Symrise AG

Germany | Chemicals | MCap EUR 15,013m

3 March 2022

UPDATE

A strong close to the year but PT and rating down; SELL

SELL (HOLD)

Target price	**EUR 95.00 (116.00)**
Current price	EUR 107.40
Up/downside	-11.5%

ResearchHub

What's it all about?

Symrise ended 2021 strongly, reporting double-digit organic sales growth, benefitting from accelerating demand and growth investments. Lower research and development (R&D) and travel costs aided profitability, and the company has proposed a dividend of EUR 1.02/share (+5% yoy; consensus: EUR 1.13). Management reaffirmed its mid-term targets, which seem achievable on a diversified portfolio, a broad customer base, and the successful integration of the Flavor and Nutrition divisions. Symrise is continuing with its strategic business expansion. After acquiring Giraffe Foods Inc., which expanded its production capacity in the very important market of North America, the company strengthened its position in egg-based proteins and pet food by inking two more deals (in the Netherlands and China). These deals fit into the value chain and represent a further step towards achieving its long-term strategy (until 2025; sales EUR 5.5bn to EUR 6.0bn; EBITDA margin of 20%-23%). However, given overall increasing raw material price inflations, we are taking down our estimates and hence our DCF backed PT to EUR 95.00 (old EUR 116.00) prompting us to downgrade to SELL (old HOLD).

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AlsterResearch

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Robust growth momentum in Q4 2021

Symrise reported another quarter of strong organic sales growth in Q4 2021, reflecting healthy demand for its products and growth investments. The company continues to see good demand for beverage applications, with an increase in out-of-home leisure activities. Meanwhile, a revival in travel with the easing of pandemic restrictions has boosted demand for fine fragrances and cosmetic ingredients. On the back of a favourable demand environment, Symrise is confident of delivering above-market growth in organic sales, with an increase of 5-7% yoy, while it targets to achieve an EBITDA margin of 20-23% in the medium term (until 2025).

Sales came in ahead of expectations, with growth across segments and regions

The Q4 2021 top line increased 15.3% yoy to EUR 942.6m, coming in 2% ahead of consensus, supported by organic growth of 10.8% yoy (vs consensus expectations of +9.6% yoy). The overall revenue line also benefitted from positive portfolio effects (+1.7ppt) and currency tailwinds (+2.8ppt). With an acceleration in sales momentum in Q4, 2021 sales reached EUR 3.8bn (+8.7% yoy), led by 9.6% yoy organic sales growth despite some drag from unfavourable currency movements (a -2.1ppt impact).

Healthy organic growth sustained across segments and geographies

Segment-wise, Taste, Nutrition, and Health (erstwhile Flavor and Nutrition) reported solid organic growth of 12.7% yoy in Q4 (above analyst expectations of +9.3% yoy) on sustained growth for pet food applications and especially high demand for beverages. Meanwhile, organic growth of 7.6% yoy in Scent and Care (below consensus of +10.1% yoy) was aided by continued recovery in the fine fragrances/cosmetic ingredients businesses on increased travel activity and normalisation of consumer demand. The aroma molecules division stayed strong, likely registering double-digit growth yet again. Symrise witnessed double-digit organic growth in Europe, Africa, and the Middle East (+13.5% yoy), Asia Pacific (+13.3% yoy), Latin America (+12.0% yoy), while North America (+4.6% yoy) was a touch weak.

Symrise AG	2019	2020	2021	2022E	2023E	2024E
Sales	3,408	3,520	3,826	4,142	4,419	4,715
Growth yoy	8.0%	3.3%	8.7%	8.3%	6.7%	6.7%
EBITDA	685	742	814	873	924	975
EBIT	455	488	559	606	678	742
Net profit	291	307	375	421	478	529
Net debt (net cash)	1,599	1,325	1,329	889	531	168
Net debt/EBITDA	2.3x	1.8x	1.6x	1.0x	0.6x	0.2x
EPS recurring	2.16	2.27	2.74	3.01	3.42	3.78
DPS	0.95	0.97	1.02	1.12	1.27	1.41
Dividend yield	0.9%	0.9%	0.9%	1.0%	1.2%	1.3%
Gross profit margin	39.9%	39.5%	38.7%	39.0%	39.5%	39.5%
EBITDA margin	20.1%	21.1%	21.3%	21.1%	20.9%	20.7%
EBIT margin	13.4%	13.8%	14.6%	14.6%	15.3%	15.7%
ROCE	8.6%	9.2%	9.5%	11.1%	12.2%	12.8%
EV/EBITDA	25.1x	22.9x	20.8x	19.1x	17.7x	16.5x
EV/EBIT	37.8x	34.9x	30.3x	27.5x	24.2x	21.7x
PER	49.7x	47.4x	39.1x	35.7x	31.4x	28.4x
FCF yield	2.2%	2.6%	1.8%	3.3%	3.1%	3.4%

