Hellofresh SE

Germany | Retail | MCap EUR 10,146m

4 March 2021

INITIATION

Overeaten – Initiate with Sell

What's it all about?

HelloFresh reported solid 2020 results, with the top line meeting updated guidance, while the AEBITDA margin (adjusted for special items, e.g., share-based compensation expenses, legal and M&A costs) coming in at the upper end of it. The company successfully delivered over 600m meals across 14 geographies, demonstrating richer value propositions for its products. The group has reiterated its target of revenue growth at 20%-25% on a constant currency basis and an AEBITDA margin at 9%-12% in 2021, which seems achievable in our view. We modelled top-line and bottom-line growth at the mid-point of guidance and even above the upper end of the guided range in the mid-term (2023E). Having said that, the stock seems to be overvalued after a strong run in 2020, fuelled by pandemic impacts. Hence, we initiate coverage with a price target of EUR 53.00 and a SELL recommendation.

SELL (INITIATION)

Target price	**EUR 53.00 (na)**
Current price	EUR 60.25
Up/downside	-12.0%

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AlsterResearch

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Germany | Retail | MCap EUR 10,146m | EV EUR 9,714m

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Active customer base continues to expand

HelloFresh's Q4 revenues and adjusted EBITDA (AEBITDA - adjusted for special items, e.g., share-based compensation expenses, legal and M&A costs) came in ahead of market expectations with better orders and strength in average order value, while the active customer base continued to grow. The world's leading meal kit company benefits from its wider spread, better pricing and service levels. This, coupled with superior liquidity (EUR 729m), should support its strategy of scaling up the business over the next few years.

Revenues more than doubled yoy

HelloFresh's Q4 revenues surged 117% yoy to EUR 1.11bn (+126% yoy in constant currency), which was ahead of analyst consensus of EUR 1.08bn. Its yoy growth is attributable to persistent growth in the active customer base to 5.29m (+78% yoy; the international unit was resilient), a rise in the average order value to EUR 52.5 (+8% yoy in constant currency; on demand for Christmas/seasonal products) and solid growth in the average orders per customer from 3.6 to 4.2 (+18% yoy; orders: +109% yoy). Full-year revenues more than doubled to EUR 3.75bn (+107% yoy), registering 111% yoy growth in constant currency, with growth rates coming close to the high end of its target range.

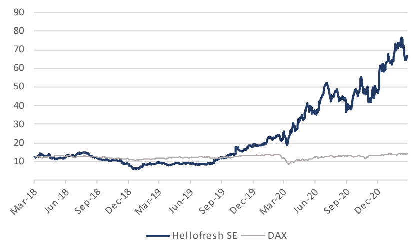
Significant growth in both segments albeit capacity issues in important markets

Both segments reported robust revenues but the growth rate in the US moderated somewhat vs Q3 2020. The international unit led the pack, increasing 140% yoy to EUR 524.1m (+141% yoy in constant currency), buoyed by a surge in active customers and a higher average order rate. The US business revenues were up 99% yoy to EUR 584.4m (+115% yoy in constant currency), mainly led by a meaningful expansion of the client base and higher average order rate and order value.

- continued -

Hellofresh SE	2018	2019	2020	2021E	2022E	2023E
Sales	1,279	1,809	3,750	4,562	5,326	5,922
Growth yoy	41.4%	41.4%	107.3%	21.7%	16.7%	11.2%
EBITDA	-73	14	473	491	587	711
EBIT	-83	-26	426	413	503	619
Net profit	-83	-10	369	267	330	417
Net debt (net cash)	-198	-74	-432	-607	-831	-1,119
Net debt/EBITDA	2.7x	-5.3x	-0.9x	-1.2x	-1.4x	-1.6x
EPS recurring	-0.51	-0.06	2.19	1.54	1.90	2.40
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	62.8%	64.6%	66.0%	70.5%	70.9%	70.6%
EBITDA margin	-5.7%	0.8%	12.6%	10.8%	11.0%	12.0%
EBIT margin	-6.5%	-1.4%	11.4%	9.0%	9.4%	10.4%
ROCE	-32.7%	-6.8%	41.2%	30.9%	29.6%	28.8%
EV/EBITDA	-136.1x	719.4x	20.5x	19.4x	15.9x	12.7x
EV/EBIT	-120.1x	-390.4x	22.8x	23.1x	18.5x	14.6x
PER	-117.7x	-971.1x	27.5x	39.2x	31.7x	25.1x
FCF yield	-0.6%	0.1%	5.5%	3.5%	4.1%	4.7%

Source: Company data, Alster Research



Source: Company data, AlsterResearch

High/low 52 weeks	77.90 / 16.14
Price/Book Ratio	15.5x

Ticker / Symbols

ISIN	DE000A161408
WKN	A16140
Bloomberg	HFG:GR

Changes in estimates

		Sales	EBIT	EPS
2020	old	00.0	00.0	00.0
	Δ	–	–	–
2021	old	00.0	00.0	00.0
	Δ	–	–	–
2022	old	00.0	00.0	00.0
	Δ	–	–	–

Key share data

Number of shares: (in m pcs)	168
Book value per share: (in €)	3.90
Ø trading volume: (12 months)	800,000

Major shareholders

BlackRock, Inc.	7.1%
Insight	3.6%
Baillie Gifford & Co	11.1%
Free Float	78.0%

Company description

Hellofresh SE provides online food services. The company offers pre-portioned ingredients that give subscribers the opportunity to prepare home-cooked meals. The users have choice between different the meals and recipes. The business activities of Hellofresh are divided into two operating segments: the USA, and International segment, which includes operations in Australia, Austria, Belgium, Canada, Germany, the Netherlands, Switzerland and the UK.

