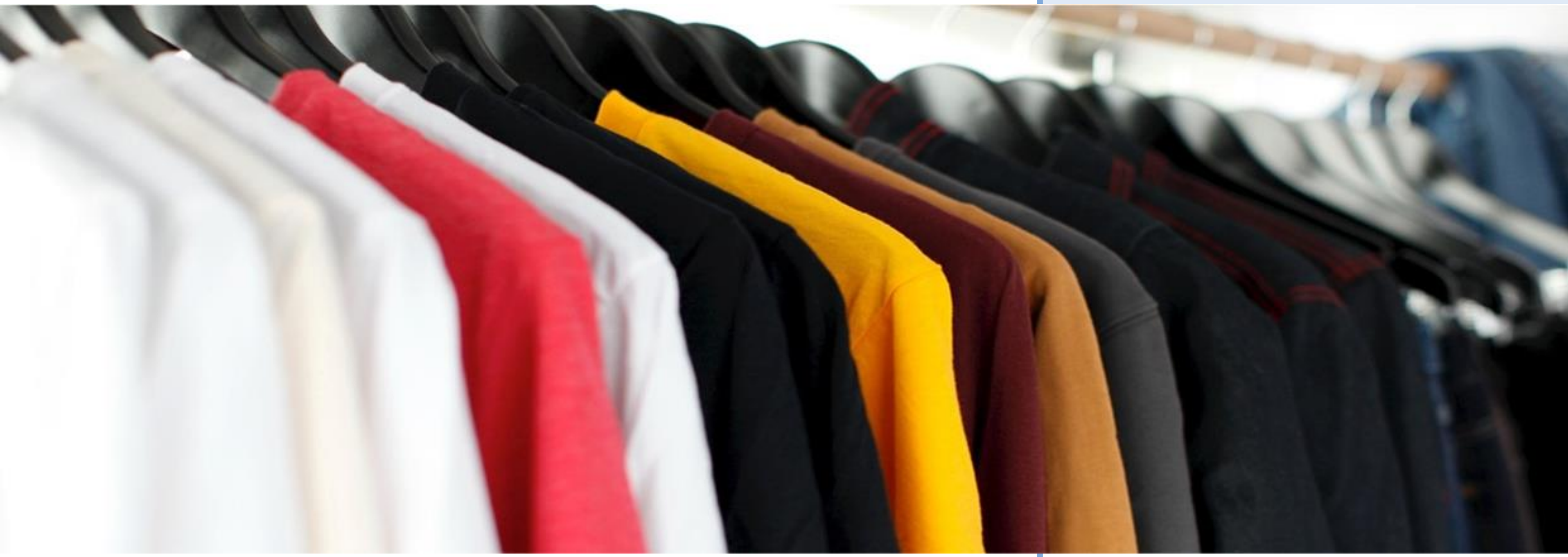
Zalando SE

Germany | Retail | MCap EUR 6,695m

24 June 2022

UPDATE



Profit warning as Zalando dismisses its previous FY 22 outlook – PT down

BUY (BUY)

Target price	**EUR 50.00 (69.00)**
Current price	EUR 25.54
Up/downside	95.8%

What's it all about?

Zalando dismissed its previous outlook for FY 22 given further decrease in the EU consumer confidence index. Also, Zalando expects the duration and intensity of the macroeconomic challenges to remain stronger for a longer period, which is why the company is no longer expecting a rebound in H2 22. Instead, FY outlook has been significantly revised across the board now expecting revenue growth between 0-3% to EUR 10.4-10.7bn (previously lower end of the range of 12-19%) and an adjusted EBIT of EUR 180-260m (previously lower end of EUR 430m-510m). While we have anticipated a persistence of the weak consumer sentiment in our last update dated June 14, we have been surprised about the severity of the cut in guidance. We adjust our model accordingly, which yields a new PT of EUR 50.00 (old EUR 69.00). Still remains BUY on long-term fundamentals.

ResearchHub

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AlsterResearch

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Profit warning as Zalando dismisses its previous FY 22 outlook

Yesterday, after market closing, Zalando issued a profit warning by dismissing its previous FY 22 outlook on the basis of further deterioration of macroeconomic conditions. In our last update on June 14 (link) we already hinted towards persisting headwinds due to muted consumer sentiment and supply chain bottlenecks, likely hitting the company's top and bottom line.