Source: Company data, AlsterResearch

Source: Company data, AlsterResearch

High/low 52 weeks	132.65 / 95.88
Price/Book Ratio	4.6x

Ticker / Symbols

ISIN	DE000SYM9999
WKN	SYM999
Bloomberg	SY1:GR

Changes in estimates

		Sales	EBIT	EPS
2022E	old	4.154	661	3,29
	Δ	-0,3%	-8,3%	-8,6%
2023E	old	4.433	723	3,65
	Δ	-0,3%	-6,3%	-6,2%

Key share data

Number of shares: (in m pcs)	139.79
Book value per share: (in EUR)	23.33
Ø trading volume: (12 months)	70,000

Major shareholders

Massachusetts FS	10.0%
BlackRock	5.9%
Horst-Otto Gerberding	5.2%
Free Float	67.8%

Company description

Symrise AG is a Germany-based supplier of fragrances, flavorings, cosmetic active ingredients, raw materials and functional ingredients, as well as sensorial and nutritional solutions. The Company operates through three segments: Flavor, Nutrition, as well as Scent and Care.

Lower R&D and travel costs supported profitability

The H2 gross margin contracted 1.2ppt yoy to 37.7%, likely owing to raw material cost inflation and higher manufacturing costs. In contrast, the H2 EBITDA margin stayed flat yoy at 20.5%, and the EBITDA increased 12.9% yoy to EUR 394m (1.5% below consensus), reflecting lower travel and research and development costs amid COVID-19. The EBITDA margin in Taste, Nutrition, and Health expanded 1.7ppt yoy to 23.2%, while in Scent and Care, it deteriorated 2.8ppt yoy to 16.3%. H2 EPS grew a robust 26.5% yoy to EUR 1.29. Business FCF in 2021 decreased 13.9% yoy to EUR 486m (12.7% of 2021 sales vs 16% in 2020), mainly attributable to an increase in working capital, stemming from global supply chain disruptions.

Continued its inorganic growth momentum

Symrise continued with its acquisition spree acquiring Canada's Giraffe Foods Inc., and after the quarter, it bought Dutch firm Schaffelaarbos and entered into a purchase agreement with China's Wing Pet Food, which is expected to close in Q2 2022.

2022 top-line guidance in line with medium term target

For 2022, the group expects organic sales growth of 5-7% (vs consensus of 6.4%), an EBITDA margin of ca 21% (in line with expectations of 21.1%; 2021: 21.3%), and business FCF (as a % of sales) of ca 14%. Moreover, management reiterated its medium-term outlook (2025E) for annual organic sales growth of 5-7% (with absolute sales of EUR 5.5bn - EUR 6.0bn) and the EBITDA margin at 20-23%.

Conclusion:

Symrise largely reported good Q4 numbers, with solid organic sales growth of 10.8% yoy, benefitting from the reduced impact of the pandemic and consequent acceleration in demand. The group's 2022 EBITDA margin guidance of ca 21% was a positive and is likely to be well received. Management reaffirmed its mid-term targets, which seem achievable on a diversified portfolio, a broad customer base, and the successful integration of the Flavor and Nutrition divisions. However, given overall increasing raw material price inflations, we are taking down our estimates and hence our DCF backed PT to EUR 95.00 (old EUR 116.00) prompting us to downgrade to SELL (old HOLD).

Half year reporting table

P&L data	2H2017	1H2018	2H2018	1H2019	2H2019	1H2020	2H2020	1H2021	2H2021
Sales	1.481	1.575	1.579	1.692	1.716	1.821	1.699	1.908	1.918
yoy growth in %	na	4,0%	6,6%	7,4%	8,7%	7,6%	-0,9%	4,8%	12,9%
Gross profit	597	631	611	692	668	730	660	756	723
Gross margin in %	40,3%	40,0%	38,7%	40,9%	39,0%	40,1%	38,9%	39,6%	37,7%
EBITDA	307	317	313	342	343	393	349	420	394
EBITDA margin in %	20,8%	20,1%	19,9%	20,2%	20,0%	21,6%	20,5%	22,0%	20,5%
EBIT	207	220	214	232	224	266	222	297	262
EBIT margin in %	14,0%	13,9%	13,6%	13,7%	13,0%	14,6%	13,0%	15,5%	13,7%
EBT	174	200	189	204	206	237	187	274	243
taxes paid	44	56	54	55	57	64	45	72	60
tax rate in %	25,1%	28,0%	28,3%	27,0%	27,5%	27,0%	23,9%	26,2%	24,5%
net profit	130	142	137	146	149	169	142	196	181
yoy growth in %	na	0,4%	5,0%	2,6%	8,8%	15,9%	-4,9%	15,9%	28,1%
EPS	**1,00**	**1,10**	**1,02**	**1,09**	**1,10**	**1,25**	**1,05**	**1,45**	**1,32**

