

## Weak economy affects ad spend

**Q1 Sales and Profits were below estimates as the recession weighs on advertising spending. We look for ad spend pick-up for the remainder of the year driven by elections and an economic recovery. The cash flows are healthy which enables intact dividend payouts.**

### Recession weighs on ad spending

The Estonian GDP decline in 2023 and Q1/23 was 3.4%, and 3.2%, respectively. This was reflected in Ekspress Grupp's advertising revenues which declined by 9% y-on-y in Q1/24. We estimate roughly half of the decline was due to the soft ad market and half was due to a tough comparable (elections in Q1 last year). The Q1/24 Sales were 13% below forecast and the Net loss was EUR 1.2m (est. loss 0.3m).

### We look for a pickup for remainder of 2024

We expect a pickup in the advertising market for the remainder of the year as elections will be held in all Baltic countries. Furthermore, economists forecast an economic recovery in H2/24. The 2024 consensus GDP growth decline in Estonia is 0.4% while Latvia and Lithuania are expected to grow by 1.7% (were roughly flat in 2023)

### Dividends intact

We believe 2023's dividends of 0.06/shr. can be repeated in 2024 (yield 5.7%) as the cash flows are expected to stay strong around EUR 5-6m/yr. Our Base case DCF Fair value is lowered to EUR 1.78/shr. (prev. 2.00), mainly due to lower estimates.

### Key figures (MEUR)

	2022	2023	2024E	2025E	2026E
Net sales	64.1	73.1	76.0	78.8	82.7
Net sales growth	19.9%	14.0%	4.0%	3.7%	4.9%
EBITDA	8.9	10.2	10.7	11.1	11.7
EBITDA margin	13.9%	14.0%	14.0%	14.0%	14.2%
EBIT	4.8	5.5	5.3	5.6	6.0
EBIT margin	7.5%	7.5%	6.9%	7.1%	7.3%
EV/Sales	0.9	0.8	0.6	0.6	0.5
EV/EBITDA	6.6	5.4	4.3	4.0	3.4
EV/EBIT	12.2	10.1	8.8	7.8	6.7
P/E adj.	10.9	10.4	9.0	7.6	6.5
P/BV	0.8	0.7	0.6	0.5	0.5
EPS adj.	0.14	0.12	0.12	0.14	0.16
EPS growth	14.22%	-10.03%	-5.36%	19.42%	15.89%
Div. per share	0.05	0.06	0.06	0.07	0.07
Dividend yield	3.33%	4.65%	5.66%	6.60%	6.60%

Source: Company data, Enlight Research estimates

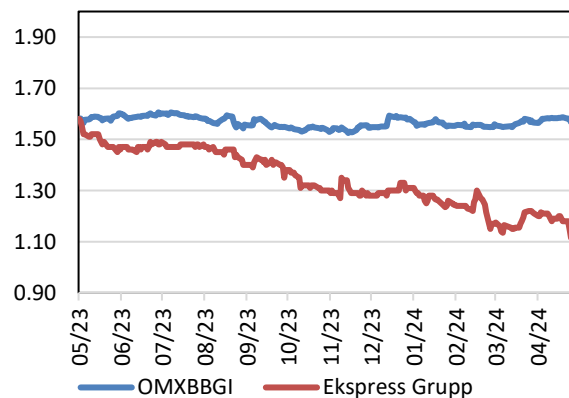
### Fair value range (EUR)

Bull (term. EBIT marg. 11%)	2.08
Base (term. EBIT marg. 9%)	1.78
Bear (term. EBIT marg. 7%)	1.48

### Key Data

Price (EUR)	1.06
Ticker	EEG1T
Country	Estonia
Listed	Tallinn
Market Cap (EURm)	32
Net debt (EURm)	14
Shares (m)	30.2
Free float	27 %

\*End of 2024 estimate incl. lease liabilities



### Price range

52-week high	1.58
52-week low	1.06

### Analyst

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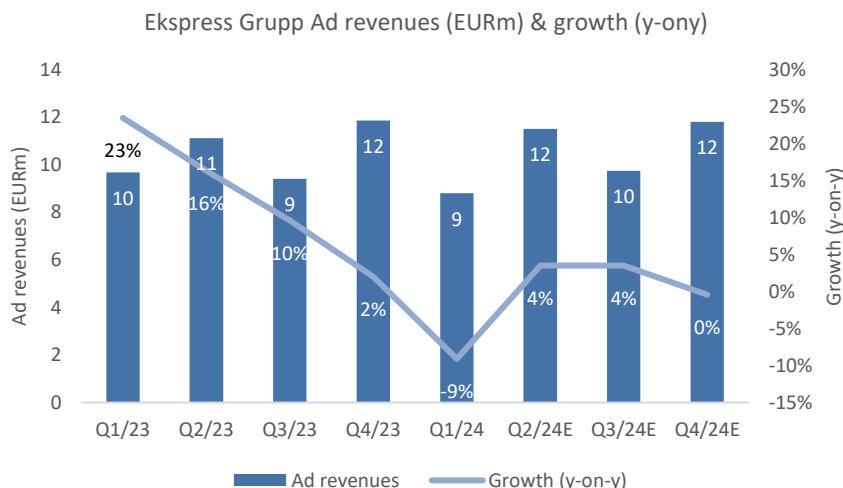
### Coverage frequency

