

Fielmann AG

Germany | Retail | MCap EUR 5.535m

02 June 2020

UPDATE



Earnings show immediate impact of store closures

What's it all about?

Fielmann AG is a Germany-based company manufacturer of glasses, contact lenses and related eyewear products. The Company manufactures and sells various spectacles, including bifocal and varifocal optical glasses, sunglasses, spectacle frames and contact lenses. The Company operates through numerous subsidiaries and retailers located in Germany, Switzerland, Luxembourg, the Netherlands and Poland, among others. We reiterate our BUY recommendation with unchanged PT of EUR 70.00.

Buy (Buy)

Target price	EUR 70,00
Current price	EUR 65,95
Up/downside	6.0%

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IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

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Earnings show immediate impact of store closures

With the presentation of the balance sheet, Fielmann has essentially confirmed the provisional figures for financial year 2019 presented on 20 February. Earnings per share, which at EUR 2.05 met our expectations, were subsequently submitted. It was also announced that the dividend would not be increased to EUR 1.95, as had been announced at the time. No dividend will be paid out due to burdens from the Corona pandemic.

At the same time, a report on the first quarter of 2020 was published, albeit in a shortened version compared to the previous year. Among other things, the segment report and the cash flow statement were missing. In the first three months, the number of branches remained at 776, an increase of 39 compared with the same quarter in the previous year. 27 locations were included in this figure, which operated the Slovenian chain Optika Clarus (Fielmann share: 70%) acquired in September. In the first quarter, the range of products was expanded to include the sale of hearing aids at two further locations, which are now available in 209 locations (+11 compared with the previous year).

The expansion of floor space at the beginning of the year resulted in further sales increases. However, with the closure of almost all stores in March, the Group felt the impact of the Corona pandemic with great force. First the stores in Italy closed, followed by Austria, Slovenia and - to some extent - Poland. As of 20 March, official orders ended sales in Switzerland and Germany, by far the most important single market. During the quarter, sales of eyewear fell by 14.4% to 1.70 million units. With the exception of individual transactions within the scope of an emergency service for the supply of system-relevant professional groups and the revenues from the insignificant online business, which sells consumer goods for contact lenses to registered customers, no significant revenues were recorded. Sales gradually collapsed, at times by more than 80%. Revenues for the quarter amounted to EUR 355 million. However, the 4.4% decline was less severe than analysts had feared. Based on their estimates, Factset had calculated a consensus of EUR 332 million.



Source: Company data, AlsterResearch

High/low 52 weeks 76.25 / 41.90
Price/Book Ratio 7.2x

Ticker / Symbols
ISIN DE0005772206
WKN 577220
Bloomberg FIE:GR

Changes in estimates

		Sales	Ebit	EPS
2019	old	00.0	00.0	00.0
	Δ	-	-	-
2020	old	00.0	00.0	00.0
	Δ	-	-	-
2021	old	00.0	00.0	00.0
	Δ	-	-	-

Key share data

Number of shares: (in m pcs) 84.0
Authorised capital: (in € m) na
Book value per share: (in €) 8.77
Ø trading volume: (12 months) 56,000

Major shareholders

Fielmann family 71.6 %
Free Float 28.4 %

Company description

Fielmann AG is a Germany-based company manufacturer of glasses, contact lenses and related eyewear products. The Company manufactures and sells various spectacles, including bifocal and varifocal optical glasses, sunglasses, spectacle frames and contact lenses. The Company operates in Germany, Switzerland, Luxembourg, the Netherlands and Poland, among others

