

Alma Media Oyj (ALMA)

Finland | Media | MCAP EUR 803.2mn

10 June 2022

Buy

Target price: EUR 16.6
Current price: EUR 10.5
Upside: 57.0%

Alma Media – Growing SaaS segment being valued as paper

Alma Media Oyj (Alma Media or the Company) is a Finnish group offering career, media, and consumer services. The Company has been known for centuries for being a paper publisher. However, since 2018 they have undergone a fundamental change of strategy towards a complete digitalization, which includes a scale up of their information services. The market is overlooking the profitability of this segment and its size, which is expected to drive revenue, global expansion, and margins. The EBITDA margin is estimated to further strengthen, from 26.5% 2021A to 33.8% in 2024E. Based on a weighted relative and absolute valuation, a target multiple of 14.3x EV/EBITDA in 2024E is applied, implying a target price of EUR 16.6.

Key takeaways

■ Undervalued SaaS segment driving target EV/EBITDA of 10.7x in 2024E

Alma Media's scalable information service is the Company's fastest-growing segment. With a growth rate of 42.0%, between 2020A and 2021A, it corresponds to 43.1% of the Company's EBITDA in 2021A. This segment is estimated to grow to approximately 50.2% of Alma Media's EBITDA in 2024E due to its ability to capitalize on secular growth trends. The market for eServices in Finland is estimated to grow with a CAGR of 25.2% between 2021A and 2024E, and this segment is expected to grow in line with the market, as it has done historically.

■ COGS estimated to decrease due to digitization, leading to margin expansion

The Company's change of strategy will reduce the use of paper mills as printed paper subscriptions will be replaced by ePapers and eMagazines. Thus, lowering COGS results in a margin expansion of 3.8% 2021A-2024E. By doing so, and at the same time having top-line growth, Alma Media will enable positive operating leverage of 6.9% until 2024E, implying a gross margin of 90.9% in 2024E.

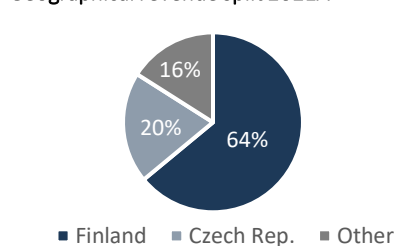
■ Continued geographic expansion in Europe with proven track record

As the Company is undergoing a change of strategy toward a SaaS-business model, a continued international expansion will be easier as it lowers the cost of expansion since Alma Media don't need to build paper mills or find paper suppliers. Thus, strengthening potential revenue growth. This is supported by the fact that the Company has been able to grow its revenue internationally by a total growth rate of 38.7% between 2018A and 2021A. Furthermore, this has corresponded with the growth of the SaaS segment and is therefore expected to continue as the SaaS segment is expected to grow.

International rev. 2018-2021A



Geographical revenue split 2021A



Source: The Company

Source: The Company

Analysts

Carl Ragnartz Equity Analyst
Oskar Norrström Equity Analyst

Market Data, SEK

Exchange Mid Cap Helsinki
Shares (mn) 82.4
MCAP (mn) 803.2
EV (mn) 1 103.2

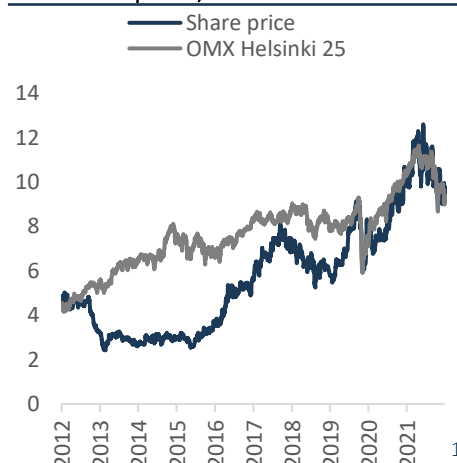
| Metrics & Drivers | 21A | 22E | 23E |
|-------------------|-------|-------|-------|
| EV/EBIT | 19.1x | 12.1x | 11.4x |
| EV/EBITDA | 14.8x | 10.2x | 9.6x |
| EV/S | 3.9x | 3.4x | 3.3x |
| P/E | 18.9x | 11.1x | 10.4x |
| ND/EBITDA | 4.1 | 2.8 | 2.6 |

| Forecast, EURmn | 21A | 22E | 23E |
|-----------------|-------|-------|-------|
| Total revenue | 277.0 | 322.4 | 335.3 |
| Rev. growth y/y | 18.6% | 16.5% | 4.0% |
| Gross Profit | 241.3 | 289.9 | 303.8 |
| Gross Margin | 87.1% | 89.9% | 90.6% |
| EBITDA | 73.5 | 107.8 | 114.6 |
| EBITDA Margin | 26.5% | 33.4% | 34.2% |
| EBIT | 56.8 | 90.9 | 96.8 |
| EBIT Margin | 20.5% | 28.2% | 28.9% |

Major Shareholders

Otava Oyj 29.0%
Mariatorp Oyj 19.0%
Ikka-Yhtymä Oyj 10.9%

Price Development, EUR

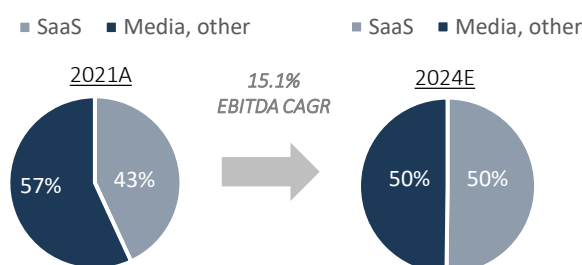


Investment thesis

Known for being a paper publisher, while 43.1% of Alma Media's EBITDA derives from SaaS