Source: Company data; AlsterResearch

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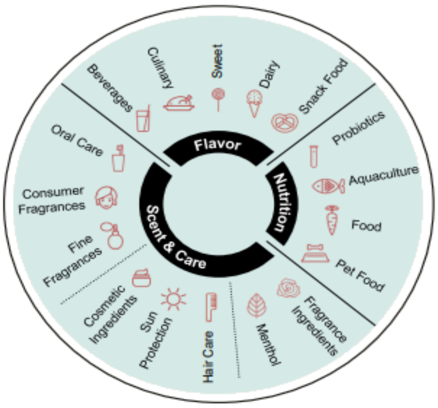
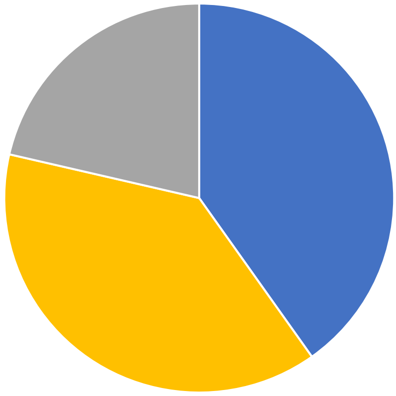
Investment case in six charts

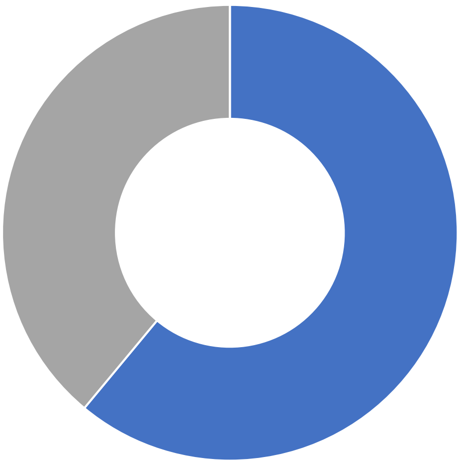
Business activities



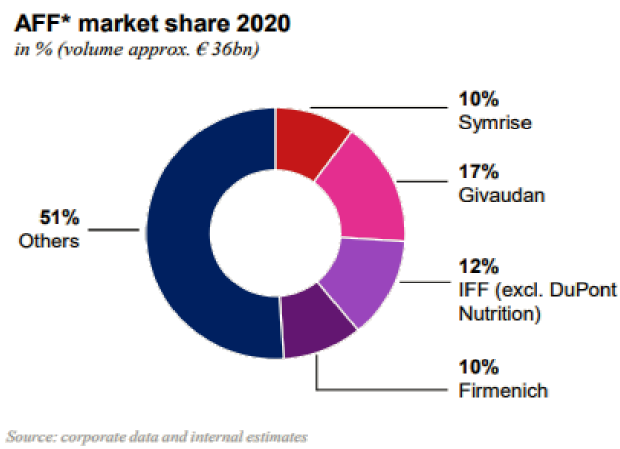
Regional sales in EURm



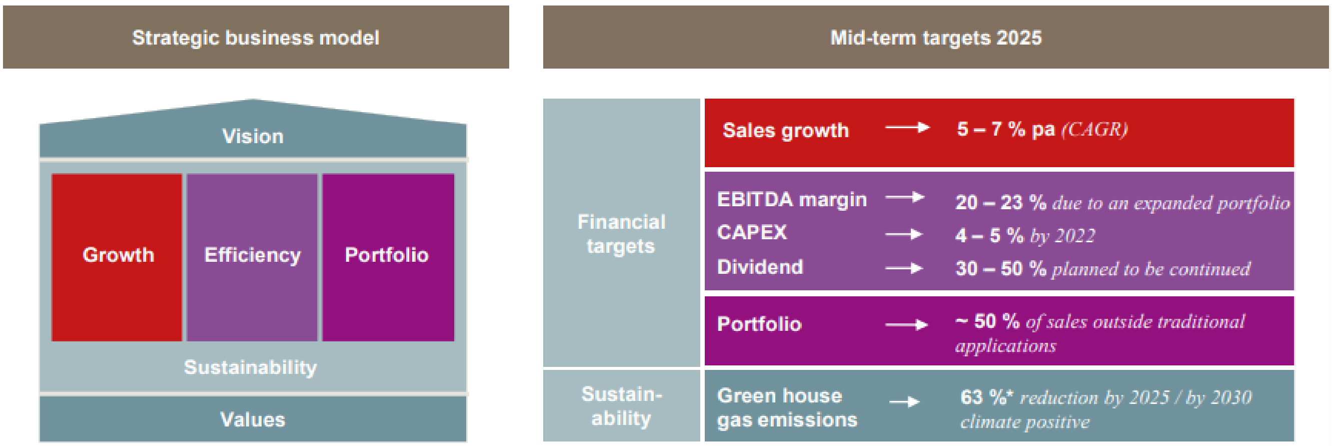
Sales split by segment in EURm



Competitive environment



Mid-term targets 2025



Source: Company data; AlsterResearch

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SWOT – Analysis

Strengths

- Devious sales markets
- Vertical and horizontal integration
- High market entry barriers
- International business activities
- Superior organic growth at high margins