Fielmann AG	2016	2017	2018	2019	2020E	2021E	2022E
Sales	1337,2	1386,0	1428,0	1520,7	1391,8	1594,6	1716,0
Growth y/y	3%	4%	3%	6,5%	-8,5%	14,6%	7,6%
EBITDA	285,5	296,6	301,8	393,8	220,5	321,2	345,7
EBIT	241,6	249,0	250,8	256,1	174,0	267,9	288,3
Net profit	166,3	168,0	168,7	172,1	114,9	180,3	194,4
Y/E net debt (net cash)	-258	-263	-226	136	80	40	34
Net gearing	-37,7%	-37,9%	-31,8%	18,8%	10,9%	4,9%	4,0%
Net debt/EBITDA	0,0	0,0	0,0	0,3	0,4	0,1	0,1
EPS recurring	1,98	2,00	2,01	2,05	1,37	2,15	2,31
CPS	2,23	3,03	1,89	3,15	2,26	2,06	2,32
DPS	1,80	1,85	1,90	0,00	1,31	2,02	2,18
Dividend yield	2,9%	2,9%	3,0%	0,0%	2,1%	3,2%	3,5%
Gross profit margin	79,0%	80,0%	79,8%	79,9%	79,9%	79,9%	79,9%
EBITDA margin	21,3%	21,4%	21,1%	25,9%	15,8%	20,1%	20,1%
EBIT margin	18,1%	18,0%	17,6%	16,8%	12,5%	16,8%	16,8%
ROCE	32,3%	32,6%	32,1%	26,4%	15,0%	22,2%	22,9%
EV/sales	3,8	3,6	3,6	3,6	3,9	3,4	3,1
EV/EBITDA	17,7	17,0	16,8	13,8	24,4	16,6	15,5
EV/EBIT	20,6	19,8	19,8	15,9	31,0	20,0	18,5
PER	31,9	31,5	31,4	30,8	46,1	29,4	27,3
FCF yield	3,7%	3,8%	3,8%	5,3%	2,3%	3,7%	4,0%

Source: Company data, Alster Research

This was offset by a higher cost base. Although short-time work was announced for the majority of the employees, the cost base was higher. However, Fielmann guaranteed the jobs of all employees and has since paid the difference between net salary and short-time working compensation. Personnel expenses rose by 3.6% and the cost of materials by 6.8%. Double-digit increases were recorded in depreciation and amortisation (+15.1%) and other operating expenses (+18.3%). Consolidated earnings before taxes fell from EUR 67.2 million to EUR 17.6 million (-73.7%), while earnings per share were in line with the consensus at EUR 0.14 (after EUR 0.54).

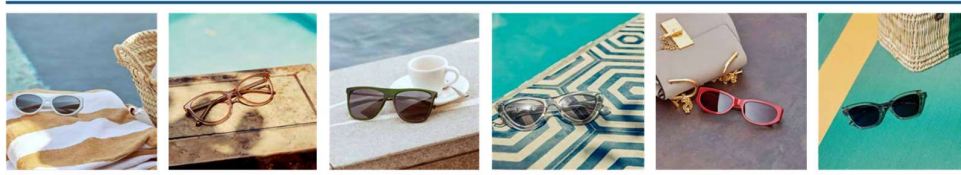
At the end of Q1, the closure of almost all locations resulted in a slump in sales for the Fielmann optical group of at times more than 80%. The burdens from this extended into the start of Q2 and continue to exist to a lesser extent. Since 27 April, all branches have been open again. However, the restriction on the number of customers who are allowed to be there at the same time, the need to make appointments, the higher costs of meeting high hygiene standards and longer shop opening hours are likely to have a significant temporary impact on the income statement. This will be offset temporarily by lower advertising expenses. We have again lowered our sales and earnings forecasts for 2020. However, in view of high cost efficiency and excellent balance sheet ratios, Fielmann should emerge stronger from this pandemic. We also assume that, in view of the crisis affecting many retailers, the otherwise rare opportunity to rent retail space in prime city centre locations will now arise more frequently. The growth prospects remain promising. We are leaving our price target (EUR 70.00) and investment recommendation ("buy") unchanged.

Company background

The Business

Fielmann is a listed family business founded in 1981 by Günther Fielmann. The company primarily designs and sells glasses and eyewear fashion. By creating the No Cost eyewear (Nulltarif), Günther Fielmann enabled everybody to buy fashionable prescription glasses. The company's focus is on customer-oriented service and products at fair prices. Next to the No Cost glasses, Fielmann also offers e.g. a three-year warranty, satisfaction guarantee and best price guarantee.