Q2 22 below consensus estimates In its previous outlook, from early May, Zalando pointed to the lower end of the FY guidance based on anticipated challenges but also early signs of a potential recovery. However, with consumer sentiment hitting new lows, management now expects macroeconomic challenges to be longer lasting and more intense than previously anticipated. For Q2 22, management expects Gross Merchandise Volume (GMV) growth, revenue growth and adjusted EBIT to be significantly below consensus estimates of 5% GMV growth, 1.5% revenue growth, and a EUR 104m adjusted EBIT. Still, Zalando expects Q2 to remain profitable on an EPS level.

FY 22 outlook reduced As the company no longer assumes that consumer confidence will rebound in the short-term, it is updating its guidance for the FY 22, now expecting GMV to grow between 3-7% to EUR 14.8-15.3bn, revenue growth between 0-3% to EUR 10.4-10.7bn (previously lower end of the range of 12-19%) and an adjusted EBIT of EUR 180-260m (previously lower end of EUR 430m-510m). Likewise, Zalando cuts back on its growth capex – from EUR 400-500m previously to now EUR 350-400m.

Conclusion. After stellar performances during the pandemic in 20 and 21, Zalando is facing an increasingly challenging environment, including rising interest rates, suppressed consumer sentiment, excess inventories and elevated logistics costs. All of these headwinds are likely to last longer as macroeconomic conditions show no sign of improvements. In contrast, the duration and intensity of the macroeconomic challenges seem to be severe, prompting us to further cut our model assumptions. Consequently, we lower our PT to EUR 50.00 (old EUR 69.00), but confirm our BUY, as we are convinced about the long-term quality and growth outlook for the company.

Zalando SE	2019	2020	2021	2022E	2023E	2024E
Sales	6,483	7,982	10,354	10,561	12,356	14,210
Growth yoy	20.3%	23.1%	29.7%	2.0%	17.0%	15.0%
EBITDA	361	578	660	568	802	960
EBIT	166	367	425	269	439	590
Net profit	100	226	235	137	257	378
Net debt (net cash)	-464	-908	-763	-864	-1,293	-1,762
Net debt/EBITDA	-1.3x	-1.6x	-1.2x	-1.5x	-1.6x	-1.8x
EPS reported	0.40	0.90	0.91	0.52	0.98	1.44
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	42.5%	42.5%	41.8%	41.5%	42.2%	42.6%
EBITDA margin	5.6%	7.2%	6.4%	5.4%	6.5%	6.8%
EBIT margin	2.6%	4.6%	4.1%	2.5%	3.5%	4.2%
ROCE	7.2%	9.2%	10.9%	6.8%	10.4%	12.8%
EV/EBITDA	17.3x	10.0x	9.0x	10.3x	6.7x	5.1x
EV/EBIT	37.6x	15.8x	14.0x	21.7x	12.3x	8.4x
PER	63.4x	28.3x	28.1x	48.9x	26.0x	17.7x
FCF yield	3.1%	6.0%	6.8%	4.9%	8.7%	10.9%

Source: Company data, AlsterResearch

Source: Company data, AlsterResearch

High/low 52 weeks	105.90 / 24.22
Price/Book Ratio	3.0x

Ticker / Symbols

ISIN	DE000ZAL1111
WKN	ZAL111
Bloomberg	ZAL:GR

Changes in estimates

		Sales	EBIT	EPS
2022E	old	11.493	374	0,80
	Δ	-8,1%	-27,9%	-34,4%
2023E	old	13.447	504	1,16
	Δ	-8,1%	-13,0%	-15,1%
2024E	old	15.464	668	1,66
	Δ	-8,1%	-11,7%	-13,1%

Key share data

Number of shares: (in m pcs)	262.14
Book value per share: (in EUR)	8.61
Ø trading volume: (12 months)	500,000

Major shareholders

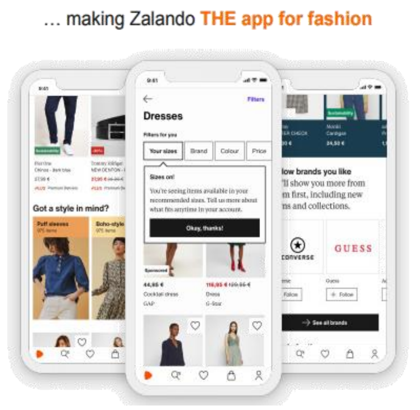
Baillie Gifford & Co.	11.3%
Anders Holch Povlsen	10.0%
Morgan Stanley	7.9%
Free Float	78.7%

Company description

Zalando is an online platform for fashion and lifestyle that was founded in 2008. It offers clothing, footwear, accessories and beauty products. The company is active in a multitude of business areas such as online retailing, private labels, shopping clubs and style consulting.