Weaknesses

- High expenditure on R&D
- Waste through production
- Disproportionate innovation costs
- 15% of the employees work in R&D
- Underrepresentation in North America

Opportunities

- Trend towards sugar reduction
- Trend towards food substitutes
- Attractive growth prospects in cosmetic ingredients and pet food
- Increasing footprint in emerging markets

Threats

- Trend towards natural foods
- Cluster risk due to regional cultivation focus on Madagascar
- Declining consumer confidence
- Crop shortage for natural raw materials

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Valuation

DCF Model

The DCF model results in a **fair value of EUR 95.18 per share:**

Top-line growth: We expect Symrise AG to continue benefitting from structural growth. Hence our growth estimates for 2021-28E is in the range of 5.6% p.a. The long-term growth rate is set at 2.0%.

EBIT margins. The scalable business model should allow for EBIT margins of 15%, which look defendable given high competitive quality based on scale geography and expertise. Accordingly, we model approx. 15% EBIT margins in the long-term.

WACC. The averaged 1-, 3- and 5-year historical equity beta is calculated as 0.47. Unleverering and correcting for mean reversion yields an asset beta of 0.63. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 6.1%. With pre-tax cost of borrowing at 5.0%, a tax rate of 28% and target debt/equity of 0.1 this results in a long-term WACC of 5.8%.

DCF (EUR m) (except per share data and beta)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Terminal value
NOPAT	452	506	554	568	577	585	614	645	
Depreciation & amortization	267	247	233	222	214	207	201	196	
Change in working capital	-139	-84	-95	-97	-87	-92	-90	-94	
Chg. in long-term provisions	215	69	74	71	62	66	69	72	
Capex	-184	-196	-200	-202	-201	-200	-199	-196	
Cash flow	611	542	565	562	565	566	596	623	16,634
Present value	583	488	482	453	430	407	405	400	10,682
WACC	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%

DCF per share derived from	
Total present value	14,330
Mid-year adj. total present value	14,741
Net debt / cash at start of year	1,329
Financial assets	510
Provisions and off b/s debt	617
Equity value	13,305
No. of shares outstanding	139.8
Discounted cash flow / share	**95.18**
upside/(downside)	**-11.4%**
Share price	**107.40**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2021E - 2028E)	5.6%
Terminal value growth (2028E - infinity)	2.0%
Terminal year ROCE	11.8%
Terminal year WACC	5.8%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	28%
Equity beta	0.47
Unlevered beta (industry or company)	0.63
Target debt / equity	0.1
Relevered beta	0.68
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	6.1%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth: 1.0%	1.5%	2.0%	2.5%	3.0%
1.0%	63.4	68.1	73.8	80.9	89.8
0.5%	70.1	76.0	83.3	92.4	104.3
0.0%	78.2	85.7	95.2	107.4	124.1
-0.5%	88.3	98.0	110.6	127.8	152.3
-1.0%	100.9	114.0	131.6	156.9	196.0

Share of present value	
2021E - 2024E	14.0%
2025E - 2028E	11.5%
terminal value	74.5%

Source: AlsterResearch

FCF Yield Model

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 49.28 per share based on 2022E and 77.82 EUR per share on 2026E estimates. **We value the company only on the basis of the DCF model.**

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	**873**	**924**	**975**	**984**	**988**
- Maintenance capex	267	247	233	222	214
- Minorities	0	0	0	0	0
- tax expenses	143	163	180	186	190
= Adjusted FCF	**463**	**515**	**562**	**575**	**583**
Actual Market Cap	**15,013**	**15,013**	**15,013**	**15,013**	**15,013**
+ Net debt (cash)	889	531	168	-176	-519
+ Pension provisions	799	853	910	965	1,013
+ Off b/s financing	0	0	0	0	0
- Financial assets	510	510	510	510	510
- Acc. dividend payments	139	296	474	670	873
EV Reconciliations	1,039	578	94	-391	-889
= Actual EV'	**16,052**	**15,591**	**15,107**	**14,622**	**14,124**
Adjusted RW_FCF yield	**2.9%**	**3.3%**	**3.7%**	**3.9%**	**4.1%**
base hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
ESG adjustment	0.2%	0.2%	0.2%	0.2%	0.2%
adjusted hurdle rate	5.8%	5.8%	5.8%	5.8%	5.8%
Fair EV	**7,928**	**8,815**	**9,620**	**9,854**	**9,989**
- EV Reconciliations	1,039	578	94	-391	-889
Fair Market Cap	**6,889**	**8,237**	**9,526**	**10,245**	**10,878**
No. of shares (million)	140	140	140	140	140
Fair value per share in EUR	**49.28**	**58.93**	**68.15**	**73.29**	**77.82**
Premium (-) / discount (+)	**-54.1%**	**-45.1%**	**-36.5%**	**-31.8%**	**-27.5%**