While the Company is selling paper subscriptions, its fastest-growing revenue segment is SaaS. As of 2021A, SaaS is a substantial part of their business which grew rapidly with 34.0% between 2020A and 2021A. This would inevitably make it easier for the Company to grow its operations internationally due to the lower cost of expansion, which has been the case for Alma Media as their revenue (outside of their main market Finland) has grown 38.7% between 2018A to 2021A. Opening up for new markets, which is in line with the Company's strategy, would indicate high potential growth as they would grow their operations. Most importantly is that it justifies a valuation in line with the size of its SaaS business, which is estimated to be 50.2% of Alma Media's EBITDA in 2024E. Indicating that the Company is undervalued as of now, yielding an upside of 57.0%. As a result of their SaaS segment growing, it is expected that the Company will improve its margins. Consequently, their EBITDA margin is estimated to increase from 26.5% in 2021A to 33.8% in 2024E.

Estimated EBITDA split in 2024E



Sources: The Company, Analyst estimates

Investments in markets with strong expected underlying market growth

The expansion of the SaaS segment has been a consequence of Alma Media acquiring other companies within the SaaS sector. These are investments in the market of digital advertising and eServices that have an average estimated CAGR of 12.2% between 2021A-2026E. This strong estimated market growth bodes well for stable growth in the future as the Company only needs to grow in line with the market, as they've done historically, and still achieve a rapid growth rate that would support its motivated upside and reach the stated target multiple.

Digitization of paper business bodes for improved margins

Alma Medias' COGS mostly consists of the use of paper mills. The use of paper mills is estimated to decrease since the main businesses that are utilizing the use of paper mills, i.e. their media and parts of their service segment, have decreased their usage over the past few years. The Company has guided for these to decrease as they are digitizing their business and so their paper subscriptions. This bodes for improved margins with an estimated EBIT margin expansion from 20.5% in 2021A to 27.6% in 2024E.

Exposed to fluctuations in the labor market

The SaaS segment, which is the Company's main driver, consists of a substantial part of its Career Services. These services are closely correlated to the labor market as its main business is recruiting service, corresponding to 76.0% of their entire SaaS segment. Thus, making the segment vulnerable to recessions in the economies of Finland and the Czech Republic. A recession would result in that the estimated upside would decrease by 17.1% by solely assuming that this would affect their career services. However, that would probably not be the case since the Company would most likely be affected as a whole. Especially when you consider that they have other activities in addition to career services that are also vulnerable to a recession, such as their housing- as well as their car platform. When taking this into consideration, the current stock price would decrease by 33.9% based on how the media and advertising sector performed during the financial crisis of 2008. On the one hand, this downside may seem relatively low in relation to a recession. This is due to the fact that their sales from newspapers are not as cyclical, and this is a market where the Company is significantly more established and therefore has the opportunity to make price increases.

Overview of the company

Alma Media is a Finnish group that officially started operating as Alma Media in 1998, but their subsidiary, in the form of newspaper publishers, was founded as early as 1845. This was one of their former newspaper publishing company, "Suomalaisen Kirjallisuuden Seuran Kirjapainon Osakeyhtiö". Thus, the Company has its roots in the newspaper industry and has since then primarily been known as a company that provides paper publications. However, today only 37.1% of their income derives from their paper subscriptions. Alma Media has, in other words, changed its business model in line with the global digitization over the past years with three different revenue streams; digital advertising, paper subscriptions, and eServices. Furthermore, the Company has three different business segments; Alma career, Alma talent, and Alma consumer, which consists of the three different revenue streams.

Alma career

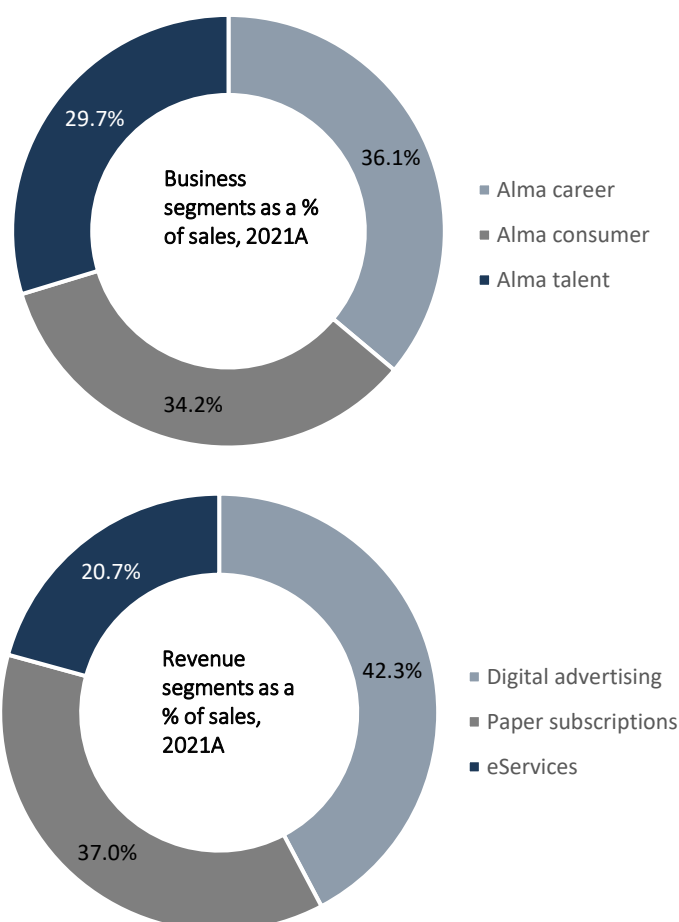
The segment "Alma career" provides leading recruitment services in Eastern Central Europe. Their recruitment services mainly operate in the Czech republic with brands such as Profesia.sk, MojPosao.net and Jobs.cz, but also in Finland with Monster.fi. The segment also includes other career-related services, such as their online training service, Seduo. Overall, the segment operates in a total of nine countries. This is essentially a part of their SaaS business and thus their fastest growing revenue segment with a top-line growth rate of 65.0% y-o-y 2021A. Alma Media has increased its voicing/advertising within this segment from EUR 438 in 2018A to EUR 475 in 2021A, representing a CAGR of 2.7%. The revenue consists of 90.0% of digital advertising, the remaining being eServices.