4x per year

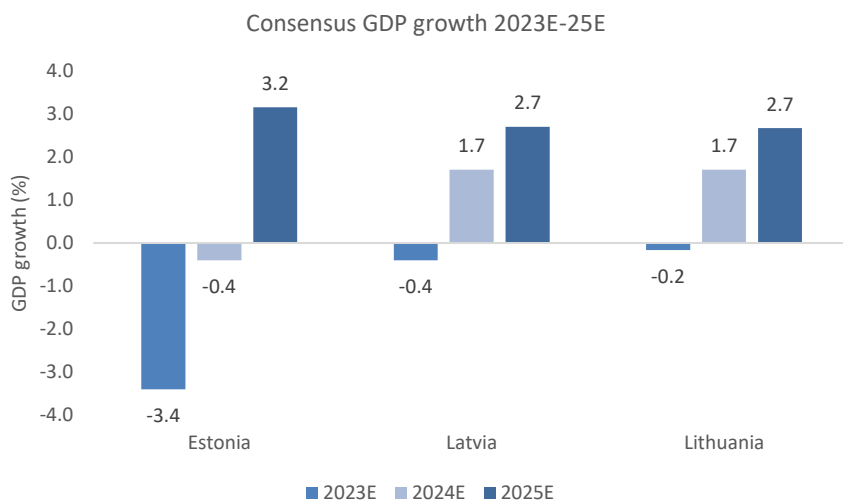
## Key takeaways

### Ad revenues sluggish on weak economic growth

The weak economy, especially in Estonia, finally caught up to Ekspress Grupp’s advertising revenues, which declined by 9% y-on-y in Q1/24 to EUR 9m. We believe roughly half of the decline was due to tough comparable as both the Estonian and Lithuanian parliamentary elections were held in Q1/23 i.e., the underlying decline in advertising revenues was around 4.5%. Our forecast 4% advertising revenue growth in Q2/24, and Q3/24 might appear optimistic, but this is because elections will be held in all Baltic states in Q2/24-Q3/24. The flat advertising revenue growth in Q4/24 assumes an economic recovery in Estonia in the second half of the year (in-line with macro analysts forecasts). For the full-year 2024, we estimate advertising revenues to decline 0.5% to EUR 41.9m. This forecast assumes a boost from elections and a pick-up in the Estonian economy. For the full-year 2024, the Estonian GDP is expected to decline by 0.4%, which given the Q1/24 GDP decline of 3.2%, implies a significant improvement for the remainder of the year.



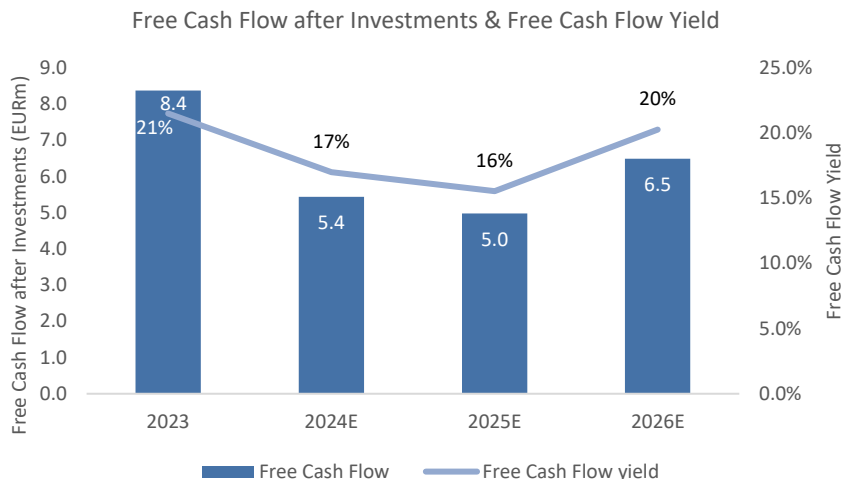
Source: Company reports (historic), Enlight Research (estimates)