Due to its deep roots in the optical industry and their activity throughout the whole value chain (opticians, designers, manufacturers and wholesalers), Fielmann offers a high expertise in the field of visual aids and a flexible supply chain. Nearly half of Germany's future opticians are trained in a company owned facility to ensure the next generations of experts.



Source: Company Data

Shareholder Structure

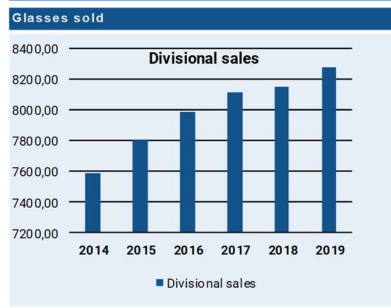
There are a total of 84,000,000 Fielmann shares and the stocks have been floated since the company's 2-for-1 stock split in 2014. The free float amounts to 28.36%. The Fielmann Family Foundation (Fielmann Familien Stiftung) holds the remaining 71.64% of shares. Günther Fielmann holds, either indirectly or directly, the majority of shares in the Fielmann AG via the Fielmann Family Holding.



Source: Company Data

Overview

In 2019, Fielmann sold around 8.3 million glasses overall in comparison to 7.6 million in 2014, which is an average growth rate of 1.2% per year (CAGR 2014-2019). The company can sell their products at much more affordable prices due to the large quantities bought and manufactured by the company and the therefore accumulated volume discount. Nearly half of the glasses sold in Germany are sold by Fielmann. The company's core markets are in Germany, Switzerland, Austria and Luxembourg. In addition to that Fielmann has identified Italy, Poland and Slovenia as growth or expansion markets.



Source: SRH Alster Research AG, Company Data

Besides prescription glasses as the main sales driver, Fielmann also accounts smaller sale revenues from contact lenses and sunglasses (with and without prescription) as well as hearing aids.

While prescription glasses are sold offline (and omnichannel), sunglasses and especially contact lenses are also sold online. Fielmann is steadily working on developing new technologies to enable a reliable and easy way to purchase prescription glasses online, like real-time 3D try-on technologies, millimetre-precise 3D lens fitting or a sophisticated online eye-test.

Management

The management board of Fielmann went through a generation change in 2019. Where formerly it was made up by five members, namely Günther Fielmann, Marc Fielmann, Michael Ferley, Dr. Bastian Körber and Georg Alexander Zeiss it now has only four members: Günther Fielmann was the CEO of the company and was appointed as such until the end of 2019 when he retired, after which Marc Fielmann took over this position as sole chairman of the management board.

The Management Board has laid out their future course with the "Vision 2025", where they plan to shape the eyewear industry in Europe for the customer's benefit and without compromising the quality. A focus will be set on the digitisation of the company to ensure a virtually undistinguishable offline and online presence.



Source: Company Data


The Supervisory Board is made up of 16 members in total, of which eight members represent the shareholders: Prod. Dr. Mark K. Binz (Chairman), Hans-Georg Fey, Hans Joachim Oltersdorf, Marie-Christine Ostermann, Pier Paolo Righi, Hans-Otto Schrader and Julia Wöhlke and eight members represent the employees: Mathias Thürnau (Deputy Chairman), Heiko Diekhöner, Jana Furcht, Ralf Greve, Fred Haselbach, Petra Oettle, Eva Schleifenbaum and Frank Schreckenber.



Source: Company Data

In the financial year of 2019 the biggest topics of discussion were parts of the "Vision 2025": the international expansion and the digitisation.