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AEBITDA beat consensus, particularly aided by the US

The contribution margin expanded 1.6ppt yoy to 30.7%, supported by less price incentives, procurement efficiencies and gradual normalization of fulfilment costs. This was further complemented by lower general administrative overheads and controlled promotional costs due to capacity issues and seasonality, resulting in a solid 8.2ppt yoy expansion in the AEBITDA margin to 15.7% (2020: 13.5% vs 12.5%-13.5% target). Consequently, AEBITDA rose manifold to EUR 173.8m (4.5x vs Q4 2019) and was 19% better than expectation with both the US (5.2x vs Q4 2019) and international unit (2.9x vs Q4 2019) witnessing significant increases in profitability.

Industry-leading FCF generation supports organic and inorganic growth

The group generated free cash flow (FCF) of EUR 137.3m (excluding acquisitions) in Q4 2020, thus taking the full year FCF to. EUR 499m (vs cash consumption of EUR11.8m in 2019). This strong FCF supported its acquisition of Chicago-based ready-to-eat meal company Factor75 for a total consideration of USD 277m, which strengthened its US business and expanded its total addressable market.

Conclusion

HelloFresh reported solid 2020 results, with the top line meeting updated guidance, while the AEBITDA margin coming in at the upper end of it. The company successfully delivered over 600m meals across 14 geographies, demonstrating richer value propositions for its products. The group has reiterated its target of revenue growth at 20%-25% on a constant currency basis and an AEBITDA margin at 9%-12% in 2021, which seems achievable in our view.

We modelled top-line and bottom-line growth at the mid-point of guidance and even above the upper end of the guided range in the mid-term (2023E). Having said that, the stock seems to be overvalued after a strong run in 2020, fuelled by pandemic impacts. Hence, we initiate coverage with a price target of EUR 53.00 and a SELL recommendation.

Quarterly table

P&L data	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Sales	420	437	441	512	699	969	970	1,109
yoy growth in %	42%	37%	46%	41%	66%	122%	120%	117%
Gross profit	268	283	284	334	459	630	638	747
Gross margin in %	64%	65%	65%	65%	66%	65%	66%	67%
EBITDA	-31	10	10	13	57	144	99	165
EBITDA margin in %	-7%	2%	2%	3%	8%	15%	10%	15%
EBIT	-40	-0	1	2	46	132	87	152
EBIT margin in %	-10%	-0%	0%	0%	7%	14%	9%	14%
EBT	-45	-3	26	17	42	131	81	143
taxes paid	1	2	3	-1	2	15	6	4
tax rate in %	-3%	-45%	10%	-4%	4%	11%	7%	3%
net profit	-46	-5	23	18	40	116	74	139
yoy growth in %	na%	na%	na%	na%	na%	na%	222%	675%
EPS	**-0.28**	**-0.03**	**0.14**	**0.11**	**0.24**	**0.70**	**0.43**	**0.91**

Source: Company data, AlsterResearch

SWOT - Analysis

Strengths

- Global leader and strong market position
- Self-developed CRM and strong tech team
- Well-managed customer acquisition costs and customer lifetime value by leveraging data capabilities
- High predictability of revenues due to a subscription-based business model

Weaknesses

- Low customer retention rate
- Limited disclosure on some KPIs and short period since IPO
- Replicable business model with low barriers to entry at a local level
- Recruiting customers is key for future growth, post COVID-19

Opportunities

- External growth opportunities by acquiring competitors
- Cheap customer acquisition due to COVID-19
- Geographical business expansion in new markets
- Reduce business cyclicity by developing new products and offerings

Threats

- Consumers may ask for shorter delivery times
- Increasing competition from food retailers at a local level
- Capacity constraints in the US
- Weaker macro could lead to trading down or increased customers churn

Company background

The main activity of the Group is the delivery of meal kits to customers in various geographical regions. The business is managed based on two major geographical regions: The United States of America ("USA") and International ("International"). International operations comprise Australia, Austria, Belgium, Canada, Germany, Northern France, Luxembourg, the Netherlands, New Zealand, Switzerland, Sweden and the United Kingdom ("UK").

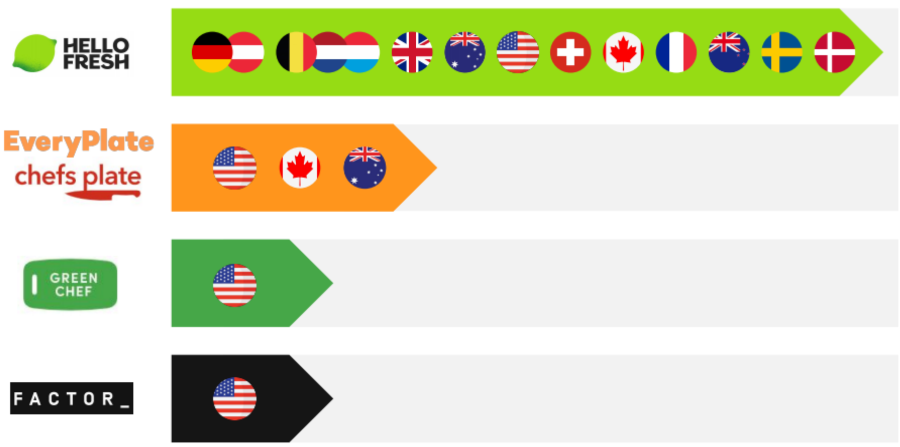
Furthermore, the HelloFresh Group has established a fully owned Customer Care Service Center HelloConnect Inc. situated in the Philippines which is part of the international segment.