Alma talent

Alma Media's largest business, Alma talent, corresponded to approximately 36.1% of the Company's total sales in 2021A. The segment provides digital subscription-based content via its market-leading brands, such as Kauppalehti (the leading finance paper in Finland). The segment is essentially divided into two areas: professional and financial media in Finland and various services for companies and professionals. Besides providing subscription-based content, the segment also provides scalable services such as their online law-related service Suomen Laki.com. These services have increased its recurring license-based revenue by 9.9% y-o-y and represent 33.9% of the segment's total sales in 2021A.

Alma consumer

This business segment is very reminiscent of Alma talent. While a majority consists of subscription-based content, the remaining business consists of several scalable information services. The significant difference between the two segments is that while Alma talent customers are professionals, Alma consumers are the day-to-day consumer. This is reflected in their products, like their lifestyle magazine, housing platform, and car platform. Out of their scalable information services, it is the cars and mobility marketplaces that represent the largest part. Furthermore, these services increased its revenue from EUR 6.4mn in 2020A to EUR 21.4mn in 2021A, representing a total growth rate of 310.9% y-o-y.



Source: The Company

Overview of the market

As Alma Media operates in three different segments, the overview is divided into three different sections where we dive into the respective markets.

Digital advertising expected to grow with a CAGR of 7.5% between 2021A and 2026E

The market size for digital advertising in Finland is expected to reach a value of USD 1 249mn in 2026E implying a total growth rate of 49.3%, according to Statista estimates. With a current penetration rate of 10.5%, Alma media is well established for market expansion ahead. Alma media operates in the Czech market for digital advertising as well, adding to the total addressable market for the segment. The Czech market has a bigger estimated target value in 2026E of USD 1 687mn with a CAGR of 9.2% between 2021A and 2026E. Thus, having a stronger underlying market growth which the Company could utilize. As its a bigger market, the penetration rate of Alma media is lower, making it more vulnerable to peers such as Sanoma and Dezakaya. Each of them has a bigger penetration rate in their respective market.

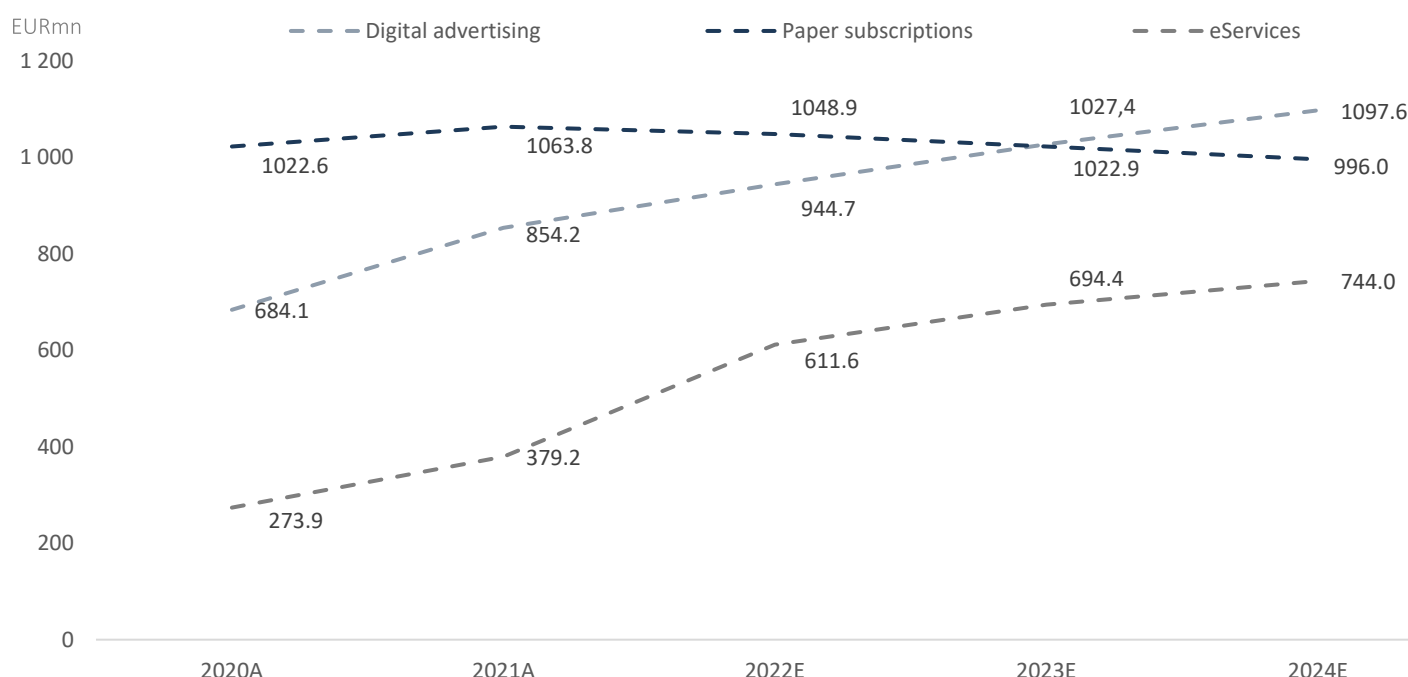
Alma Media going against the market trend