Sensitivity analysis fair value						
	3.8%	79	92	104	110	115
	4.8%	61	72	82	88	93
Adjusted hurdle rate	**5.8%**	**49**	**59**	**68**	**73**	**78**
	6.8%	41	50	58	63	67
	7.8%	35	43	51	55	60

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 6.0%. 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.**

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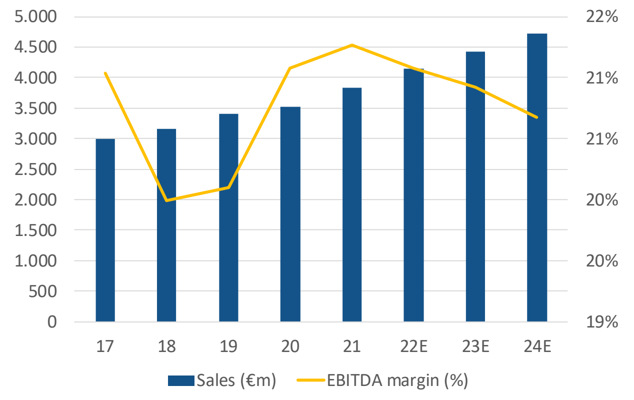
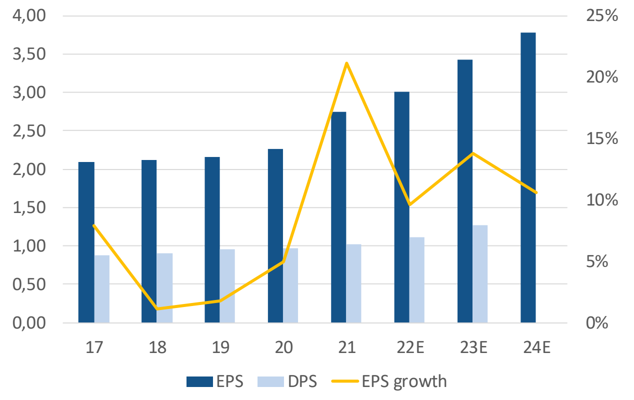
Financials in six charts