SWOT-Analysis

 Strengths	 Weaknesses
Active at every level of Value Chain	Unfinished e-commerce technology
Qualification and Know-How (Industry's leading training provider)	Most products offer little scope for differentiation
Economy of Scale (affordable, BP-guarantee)	
"Fielmann Ventures" develops key technology and business models	
 Opportunities	 Threats
International expansion	Distance sale competition
Horizontal diversification (prescription sunglasses, hearing aids)	Fast dynamics and competitors in the fashion industry
USP technological developments (Smart connection of digital services and personal consulting)	
Source: AlsterResearch	

Valuation

The DCF model results in a price target of € 45 per share. Key model assumptions:

- Top-line growth: We expect Fielmann AG to continue benefitting from structural growth. Hence our growth estimates for 2019-22E is in the range of 5% p.a. In the mid-term, we conservatively model approx.
- The long-term growth rate is set at 3%.
- EBIT margins. The scalable business model should allow for EBIT margins of 17% by 2022E, which look defendable given high competitive quality based on scale, geography and expertise. Accordingly, we model approx. 14% EBIT margins in the long-term.
- WACC. We model a weighted average cost of capital of 7.5-8.0% to reflect the mature stage of the business model, consisting of a 5.0% risk premium beta of 1.0x and 3.5% risk free rate.

DCF (EUR m) (except per share data and beta)	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	Terminal value
NOPAT	121,5	187,1	201,3	211,4	222,0	233,1	244,7	257,0	269,8
Depreciation	46,5	53,3	57,4	60,3	63,3	69,3	69,3	69,3	69,3
Change in working capital	64,4	-19,1	-11,4	-8,1	-8,5	-8,9	-9,3	-9,8	-10,3
Change in long-term prov. & accruals	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Capex	-69,3	-69,3	-69,3	-69,3	-69,3	-69,3	-69,3	-69,3	-69,3
Acquisitions	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Capital increase	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Cash flow	163,2	152,1	178,0	194,3	207,5	224,2	235,4	247,2	259,5
Present value	156,0	134,0	144,6	145,5	143,1	142,4	137,8	133,4	2.765,8
WACC	8,4%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,5%	8,0%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	3.903	Short term growth 2019 - 2022	4,1%
thereof terminal value	71%	Medium term growth 2022 - 2027	5,0%
Net debt (net cash) at start of year	136	Terminal value growth 2027 - infinity	3,0%
Financial assets	59	Terminal year EBIT margin	16,8%
Provisions and off balance sheet debt	55		
Equity value	3.771	WACC derived from	
No. of shares outstanding	84,0	Cost of borrowings before taxes	6,0%
Discounted cash flow per share	44,9	Tax rate	30,2%
upside/(downside)	-29%	Cost of borrowings after taxes	4,2%
		Required return on invested capital	8,5%
		Risk premium	5,0%
		Risk-free rate	3,5%
Share price	63,10	Beta	1,0

Sensitivity analysis DCF						Sensitivity analysis DCF					
WACC	Long term growth					WACC	EBIT margin terminal year				
	1%	1,5%	3,0%	3,0%	3,5%		9,0%	10,0%	11,0%	12,0%	13,0%
10,0%	27,3	28,3	32,1	32,1	33,7	10,0%	32,1	32,1	32,1	32,1	32,1
9,0%	30,6	32,0	37,3	37,3	39,8	9,0%	37,3	37,3	37,3	37,3	37,3
8,0%	35,0	36,9	44,9	44,9	48,7	8,0%	44,9	44,9	44,9	44,9	44,9
7,0%	41,1	43,9	56,5	56,5	63,2	7,0%	56,5	56,5	56,5	56,5	56,5
6,0%	49,9	54,3	76,4	76,4	89,6	6,0%	76,4	76,4	76,4	76,4	76,4

The adjusted Free Cash Flow Yield results in a fair value of € 67 per share based on 2021E and € 82 per share on 2022E. It thus supports the DCF based price target. Looking beyond 2021E. i.e. half way 2021 and 2022 estimates seems justified considering that the full impact of the existing customers and highly likely customer wins will only be felt from 2021E onward.

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after tax return equals the model's hurdle rate of 7.5%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap.

