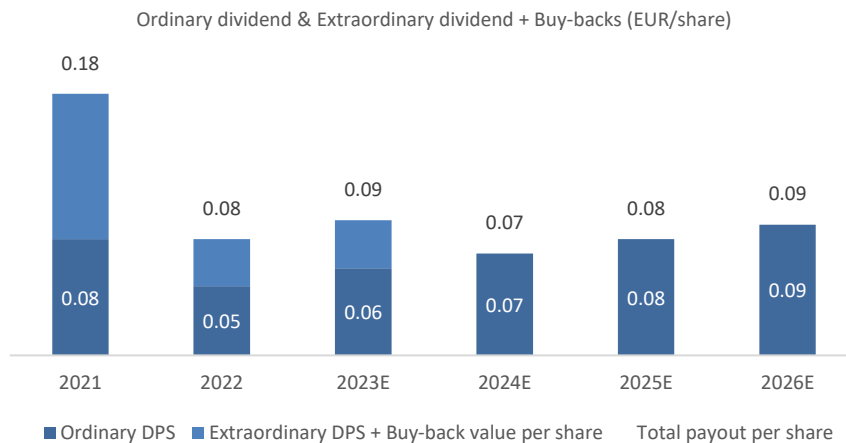
Source: Company reports (historic), Enlight Research (estimates)

*Net debt including Rental liabilities according to IFRS 16 (excluded in company reported Net debt).



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

*Net debt including rent liabilities according to IFRS 16

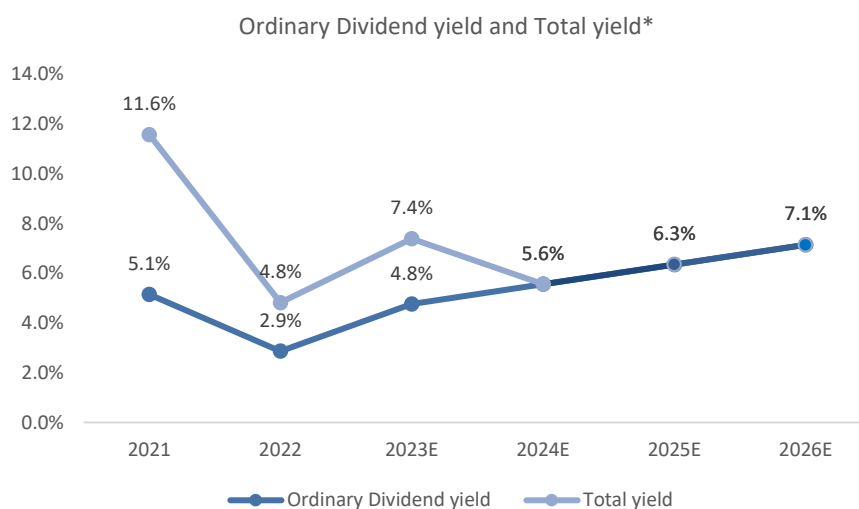


Source: Company (historic), Enlight Research (forecast)

Dividend table (EUR)	2021	2022	2023E	2024E	2025E	2026E
Ordinary DPS	0.08	0.05	0.06	0.07	0.08	0.09
Extraordinary DPS + Buy-back value per share	0.10	0.03	0.03	0.00	0.00	0.00
Total payout per share	0.18	0.08	0.09	0.07	0.08	0.09
Share price year-end*	1.56	1.66	1.26	1.26	1.26	1.26
Ordinary Dividend yield	5.1%	2.9%	4.8%	5.6%	6.3%	7.1%
Extraordinary Dividend + Buy-back yield	6.4%	2.0%	2.6%	0.0%	0.0%	0.0%
Total yield	11.6%	4.8%	7.4%	5.6%	6.3%	7.1%
Total payout ratio	149%	58%	75%	51%	56%	53%

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

*2023 share price is the current share price as the dividend and ex-dividend date have yet to be announced



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

*Total yield includes extraordinary dividends and buy-backs

Valuation

DCF Valuation

Our DCF valuation indicate a Base case Fair value per share of EUR 2.00 (unchanged), corresponding to an upside of around 60%. Our Base case assume a terminal EBIT margin of 9.0%, 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 1.70 (prev. 1.67), and EUR 2.31 (prev. 2.33), respectively. The tighter Bear and Bull spread is due to lower assumed debt level. The only difference between our Bear and Bull scenarios is the assumed terminal EBIT margin which is 7% (Bear) and 11% (Bull), respectively. See below tables for our scenarios and DCF sensitivity.