It has been listed on the Frankfurt Stock Exchange since its IPO in November 2017.

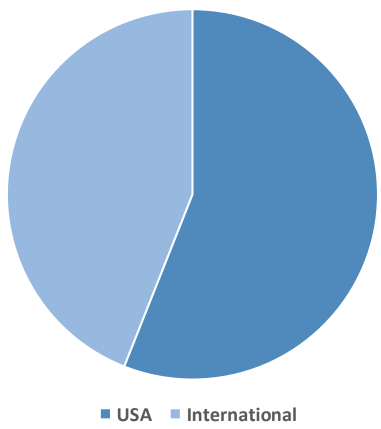
Hellofresh brands and regions
The business activities of Hellofresh are divided into two operating segments: the USA and International segment. Most recently, HelloFresh invested in further growth initiatives. This includes the acquisition of Factor75 (Chicago-based provider of ready-to-eat meals), the expansion into Denmark and the launch of the US brand EveryPlate in Australia. In addition, HelloFresh continued to invest in expanding capacity and broadening its product offering.

In 2020, the company delivered more than 600 million meals worldwide.

Hellofresh - brand family and regional activities



Sales by Business segment (in%)



Source: Company data, AlsterResearch

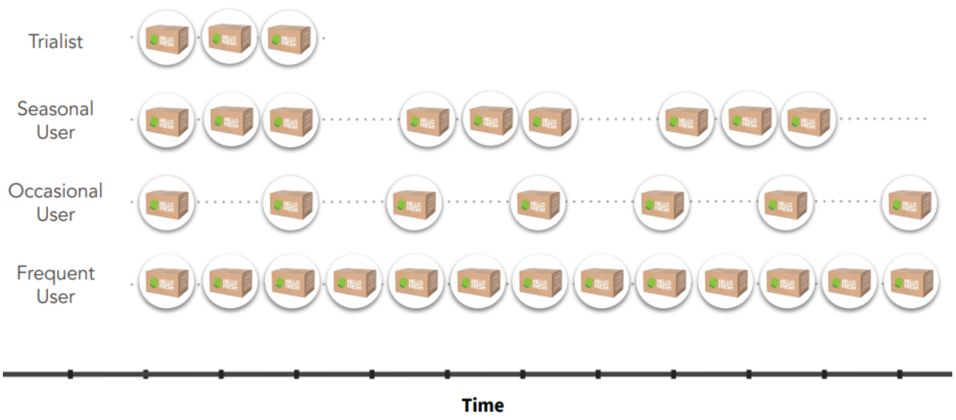
Products
HelloFresh is a delivery service for food by recipe. The company develops cooking recipes and puts together matching food. These packages are called 'meal kits'. Consumers can order the box by subscription and receive a delivery once a week.

Product sample

Source: Company data, AlsterResearch

Subscribers can choose between different variants (cooking boxes), e.g., meat and vegetable, family friendly or vegetarian. These cooking boxes contain a variable number of ready-portioned meals. Up to one week before the delivery date, the customer has the option of selecting the desired dishes from a range of dishes offered (in some cases for an additional charge), as well as optionally purchasing starters or desserts. In addition, HelloFresh also offers ready-prepared meals and snacks as well as ready-to-eat meals. The subscription can be called up at different intervals in order to be able to address the customer's wishes.

Customers follow different usage patterns



Source: Company data, AlsterResearch

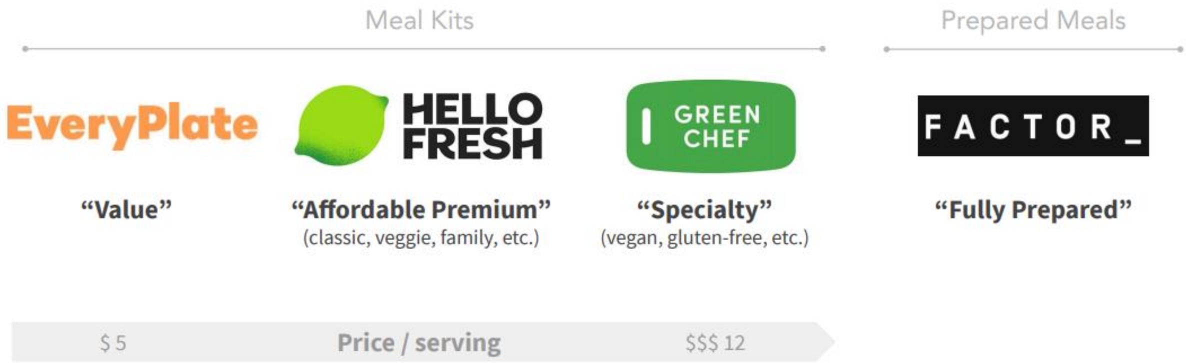
Increased variants of meal kits
HelloFresh has constantly expanded the product range and added new variants of the boxes. This trend is expected to continue in the future.