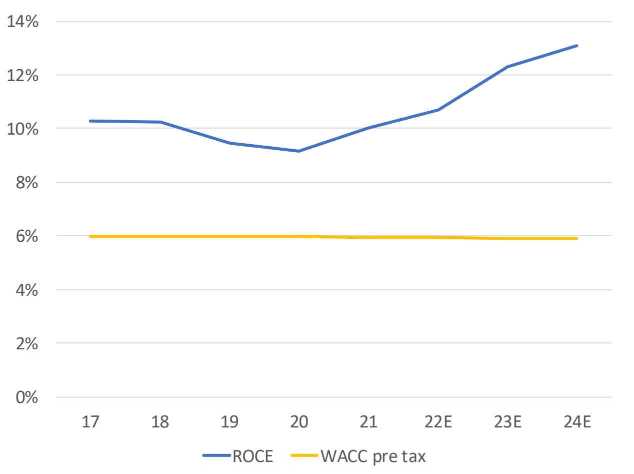
Sales vs. EBITDA margin development



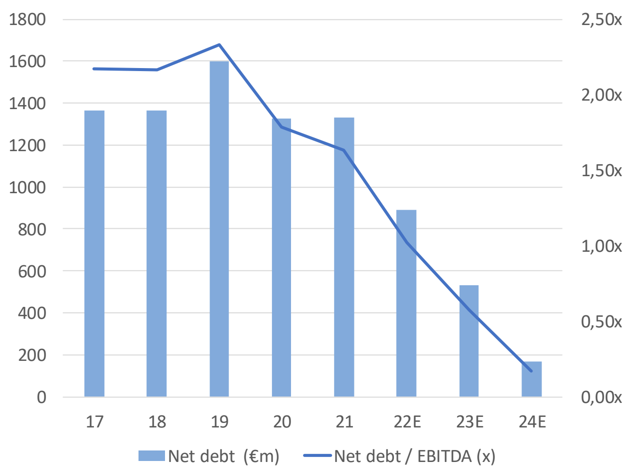
EPS, DPS in EUR & yoy EPS growth



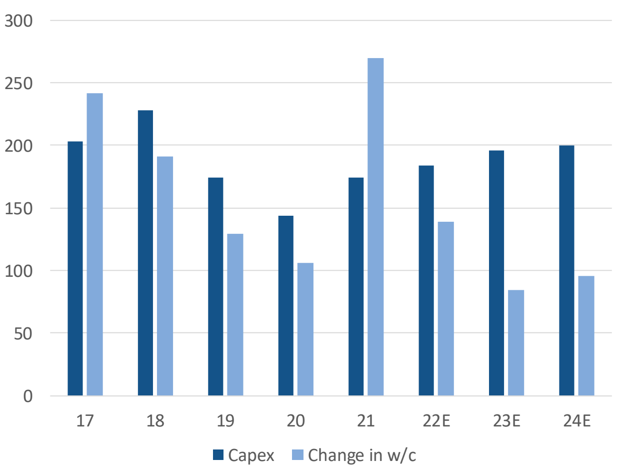
ROCE vs. WACC (pre tax)



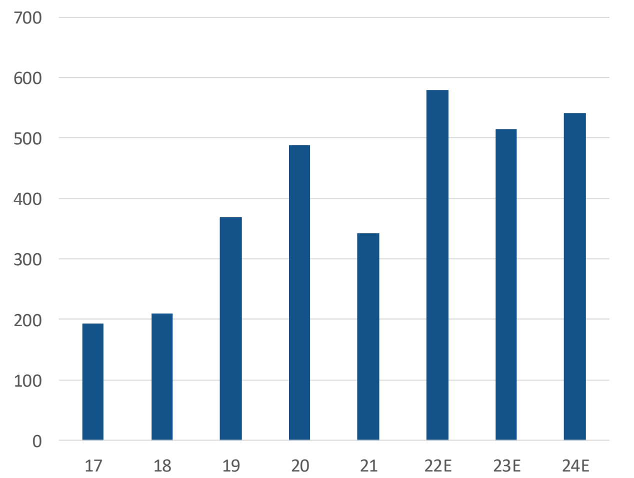
Net debt and net debt/EBITDA



Capex & chg 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	**3,408**	**3,520**	**3,826**	**4,142**	**4,419**	**4,715**
Sales growth	8.0%	3.3%	8.7%	8.3%	6.7%	6.7%
Cost of sales	2,047	2,130	2,347	2,527	2,674	2,853
Gross profit	**1,361**	**1,390**	**1,479**	**1,615**	**1,746**	**1,863**
SG&A expenses	733	737	785	853	902	943
Research and development	213	212	221	249	265	283
Other operating expenses (income)	-41	-46	-86	-93	-99	-105
EBITDA	**685**	**742**	**814**	**873**	**924**	**975**
Depreciation	230	255	255	267	247	233
EBITA	455	488	559	606	678	742
Amortisation of goodwill and intangible assets	0	0	0	0	0	0
EBIT	**455**	**488**	**559**	**606**	**678**	**742**
Financial result	-46	-64	-43	-42	-36	-33
Recurring pretax income from continuing operations	410	424	516	564	641	709
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	410	424	516	564	641	709
Taxes	112	109	131	143	163	180
Net income from continuing operations	298	315	385	421	478	529
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	**298**	**315**	**385**	**421**	**478**	**529**
Minority interest	-7	-8	-10	0	0	0
Net profit (reported)	291	307	375	421	478	529
Average number of shares	134.80	135.43	136.63	139.79	139.79	139.79
EPS reported	**2.16**	**2.27**	**2.74**	**3.01**	**3.42**	**3.78**

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
Sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Cost of sales	60%	61%	61%	61%	61%	61%
Gross profit	**40%**	**39%**	**39%**	**39%**	**40%**	**39%**
SG&A expenses	22%	21%	21%	21%	20%	20%
Research and development	6%	6%	6%	6%	6%	6%
Other operating expenses (income)	-1%	-1%	-2%	-2%	-2%	-2%
EBITDA	**20%**	**21%**	**21%**	**21%**	**21%**	**21%**
Depreciation	7%	7%	7%	6%	6%	5%
EBITA	13%	14%	15%	15%	15%	16%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	**13%**	**14%**	**15%**	**15%**	**15%**	**16%**
Financial result	-1%	-2%	-1%	-1%	-1%	-1%
Recurring pretax income from continuing operations	12%	12%	13%	14%	15%	15%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	12%	12%	13%	14%	15%	15%
Taxes	3%	3%	3%	3%	4%	4%
Net income from continuing operations	9%	9%	10%	10%	11%	11%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**9%**	**9%**	**10%**	**10%**	**11%**	**11%**
Minority interest	-0%	-0%	-0%	0%	0%	0%
Net profit (reported)	**9%**	**9%**	**10%**	**10%**	**11%**	**11%**