FCF yield	2018	2019	2020E	2021E	2022E	
EBITDA	301,8	393,8	220,5	321,2	345,7	
- Maintenance capex	34,5	37,0	41,0	46,9	50,5	
- Minorities	4,7	5,1	5,1	5,1	5,1	
- tax expenses	77,3	76,5	51,8	80,0	86,1	
= Adjusted Free Cash Flow	185,2	275,2	122,7	189,2	203,9	
Actual Market Cap	5299,6	5299,7	5299,7	5299,7	5299,7	
+ Net debt (cash)	-225,7	136,1	80,4	40,0	33,8	
+ Pension provisions	7,7	8,5	8,5	8,5	8,5	
+ Off balance sheet financing	0,0	0,0	0,0	0,0	0,0	
+ Adjustments prepayments	0,0	0,0	0,0	0,0	0,0	
- Financial assets	-95,0	-59,4	-59,4	-59,4	-59,4	
- Accumulated dividend payments	-160,1	-164,6	0,0	-110,0	-170,0	
<i>EV Reconciliations</i>	<i>-473,1</i>	<i>-79,3</i>	<i>29,5</i>	<i>-120,8</i>	<i>-187,0</i>	
= Actual EV'	4826,5	5220,4	5329,2	5178,9	5112,7	
Adjusted Free Cash Flow yield	3,8%	5,3%	2,3%	3,7%	4,0%	
Sales	1428,0	1520,7	1391,8	1594,6	1716,0	
Actual EV/sales	3,4x	3,4x	3,8x	3,2x	3,0x	
Hurdle rate	7,5%	7,5%	7,5%	7,5%	7,5%	
FCF margin	13,0%	18,1%	8,8%	11,9%	11,9%	
Fair EV/sales	1,7x	2,4x	1,2x	1,6x	1,6x	
Fair EV	2469,8	3669,2	1635,4	2522,2	2719,2	
<i>- EV Reconciliations</i>	<i>-473,1</i>	<i>-79,3</i>	<i>29,5</i>	<i>-120,8</i>	<i>-187,0</i>	
Fair Market Cap	2942,9	3748,5	1606,0	2643,0	2906,2	
No. of shares (million)	84,0	84,0	84,0	84,0	84,0	
Fair value per share	35,0	44,6	19,1	31,5	34,6	
Premium (-) / discount (+) in %	-44,5%	-29,3%	-69,7%	-50,1%	-45,2%	
Sensitivity analysis fair value						
	5,0%	49,7	66,5	28,9	46,5	50,8
Hurdle rate	7,5%	35,0	44,6	19,1	31,5	34,6
	10,0%	27,7	33,7	14,3	24,0	26,5
	12,5%	23,3	27,2	11,3	19,5	21,7

Source: AlsterResearch

Financials

Profit and loss (EUR m)	2018	2019	2020E	2021E	2022E
Sales	1.428	1.521	1.392	1.595	1.716
Sales growth	na	6,5%	-8,5%	14,6%	7,6%
Cost of sales	288	306	280	320	345
Gross profit	1.140	1.215	1.112	1.274	1.371
Sales and marketing	0	0	0	0	0
General and administration	864	851	839	893	961
Research and development	0	0	0	0	0
Other operating income	19	19	17	20	21
Other operating expenses	44	127	116	133	143
EBITDA	302	394	221	321	346
Depreciation	45	51	47	53	57
EBITA	257	343	174	268	288
Amortisation of goodwill and intangible assets	6	87	0	0	0
Impairment charges	0	0	0	0	0
EBIT	251	256	174	268	288
Financial result	0	-2	-2	-3	-3
Recurring pretax income from continuing operations	251	254	172	265	286
Extraordinary income/loss	0	0	0	0	0
Earnings before taxes	251	254	172	265	286
Taxes	77	77	52	80	86
Net income from continuing operations	173	177	120	185	199
Result from discontinued operations (net of tax)	0	0	0	0	0
Net income	173	177	120	185	199
Minority interest	5	5	5	5	5
Net profit (reported)	169	172	115	180	194
Average number of shares	84	84	84	84	84
EPS reported	2,01	2,05	1,37	2,15	2,31