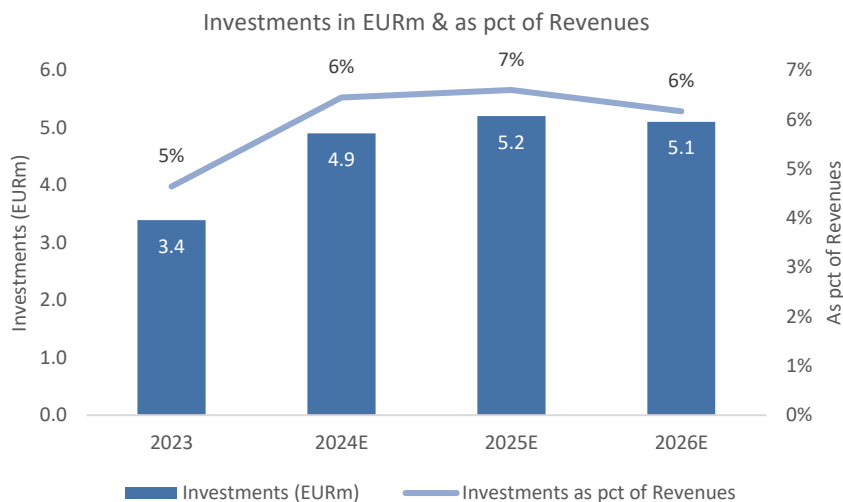
Source: Swedbank, SEB, Siauliu Bankas

**Free Cash Flow at attractive levels**

While we expect the Free Cash Flow to come down from 2023’s record EUR 8.4m, it should still be at a healthy EUR 5-6m per annum in the forecast period 2024-26. This means our expected Free Cash Flow yield (FCF/Market cap) is at an attractive 16-20%. Our Free Cash Flow forecast assumes maintenance investments around EUR 5m (equal to 6-7% of revenues) in the forecast period 2024-26, compared to last year’s EUR 3.4m (5% of revenues). Worth noting is that we do not have any acquisitions included in our 2024-26 forecast, which should enable decent dividends.



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



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

**Dividends at decent levels**

Despite the economic downturn, we believe the 2023 dividend of EUR 0.06 per share can be repeated in 2024 implying a dividend yield of 5.7%. In 2025, and 2026, we estimate a dividend of EUR 0.07 per share (6.6% yield) on the back of an assumed economic recovery in Estonia, which could revive advertising spending. Our 2024-26 expected dividends are well covered by the EPS (payout ratio 43-51%) and the Free Cash Flow per share (estimated at EUR 0.16-0.21). Also worth noting is that we forecast a significant decrease in the Net debt level. The 2023 year-end Net debt of

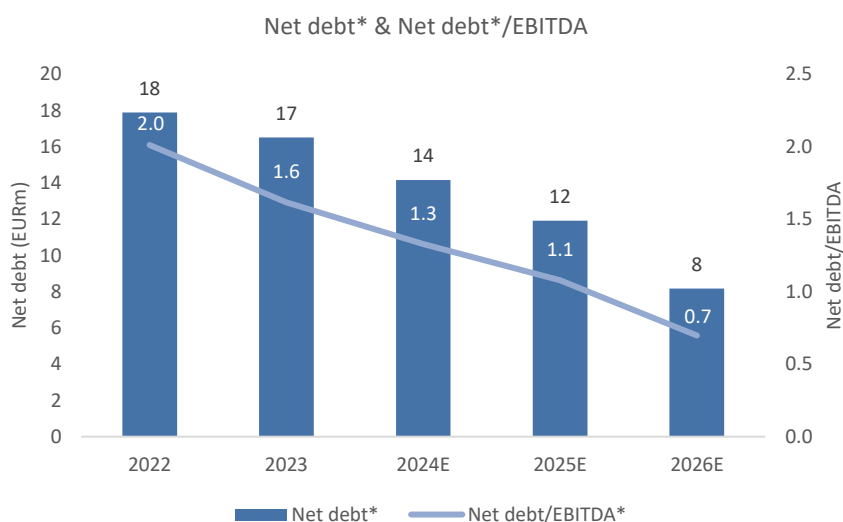
EUR 17m (including lease liabilities) is estimated to come down to EUR 8m at the end of 2026. This means the Net debt/EBITDA ratio is expected to decline from 1.6x at the end of 2023 to 0.7x by the end of 2026. The company might choose to make acquisitions instead of paying down debt, but in our view (from a shareholder perspective), it would be more beneficial for the share price development to reduce the debt than increase sales through acquisitions.