Menu expansion helps to serve a broader range of taste, lifestyle, and dietary preferences

Source: Company data, Alster Research

Brand portfolio
Depending on the different countries and regions, various brands of HelloFresh are used. The brand portfolio also expands through acquisitions. Most recently, the subsidiary Factor was acquired in the USA. With this acquisition, the product range was also expanded and now includes prepared meals.

Hellofresh - brand family and fields of activities



Source: Company data, AlsterResearch

Management
HelloFresh was founded in November 2011 by Dominik Richter, Thomas Griesel, and Jessica Nilsson in Berlin. Dominik Richter und Thomas Griesel share the role of CEO.

Hellofresh - Management

Source: Company data, AlsterResearch

History
HelloFresh was founded in November 2011 by Dominik Richter, Thomas Griesel, and Jessica Nilsson in Berlin. It was one of the earlier companies in the meal-kit industry. The company was initially funded by Rocket Internet, a German startup and seed financing company. In 2012, the delivering of meal kits to paying customers started, and expanded in the same year to the Netherlands, UK, US and Australia. By 2014, the company claimed to be delivering 1 million meals per month.

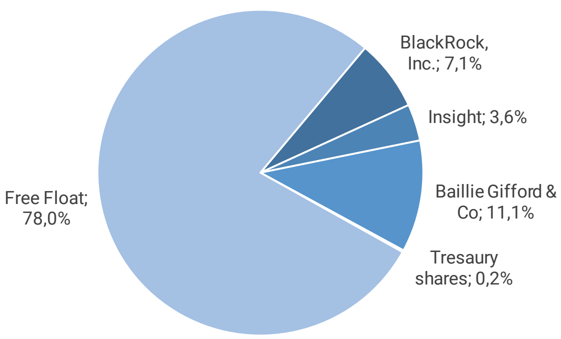
By March 2015, the company had 250,000 subscribers, although it was still not profitable. In September of that year, it was valued at EUR 2.6 billion in a funding round where it raised EUR 75 million, making it a unicorn company. The company was still majority-owned by Rocket Internet at that time.

In October 2017, the company announced a planned IPO on the Frankfurt Stock Exchange. On November 2, the company completed its IPO, valuing it at EUR 1.7 billion.

In March 2018, HelloFresh acquired Green Chef, a US organic meal-kit company. In October 2018, Toronto-based HelloFresh Canada acquired Chefs Plate, a Canadian meal-kit company.

Shareholder structure
In 2019, Rocket Internet sold its remaining stake in HelloFresh by accelerated book building to international institutional investors. Rocket Internet had held 30.6% of HelloFresh as of the end of 2018. Today's shareholder structure looks as follows.

Shareholder structure



Source: Company data, AlsterResearch

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Valuation

The DCF model results in a price target of € 53 per share. Key model assumptions:

- Top-line growth: We expect strong top-line growth at Hellofresh, as the company is expected to continue benefitting from structural growth and digitalization of grocery shopping. However, all positive effects regarding the Covid-19 pandemic should wipe out in the next 24 months. Taking all effects together, our growth estimates for 2021-28E are in the range of c. 8% p.a. While short-term growth rates are modeled in the range of 16% p.a. (2020-23E).

- The long-term growth rate is set at 2.0%.

- EBIT margins. The scalable business model should allow for double-digit EBIT margins, which look defendable given high competitive quality. Hellofresh's business model is based on scale effects which is categorized by: "The winner takes it all!" Accordingly, we model approx. 10% EBIT margins in the long-term. While 2020 showed c. 10% EBIT margin already, we expect this profitability to be caused mainly by the extraordinary Covid-19 year.

- WACC. We model a weighted average cost of capital of 8.0% to reflect the early stage of the business model, consisting of a 6.0% risk premium beta of 1.05x and 2.0% risk free rate.

DCF (EUR m) (except per share data and beta)	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	Terminal value
NOPAT	299	362	443	490	515	541	568	596	
Depreciation	63	70	78	88	98	107	116	112	
Change in working capital	67	65	50	54	28	29	31	32	
Chg. in long-term prov. & accruals	16	15	12	13	7	7	7	8	
Capex	-103	-120	-133	-148	-155	-163	-119	-117	
Cash flow	**342**	**392**	**450**	**498**	**492**	**521**	**602**	**631**	**10.411**
Present value	321	340	361	369	338	331	354	343	5.627
WACC	8,1%	8,1%	8,1%	8,1%	8,1%	8,1%	8,1%	8,1%	8,2%

DCF per share derived from	
Total present value	8.385
Mid-year adj. total present value	8.718
Net debt (net cash) at start of year	-432
Financial assets	76
Provisions and off b/s debt	0
Equity value	9.226
No. of shares outstanding	173,6
Discounted cash flow per share	**53,16**
upside/(downside)	**-12%**
Share price	**60,25**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2021E - 2028E)	8,3%
Terminal value growth (2028E - infinity)	2,0%
Terminal year ROCE	20,3%
Terminal year WACC	8,2%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5,0%
Long-term tax rate	25,0%
Equity beta	1,05
Unlevered beta (industry or company)	1,02
Target debt / equity	0,50
Relevered beta	1,40
Risk-free rate	2,0%
Equity risk premium	6,0%
Cost of equity	10,4%

Sensitivity analysis DCF

Change in WACC (%-points) \ Long term growth	0%	1,0%	2,0%	3,0%	4,0%
2,0%	35,9	38,0	40,6	44,0	48,4
1,0%	39,7	42,4	46,0	50,7	57,2
0,0%	44,4	48,2	53,2	60,1	70,3
-1,0%	50,5	55,8	63,1	73,9	91,6
-2,0%	58,6	66,4	77,8	96,6	132,5

Share of present value	
2021E - 2024E	16,6%
2025E - 2028E	16,3%
terminal value	67,1%

Source: Company data; AlsterResearch

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 adjusted Free Cash Flow Yield results in a fair value between EUR 34.00 per share based on 2021E and EUR 63.00 per share on 2025E estimates. **We value Hellfresh halfway 2023E/2024E, which derive at an average price target of EUR 54.00**. It thus supports the DCF based fair value calculations.