The market for printed newspapers and magazines is estimated to decline by 11.7% between 2021A and 2026E, while Alma Media is expected to grow its revenue during this period of time. This is due to the Company changing its strategy to more digital subscription-based content as well as its most-read magazine, Italehti, utilizing the lifestyle/influencer trend and has thus been able to grow its reader group by 41.3% over the past three years. Alma Media would then strengthen its penetration rate in a sector that is relatively limited for possible international expansion.

Benefitting from rapid estimated underlying market growth

The market value for eServices', i.e. scalable information services, in Finland is estimated to grow with a CAGR of 16.5% between 2021A and 2026E. Alma Media is well-positioned to capitalize on this market trend as it owns some of the market-leading eServices' such as its housing platform Etuovi and its housing-rental platform Vuokraovi.com. However, actors such as eBay, or Airbnb, both having a higher penetration rate on the global market, could possibly compete with these companies. This could potentially hamper the Company's ability to capitalize on the underlying market growth

Estimated market values until 2024E



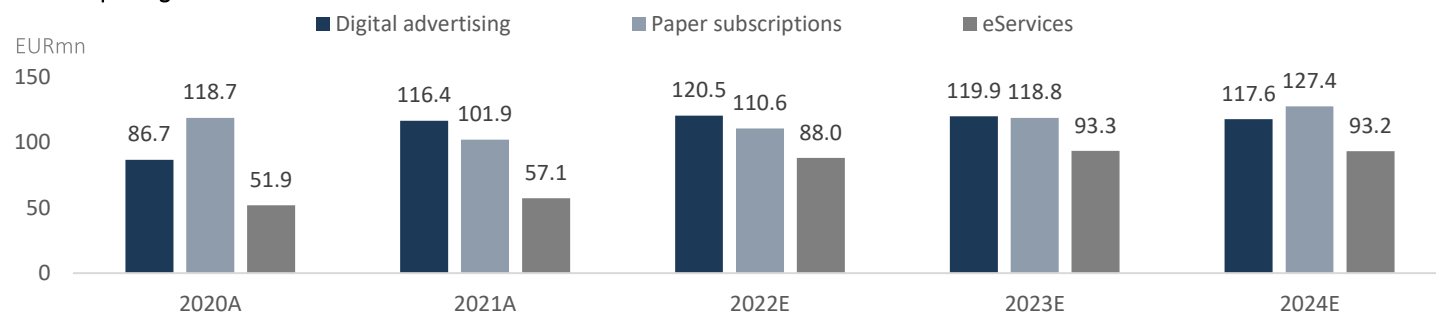
Source: Statista

Financial forecast breakdown

Revenue expected to increase from EUR 275.4mn in 2021A to EUR 341.5mn in 2024E

It is estimated that the underlying market growth for eServices and digital advertising will grow with a CAGR of 16.5% and 7.5%, respectively, 2021A-2026E, according to Statista. Furthermore, Alma Media is estimated to grow its advertiser volume from 171tn to 216tn between 2021A and 2024E. This is driven by the segment expanding its operations internationally and that the national economies of Finland and the Czech republic GDP is estimated to grow annually by 1.7%, 2021A-2024E, according to the European Commission. This metric has been taken into account when estimating revenue since the segment is correlated to the labor market, thus the national economy. EServices is estimated to grow at a rate of 11.5%, which is closely in line with the estimated market growth, which is due to the Company growing similarly to the market historically and therefore expected to continue doing so. The Company's third revenue segment, i.e. paper subscriptions, is estimated to grow from EUR 101.9mn in 2021A to EUR 127.4mn in 2024E, representing a CAGR of 7.7%. This is due to Alma Media being more effective as they have been able to grow their revenue per reader over the past few years from EUR 98.0 in 2018 to EUR 128.8 in 2021. Also, their most read magazine, Italehti, grew its customer volume from 195 000 in 2018 to 241 000 in 2021, according to KMT Finland. As a result of increased digitization, strong expected underlying market growth, and geographical expansion, Alma Media's revenue is expected to grow with a CAGR of 7.2% between 2021A and 2024E. This amounts to increased revenue from EUR 275.4mn in 2021A to EUR 338.2mn in 2024E.