**Dividend table**

(EUR)	2021	2022	2023	2024E	2025E	2026E
Ordinary DPS	0.08	0.05	0.06	0.06	0.07	0.07
Extraordinary DPS + Buy-back value per share	0.10	0.03	0.03	0.00	0.00	0.00
<b>Total payout per share</b>	<b>0.18</b>	<b>0.08</b>	<b>0.09</b>	<b>0.06</b>	<b>0.07</b>	<b>0.07</b>
Share price year-end*	1.56	1.50	1.29	1.06	1.06	1.06
Ordinary Dividend yield	5.1%	3.2%	4.7%	5.7%	6.6%	6.6%
Extraordinary Dividend + Buy-back yield	6.4%	2.2%	2.6%	0.0%	0.0%	0.0%
<b>Total yield</b>	<b>11.6%</b>	<b>5.3%</b>	<b>7.2%</b>	<b>5.7%</b>	<b>6.6%</b>	<b>6.6%</b>
Total payout ratio	149%	58%	75%	51%	50%	43%

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

\*Historical yield calculated on year-end share price



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

\*Net debt including rent liabilities according to IFRS 16

## Valuation

### DCF Valuation

Our Base case DCF Fair value is lowered to EUR 1.78/shr. (prev. 2.00) mainly due to lower estimates. Our Base case assume a terminal EBIT margin of 9.0%, which reflects the normal margins for a digital media company. Our Bear and Bull case Fair values are EUR 1.48 (prev. 1.70), and EUR 2.08 (prev. 2.31), respectively. 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	11.7%	11.7%	11.7%
Terminal Sales growth	3.0%	3.0%	3.0%
Terminal EBIT margin	7.0%	9.0%	11.0%
Fair Value per share (EUR)	1.48	1.78	2.08
Upside/Downside (last price)	40%	68%	96%
Share price (EUR)	1.06	1.06	1.06

Source: Enlight Research

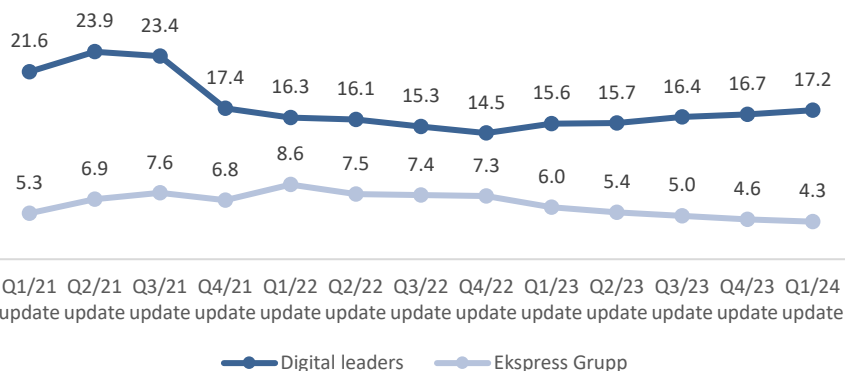
DCF sensitivity	Current	Step	Test values & Results										
Equity beta	1.10	0.20	0.10	0.30	0.50	0.70	0.90	<b>1.10</b>	1.30	1.50	1.70	1.90	2.10
Fair value (DCF)	1.78		3.41	2.93	2.55	2.25	1.99	<b>1.78</b>	1.60	1.44	1.31	1.19	1.09
Target debt ratio*	27.0 %	8.0 %	-13%	-5%	3%	11%	19%	<b>27%</b>	35%	43%	51%	59%	67%
Fair value (DCF)	1.78		1.08	1.18	1.30	1.44	1.60	<b>1.78</b>	2.00	2.26	2.57	2.96	3.46
Risk-free IR	3.5 %	0.9 %	-1.0 %	-0.1 %	0.8 %	1.7 %	2.6 %	<b>3.5 %</b>	4.4 %	5.3 %	6.2 %	7.1 %	8.0 %
Fair value (DCF)	1.78		3.27	2.84	2.50	2.22	1.98	<b>1.78</b>	1.61	1.46	1.33	1.21	1.11

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

### Peer valuation indicates upside

Following the Print segment divestment in 2021, more than 80% of Ekspres Grupp’s revenues is digital (digital subscriptions and online ads). Hence, we compare Ekspres Grupp to other digital leaders in the media sector. Since our Q4/23 update in March this year, the current year forecast average EV/EBITDA multiple has expanded for the Digital leaders’ peer group from 16.7x to 17.2x, while Ekspres Grupp’s multiple has decreased from 4.6x to 4.3x. This means Ekspres Grupp is trading at an EV/EBITDA 2023E peer discount of 75% (was 72% in Q4/23 Update). Worth noting is that Ekspres Grupp’s dividend yield is superior to all peers (see next page for peer table).