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).

FCF yield in EURm	2021E	2022E	2023E	2024E	2025E
EBITDA	**490,6**	**587,0**	**711,3**	**788,4**	**833,7**
- Maintenance capex	63,3	69,8	78,5	87,8	98,0
- Minorities	-0,1	-0,1	-0,1	-0,1	-0,1
- tax expenses	114,4	141,3	178,8	198,8	208,9
= Adjusted Free Cash Flow	**313,0**	**376,0**	**454,2**	**501,9**	**526,9**
Actual Market Cap	**9.887**	**9.887**	**9.887**	**9.887**	**9.887**
+ Net debt (cash)	-607,3	-830,7	-1119,3	-1604,8	-2084,5
+ Pension provisions	0,0	0,0	0,0	0,0	0,0
+ Off balance sheet financing	0,0	0,0	0,0	0,0	0,0
- Financial assets	75,6	75,6	75,6	75,6	75,6
- Accumulated dividend payments	0,0	0,0	0,0	0,0	0,0
EV Reconciliations	*-682,9*	*-906,3*	*-1194,9*	*-1680,4*	*-2160,1*
= Actual EV'	**9.204**	**8.981**	**8.692**	**8.207**	**7.727**
Adjusted Free Cash Flow yield	**3,4%**	**4,2%**	**5,2%**	**6,1%**	**6,8%**
base hurdle rate	6,0%	6,0%	6,0%	6,0%	6,0%
ESG adjustment (score 50/100)	0,0%	0,0%	0,0%	0,0%	0,0%
adjusted hurdle rate	6,0%	6,0%	6,0%	6,0%	6,0%
Fair EV	**5.217**	**6.266**	**7.569**	**8.365**	**8.782**
- EV Reconciliations	*-683*	*-906*	*-1.195*	*-1.680*	*-2.160*
Fair Market Cap	**5.900**	**7.172**	**8.764**	**10.045**	**10.942**
No. of shares (million)	173,6	173,6	173,6	173,6	173,6
Fair value per share in EUR	**34,0**	**41,3**	**50,5**	**57,9**	**63,0**
Premium (-) / discount (+) in %	**-40,3%**	**-27,5%**	**-11,4%**	**1,6%**	**10,7%**

Sensitivity analysis fair value

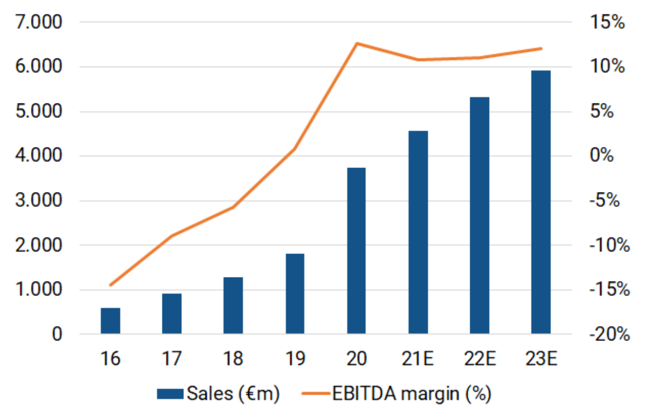
Adjusted hurdle rate	4,0%	49,0	59,4	72,3	82,0	88,3
	5,0%	40,0	48,5	59,2	67,5	73,2
	6,0%	**34,0**	**41,3**	**50,5**	**57,9**	**63,0**
	7,0%	29,7	36,2	44,3	51,0	55,8
	8,0%	26,5	32,3	39,6	45,8	50,4

Source: Company data; AlsterResearch

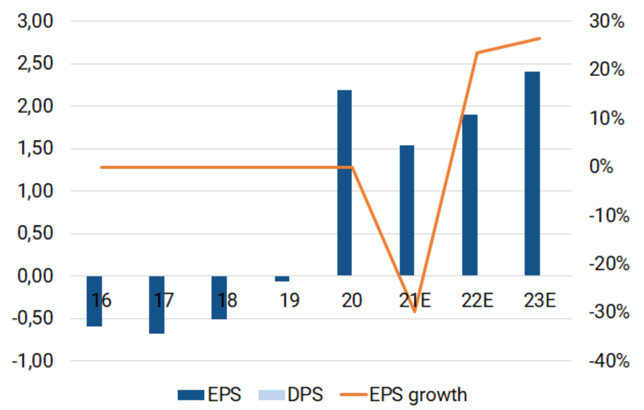
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 6%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable, based on the overall Leeway ESG Score. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Financials in six charts