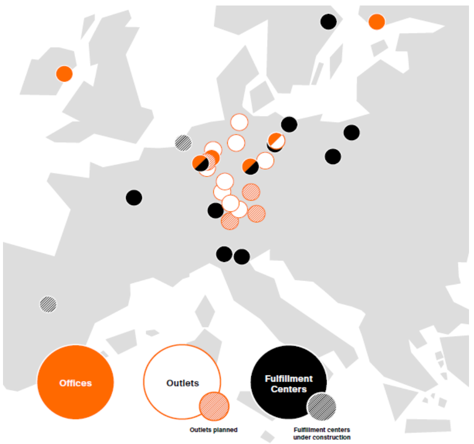
Investment case in six charts

Zalando's USP

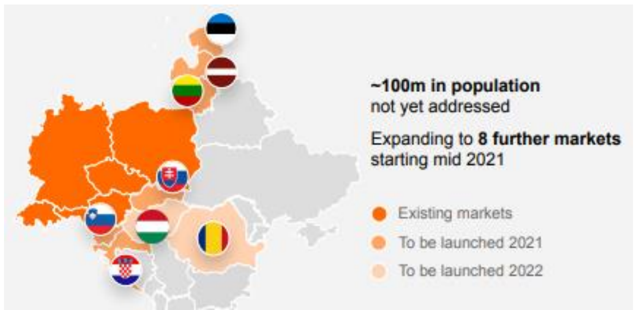


Zalando expected to be No. One

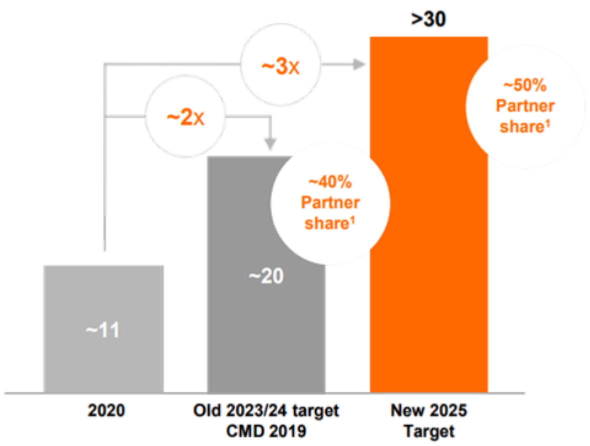
Location map Europe



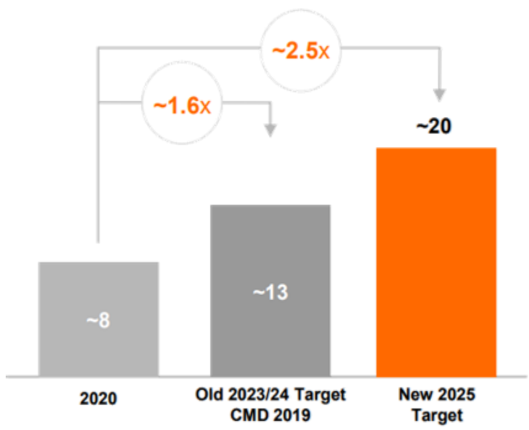
Footprint expansion



GMV growth ambition in the next 5 years...



...could result in c. EUR 20bn sales by 2025E



Source: Company Data, AlsterResearch

AlsterResearch

Valuation

The DCF model results in **a fair value of EUR 50.52 per share**:

Top-line growth: We expect Zalando to continue benefitting from structural growth towards online shopping and digitalization. Hence our growth estimates for 2022-29E is in the range of 10.2% p.a. The long-term growth rate is set at 2.0%.

EBIT margins: The scalable business model should allow for double digit EBIT margins in the range of 10% to 13%. However, even these figures are achievable in our point of view, the earliest to reach these levels is expected in 2030 as the next 10 years stand for growth and not for profitability.

WACC. The averaged 1-, 3- and 5-year historical equity beta is calculated as 1.28. Unlevering and correcting for mean reversion yields an asset beta of 1.07. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.7%. With pre-tax cost of borrowing at 5.0%, a tax rate of 30% and target debt/equity of 0.5 this results in a long-term WACC of 8.3%.