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



Source: MarketScreener, Enlight Research, Q1/24 prices from 21 May 2024

**Digital leaders**

Company	Ccy	Price (last)	EV/EBITDA 2023	EV/EBITDA 2024E	EV/EBITDA 2025E	EV/EBITDA 2026E	Div. yield 2023	Div. yield 2024E	Div. yield 2025E	Div. yield 2026E
Alma Media	EUR	10.50	11.1	11.5	10.6	10.4	4.3%	4.5%	4.6%	4.8%
Schibsted	NOK	339.60	32.6	30.3	23.6	20.5	0.6%	0.6%	0.7%	0.6%
Baltic Classifieds Group	EUR	2.00	22.0	18.3	15.9	13.9	0.8%	1.3%	1.7%	1.9%
Wirtualna Polska Hld.	PLN	127	9.3	8.5	7.8	7.5	2.0%	1.8%	2.3%	2.0%
Average			18.8	17.2	14.5	13.1	1.9%	2.1%	2.3%	2.3%
Median			16.6	14.9	13.3	12.1	1.4%	1.6%	2.0%	1.9%
Ekspress Grupp	EUR	1.06	5.4	4.3	4.0	3.4	4.7%	5.7%	6.6%	6.6%

Source: MarketScreener, Enlight Research, prices from 21 May 2024

## Estimate deviations

The Q1/24 Sales was 13% or EUR 2.4m below our estimate of EUR 18.6m. The Q1/24 Gross profit was 27% or EUR 1.0m below forecast, while the EBITDA was 68% or EUR 0.9m below forecast. The Q1/24 EBIT was EUR 1.0m below our forecast (loss of EUR 0.9m vs. estimated profit of EUR 0.1m), while the Pre-tax profit and the Net profit were both EUR 0.9m lower than our forecast.

### Deviation table Group

P&L (EURm)	Estimate	Outcome	Diff	Diff
	Q1/24	Q1/24	EURm	%
Sales	18.6	16.2	-2.4	-12.8%
Costs of sales	-15.0	-13.6	1.4	-9.3%
<b>Gross profit (loss)</b>	<b>3.6</b>	<b>2.7</b>	<b>-1.0</b>	<b>-27.3%</b>
Other income	0.1	0.2	0.0	4.8%
Marketing expenses	-0.7	-0.9	-0.2	21.3%
Administrative expenses	-2.8	-2.8	0.0	0.2%
Other expenses	-0.2	0.0	0.2	-89.5%
<b>Operating profit</b>	<b>0.1</b>	<b>-0.9</b>	<b>-1.0</b>	<b>-1595.7%</b>
Interest income	0.0	0.0	0.0	nm
Interest expense	-0.4	-0.5	-0.1	14.3%
FX gain/loss	0.0	0.0	0.0	nm
Other finance costs	0.0	0.0	0.0	nm
<i>Financial net</i>	<i>-0.4</i>	<i>-0.4</i>	<i>0.0</i>	<i>8.0%</i>
Profit on shrs of JVs	0.0	0.0	0.0	nm
Profit on shrs of associates	0.0	0.1	0.1	nm
<b>Profit (loss) before taxes</b>	<b>-0.3</b>	<b>-1.2</b>	<b>-0.9</b>	<b>258.8%</b>
Income tax	0.0	0.0	0.0	-115.2%
<b>Net profit</b>	<b>-0.3</b>	<b>-1.2</b>	<b>-0.9</b>	<b>281.9%</b>
<b>EBITDA</b>	<b>1.4</b>	<b>0.4</b>	<b>-0.9</b>	<b>-67.5%</b>

Sales growth	Estimate	Outcome	Diff
	Q1/24	Q1/24	%-pts
Group Sales (excl. Printing)	-12.7%	-23.9%	-11.2

Margins	Estimate	Outcome	Diff
	Q1/24	Q1/24	bps
Gross margin	19.6%	16.3%	-3.3
EBITDA margin	7.3%	2.7%	-4.6
EBIT margin	0.3%	-5.6%	-5.9
PTP margin	-1.8%	-7.5%	-5.7
Net profit margin	-1.7%	-7.5%	-5.8

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

## Estimate changes

We lower our 2024-26 Sales estimates by 2-6% due to a slowdown in the advertising market. Our EBITDA is lowered by 4% for this year and 8-12% for 2025-2026, mainly due to higher expected Cost of sales. The EBIT estimate is lowered by 10-11% for 2024-2026. The Pre-tax Profit is lowered by 13% for 2024 and raised by 1% next year. The 2024 EPS estimate is lowered by 14% and 1% for 2025. We lower our dividend estimates for both 2024 and 2025 by EUR 0.01 to EUR 0.06 and 0.07, respectively, and for 2026 by EUR 0.02 to 0.07.