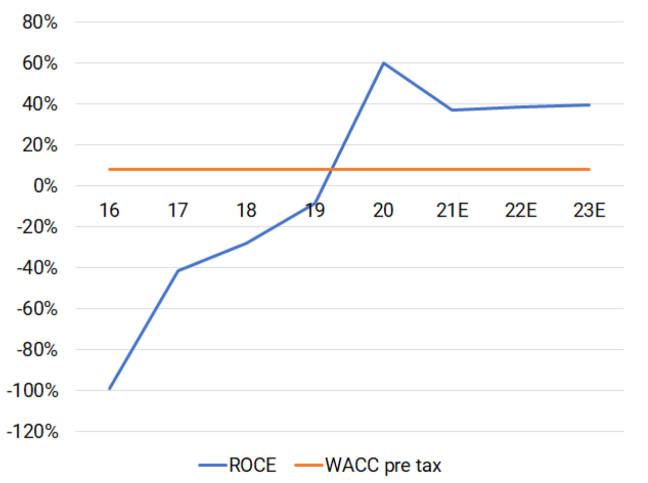
Sales vs. EBITDA margin development



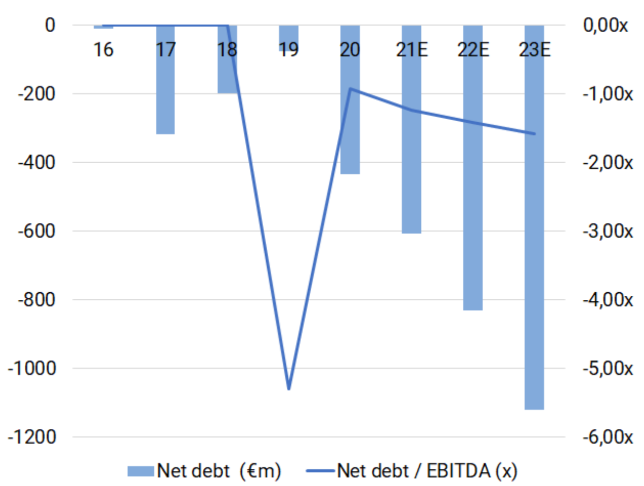
EPS, DPS in EUR & yoy EPS growth



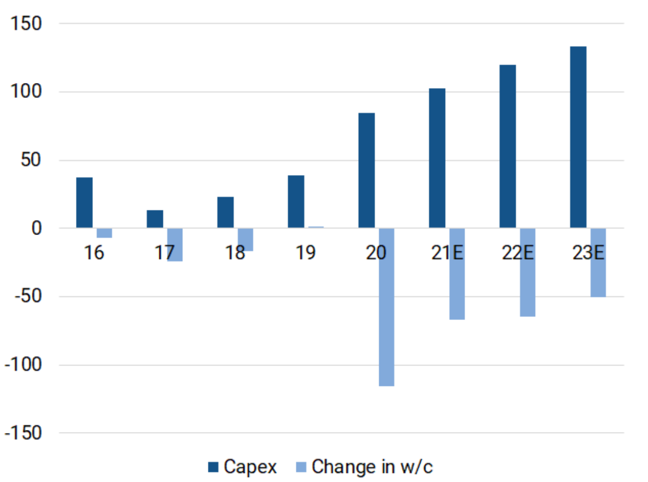
ROCE vs. WACC (pre tax)



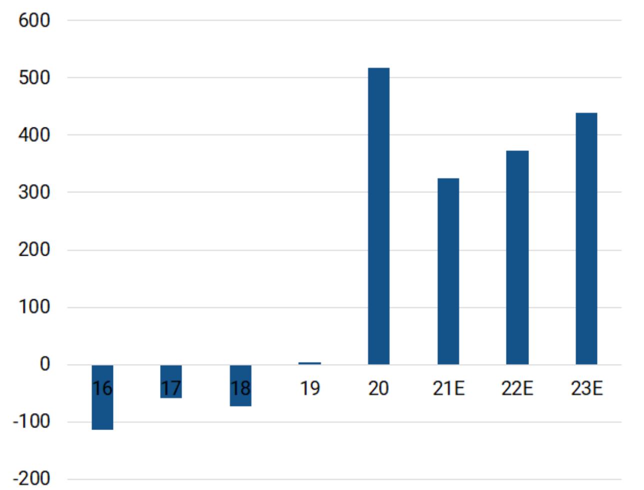
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

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Financials

Profit and loss (EUR m)	2018	2019	2020E	2021E	2022E	2023E
Sales	**1,279**	**1,809**	**3,750**	**4,562**	**5,326**	**5,922**
Sales growth	41.4%	41.4%	107.3%	21.7%	16.7%	11.2%
Cost of sales	476	641	1,277	1,346	1,550	1,741
Gross profit	**804**	**1,169**	**2,473**	**3,216**	**3,776**	**4,181**
SG&A expenses	877	1,157	2,002	2,806	3,275	3,565
Research and development	0	0	0	0	0	0
Other operating expenses (income)	0	-2	-2	-2	-3	-3
EBITDA	**-73**	**14**	**473**	**491**	**587**	**711**
Depreciation	10	35	43	63	70	78
EBITA	-83	-21	430	427	517	633
Amortisation of goodwill and intangible assets	0	5	4	15	14	14
EBIT	**-83**	**-26**	**426**	**413**	**503**	**619**
Financial result	4	21	-30	-31	-32	-23
Recurring pretax income from continuing operations	-79	-5	396	381	471	596
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	-79	-5	396	381	471	596
Taxes	4	5	27	114	141	179
Net income from continuing operations	-83	-10	369	267	330	417
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	**-83**	**-10**	**369**	**267**	**330**	**417**
Minority interest	0	-0	-0	-0	-0	-0
Net profit (reported)	-83	-10	369	267	330	417
Average number of shares	161.10	164.40	168.40	173.56	173.56	173.56
EPS reported	**-0.51**	**-0.06**	**2.19**	**1.54**	**1.90**	**2.40**