DCF Valuation Scenarios	Bear	Base	Bull
WACC	11.9%	11.9%	11.9%
Terminal Sales growth	3.0%	3.0%	3.0%
Terminal EBIT margin	7.0%	9.0%	11.0%
Fair Value per share (EUR)	1.70	2.00	2.31
Upside/Downside (last price)	37%	62%	86%
Share price (EUR)	1.24	1.24	1.24

Source: Enlight Research

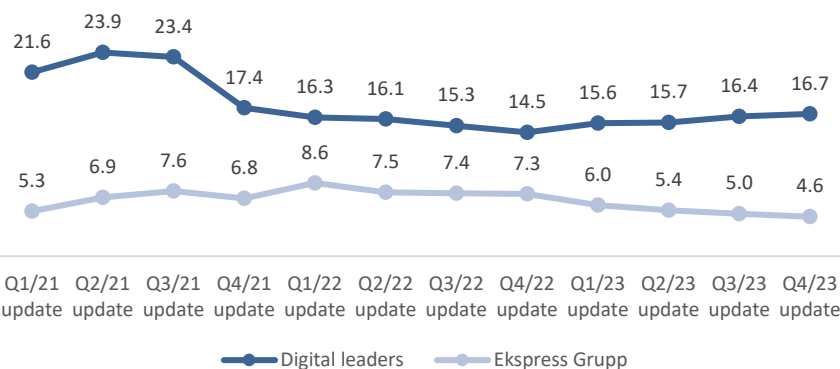
DCF sensitivity	Current	Step	Test values & Results										
Equity beta	1.20	0.20	0.20	0.40	0.60	0.80	1.00	1.20	1.40	1.60	1.80	2.00	2.20
Fair value (DCF)	2.00		3.64	3.16	2.79	2.48	2.22	2.00	1.82	1.66	1.52	1.39	1.28
Target debt ratio*	27.5 %	8.0 %	-13%	-5%	4%	12%	20%	28%	36%	44%	52%	60%	68%
Fair value (DCF)	2.00		1.31	1.41	1.54	1.67	1.83	2.00	2.21	2.45	2.74	3.09	3.51
Risk-free IR	3.5 %	0.9 %	-1.0 %	-0.1 %	0.8 %	1.7 %	2.6 %	3.5 %	4.4 %	5.3 %	6.2 %	7.1 %	8.0 %
Fair value (DCF)	2.00		3.50	3.08	2.73	2.45	2.21	2.00	1.83	1.67	1.54	1.42	1.31

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

Peer valuation indicates upside

Following the Print segment divestment, more than 80% 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 Q3/23 Update in November 2023, the current year forecast average EV/EBITDA multiple has expanded for the Digital leaders’ peer group from 16.4x to 16.7x, while Ekspress Grupp’s multiple has decreased from 5.0x to 4.6x. This means Ekspress Grupp is trading at an EV/EBITDA 2023E peer discount of 72% (was 70% in our Q3/23 Update). Worth noting is that Ekspress Grupp’s dividend yield is superior to all peers (see next page for peer table).

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



Source: MarketScreener, Enlight Research, Q4/23 prices from 7 March 2024

Digital leaders

Company	Ccy	Price (last)	EV/EBITDA 2022	EV/EBITDA 2023	EV/EBITDA 2024E	EV/EBITDA 2025E	Div. yield 2021	Div. yield 2022	Div. yield 2023E	Div. yield 2024E	Div. yield 2025E
Alma Media	EUR	9.72	9.5	10.2	10.1	0.1	3.6%	4.5%	4.5%	4.8%	4.9%
Schibsted	NOK	319.00	32.6	31.1	27.5	22.6	0.6%	0.6%	0.6%	0.7%	0.8%
Baltic Classifieds Group	EUR	2.37	25.6	25.6	21.3	18.5	0.4%	0.8%	0.7%	1.1%	1.4%
Wirtualna Polska Hld.	PLN	112.2	11.2	8.8	7.9	7.3	1.4%	1.1%	2.2%	1.9%	2.7%
Average			19.7	18.9	16.7	12.1	1.5%	1.8%	2.0%	2.1%	2.5%
Median			18.4	17.9	15.7	12.9	1.0%	1.0%	1.5%	1.5%	2.1%
Ekspress Grupp	EUR	1.26	7.1	5.5	4.6	4.2	3.0%	4.6%	5.6%	6.3%	7.1%