DCF (EUR m) (except per share data and beta)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal value
NOPAT	186	307	430	509	560	684	718	736	
Depreciation & amortization	298	363	370	397	424	429	418	379	
Change in working capital	8	100	112	83	124	124	101	78	
Chg. in long-term provisions	9	20	20	19	18	19	11	6	
Capex	-350	-311	-412	-432	-369	-329	-264	-271	
Cash flow	151	478	521	577	755	927	983	928	15,040
Present value	144	423	425	435	525	595	582	507	8,262
WACC	8.3%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.4%	8.3%

DCF per share derived from	
Total present value	11,899
Mid-year adj. total present value	12,386
Net debt / cash at start of year	-763
Financial assets	95
Provisions and off b/s debt	na
Equity value	13,243
No. of shares outstanding	262.1
Discounted cash flow / share	**50.52**
upside/(downside)	**97.8%**
Share price	**25.54**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2022E - 2029E)	10.2%
Terminal value growth (2029E - infinity)	2.0%
Terminal year ROCE	14.6%
Terminal year WACC	8.3%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	30%
Equity beta	1.28
Unlevered beta (industry or company)	1.07
Target debt / equity	0.5
Relevered beta	1.45
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	10.7%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	36.0	37.2	38.6	40.1	41.8
1.0%	40.3	41.9	43.7	45.8	48.2
0.0%	45.7	47.9	50.5	53.5	57.1
-1.0%	52.9	56.1	59.9	64.5	70.1
-2.0%	62.9	67.7	73.7	81.2	91.0

Share of present value	
2021E - 2024E	12.0%
2025E - 2028E	18.6%
terminal value	69.4%

Source: 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 29.20 per share based on 2022E and 67.75 EUR per share on 2026E estimates. For the sake of completeness, the FCF model is presented here. However, the company is in a strong growth phase. Six markets were added in 2021 and two will follow in 2022. For FY22 CAPEX is guided with EUR 350-400m. The FCF model has only extremely limited informative value, which is why we only use the DCF model for valuation.

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	2022E	2023E	2024E	2025E	2026E
EBITDA	**568**	**802**	**960**	**1,125**	**1,224**
- Maintenance capex	125	155	154	163	168
- Minorities	0	0	0	0	0
- tax expenses	61	110	141	198	220
= Adjusted Free Cash Flow	**382**	**536**	**666**	**763**	**836**
Actual Market Cap	**6,695**	**6,695**	**6,695**	**6,695**	**6,695**
+ Net debt (cash)	-864	-1,293	-1,762	-2,292	-3,001
+ Pension provisions	0	0	0	0	0
+ Off balance sheet financing	0	0	0	0	0
- Financial assets	95	95	95	95	95
- Acc. dividend payments	0	0	0	0	0
EV Reconciliations	-959	-1,388	-1,857	-2,387	-3,096
= Actual EV'	**5,736**	**5,307**	**4,838**	**4,308**	**3,599**
Adjusted RW_FCF yield	**6.7%**	**10.1%**	**13.8%**	**17.7%**	**23.2%**
base hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
ESG adjustment	0.3%	0.3%	0.3%	0.3%	0.3%
adjusted hurdle rate	5.7%	5.7%	5.7%	5.7%	5.7%
Fair EV	**6,695**	**9,412**	**11,678**	**13,392**	**14,663**
- EV Reconciliations	-959	-1,388	-1,857	-2,387	-3,096
Fair Market Cap	**7,655**	**10,800**	**13,536**	**15,779**	**17,759**
No. of shares (million)	262	262	262	262	262
Fair value per share in EUR	**29.20**	**41.20**	**51.64**	**60.20**	**67.75**
Premium (-) / discount (+)	**14.3%**	**61.3%**	**102.2%**	**135.7%**	**165.3%**

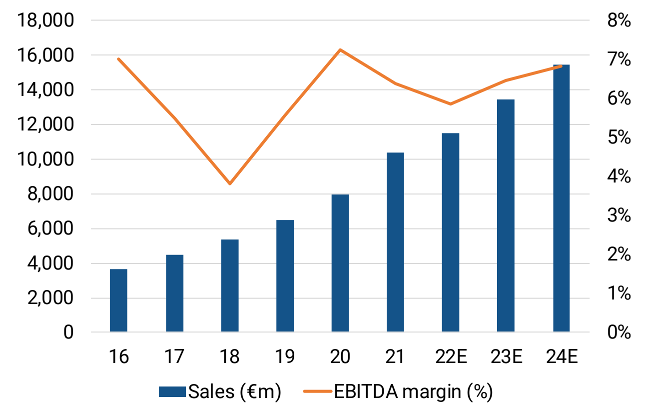
Sensitivity analysis fair value						
Adjusted hurdle rate	3.7%	43	61	76	88	98
	4.7%	35	49	61	71	80
	5.7%	**29**	**41**	**52**	**60**	**68**
	6.7%	25	36	45	53	59
	7.7%	23	32	40	47	53