### Group estimate changes

Sales (EURm)	2024E	2025E	2026E
Old estimate (excl. Print)	77.7	82.8	88.0
New estimate (excl. Print)	76.0	78.8	82.7
Change	-1.7	-4.0	-5.4
Change (pct)	-2.2%	-4.8%	-6.1%

EBITDA (EURm)	2024E	2025E	2026E
Old estimate (excl. Print)	11.1	12.0	13.4
New estimate (excl. Print)	10.7	11.1	11.7
Change	-0.5	-0.9	-1.7
Change (pct)	-4.3%	-7.6%	-12.4%

EBIT (EURm)	2024E	2025E	2026E
Old estimate (excl. Print)	5.9	6.3	6.7
New estimate (excl. Print)	5.3	5.6	6.0
Change	-0.7	-0.6	-0.7
Change (pct)	-11.4%	-10.3%	-10.4%

Pre-tax profit (EURm)	2024E	2025E	2026E
Old estimate	4.4	4.5	5.5
New estimate	3.8	4.6	5.3
Change	-0.6	0.0	-0.2
Change (pct)	-12.7%	0.9%	-3.1%

EPS adj. (EUR)	2024E	2025E	2026E
Old estimate (excl. Print)	0.14	0.14	0.17
New estimate (excl. Print)	0.12	0.14	0.16
Change	-0.02	0.00	-0.01
Change (pct)	-14.4%	-1.1%	-5.1%

Dividend (EUR)	2024E	2025E	2026E
Old estimate (excl. Print)	0.07	0.08	0.09
New estimate (excl. Print)	0.06	0.07	0.07
Change	-0.01	-0.01	-0.02
Change (pct)	-14.3%	-12.5%	-22.2%

Source: Enlight Research



## Forecast

Sales by segment	Q1/24	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Media segment	16.2	20.0	17.6	22.2	73.4	76.1	79.0	82.9
<i>digital channels</i>	13.7	16.5	15.1	18.2	60.5	63.5	67.5	71.5
Corporate functions	0.2	0.4	0.3	0.3	2.6	1.2	1.2	1.2
Eliminations	-0.2	-0.4	-0.3	-0.4	-2.9	-1.2	-1.4	-1.4
<b>Total Sales</b>	<b>16.2</b>	<b>20.0</b>	<b>17.6</b>	<b>22.2</b>	<b>73.1</b>	<b>76.0</b>	<b>78.8</b>	<b>82.7</b>
Sales growth	Q1/24	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Media segment	-3.9%	6.8%	6.9%	4.4%	17.0%	3.7%	3.8%	4.9%
<i>digital channels</i>	2.1%	7.0%	7.0%	3.8%	21.1%	5.0%	6.3%	6.0%
Corporate functions	-86.1%	-67.0%	75.0%	104.5%	-41.3%	-56.0%	3.0%	3.0%
Eliminations	-88.4%	-69.1%	145.7%	167.7%	-4.3%	-57.7%	10.3%	4.9%
<b>Total Sales</b>	<b>-3.2%</b>	<b>7.9%</b>	<b>6.5%</b>	<b>4.2%</b>	<b>13.9%</b>	<b>4.0%</b>	<b>3.7%</b>	<b>4.9%</b>
EBITDA by segment	Q1/24	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Media segment	0.9	2.8	2.9	5.2	11.7	11.8	12.2	12.8
Corporate functions	-0.5	-0.3	-0.3	-0.1	-1.5	-1.1	-1.2	-1.1
Eliminations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total EBITDA</b>	<b>0.4</b>	<b>2.5</b>	<b>2.6</b>	<b>5.1</b>	<b>10.2</b>	<b>10.7</b>	<b>11.1</b>	<b>11.7</b>
EBITDA margin	Q1/24	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Media segment	5.6%	14.0%	16.5%	23.3%	15.9%	15.5%	15.5%	15.5%
Corporate functions	-280.3%	-71.9%	-113.0%	-22.3%	-55.9%	-98.0%	-98.6%	-92.4%
<b>Total EBITDA</b>	<b>2.7%</b>	<b>12.8%</b>	<b>14.6%</b>	<b>22.9%</b>	<b>14.0%</b>	<b>14.0%</b>	<b>14.0%</b>	<b>14.2%</b>
Income statement	Q1/24	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Sales	16.2	20.0	17.6	22.2	73.1	76.0	78.8	82.7
Costs of sales	-13.6	-15.3	-13.2	-15.6	-55.0	-57.6	-59.6	-62.4
<b>Gross profit (loss)</b>	<b>2.7</b>	<b>4.7</b>	<b>4.4</b>	<b>6.6</b>	<b>18.0</b>	<b>18.4</b>	<b>19.2</b>	<b>20.3</b>
Other income	0.2	0.2	0.2	0.3	0.6	0.8	0.8	0.8
Marketing expenses	-0.9	-0.8	-0.7	-0.5	-2.8	-2.9	-3.1	-3.2
Administrative expenses	-2.8	-2.6	-2.5	-2.5	-9.6	-10.4	-10.7	-11.2
Other expenses	0.0	-0.2	-0.2	-0.2	-0.7	-0.6	-0.6	-0.6
<i>Operating expenses</i>	<i>-3.6</i>	<i>-3.5</i>	<i>-3.2</i>	<i>-2.9</i>	<i>-12.5</i>	<i>-13.1</i>	<i>-13.6</i>	<i>-14.2</i>
<b>Operating profit</b>	<b>-0.9</b>	<b>1.2</b>	<b>1.2</b>	<b>3.7</b>	<b>5.5</b>	<b>5.3</b>	<b>5.6</b>	<b>6.0</b>
Interest income	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Interest expense	-0.5	-0.4	-0.4	-0.4	-1.5	-1.7	-1.3	-1.0
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>-1.7</i>	<i>-1.3</i>	<i>-1.0</i>
Profit on shrs of JVs	0.0	0.0	0.0	0.0	-0.7	0.2	0.2	0.2
Profit on shrs of associates	0.1	0.0	0.0	0.0	0.2	0.1	0.1	0.1
<b>Profit (loss) before taxes</b>	<b>-1.2</b>	<b>0.8</b>	<b>0.9</b>	<b>3.4</b>	<b>3.6</b>	<b>3.8</b>	<b>4.6</b>	<b>5.3</b>
Income tax	0.0	-0.1	-0.1	-0.2	-0.2	-0.3	-0.4	-0.4
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit</b>	<b>-1.2</b>	<b>0.8</b>	<b>0.8</b>	<b>3.2</b>	<b>3.4</b>	<b>3.5</b>	<b>4.2</b>	<b>4.9</b>
<b>EBITDA</b>	<b>0.4</b>	<b>2.5</b>	<b>2.6</b>	<b>5.1</b>	<b>10.2</b>	<b>10.7</b>	<b>11.1</b>	<b>11.7</b>
Sales growth	Q1/24	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Sales growth y-on-y	-3.2%	7.9%	6.5%	4.2%	13.9%	4.0%	3.7%	4.9%
Sales growth q-on-q	-23.9%	23.2%	-12.1%	26.5%	nm	nm	nm	nm
Margins	Q1/24	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Gross margin	16.3%	23.5%	25.0%	29.9%	24.7%	24.2%	24.4%	24.5%
EBITDA margin	2.7%	12.8%	14.6%	22.9%	14.0%	14.0%	14.0%	14.2%
Operating margin	-5.6%	6.0%	7.0%	16.8%	7.5%	6.9%	7.1%	7.3%
Pre-tax Profit margin	-7.5%	4.0%	4.9%	15.3%	4.9%	5.1%	5.8%	6.4%
Net margin	-7.5%	3.8%	4.6%	14.4%	4.6%	4.7%	5.4%	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, with a recovery starting in H2/24. If the recession turns out to be more severe, our forecast is most likely too optimistic, especially with regards to advertising revenue.