Source: MarketScreener, Enlight Research, prices from 7 March 2024

Estimate deviations

The Q4/23 Sales was 1.5% or EUR 0.3m above our estimate of EUR 21.0m. The Q4/23 Gross profit was 1.0% or EUR 0.1m above forecast, while the EBITDA of EUR 4.2m was in-line with forecast. The Q4/23 EBIT was 2.8% or EUR 0.1m below our forecast, while the Pre-tax profit and the Net profit were 3.0% and 3.5%, respectively, above forecast as profits on JVs and Associates offset the negative Operating profit deviation.

Deviation table Group

P&L (EURm)	Estimate	Outcome	Diff	Diff
	Q4/23	Q4/23	EURm	%
Sales	21.0	21.3	0.3	1.5%
Costs of sales	-14.7	-14.9	-0.2	1.7%
Gross profit (loss)	6.3	6.4	0.1	1.0%
Other income	0.1	0.2	0.1	161.0%
Marketing expenses	-0.9	-0.8	0.1	-15.4%
Administrative expenses	-2.5	-2.4	0.1	-3.9%
Other expenses	0.1	-0.5	-0.5	-880.3%
Operating profit	3.0	3.0	-0.1	-2.8%
Interest income	0.0	0.0	0.1	-191.1%
Interest expense	-0.4	-0.4	-0.1	24.0%
FX gain/loss	0.0	0.0	0.0	nm
Other finance costs	0.0	0.0	-0.1	-159.4%
<i>Financial net</i>	<i>-0.4</i>	<i>-0.4</i>	<i>-0.1</i>	<i>22.8%</i>
Profit on shrs of JVs	-0.1	0.1	0.1	-194.2%
Profit on shrs of associates	-0.1	0.0	0.1	-166.7%
Profit (loss) before taxes	2.6	2.6	0.1	3.0%
Income tax	-0.1	-0.1	0.0	-6.5%
Net profit	2.4	2.5	0.1	3.5%
EBITDA	4.2	4.2	0.0	-0.3%

Sales growth	Estimate	Outcome	Diff
	Q4/23	Q4/23	%-pts
Group Sales (excl. Printing)	9.5%	11.1%	1.6

Margins	Estimate	Outcome	Diff
	Q4/23	Q4/23	bps
Gross margin	30.2%	30.0%	-0.1
EBITDA margin	20.2%	19.8%	-0.4
EBIT margin	14.5%	13.9%	-0.6
PTP margin	12.2%	12.4%	0.2
Net profit margin	11.6%	11.8%	0.2

Source: Company reports (outcome), Enlight Research (estimate)

Estimate changes

We raise our 2024-25 Sales estimates by 2-3% on strong growth for Marketplaces and Outdoor screens. Our 2024, and 2025 EBITDA is raised by 7%, and 14%, respectively. The 2024 and 2025 Pre-tax Profit is lowered by 4% and 11% respectively due to higher estimated financial costs. The 2024 and 2025 EPS estimate is lowered by 4% and 9%, respectively. In absolute numbers, the earnings estimate changes are minor. Our dividend estimates are unchanged.

Group estimate changes

Sales (EURm)	2023	2024E	2025E	2026E
Old estimate (excl. Print)	na	76.3	80.5	na
New estimate (excl. Print)	na	77.7	82.8	88.0
Change	na	1.4	2.3	na
Change (pct)	na	1.8%	2.8%	na

EBITDA (EURm)	2023	2024E	2025E	2026E
Old estimate (excl. Print)	na	10.4	10.5	na
New estimate (excl. Print)	na	11.1	12.0	13.4
Change	na	0.7	1.4	na
Change (pct)	na	6.6%	13.7%	na

EBIT (EURm)	2023	2024E	2025E	2026E
Old estimate (excl. Print)	na	5.8	6.0	na
New estimate (excl. Print)	na	5.9	6.3	6.7
Change	na	0.1	0.3	na
Change (pct)	na	2.2%	5.1%	na