Profit and loss (common size)	2018	2019	2020E	2021E	2022E	2023E
Sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Cost of sales	37%	35%	34%	30%	29%	29%
Gross profit	**63%**	**65%**	**66%**	**71%**	**71%**	**71%**
SG&A expenses	69%	64%	53%	62%	61%	60%
Research and development	0%	0%	0%	0%	0%	0%
Other operating expenses (income)	0%	-0%	-0%	-0%	-0%	-0%
EBITDA	**-6%**	**1%**	**13%**	**11%**	**11%**	**12%**
Depreciation	1%	2%	1%	1%	1%	1%
EBITA	-6%	-1%	11%	9%	10%	11%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	**-6%**	**-1%**	**11%**	**9%**	**9%**	**10%**
Financial result	0%	1%	-1%	-1%	-1%	-0%
Recurring pretax income from continuing operations	-6%	-0%	11%	8%	9%	10%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-6%	-0%	11%	8%	9%	10%
Taxes	0%	0%	1%	3%	3%	3%
Net income from continuing operations	-6%	-1%	10%	6%	6%	7%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**-6%**	**-1%**	**10%**	**6%**	**6%**	**7%**
Minority interest	0%	-0%	-0%	-0%	-0%	-0%
Net profit (reported)	**-6%**	**-1%**	**10%**	**6%**	**6%**	**7%**

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2018	2019	2020E	2021E	2022E	2023E
Intangible assets (exl. Goodwill)	**12**	**15**	**58**	**56**	**56**	**58**
Goodwill	47	50	207	207	207	207
Property, plant and equipment	62	180	263	290	326	365
Financial assets	22	44	76	76	76	76
FIXED ASSETS	**144**	**289**	**604**	**629**	**665**	**706**
Inventories	23	44	114	138	161	180
Accounts receivable	9	9	29	37	44	49
Other current assets	10	11	20	20	20	20
Liquid assets	199	203	736	930	1,174	1,482
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	12	15	24	29	34	38
CURRENT ASSETS	**252**	**282**	**922**	**1,155**	**1,433**	**1,769**
TOTAL ASSETS	**396**	**570**	**1,526**	**1,784**	**2,098**	**2,474**
SHAREHOLDERS EQUITY	**237**	**246**	**656**	**923**	**1,253**	**1,670**
MINORITY INTEREST	-1	-1	-0	-0	-0	-0
Long-term debt	1	108	275	290	305	320
Provisions for pensions and similar obligations	0	0	0	0	0	0
Other provisions	14	3	75	91	107	118
Non-current liabilities	**15**	**111**	**350**	**381**	**411**	**438**
short-term liabilities to banks	1	20	28	33	38	43
Accounts payable	105	136	292	355	414	461
Advance payments received on orders	20	21	76	92	108	120
Other liabilities (incl. from lease and rental contracts)	1	19	72	87	102	113
Deferred taxes	2	1	6	6	6	6
Deferred income	16	17	46	56	65	73
Current liabilities	**145**	**214**	**520**	**630**	**734**	**816**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**396**	**570**	**1,526**	**1,934**	**2,398**	**2,924**

Balance sheet (common size)	2018	2019	2020E	2021E	2022E	2023E
Intangible assets (excl. Goodwill)	**3%**	**3%**	**4%**	**3%**	**3%**	**2%**
Goodwill	12%	9%	14%	12%	10%	8%
Property, plant and equipment	16%	31%	17%	16%	16%	15%
Financial assets	6%	8%	5%	4%	4%	3%
FIXED ASSETS	**36%**	**51%**	**40%**	**35%**	**32%**	**29%**
Inventories	6%	8%	7%	8%	8%	7%
Accounts receivable	2%	2%	2%	2%	2%	2%
Other current assets	2%	2%	1%	1%	1%	1%
Liquid assets	50%	36%	48%	52%	56%	60%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	3%	3%	2%	2%	2%	2%
CURRENT ASSETS	**64%**	**49%**	**60%**	**65%**	**68%**	**71%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**60%**	**43%**	**43%**	**52%**	**60%**	**68%**
MINORITY INTEREST	-0%	-0%	-0%	-0%	-0%	-0%
Long-term debt	0%	19%	18%	16%	15%	13%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	4%	0%	5%	5%	5%	5%
Non-current liabilities	**4%**	**19%**	**23%**	**21%**	**20%**	**18%**
short-term liabilities to banks	0%	4%	2%	2%	2%	2%
Accounts payable	27%	24%	19%	20%	20%	19%
Advance payments received on orders	5%	4%	5%	5%	5%	5%
Other liabilities (incl. from lease and rental contracts)	0%	3%	5%	5%	5%	5%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	4%	3%	3%	3%	3%	3%
Current liabilities	**37%**	**37%**	**34%**	**35%**	**35%**	**33%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**100%**	**108%**	**114%**	**118%**