### **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.

<b>Income Statement</b>	2022	2023	2024E	2025E	2026E
Net sales	64.1	73.1	76.0	78.8	82.7
Total operating costs	-55.3	-62.9	-65.3	-67.7	-71.0
<b>EBITDA</b>	<b>8.9</b>	<b>10.2</b>	<b>10.7</b>	<b>11.1</b>	<b>11.7</b>
Depreciation & Amort.	-4.1	-4.7	-5.4	-5.4	-5.7
One-off EBIT items	-0.2	-0.4	0.0	0.0	0.0
<b>EBIT</b>	<b>4.8</b>	<b>5.5</b>	<b>5.3</b>	<b>5.6</b>	<b>6.0</b>
Financial net	-0.4	-1.9	-1.4	-1.0	-0.7
<b>Pre-tax profit</b>	<b>4.4</b>	<b>3.6</b>	<b>3.8</b>	<b>4.6</b>	<b>5.3</b>
Taxes	-0.3	-0.2	-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
<b>Net profit</b>	<b>4.0</b>	<b>3.3</b>	<b>3.5</b>	<b>4.2</b>	<b>4.9</b>
<b>Balance Sheet</b>					
	2022	2023	2024E	2025E	2026E
Cash and cash equivalent	7	10	9	5	5
Receivables	12	13	13	13	14
Inventories	0	0	0	0	0
Other current assets	0	0	0	0	0
<b>Current assets</b>	<b>19</b>	<b>23</b>	<b>22</b>	<b>18</b>	<b>19</b>
Tangible assets	9	10	10	10	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
<b>Total fixed assets</b>	<b>80</b>	<b>83</b>	<b>82</b>	<b>82</b>	<b>81</b>
<b>Total Assets</b>	<b>100</b>	<b>106</b>	<b>104</b>	<b>100</b>	<b>101</b>
Non-interest bearing current liabilities	21	23	23	23	24
Short-term debt	2	4	4	3	2
Other current liabilities	0	0	0	0	0
<b>Total current liabilities</b>	<b>22</b>	<b>27</b>	<b>27</b>	<b>26</b>	<b>26</b>
Long-term debt	18	22	19	14	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
<b>Total long-term liab.</b>	<b>22</b>	<b>22</b>	<b>19</b>	<b>14</b>	<b>11</b>
<b>Total Liabilities</b>	<b>44</b>	<b>49</b>	<b>46</b>	<b>40</b>	<b>37</b>
Minority interest (BS)	0	0	0	0	0
Shareholders' equity	55	57	58	61	64
<b>Total liabilities and equity</b>	<b>100</b>	<b>106</b>	<b>104</b>	<b>100</b>	<b>101</b>
<b>DCF valuation</b>					
	<b>Cash flow, mEUR</b>				
WACC (%)	11.69 %	NPV FCF (2023-2025)			14
Assumptions 2023-2029 (%)		NPV FCF (2026-2032)			23
Sales CAGR	3.43 %	NPV FCF (2033-)			34
Avg. EBIT margin	7.47 %	Non-operating assets			8
Fair value per share (EUR)	1.78	Interest-bearing debt			-26
Share price (EUR)	1.06	Fair value estimate			54