Source: Company data; AlsterResearch

Balance sheet (EUR m)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (exl. Goodwill)	**953**	**812**	**792**	**808**	**826**	**845**
Goodwill	1,435	1,382	1,690	1,690	1,690	1,690
Property, plant and equipment	1,245	1,205	1,321	1,221	1,153	1,101
Financial assets	222	241	510	510	510	510
FIXED ASSETS	**3,854**	**3,640**	**4,313**	**4,230**	**4,179**	**4,146**
Inventories	892	863	988	1,038	1,099	1,172
Accounts receivable	648	601	730	704	751	801
Other current assets	22	16	51	51	51	51
Liquid assets	458	740	465	11	69	232
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	79	80	96	95	102	108
CURRENT ASSETS	**2,099**	**2,300**	**2,330**	**1,899**	**2,071**	**2,365**
TOTAL ASSETS	**5,953**	**5,940**	**6,643**	**6,128**	**6,250**	**6,511**
SHAREHOLDERS EQUITY	**2,400**	**2,302**	**3,188**	**3,469**	**3,791**	**4,142**
MINORITY INTEREST	57	60	64	64	64	64
Long-term debt	1,538	2,041	1,425	900	600	400
Provisions for pensions and similar obligations	605	681	617	799	853	910
Other provisions	207	199	204	236	252	269
Non-current liabilities	**2,350**	**2,921**	**2,246**	**1,935**	**1,705**	**1,579**
short-term liabilities to banks	519	25	369	0	0	0
Accounts payable	332	334	413	395	418	446
Advance payments received on orders	28	31	40	37	40	42
Other liabilities (incl. from lease and rental contracts)	-42	-34	-7	-41	-44	-47
Deferred taxes	167	154	161	161	161	161
Deferred income	142	147	168	108	115	123
Current liabilities	**1,146**	**657**	**1,145**	**660**	**690**	**725**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**5,953**	**5,940**	**6,643**	**6,128**	**6,250**	**6,511**

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	**16%**	**14%**	**12%**	**13%**	**13%**	**13%**
Goodwill	24%	23%	25%	28%	27%	26%
Property, plant and equipment	21%	20%	20%	20%	18%	17%
Financial assets	4%	4%	8%	8%	8%	8%
FIXED ASSETS	**65%**	**61%**	**65%**	**69%**	**67%**	**64%**
Inventories	15%	15%	15%	17%	18%	18%
Accounts receivable	11%	10%	11%	11%	12%	12%
Other current assets	0%	0%	1%	1%	1%	1%
Liquid assets	8%	12%	7%	0%	1%	4%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	1%	1%	1%	2%	2%	2%
CURRENT ASSETS	**35%**	**39%**	**35%**	**31%**	**33%**	**36%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**40%**	**39%**	**48%**	**57%**	**61%**	**64%**
MINORITY INTEREST	1%	1%	1%	1%	1%	1%
Long-term debt	26%	34%	21%	15%	10%	6%
Provisions for pensions and similar obligations	10%	11%	9%	13%	14%	14%
Other provisions	3%	3%	3%	4%	4%	4%
Non-current liabilities	**39%**	**49%**	**34%**	**32%**	**27%**	**24%**
short-term liabilities to banks	9%	0%	6%	0%	0%	0%
Accounts payable	6%	6%	6%	6%	7%	7%
Advance payments received on orders	0%	1%	1%	1%	1%	1%
Other liabilities (incl. from lease and rental contracts)	-1%	-1%	-0%	-1%	-1%	-1%
Deferred taxes	3%	3%	2%	3%	3%	2%
Deferred income	2%	2%	3%	2%	2%	2%
Current liabilities	**19%**	**11%**	**17%**	**11%**	**11%**	**11%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	298	315	385	421	478	529
Depreciation of fixed assets (incl. leases)	230	255	255	267	247	233
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	0	0	0
Others	145	170	146	215	69	74
Cash flow from operations before changes in w/c	673	739	786	902	795	836
Increase/decrease in inventory	-8	-22	-87	-50	-60	-74
Increase/decrease in accounts receivable	-12	-7	-99	26	-47	-50
Increase/decrease in accounts payable	-14	43	75	-18	23	28
Increase/decrease in other w/c positions	-95	-120	-160	-97	1	1
Increase/decrease in working capital	-129	-106	-270	-139	-84	-95
Cash flow from operating activities	**544**	**633**	**516**	**763**	**710**	**741**
CAPEX	-174	-144	-174	-184	-196	-200
Payments for acquisitions	-763	-3	-385	0	0	0
Financial investments	-3	-5	-218	0	0	0
Income from asset disposals	58	3	63	0	0	0
Cash flow from investing activities	**-882**	**-150**	**-714**	**-184**	**-196**	**-200**
Cash flow before financing	-338	483	-197	579	515	541
Increase/decrease in debt position	262	-15	81	-894	-300	-200
Purchase of own shares	0	0	0	0	0	0
Capital measures	400	0	0	0	0	0
Dividends paid	-122	-129	-131	-139	-156	-178
Others	-43	-45	-42	0	0	0
Effects of exchange rate changes on cash	7	-15	18	0	0	0
Cash flow from financing activities	**505**	**-204**	**-74**	**-1,034**	**-456**	**-378**
Increase/decrease in liquid assets	166	279	-271	-454	58	163
Liquid assets at end of period	**446**	**725**	**454**	**-0**	**58**	**221**