Source: Company data; AlsterResearch

AlsterResearch

Cash flow statement (EUR m)	2018	2019	2020E	2021E	2022E	2023E
Net profit/loss	-83	-10	369	267	330	417
Depreciation of fixed assets (incl. leases)	10	35	43	63	70	78
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	3	5	4	15	14	14
Others	3	14	70	16	15	12
Cash flow from operations before changes in w/c	-67	44	486	361	429	522
Increase/decrease in inventory	-6	-21	-74	-25	-23	-18
Increase/decrease in accounts receivable	7	1	-21	-9	-6	-5
Increase/decrease in accounts payable	20	29	155	63	59	46
Increase/decrease in other w/c positions	-4	-10	55	37	35	27
Increase/decrease in working capital	17	-2	115	67	65	50
Cash flow from operating activities	**-50**	**42**	**602**	**428**	**493**	**572**
CAPEX	-24	-39	-85	-103	-120	-133
Payments for acquisitions	-40	0	-128	-150	-150	-150
Financial investments	-4	7	2	0	0	0
Income from asset disposals	0	3	0	0	0	0
Cash flow from investing activities	**-67**	**-29**	**-211**	**-253**	**-270**	**-283**
Cash flow before financing	-117	13	391	175	223	289
Increase/decrease in debt position	-30	-15	154	20	20	20
Purchase of own shares	0	0	-4	0	0	0
Capital measures	1	0	14	0	0	0
Dividends paid	0	0	0	0	0	0
Others	0	0	0	0	0	0
Effects of exchange rate changes on cash	0	1	-19	0	0	0
Cash flow from financing activities	**-29**	**-14**	**144**	**20**	**20**	**20**
Increase/decrease in liquid assets	-146	-0	535	195	243	309
Liquid assets at end of period	**194**	**194**	**729**	**924**	**1,167**	**1,476**

Source: Company data; AlsterResearch

Regional sales split (EURm)	2018	2019	2020E	2021E	2022E	2023E
Domestic	0	0	0	0	0	0
Europe (ex domestic)	0	0	0	0	0	0
The Americas	734	1,025	2,080	2,463	2,769	3,020
Asia	0	0	0	0	0	0
Rest of World	545	784	1,669	2,098	2,556	2,902
Total sales	**1,279**	**1,809**	**3,750**	**4,562**	**5,326**	**5,922**

Regional sales split (common size)	2018	2019	2020E	2021E	2022E	2023E
Domestic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Europe (ex domestic)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
The Americas	57.4%	56.7%	55.5%	54.0%	52.0%	51.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	42.6%	43.3%	44.5%	46.0%	48.0%	49.0%
Total sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; AlsterResearch

Ratios	2018	2019	2020E	2021E	2022E	2023E
Per share data						
Earnings per share reported	-0.51	-0.06	2.19	1.54	1.90	2.40
Cash flow per share	-0.37	0.04	3.32	2.10	2.44	2.84
Book value per share	1.47	1.50	3.90	5.32	7.22	9.62
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-117.7x	-971.1x	27.5x	39.2x	31.7x	25.1x
P/CF	-162.6x	1,395.1x	18.2x	28.7x	24.7x	21.2x
P/BV	40.9x	40.2x	15.5x	11.3x	8.3x	6.5x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-0.6%	0.1%	5.5%	3.5%	4.1%	4.7%
EV/Sales	7.8x	5.6x	2.6x	2.1x	1.7x	1.5x
EV/EBITDA	-136.1x	719.4x	20.5x	19.4x	15.9x	12.7x
EV/EBIT	-120.1x	-390.4x	22.8x	23.1x	18.5x	14.6x
Income statement (EURm)						
Sales	1,279	1,809	3,750	4,562	5,326	5,922
yoy chg in %	41.4%	41.4%	107.3%	21.7%	16.7%	11.2%
Gross profit	804	1,169	2,473	3,216	3,776	4,181
Gross margin in %	62.8%	64.6%	66.0%	70.5%	70.9%	70.6%
EBITDA	-73	14	473	491	587	711
EBITDA margin in %	-5.7%	0.8%	12.6%	10.8%	11.0%	12.0%
EBIT	-83	-26	426	413	503	619
EBIT margin in %	-6.5%	-1.4%	11.4%	9.0%	9.4%	10.4%
Net profit	-83	-10	369	267	330	417
Cash flow statement (EURm)						
CF from operations	-50	42	602	428	493	572
Capex	-24	-39	-85	-103	-120	-133
Maintenance Capex	10	35	43	63	70	78
Free cash flow	-74	3	517	325	373	439
Balance sheet (EURm)						
Intangible assets	59	65	265	263	263	265
Tangible assets	62	180	263	290	326	365
Shareholders' equity	237	246	656	923	1,253	1,670
Pension provisions	0	0	0	0	0	0
Liabilities and provisions	16	131	378	414	450	482
Net financial debt	-198	-74	-432	-607	-831	-1,119
w/c requirements	-94	-105	-225	-271	-317	-352
Ratios						
ROE	-34.9%	-4.1%	56.2%	28.9%	26.3%	25.0%
ROCE	-32.7%	-6.8%	41.2%	30.9%	29.6%	28.8%
Net gearing	-83.3%	-30.1%	-65.9%	-65.8%	-66.3%	-67.0%
Net debt / EBITDA	2.7x	-5.3x	-0.9x	-1.2x	-1.4x	-1.6x

Source: Company data; AlsterResearch

AlsterResearch

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