Source: Company data; AlsterResearch

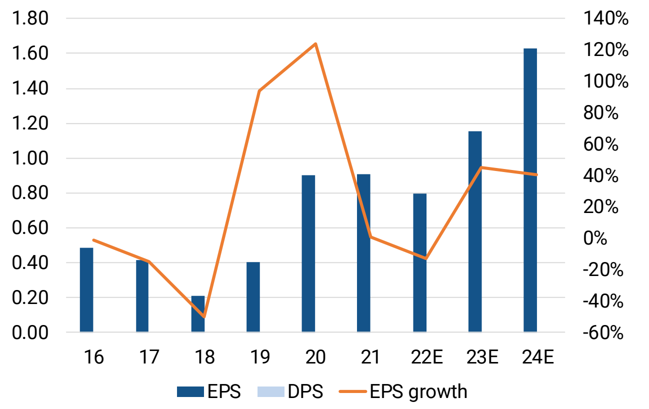
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might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

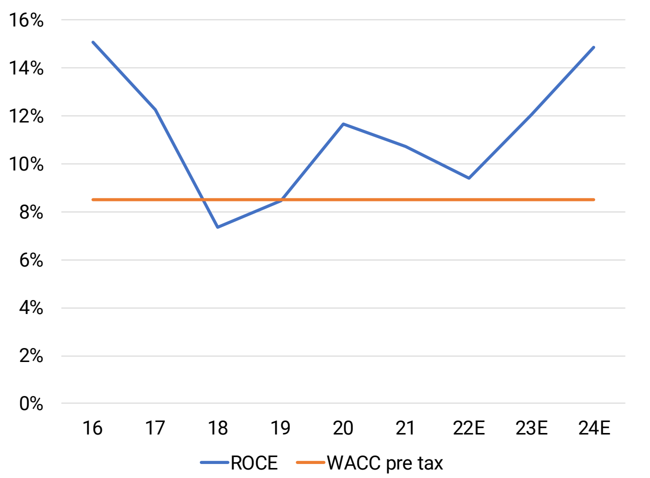
Sales vs. EBITDA margin development



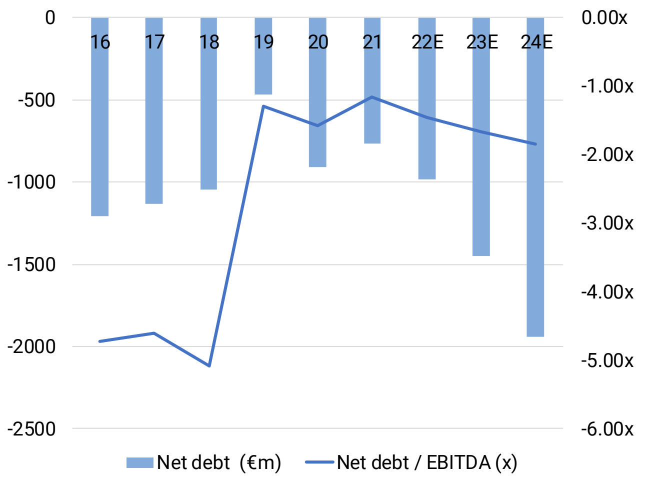
EPS, DPS in EUR & yoy EPS growth



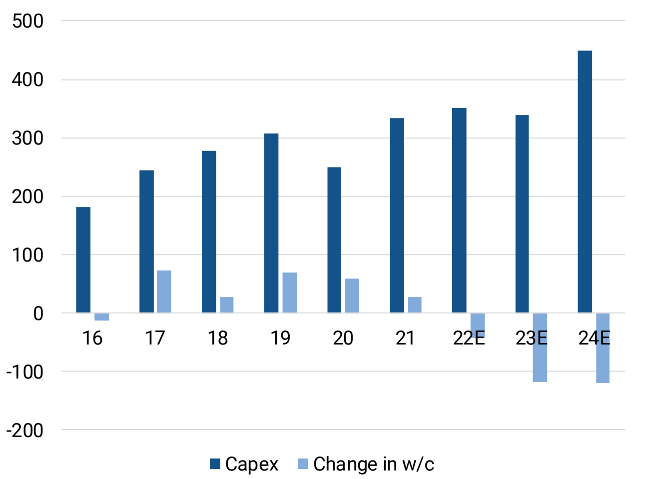
ROCE vs. WACC (pre tax)