Profit and loss (common size)	2018	2019	2020E	2021E	2022E
Sales	100%	100%	100%	100%	100%
Cost of sales	20%	20%	20%	20%	20%
Gross profit	80%	80%	80%	80%	80%
Sales and marketing	0%	0%	0%	0%	0%
General and administration	61%	56%	60%	56%	56%
Research and development	0%	0%	0%	0%	0%
Other operating income	1%	1%	1%	1%	1%
Other operating expenses	3%	8%	8%	8%	8%
EBITDA	21%	26%	16%	20%	20%
Depreciation	3%	3%	3%	3%	3%
EBITA	18%	23%	12%	17%	17%
Amortisation of goodwill and intangible assets	0%	6%	0%	0%	0%
Impairment charges	0%	0%	0%	0%	0%
EBIT	18%	17%	12%	17%	17%
Financial result	0%	0%	0%	0%	0%
Recurring pretax income from continuing operations	18%	17%	12%	17%	17%
Extraordinary income/loss	0%	0%	0%	0%	0%
Earnings before taxes	18%	17%	12%	17%	17%
Taxes	5%	5%	4%	5%	5%
Net income from continuing operations	12%	12%	9%	12%	12%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%
Net income	12%	12%	9%	12%	12%
Minority interest	0%	0%	0%	0%	0%
Net profit (reported)	12%	11%	8%	11%	11%

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2018	2019	2020E	2021E	2022E
Intangible assets	81	489	489	489	489
Property, plant and equipment	262	289	312	328	340
Financial assets	95	59	59	59	59
FIXED ASSETS	439	837	860	876	888
Inventories	136	159	145	166	179
Accounts receivable	102	109	100	115	123
Other current assets	0	0	0	0	0
Liquid assets	248	237	292	333	339
Deferred taxes	0	0	0	0	0
Deferred charges and prepaid expenses	19	25	25	26	27
CURRENT ASSETS	506	529	562	640	669
TOTAL ASSETS	945	1.367	1.422	1.516	1.556
SHAREHOLDERS EQUITY	709	723	737	813	844
MINORITY INTEREST	0	4	4	4	4
Long-term debt	1	297	297	297	297
Provisions for pensions and similar obligations	8	9	9	9	9
Other provisions	49	47	47	47	47
Non-current liabilities	57	352	352	352	352
short-term liabilities to banks	22	76	76	76	76
Accounts payable	56	73	114	131	141
Advance payments received on orders	0	0	0	0	0
Other liabilities (incl. from lease and rental contracts)	88	122	122	122	122
Deferred taxes	12	18	18	18	18
Deferred income	0	0	0	0	0
Current liabilities	144	194	236	253	263
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	945	1.367	1.422	1.516	1.556