Revenue per segment 2020-2024

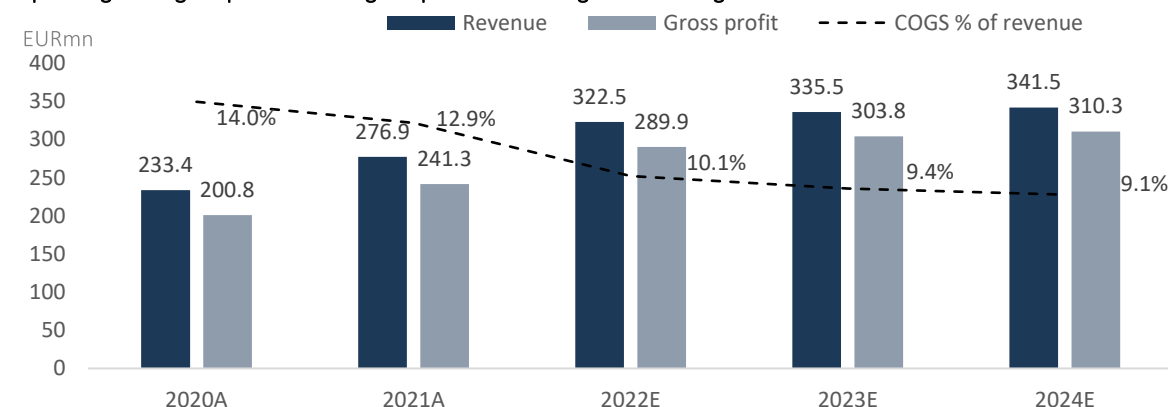


Sources: The Company, Analyst estimates

Reduced use of paper mills implying an estimated gross margin of 90.9% in 2024E

Alma Media prints paper subscriptions via their in-house paper mills. The use of the paper mills, however, is estimated to reduce as the Company is currently transitioning to ePapers and eMagazines, which is a target for the Company to continue the digitization of its core business, according to the Company's Q1 report 2022. It is estimated that COGS will decrease from EUR 35.6mn in 2021A to EUR 31.1mn in 2024E as a result of increased digitization. The result of increased digitization, in relation to the gross margin, could be quantified as operating leverage of 6.9% based on company historicals. Thus, implying an estimated gross margin of 90.9% in 2024E as a consequence of reduced use of paper mills.

Operating leverage implies 3.9% margin expansion following 23.2% sales growth 2021-2024



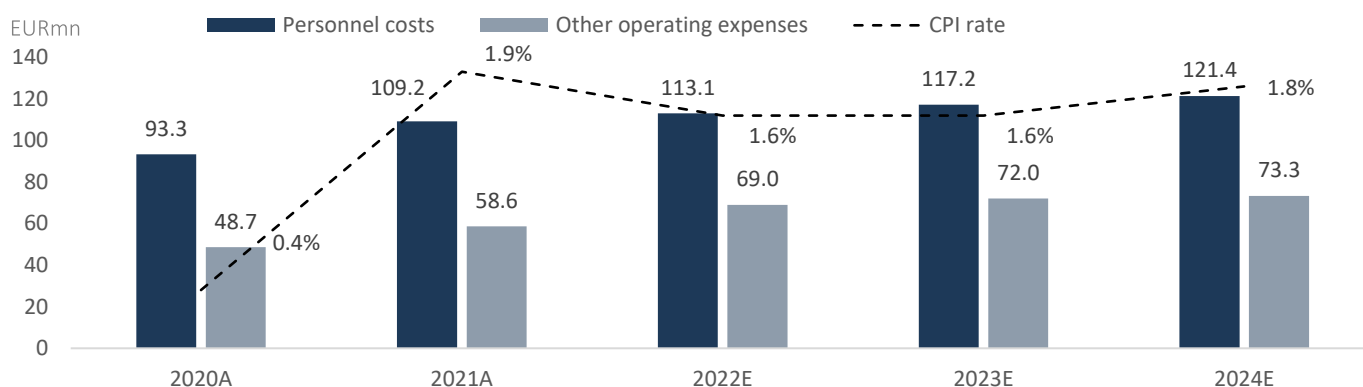
Sources: The Company, Analyst estimates

Financial forecast breakdown

Cost per employee estimated to increase from EUR 70tn in 2021A to EUR 77tn in 2024 due to inflation

Alma Media is expected to expand its operations internationally and will consequently increase its headcount. This has been the case over the past few years as they have grown their international operations with a total growth rate of 38.7% between 2018A and 2021A and is expected to continue. It is estimated that the number of employees will increase from 1 549 in 2021A to 1 587 in 2024E. The rising inflation rate has also been taken into account when estimating personnel costs, resulting in the estimated cost per employee increasing from EUR 70 000 in 2021A to EUR 77 000 in 2024E. At the same time, other operating expenses are estimated to increase from EUR 58.6mn in 2021A to EUR 73.3mn in 2024E as a consequence of the general cost structure increasing, except for COGS. Thus, driving operating expenses which imply an estimated EBITDA margin of 33.8% in 2024E.