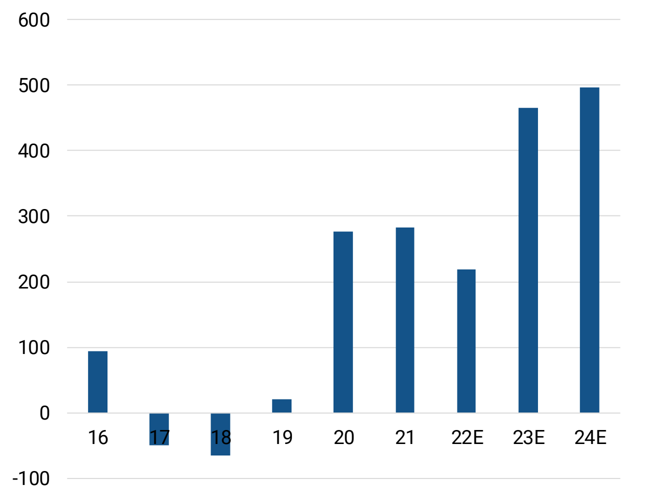
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

Profit and loss (EUR m)	2019	2020	2021	2022E	2023E	2024E
Sales	**6,483**	**7,982**	**10,354**	**10,561**	**12,356**	**14,210**
Sales growth	20.3%	23.1%	29.7%	2.0%	17.0%	15.0%
Cost of sales	3,724	4,588	6,028	6,178	7,142	8,157
Gross profit	**2,758**	**3,394**	**4,326**	**4,383**	**5,214**	**6,053**
SG&A expenses	2,594	3,035	3,923	4,119	4,782	5,471
Research and development	0	0	0	0	0	0
Other operating expenses (income)	-2	-8	-21	-5	-6	-7
EBITDA	**361**	**578**	**660**	**568**	**802**	**960**
Depreciation	133	145	171	249	309	307
EBITA	228	433	490	319	492	653
Amortisation of goodwill and intangible assets	62	66	65	49	54	63
EBIT	**166**	**367**	**425**	**269**	**439**	**590**
Financial result	-21	-49	-70	-71	-71	-71
Recurring pretax income from continuing operations	145	319	354	198	368	519
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	145	319	354	198	368	519
Taxes	45	92	120	61	110	141
Net income from continuing operations	100	226	235	137	257	378
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	**100**	**226**	**235**	**137**	**257**	**378**
Minority interest	0	0	-0	-0	-0	-0
Net profit (reported)	100	226	235	137	257	378
Average number of shares	247.60	250.50	257.60	262.14	262.14	262.14
EPS reported	**0.40**	**0.90**	**0.91**	**0.52**	**0.98**	**1.44**

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
Sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Cost of sales	57%	57%	58%	59%	58%	57%
Gross profit	**43%**	**43%**	**42%**	**42%**	**42%**	**43%**
SG&A expenses	40%	38%	38%	39%	39%	39%
Research and development	0%	0%	0%	0%	0%	0%
Other operating expenses (income)	-0%	-0%	-0%	-0%	-0%	-0%
EBITDA	**6%**	**7%**	**6%**	**5%**	**6%**	**7%**
Depreciation	2%	2%	2%	2%	3%	2%
EBITA	4%	5%	5%	3%	4%	5%
Amortisation of goodwill and intangible assets	1%	1%	1%	0%	0%	0%
EBIT	**3%**	**5%**	**4%**	**3%**	**4%**	**4%**
Financial result	-0%	-1%	-1%	-1%	-1%	-0%
Recurring pretax income from continuing operations	2%	4%	3%	2%	3%	4%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	2%	4%	3%	2%	3%	4%
Taxes	1%	1%	1%	1%	1%	1%
Net income from continuing operations	2%	3%	2%	1%	2%	3%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**2%**	**3%**	**2%**	**1%**	**2%**	**3%**
Minority interest	0%	0%	-0%	-0%	-0%	-0%
Net profit (reported)	**2%**	**3%**	**2%**	**1%**	**2%**	**3%**