Pre-tax profit (EURm)	2023	2024E	2025E	2026E
Old estimate	3.5	4.6	5.1	na
New estimate	3.6	4.4	4.5	5.5
Change	0.1	-0.2	-0.6	na
Change (pct)	2.4%	-4.4%	-10.8%	na

EPS adj. (EUR)	2023	2024E	2025E	2026E
Old estimate (excl. Print)	na	0.14	0.16	na
New estimate (excl. Print)	na	0.14	0.14	0.17
Change	na	0.00	-0.01	na
Change (pct)	na	-3.5%	-9.4%	na

Dividend (EUR)	2023E	2024E	2025E	2026E
Old estimate (excl. Print)	0.06	0.07	0.08	na
New estimate (excl. Print)	0.06	0.07	0.08	0.09
Change	0.00	0.00	0.00	na
Change (pct)	0.0%	0.0%	0.0%	na

Source: Enlight Research

Forecast

Sales by segment	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Media segment	18.1	20.0	17.6	22.5	73.4	78.2	83.4	88.8
<i>digital channels</i>	14.6	16.7	15.3	19.0	60.5	65.6	70.8	76.2
Corporate functions	1.3	1.1	0.2	0.2	2.6	2.7	2.8	2.9
Eliminations	-0.8	-0.8	-0.7	-1.0	-2.9	-3.2	-3.4	-3.7
Total Sales	18.6	20.3	17.1	21.7	73.1	77.7	82.8	88.0
Sales growth	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Media segment	7.4%	6.7%	6.9%	5.8%	17.0%	6.7%	6.6%	6.5%
<i>digital channels</i>	9.3%	8.1%	8.1%	8.6%	21.1%	8.5%	8.0%	7.5%
Corporate functions	3.0%	3.0%	3.0%	3.0%	-41.3%	3.0%	3.0%	3.0%
Eliminations	-42.0%	-38.4%	421.5%	638.7%	-4.3%	10.9%	6.5%	6.4%
Total Sales	11.1%	9.7%	3.6%	1.9%	13.9%	6.4%	6.5%	6.4%
EBITDA by segment	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Media segment	1.6	2.5	2.9	5.5	11.7	12.5	13.5	14.6
Corporate functions	-0.2	0.1	-0.1	-1.0	-1.5	-1.3	-1.4	-1.1
Eliminations	0.0	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1
Total EBITDA	1.4	2.6	2.7	4.5	10.2	11.1	12.0	13.4
EBITDA margin	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Media segment	9.0%	12.5%	16.5%	24.4%	15.9%	16.0%	16.2%	16.4%
Corporate functions	-19.4%	7.7%	-80.1%	-573.9%	-55.9%	-47.4%	-51.3%	-38.5%
Total EBITDA	7.3%	12.6%	16.0%	20.6%	14.0%	14.3%	14.5%	15.2%
Income statement	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Sales	18.6	20.3	17.1	21.7	73.1	77.7	82.8	88.0
Costs of sales	-15.0	-15.5	-12.6	-15.4	-55.0	-58.5	-62.1	-66.1
Gross profit (loss)	3.6	4.8	4.5	6.4	18.0	19.3	20.6	21.9
Other income	0.1	0.2	0.2	0.1	0.6	0.6	0.7	0.7
Marketing expenses	-0.7	-0.8	-0.6	-0.9	-2.8	-3.0	-3.3	-3.5
Administrative expenses	-2.8	-2.7	-2.3	-2.4	-9.6	-10.3	-11.1	-11.8
Other expenses	-0.2	-0.2	-0.2	0.0	-0.7	-0.6	-0.6	-0.6
<i>Operating expenses</i>	<i>-3.6</i>	<i>-3.6</i>	<i>-3.0</i>	<i>-3.2</i>	<i>-12.5</i>	<i>-13.3</i>	<i>-14.3</i>	<i>-15.2</i>
Operating profit	0.1	1.3	1.4	3.2	5.5	5.9	6.3	6.7
Interest income	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Interest expense	-0.4	-0.4	-0.4	-0.4	-1.5	-1.5	-1.7	-1.2
FX gain/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other finance costs	0.0	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
<i>Financial net</i>	<i>-0.4</i>	<i>-0.4</i>	<i>-0.4</i>	<i>-0.4</i>	<i>-1.5</i>	<i>-1.5</i>	<i>-1.7</i>	<i>-1.2</i>
Profit on shrs of JVs	0.0	0.0	0.0	0.0	-0.7	0.0	0.0	0.0
Profit on shrs of associates	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
Profit (loss) before taxes	-0.3	0.9	1.1	2.8	3.6	4.4	4.5	5.5
Income tax	0.0	-0.1	-0.1	-0.2	-0.2	-0.3	-0.3	-0.3
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-0.3	0.8	1.0	2.6	3.4	4.1	4.3	5.2
EBITDA	1.4	2.6	2.7	4.5	10.2	11.1	12.0	13.4
Sales growth	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Sales growth y-on-y	11.1%	9.7%	3.6%	1.9%	13.9%	6.4%	6.5%	6.4%
Sales growth q-on-q	-12.7%	9.2%	-15.9%	27.2%	nm	nm	nm	nm
Margins	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Gross margin	19.6%	23.7%	26.1%	29.3%	24.7%	24.8%	24.9%	24.9%
EBITDA margin	7.3%	12.6%	16.0%	20.6%	14.0%	14.3%	14.5%	15.2%
Operating margin	0.3%	6.2%	8.4%	14.6%	7.5%	7.6%	7.6%	7.6%
Pre-tax Profit margin	-1.8%	4.3%	6.2%	12.9%	4.9%	5.7%	5.5%	6.2%
Net margin	-1.7%	4.0%	5.8%	12.2%	4.6%	5.3%	5.2%	5.9%