Estimated personnel cost, Other operating expenses and CPI rate until 2024E

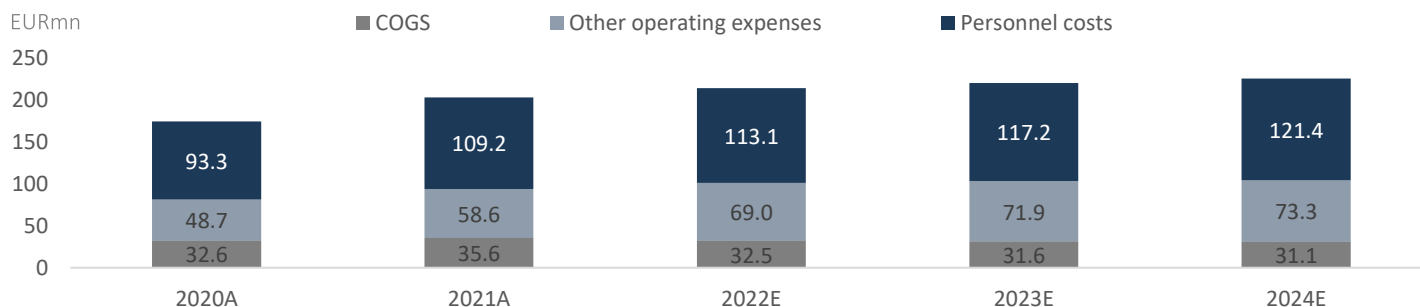


Sources: The Company, Analyst estimates, Statista

EBIT margin expected to increase from 20.5% in 2021A to 28.5% in 2024E

Higher D&A, as a result of increased CapEx, is required as the Company is expected to continue making investments in the SaaS market. D&A is estimated to increase from EUR 16.7mn in 2021A to EUR 18.4mn in 2024E based on the useful lives of buildings and structures being approximately 7 years and amortization expected to be 2.3% of sales in 2024E. The increase will be a consequence of the Company making continuous investments and acquisitions in SaaS companies and at the same time expanding its business internationally. This is estimated to lead to an EBIT of EUR 97.4mn in 2024E, consequently leading to an EBIT margin expansion from 20.5% in 2021A to 28.5% in 2024E.

Estimated COGS, Other operating expenses and Personnel costs until 2024E



Sources: The Company, Analyst estimates

Interest expenses estimated to increase due to unchanged interest rates

Alma Media's interest expenses are estimated to increase from EUR 1.5mn in 2021A to EUR 1.7mn in 2024E. The Company is expected to raise debt in the same way as in previous years in order to finance acquisitions. Furthermore, the interest rate on new loan drawdowns in Finland is estimated to be in an interval of 1.6%-1.9% between 2021A and 2024E, according to the Bank of Finland. This is close to the interest rate of previous years, thus indicating that Alma Media will pay approximately the same interest on their debt as historically.

Valuation

Alma Media is undervalued to SaaS-peers despite showing higher margins and higher profitability

Alma Media is currently trading on a forward-looking EV/EBITDA multiple of 9.5x in 2024E, compared to a peer-median of 7.1x, which indicates a premium of 25.9%. Compared to at SaaS-peers, Alma Media is currently trading at a discount of 57.4% compared to peer-average EV/EBITDA of 15.0x. Furthermore, it's trading at a discount of 51.3% compared with peer-median EV/EBITDA of 14.4x. Alma Media shows an EBITDA margin of 29.9% 2024E which is higher than both the peer-average and peer-median within both peer groups. In 2021A 42.1% of the Company's revenue originated from its SaaS business, and this number is expected to increase to 50.2% in 2024E. Considering this increase in their scalable business segments, we will see a decrease in COGS which will lead to a growing gross margin of 90.9% 2024E, an increase of 4.3% compared with 2021A.

| Company Name | MCAP | EV | EBITDA-margin 2024E | Revenue CAGR 21A-24E | EV/Sales 2024E | EV/EBITDA 2024E |
|----------------------------------|------------|--------------|---------------------|----------------------|----------------|-----------------|
| | (EURmn) | (EURmn) | (%) | (%) | (x) | (x) |
| Media companies | | | | | | |
| Polaris Media | 350 | 557 | 13.0% | 5.2% | 1.0x | 7.7x |
| North Media | 192 | 105 | 23.0% | 0.6% | 0.8x | 3.6x |
| MTG A | 1 270 | 1 907 | 25.8% | 4.8% | 2.9x | 11.0x |
| Sanoma Oyj | 1 982 | 3 051 | 30.1% | 1.7% | 2.0x | 6.5x |
| Mean | 948 | 1 405 | 23.0% | 3.1% | 1.7x | 7.2x |
| Median | 810 | 1 232 | 24.4% | 3.3% | 1.5x | 7.1x |
| Alma Media | 865 | 1 165 | 30.8% | 5.4% | 3.2x | 9.5x |
| Discount(+)/Premium(-) to mean | | | -25.4% | -42.6% | -48.6% | -24.7% |
| Discount(+)/Premium(-) to median | | | -20.7% | -39.3% | -54.4% | -25.9% |
| SaaS companies | | | | | | |
| LeadDesk Oyj | 55 | 67 | 18.4% | 12.5% | 1.6x | 9.1x |
| Formpipe Software | 159 | 183 | 27.0% | 6.5% | 3.4x | 12.4x |
| Hemnet Group | 1 183 | 1 201 | 52.3% | 11.9% | 11.6x | 22.1x |
| Basware Oyj | 572 | 627 | 19.7% | 6.0% | 3.3x | 16.5x |
| Mean | 492 | 520 | 29.4% | 9.2% | 4.9x | 15.0x |
| Median | 366 | 405 | 23.4% | 9.2% | 3.3x | 14.4x |
| Alma Media | 865 | 1 165 | 30.8% | 5.4% | 3.2x | 9.5x |
| Discount(+)/Premium(-) to mean | | | -4.7% | 72.0% | 52.9% | 57.4% |
| Discount(+)/Premium(-) to median | | | -24.2% | 72.0% | 2.1% | 51.3% |