Source: Company data; AlsterResearch

Regional sales split (EURm)	2019	2020	2021	2022E	2023E	2024E
Domestic	0	0	0	0	0	0
Europe (ex domestic)	1,431	1,392	1,537	1,623	1,732	1,848
The Americas	1,219	1,379	1,470	1,592	1,698	1,812
Asia	758	750	818	927	989	1,056
Rest of World	0	0	0	0	0	0
Total sales	**3,408**	**3,520**	**3,826**	**4,142**	**4,419**	**4,715**

Regional sales split (common size)	2019	2020	2021	2022E	2023E	2024E
Domestic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Europe (ex domestic)	42.0%	39.5%	40.2%	39.2%	39.2%	39.2%
The Americas	35.8%	39.2%	38.4%	38.4%	38.4%	38.4%
Asia	22.2%	21.3%	21.4%	22.4%	22.4%	22.4%
Rest of World	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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	2.16	2.27	2.74	3.01	3.42	3.78
Cash flow per share	2.33	2.79	1.91	3.55	3.32	3.63
Book value per share	17.80	17.00	23.33	24.82	27.12	29.63
Dividend per share	0.95	0.97	1.02	1.12	1.27	1.41
Valuation						
P/E	49.7x	47.4x	39.1x	35.7x	31.4x	28.4x
P/CF	46.1x	38.5x	56.1x	30.3x	32.4x	29.6x
P/BV	6.0x	6.3x	4.6x	4.3x	4.0x	3.6x
Dividend yield (%)	0.9%	0.9%	0.9%	1.0%	1.2%	1.3%
FCF yield (%)	2.2%	2.6%	1.8%	3.3%	3.1%	3.4%
EV/Sales	5.1x	4.8x	4.4x	4.0x	3.7x	3.4x
EV/EBITDA	25.1x	22.9x	20.8x	19.1x	17.7x	16.5x
EV/EBIT	37.8x	34.9x	30.3x	27.5x	24.2x	21.7x
Income statement (EURm)						
Sales	3,408	3,520	3,826	4,142	4,419	4,715
yoy chg in %	8.0%	3.3%	8.7%	8.3%	6.7%	6.7%
Gross profit	1,361	1,390	1,479	1,615	1,746	1,863
Gross margin in %	39.9%	39.5%	38.7%	39.0%	39.5%	39.5%
EBITDA	685	742	814	873	924	975
EBITDA margin in %	20.1%	21.1%	21.3%	21.1%	20.9%	20.7%
EBIT	455	488	559	606	678	742
EBIT margin in %	13.4%	13.8%	14.6%	14.6%	15.3%	15.7%
Net profit	291	307	375	421	478	529
Cash flow statement (EURm)						
CF from operations	544	633	516	763	710	741
Capex	-174	-144	-174	-184	-196	-200
Maintenance Capex	230	255	255	267	247	233
Free cash flow	369	489	342	579	515	541
Balance sheet (EURm)						
Intangible assets	2,388	2,194	2,482	2,498	2,516	2,535
Tangible assets	1,245	1,205	1,321	1,221	1,153	1,101
Shareholders' equity	2,400	2,302	3,188	3,469	3,791	4,142
Pension provisions	605	681	617	799	853	910
Liabilities and provisions	2,868	2,946	2,615	1,935	1,705	1,579
Net financial debt	1,599	1,325	1,329	889	531	168
w/c requirements	1,179	1,099	1,265	1,310	1,392	1,485
Ratios						
ROE	12.4%	13.7%	12.1%	12.1%	12.6%	12.8%
ROCE	8.6%	9.2%	9.5%	11.1%	12.2%	12.8%
Net gearing	66.6%	57.6%	41.7%	25.6%	14.0%	4.0%
Net debt / EBITDA	2.3x	1.8x	1.6x	1.0x	0.6x	0.2x

Source: Company data; AlsterResearch

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