Balance sheet (common size)	2018	2019	2020E	2021E	2022E
Intangible assets	9%	36%	34%	32%	31%
Property, plant and equipment	28%	21%	22%	22%	22%
Financial assets	10%	4%	4%	4%	4%
FIXED ASSETS	46%	61%	60%	58%	57%
Inventories	14%	12%	10%	11%	12%
Accounts receivable	11%	8%	7%	8%	8%
Other current assets	0%	0%	0%	0%	0%
Liquid assets	26%	17%	21%	22%	22%
Deferred taxes	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	2%	2%	2%	2%	2%
CURRENT ASSETS	54%	39%	40%	42%	43%
TOTAL ASSETS	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	75%	53%	52%	54%	54%
MINORITY INTEREST	0%	0%	0%	0%	0%
Long-term debt	0%	22%	21%	20%	19%
Provisions for pensions and similar obligations	1%	1%	1%	1%	1%
Other provisions	5%	3%	3%	3%	3%
Non-current liabilities	6%	26%	25%	23%	23%
short-term liabilities to banks	2%	6%	5%	5%	5%
Accounts payable	6%	5%	8%	9%	9%
Advance payments received on orders	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	9%	9%	9%	8%	8%
Deferred taxes	1%	1%	1%	1%	1%
Deferred income	0%	0%	0%	0%	0%
Current liabilities	15%	14%	17%	17%	17%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2018	2019	2020E	2021E	2022E
Net profit/loss	251	254	120	185	199
Depreciation of fixed assets (incl. leases)	39	-36	47	53	57
Amortisation of goodwill	0	0	0	0	0
Amortisation of intangible assets	6	87	0	0	0
Others	11	88	0	0	0
Cash flow from operations before changes in w/c	307	393	167	239	257
Increase/decrease in inventory	0	0	13	-21	-13
Increase/decrease in accounts receivable	0	0	9	-15	-9
Increase/decrease in accounts payable	0	0	42	17	10
Increase/decrease in other working capital positions	-114	-91	0	0	0
Increase/decrease in working capital	-114	-91	64	-19	-11
Cash flow from operating activities	193	302	231	220	245
CAPEX	61	69	69	69	69
Payments for acquisitions	2	15	0	0	0
Financial investments	3	-19	0	0	0
Income from asset disposals	0	0	0	0	0
Cash flow from investing activities	-65	-65	-69	-69	-69
Cash flow before financing	128	237	162	150	176
Increase/decrease in debt position	-1	-79	0	0	0
Purchase of own shares	1	0	0	0	0
Capital measures	0	0	0	0	0
Dividends paid	160	165	0	110	170
Others	-1	-1	0	0	0
Effects of exchange rate changes on cash	0	0	0	0	0
Cash flow from financing activities	-162	-245	0	-110	-170
Increase/decrease in liquid assets	-33	-8	162	40	6
Liquid assets at end of period	139	131	292	333	339

Source: Company data; AlsterResearch

Ratios	2018	2019	2020E	2021E	2022E
Per share data					
Earnings per share reported	2,01	2,05	1,37	2,15	2,31
Cash flow per share	1,89	3,15	2,26	2,06	2,32
Book value per share	8,44	8,60	8,77	9,68	10,05
Dividend per share	1,90	0,00	1,31	2,02	2,18
Valuation					
P/E	31x	31x	46x	29x	27x
P/CF	33x	20x	28x	31x	27x
P/BV	7,5x	7,3x	7,2x	6,5x	6,3x
Dividend yield (%)	3,0%	0,0%	2,1%	3,2%	3,5%
FCF yield (%)					
EV/Sales	3,6	3,6	3,9	3,4	3,1
EV/EBITDA	16,8	13,8	24,4	16,6	15,5
EV/EBIT	19,8	15,9	31,0	20,0	18,5
Income Statement (EURm)					
Sales	1.428	1.521	1.392	1.595	1.716
yoy chg in %	na	6%	-8%	15%	8%
Gross profit	1.140	1.215	1.112	1.274	1.371
Gross margin in %	80%	80%	80%	80%	80%
EBITDA	302	394	221	321	346
EBITDA margin in %	21%	26%	16%	20%	20%
EBIT	251	256	174	268	288
EBIT margin in %	18%	17%	12%	17%	17%
Net profit	169	172	115	180	194
Cash flow statement					
CF from operations	193	302	231	220	245
Capex	61	69	69	69	69
Maintenance Capex	35	37	41	47	51
Free cash flow	132	232	162	150	176
Balance sheet (EURm)					
Intangible assets	81	489	489	489	489
Tangible assets	262	289	312	328	340
Shareholders' equity	709	723	737	813	844
Pension provisions	8	9	9	9	9
Liabilities and provisions	79	428	428	428	428
Net financial debt					
w/c requirements					
Ratios					
ROE	24%	24%	16%	22%	23%
ROCE	32%	26%	15%	22%	23%
Net gearing	-32%	19%	11%	5%	4%
Net debt / EBITDA	0,00	0,35	0,36	0,12	0,10

Source: Company data; AlsterResearch

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