Sources: Bloomberg, Analyst estimates

Based on a weighted peer valuation supported by a DCF, a target-price of EUR 16.6 is motivated

A target multiple of EV/EBITDA 14.3x 2024E is motivated by a 50/50 weighted peer-valuation since approximately 50.2% of their EBITDA is estimated to originate from SaaS in 2024E. Furthermore, it's based on the EV/EBITDA median, instead of mean, as a mitigating factor to the fluctuation in multiples. A 15.0% size discount for Alma Media is motivated by the Company being smaller in size, compared to media-peers, and that their revenue CAGR 2021A-2024E is lower than that of the SaaS-peers. The target price is supported by a DCF which is in-line with the peer-table target price, implying a present value per share of 16.8 euro. The target multiple of EV/EBITDA 14.3x 2024E implies a target price of EUR 16.6.

DCF

| Key Cash flow items | 2022E | 2023E | 2024E | 2025E | 2026E |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| Net sales | 322.5 | 335.5 | 341.5 | 345.0 | 347.1 |
| EBIT | 90.9 | 96.8 | 97.4 | 95.7 | 90.1 |
| Taxes on EBIT | -18.2 | -19.4 | -19.5 | -19.1 | -18.0 |
| NOPAT | 72.7 | 77.4 | 77.9 | 76.6 | 72.1 |
| D&A | 19.1 | 21.2 | 21.4 | 21.2 | 21.4 |
| CapEx | -5.3 | -5.5 | -5.6 | -5.7 | -5.7 |
| Change in NWC | 3.3 | 2.3 | 1.6 | 1.2 | 0.8 |
| Reinvestment rate | 19.0% | 18.9% | 18.2% | 17.8% | 18.6% |
| Cash-conversion rate | 81.0% | 81.1% | 81.8% | 82.2% | 81.4% |
| FCFF | 89.7 | 95.4 | 95.3 | 93.2 | 88.5 |

Source: Analyst estimates

Management & Board

Kai Telanne, President, CEO & member of the executive management board

CEO and chairman of the board since 2005, Kai holds an M.Sc in Economics from TaY, Tampereen, Finland. He has previously held numerous positions at Aamulehti which is the second largest Finnish newspaper where the most recent position he held was as CEO from 2001-2005. He currently holds positions of trust as a board member of Teleste Corporation and Tampere Chamber of Commerce.

Ownership: 252 795 shares (0.3% of outstanding shares)



Juha Nuutinen, CFO & member of the executive management team

CFO of Alma Media since 2012, Juha holds a M.Sc in Economics from Turku School of Economics, Turku, Finland. He has previous experience as CFO at University Properties of Finland Ltd (2009 - 2012) and as financial manager of Alma Media Corporation (2005 - 2009).

Ownership: 47 421 shares (0.06% of outstanding shares)



Santtu Elsinen, Chief Digital Officer (CDO) & member of the executive management team

Santtu has held the position as CDO of Alma Media since 2016, he has a B.Sc in Economics from HSE, Helsinki, Finland. His previous experience includes several roles within business development with the most recent being at Talentum Oyj (2010 - 2016). Santtu also holds several positions of trust including chairman of Finnish Authentication Cooperative.

Ownership: 35 908 shares (0.04% of outstanding shares)



Virpi Juvonen, SVP, Human Resources & member of the executive management team

Virpi has held her current position at Alma Media since 2013 and she has a M.Sc in Social Science from University of Helsinki. Virpi had the role as Human Resources Manager at several firms since 2002.

Ownership: 34 015 shares (0.04% of outstanding shares)



Tiina Järvilehto, SVP, Media Sales and Marketing & member of the executive management team

Tiina has been a part of Alma Media Corporation since 2014 and she has held her current position since 2015 and she has a M.Sc in Economics from Aalto School of Business, Helsinki, Finland. From 2013 until 2015 she had the role as Director of Marketing and Sales at Kauppalehti Oy. She holds a position of trust as a board member of Finnish Periodicals Publishers' Association (FPPA).

Ownership: 36 397 shares (0.04% of outstanding shares)



Vesa-Pekka Kirsi, SVP of AlmaCareer & member of the executive management team

Vesa-Pekka has held his current position as SVP of AlmaCareer since 2019, has a BA, Honorary. In Business Management from University of Lincolnshire and Humberside, Lincolnshire, England. His previous experience include Business unit Director and VP of markets at Fonecta Ltd. He also holds two positions of trust as a member of the board of Tremer Oy and Bolt Group Ltd.