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (exl. Goodwill)	**143**	**180**	**207**	**255**	**288**	**310**
Goodwill	49	56	56	56	56	56
Property, plant and equipment	1,234	1,290	1,544	1,547	1,463	1,482
Financial assets	64	34	95	95	95	95
FIXED ASSETS	**1,491**	**1,560**	**1,901**	**1,953**	**1,902**	**1,943**
Inventories	1,098	1,361	1,547	1,585	1,832	2,093
Accounts receivable	462	603	727	742	868	998
Other current assets	108	157	215	215	215	215
Liquid assets	1,019	2,676	2,338	2,338	2,767	3,236
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	154	138	168	190	222	256
CURRENT ASSETS	**2,842**	**4,935**	**4,996**	**5,071**	**5,905**	**6,798**
TOTAL ASSETS	**4,333**	**6,495**	**6,897**	**7,024**	**7,807**	**8,741**
SHAREHOLDERS EQUITY	**1,684**	**2,151**	**2,219**	**2,356**	**2,613**	**2,991**
MINORITY INTEREST	-0	-0	-0	-0	-0	-0
Long-term debt	484	1,317	1,474	1,474	1,474	1,474
Provisions for pensions and similar obligations	0	0	0	0	0	0
Other provisions	59	88	107	116	135	156
Non-current liabilities	**543**	**1,404**	**1,581**	**1,590**	**1,609**	**1,630**
short-term liabilities to banks	71	451	101	0	0	0
Accounts payable	1,708	2,051	2,437	2,517	2,933	3,377
Advance payments received on orders	35	47	41	42	49	57
Other liabilities (incl. from lease and rental contracts)	169	150	258	211	247	284
Deferred taxes	11	19	34	34	34	34
Deferred income	113	222	227	275	321	369
Current liabilities	**2,107**	**2,940**	**3,098**	**3,079**	**3,584**	**4,121**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**4,333**	**6,495**	**6,897**	**7,024**	**7,807**	**8,741**

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	**3%**	**3%**	**3%**	**4%**	**4%**	**4%**
Goodwill	1%	1%	1%	1%	1%	1%
Property, plant and equipment	28%	20%	22%	22%	19%	17%
Financial assets	1%	1%	1%	1%	1%	1%
FIXED ASSETS	**34%**	**24%**	**28%**	**28%**	**24%**	**22%**
Inventories	25%	21%	22%	23%	23%	24%
Accounts receivable	11%	9%	11%	11%	11%	11%
Other current assets	3%	2%	3%	3%	3%	2%
Liquid assets	24%	41%	34%	33%	35%	37%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	4%	2%	2%	3%	3%	3%
CURRENT ASSETS	**66%**	**76%**	**72%**	**72%**	**76%**	**78%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**39%**	**33%**	**32%**	**34%**	**33%**	**34%**
MINORITY INTEREST	-0%	-0%	-0%	-0%	-0%	-0%
Long-term debt	11%	20%	21%	21%	19%	17%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	1%	1%	2%	2%	2%	2%
Non-current liabilities	**13%**	**22%**	**23%**	**23%**	**21%**	**19%**
short-term liabilities to banks	2%	7%	1%	0%	0%	0%
Accounts payable	39%	32%	35%	36%	38%	39%
Advance payments received on orders	1%	1%	1%	1%	1%	1%
Other liabilities (incl. from lease and rental contracts)	4%	2%	4%	3%	3%	3%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	3%	3%	3%	4%	4%	4%
Current liabilities	**49%**	**45%**	**45%**	**44%**	**46%**	**47%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; AlsterResearch

AlsterResearch

Cash flow statement (EUR m)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	100	226	235	137	257	378
Depreciation of fixed assets (incl. leases)	133	145	171	249	309	307
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	62	66	65	49	54	63
Others	102	149	174	9	20	20
Cash flow from operations before changes in w/c	397	586	644	444	640	769
Increase/decrease in inventory	-279	-263	-186	-38	-247	-260
Increase/decrease in accounts receivable	-67	-140	-126	-14	-126	-130
Increase/decrease in accounts payable	404	329	392	80	416	443
Increase/decrease in other w/c positions	-127	15	-108	-20	57	59
Increase/decrease in working capital	-70	-58	-28	8	100	112
Cash flow from operating activities	**327**	**527**	**616**	**452**	**740**	**881**
CAPEX	-307	-250	-333	-350	-311	-412
Payments for acquisitions	0	0	0	0	0	0
Financial investments	-6	-0	-3	0	0	0
Income from asset disposals	23	33	0	0	0	0
Cash flow from investing activities	**-290**	**-218**	**-336**	**-350**	**-311**	**-412**
Cash flow before financing	37	310	280	102	429	469
Increase/decrease in debt position	-57	1,299	-462	-101	0	0
Purchase of own shares	-39	0	-200	0	0	0
Capital measures	39	55	23	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	2	4	4	0	0	0
Cash flow from financing activities	**-55**	**1,358**	**-636**	**-101**	**0**	**0**
Increase/decrease in liquid assets	-19	1,668	-356	1	429	469
Liquid assets at end of period	**977**	**2,644**	**2,288**	**2,289**	**2,717**	**3,186**