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

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 additional risks, we refer to our initiation report "Transforming to Digital" published on 18 November 2019.

Severe recession

Our forecast assume that we will have a mild economic recession in 2023-24. If the recession turns out to be severe, our forecast is most likely too optimistic.

Inflation

Higher energy prices and food prices could mean that consumers need to save money elsewhere, which could potentially hurt digital subscription growth.

Interest rate risk

The interest rates on loans are tied to the EURIBOR. A significant increase in the EURIBOR affects the profitability of the company.

Russia, Ukraine, Belarus impact

The Company has no direct revenue, cost or asset exposure to Russia, Ukraine, or Belarus. There could be an indirect exposure from the overall impact on the general economy and consumers' as well as clients' willingness to spend.

Income Statement	2022	2023	2024E	2025E	2026E
Net sales	64.1	73.1	77.7	82.8	88.0
Total operating costs	-55.3	-62.9	-66.6	-70.8	-74.7
EBITDA	8.9	10.2	11.1	12.0	13.4
Depreciation & Amort.	-4.1	-4.7	-5.2	-5.7	-6.6
One-off EBIT items	-0.2	-0.4	0.0	0.0	0.0
EBIT	4.8	5.5	5.9	6.3	6.7
Financial net	-0.4	-1.9	-1.5	-1.7	-1.2
Pre-tax profit	4.4	3.6	4.4	4.5	5.5
Taxes	-0.3	-0.2	-0.3	-0.3	-0.3
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	4.0	3.3	4.1	4.3	5.2

Balance Sheet	2022	2023	2024E	2025E	2026E
Cash and cash equivalent	7	10	9	5	5
Receivables	12	13	13	14	15
Inventories	0	0	0	0	0
Other current assets	0	0	0	0	0
Current assets	19	23	23	19	21
Tangible assets	9	10	10	11	9
Goodwill & intangible assets	67	68	68	68	68
Lease & Investment properties	0	0	0	0	0
Investments	1	1	1	1	1
Associated companies	2	2	2	2	2
Other non-current assets	2	2	2	2	2
Total fixed assets	80	83	82	83	82
Total Assets	100	106	105	103	102
Non-interest bearing current liabilities	21	23	23	24	26
Short-term debt	2	4	4	3	2
Other current liabilities	0	0	0	0	0
Total current liabilities	22	27	27	27	28
Long-term debt	18	22	19	15	11
Convertibles & Lease liab.	0	0	0	0	0
Deferred tax liabilities	0	0	0	0	0
Provisions	0	0	0	0	0
Other long-term liabilities	4	0	0	0	0
Total long-term liab.	22	22	19	15	11
Total Liabilities	44	49	46	42	39
Minority interest (BS)	0	0	0	0	0
Shareholders' equity	55	57	59	61	64
Total liabilities and equity	100	106	105	103	102