Ownership: -



Appendix: Income statement

| EURmn | 2018A | 2019A | 2020A | 2021A | 2022E | 2023E | 2024E | 2025E |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net revenue | 254.7 | 250.2 | 230.2 | 275.4 | 320.7 | 333.6 | 339.7 | 343.2 |
| Change in inventory of finished products | 0 | 0.1 | -0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other operating income | 1.7 | 0.6 | 3.3 | 1.4 | 1.8 | 1.8 | 1.8 | 1.8 |
| Revenue | 256.4 | 250.9 | 233.4 | 276.9 | 322.5 | 335.5 | 341.5 | 345.0 |
| COGS | -40.5 | -38.3 | -32.6 | -35.6 | -32.5 | -31.6 | -31.1 | -30.9 |
| Gross profit | 215.9 | 212.6 | 200.8 | 241.3 | 289.9 | 303.8 | 310.2 | 314.0 |
| <i>Gross margin</i> | <i>84.2%</i> | <i>84.7%</i> | <i>86.0%</i> | <i>87.1%</i> | <i>89.9%</i> | <i>90.6%</i> | <i>90.9%</i> | <i>91.0%</i> |
| OPEX | | | | | | | | |
| Personel costs | -98.2 | -97.4 | -93.3 | -109.2 | -113.1 | -117.2 | -121.4 | -125.8 |
| Other operating expenses | -59.4 | -48.9 | -48.7 | -58.6 | -69.0 | -71.9 | -73.3 | -74.1 |
| EBITDA | 58.3 | 66.3 | 58.8 | 73.5 | 107.8 | 114.6 | 115.5 | 114.1 |
| <i>EBITDA margin</i> | <i>22.7%</i> | <i>26.4%</i> | <i>25.2%</i> | <i>26.5%</i> | <i>33.4%</i> | <i>34.1%</i> | <i>33.8%</i> | <i>33.0%</i> |
| Depreciation | -5.2 | -11.0 | -10.6 | -10.2 | -9.7 | -10.2 | -10.4 | -10.5 |
| EBITA | 53.1 | 55.3 | 48.2 | 63.3 | 98.1 | 104.4 | 105.2 | 103.6 |
| <i>EBITA margin</i> | <i>20.7%</i> | <i>22.0%</i> | <i>20.7%</i> | <i>22.9%</i> | <i>30.4%</i> | <i>31.1%</i> | <i>30.8%</i> | <i>30.0%</i> |
| Amortization | -5.7 | -5.7 | -5.1 | -6.5 | -7.3 | -7.6 | -7.7 | -7.9 |
| EBIT | 47.4 | 49.6 | 43.1 | 56.8 | 90.9 | 96.8 | 97.4 | 95.7 |
| <i>EBIT margin</i> | <i>18.5%</i> | <i>19.8%</i> | <i>18.5%</i> | <i>20.5%</i> | <i>28.2%</i> | <i>28.9%</i> | <i>28.5%</i> | <i>27.7%</i> |
| Interest income | 1.8 | 0.8 | 0.4 | 1.9 | 0.9 | 0.9 | 0.9 | 0.9 |
| Interest expenses | -1.1 | -1.3 | -1.3 | -2.3 | -1.6 | -1.6 | -1.7 | -1.7 |
| EBT | 48.1 | 49.1 | 42.2 | 56.4 | 90.2 | 96.1 | 96.8 | 95.0 |
| <i>EBT margin</i> | <i>18.8%</i> | <i>19.6%</i> | <i>18.8%</i> | <i>20.4%</i> | <i>28.0%</i> | <i>28.7%</i> | <i>28.3%</i> | <i>27.6%</i> |
| Tax expense | -9.9 | -8.6 | -9.0 | -12.1 | -18.0 | -19.2 | -19.4 | -19.0 |
| Net income | 38.2 | 40.5 | 33.2 | 44.3 | 72.2 | 76.9 | 77.4 | 76.0 |
| <i>Net margin</i> | <i>14.9%</i> | <i>16.1%</i> | <i>14.2%</i> | <i>16.0%</i> | <i>22.3%</i> | <i>22.9%</i> | <i>22.7%</i> | <i>22.0%</i> |

Sources: Analyst estimates, The Company

| Share price | WACC | | | | | | |
|-------------|------|------|------|-------------|------|------|-------|
| 16.8 | 4.0% | 5.0% | 6.0% | 7.0% | 8.0% | 9.0% | 10.0% |
| 0.3% | 24.2 | 19.8 | 16.9 | 14.9 | 13.4 | 12.2 | 11.3 |
| 0.6% | 26.1 | 20.9 | 17.7 | 15.4 | 13.8 | 12.6 | 11.6 |
| 0.9% | 28.3 | 22.3 | 18.6 | 16.1 | 14.3 | 12.9 | 11.9 |
| 1.2% | 31.1 | 23.8 | 19.6 | 16.8 | 14.8 | 13.3 | 12.2 |
| 1.5% | 34.5 | 25.6 | 20.7 | 17.5 | 15.4 | 13.8 | 12.6 |
| 1.8% | 38.9 | 27.8 | 22.0 | 18.4 | 16.0 | 14.2 | 12.9 |
| 2.1% | 44.6 | 30.4 | 23.5 | 19.4 | 16.7 | 14.7 | 13.3 |

Source: Analyst estimates

| DCF valuation breakdown | |
|--------------------------|---------|
| Forecasted value (EURmn) | 462.1 |
| Terminal value (EURmn) | 1 101.2 |
| Enterprisevalue (EURmn) | 1 563.3 |
| Net debt (EURmn) | 181.8 |
| Market cap (EURmn) | 1 381.5 |
| No. Shares (m) | 82.4 |
| Value per share (EUR) | 16.8 |

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