Source: Company data; AlsterResearch

Regional sales split (EURm)	2019	2020	2021	2022E	2023E	2024E
Domestic	2,936	2,307	3,220	3,284	3,843	4,419
Europe (ex domestic)	3,456	5,516	6,927	7,065	8,266	9,506
The Americas	0	0	0	0	0	0
Asia	0	0	0	0	0	0
Rest of World	92	68	207	211	247	284
Total sales	**6,483**	**7,982**	**10,354**	**10,561**	**12,356**	**14,210**

Regional sales split (common size)	2019	2020	2021	2022E	2023E	2024E
Domestic	45.3%	28.9%	31.1%	31.1%	31.1%	31.1%
Europe (ex domestic)	53.3%	69.1%	66.9%	66.9%	66.9%	66.9%
The Americas	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	1.4%	0.9%	2.0%	2.0%	2.0%	2.0%
Total sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; AlsterResearch

AlsterResearch

Ratios	2019	2020	2021	2022E	2023E	2024E
Per share data						
Earnings per share reported	0.40	0.90	0.91	0.52	0.98	1.44
Cash flow per share	0.79	1.53	1.73	1.25	2.23	2.78
Book value per share	6.80	8.59	8.61	8.99	9.97	11.41
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	63.4x	28.3x	28.1x	48.9x	26.0x	17.7x
P/CF	32.5x	16.7x	14.8x	20.4x	11.4x	9.2x
P/BV	3.8x	3.0x	3.0x	2.8x	2.6x	2.2x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	3.1%	6.0%	6.8%	4.9%	8.7%	10.9%
EV/Sales	1.0x	0.7x	0.6x	0.6x	0.4x	0.3x
EV/EBITDA	17.3x	10.0x	9.0x	10.3x	6.7x	5.1x
EV/EBIT	37.6x	15.8x	14.0x	21.7x	12.3x	8.4x
Income statement (EURm)						
Sales	6,483	7,982	10,354	10,561	12,356	14,210
yoy chg in %	20.3%	23.1%	29.7%	2.0%	17.0%	15.0%
Gross profit	2,758	3,394	4,326	4,383	5,214	6,053
Gross margin in %	42.5%	42.5%	41.8%	41.5%	42.2%	42.6%
EBITDA	361	578	660	568	802	960
EBITDA margin in %	5.6%	7.2%	6.4%	5.4%	6.5%	6.8%
EBIT	166	367	425	269	439	590
EBIT margin in %	2.6%	4.6%	4.1%	2.5%	3.5%	4.2%
Net profit	100	226	235	137	257	378
Cash flow statement (EURm)						
CF from operations	327	527	616	452	740	881
Capex	-307	-250	-333	-350	-311	-412
Maintenance Capex	133	145	171	125	155	154
Free cash flow	21	277	283	102	429	469
Balance sheet (EURm)						
Intangible assets	193	236	263	311	344	366
Tangible assets	1,234	1,290	1,544	1,547	1,463	1,482
Shareholders' equity	1,684	2,151	2,219	2,356	2,613	2,991
Pension provisions	0	0	0	0	0	0
Liabilities and provisions	613	1,856	1,682	1,590	1,609	1,630
Net financial debt	-464	-908	-763	-864	-1,293	-1,762
w/c requirements	-183	-134	-203	-232	-282	-343
Ratios						
ROE	5.9%	10.5%	10.6%	5.8%	9.8%	12.6%
ROCE	7.2%	9.2%	10.9%	6.8%	10.4%	12.8%
Net gearing	-27.6%	-42.2%	-34.4%	-36.7%	-49.5%	-58.9%
Net debt / EBITDA	-1.3x	-1.6x	-1.2x	-1.5x	-1.6x	-1.8x

Source: Company data; AlsterResearch

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