<b>Free Cash Flow</b>	2022	2023	2024E	2025E	2026E
Operating profit	4.8	5.5	5.3	5.6	6.0
Depreciation & Amort.	4.1	4.7	5.4	5.4	5.7
Working capital chg.	0.5	0.9	0.1	-0.4	0.4
Other Operating CF items	-0.4	-0.4	-0.4	-0.5	-0.5
<b>Operating Cash Flow</b>	<b>9.1</b>	<b>10.7</b>	<b>10.3</b>	<b>10.2</b>	<b>11.6</b>
Net investments	-15.1	1.7	-4.9	-5.2	-5.1
Other items	-1.0	-4.1	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>-7.1</b>	<b>8.4</b>	<b>5.4</b>	<b>5.0</b>	<b>6.5</b>
<b>Capital structure</b>					
	2022	2023	2024E	2025E	2026E
Equity ratio	55.5%	53.5%	55.8%	60.5%	63.1%
Debt / Equity ratio	35.5%	46.2%	39.9%	27.4%	20.7%
Gearing %	22.0%	29.2%	24.3%	19.7%	12.9%
Net debt/EBITDA	1.4	1.6	1.3	1.1	0.7
<b>Profitability</b>					
	2022	2023	2024E	2025E	2026E
ROE	7.4%	6.0%	6.2%	7.1%	7.9%
FCF yield	-15.3%	21.6%	17.0%	15.5%	20.3%
EBITDA margin	13.9%	14.0%	14.0%	14.0%	14.2%
EBIT margin	7.5%	7.5%	6.9%	7.1%	7.3%
PTP margin	6.8%	4.9%	5.1%	5.8%	6.4%
Net margin	6.3%	4.6%	4.7%	5.4%	5.9%
<b>Valuation</b>					
	2022	2023	2024E	2025E	2026E
P/E	11.4	11.6	9.0	7.6	6.5
P/E, adjusted	10.9	10.4	9.0	7.6	6.5
P/Sales	0.7	0.5	0.4	0.4	0.4
EV/Sales	0.9	0.8	0.6	0.6	0.5
EV/EBITDA	6.6	5.4	4.3	4.0	3.4
EV/EBIT	12.2	10.1	8.8	7.8	6.7
P/BV	0.8	0.7	0.6	0.5	0.5
P/BV tangible	-4.0	-3.5	-3.4	-4.6	-7.8
<b>Per share ratios</b>					
	2022	2023	2024E	2025E	2026E
EPS	0.13	0.11	0.12	0.14	0.16
EPS, adjusted	0.14	0.12	0.12	0.14	0.16
Operating CF/share	0.29	0.36	0.34	0.34	0.38
Free Cash Flow/share	-0.23	0.28	0.18	0.16	0.21
BV/share	1.79	1.87	1.93	2.01	2.10
Tangible BV/share	-0.37	-0.36	-0.30	-0.22	-0.13
Div. per share	0.05	0.06	0.06	0.07	0.07
Div. payout ratio	38.0%	54.1%	51.1%	49.9%	43.1%
Dividend yield	3.3%	4.7%	5.7%	6.6%	6.6%
<b>Shareholders</b>					
	<b>Capital</b>			<b>Votes</b>	
HHL RÜHM OÜ	15.169			47.37 %	
HANS LUIK	8.280			25.86 %	
LHV Pensionfond L	1.905			5.95 %	
Ekspress Grupp AS	0.691			2.16 %	
LHV Pensionfond XL	0.486			1.52 %	
OU Observa	0.415			1.29 %	
SEB pank clients	0.413			1.29 %	
Siim Saidla	0.256			0.80 %	
Mattus & Co AG	0.253			0.79 %	
Citibank (NY)/Govt. Norway	0.236			0.74 %	
<b>Key people</b>					
CEO	Mari-Liis Rüttsalu				
CFO	Argo Rannamets				
IR	Mari-Liis Rüttsalu				
Chairman	Priit Rohumaa				

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