DCF valuation	Cash flow, mEUR		
WACC (%)	11.95 %	NPV FCF (2023-2025)	16
Assumptions 2023-2029 (%)		NPV FCF (2026-2032)	26
Sales CAGR	4.13 %	NPV FCF (2033-)	35
Avg. EBIT margin	8.12 %	Non-operating assets	10
Fair value per share (EUR)	2.00	Interest-bearing debt	-26
Share price (EUR)	1.26	Fair value estimate	61

Free Cash Flow	2022	2023	2024E	2025E	2026E
Operating profit	4.8	5.5	5.9	6.3	6.7
Depreciation & Amort.	4.1	4.7	5.2	5.7	6.6
Working capital chg.	0.5	0.9	0.3	-0.2	0.5
Other Operating CF items	-0.4	-0.4	-0.3	-0.4	-0.4
Operating Cash Flow	9.1	10.7	11.1	11.4	13.5
Net investments	-15.1	1.7	-5.0	-6.6	-5.0
Other items	-1.0	-4.1	0.0	0.0	0.0
Free Cash Flow	-7.1	8.4	6.1	4.8	8.5

Capital structure	2022	2023	2024E	2025E	2026E
Equity ratio	55.5%	53.5%	56.0%	59.5%	62.4%
Debt / Equity ratio	35.5%	46.2%	39.0%	28.7%	20.2%
Gearing %	22.0%	29.2%	23.2%	20.6%	11.9%
Net debt/EBITDA	1.4	1.6	1.2	1.0	0.6

Profitability	2022	2023	2024E	2025E	2026E
ROE	7.4%	6.0%	7.2%	7.1%	8.3%
FCF yield	-13.8%	22.2%	16.2%	12.7%	22.4%
EBITDA margin	13.9%	14.0%	14.3%	14.5%	15.2%
EBIT margin	7.5%	7.5%	7.6%	7.6%	7.6%
PTP margin	6.8%	4.9%	5.7%	5.5%	6.2%
Net margin	6.3%	4.6%	5.3%	5.2%	5.9%

Valuation	2022	2023	2024E	2025E	2026E
P/E	12.6	11.3	9.1	8.9	7.3
P/E, adjusted	12.0	10.1	9.1	8.9	7.3
P/Sales	0.8	0.5	0.5	0.5	0.4
EV/Sales	1.0	0.7	0.7	0.6	0.5
EV/EBITDA	7.1	5.3	4.6	4.2	3.4
EV/EBIT	13.2	9.9	8.7	8.0	6.8
P/BV	0.9	0.7	0.6	0.6	0.6
P/BV tangible	-4.4	-3.4	-4.3	-5.8	-9.9

Per share ratios	2022	2023	2024E	2025E	2026E
EPS	0.13	0.11	0.14	0.14	0.17
EPS, adjusted	0.14	0.12	0.14	0.14	0.17
Operating CF/share	0.29	0.36	0.37	0.38	0.45
Free Cash Flow/share	-0.23	0.28	0.20	0.16	0.28
BV/share	1.79	1.87	1.95	2.02	2.11
Tangible BV/share	-0.37	-0.36	-0.29	-0.21	-0.12
Div. per share	0.05	0.06	0.07	0.08	0.09
Div. payout ratio	38.0%	54.1%	51.0%	56.4%	52.6%
Dividend yield	3.0%	4.8%	5.6%	6.4%	7.2%

Shareholders	Capital	Votes
HHL RÜHM OÜ	17.960	47.37 %
HANS LUIK	9.803	25.86 %
LHV Pensionfond L	2.255	5.95 %
Ekspress Grupp AS	0.818	2.16 %
LHV Pensionfond XL	0.575	1.52 %
OU Observa	0.491	1.29 %
SEB pank clients	0.489	1.29 %
Siim Saidla	0.303	0.80 %
Mattus & Co AG	0.300	0.79 %
Citibank (NY)/Govt. Norway	0.280	0.74 %

Key people	
CEO	Mari-Liis Rüütsalu
CFO	Argo Rannamets
IR	Mari-Liis Rüütsalu
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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Enlight Research OÜ's main valuation methods are discounted cash flow valuation and peer valuation with common multiples such as Price to Earnings, Enterprise Value to EBITDA, dividend yield etc. Aforementioned methods are used to estimate a company's fair value according to the following three scenarios: Bull (positive), Base (main scenario), and Bear (negative).

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