

METRO AG

Germany | Retail | MCap EUR 1,707m

22 October 2024

UPDATE



Challenges in wholesale, profitability soft. PT down, BUY

BUY (BUY)

Target price	EUR 5.80 (7.70)
Current price	EUR 4.70
Up/downside	23.4%

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What's it all about?

Metro's Q4 23/24 revenues grew 3.8% yoy in constant currencies (c.c.), led by growth in its delivery and online marketplace businesses. This took the full-year revenue growth to 5.9% yoy on a c.c. and portfolio adjusted (adj.) basis, reaching the upper half of its guidance range of 3%-7% yoy. The top line growth was largely led by performances in the East and Russia, whilst the West witnessed a modest increase and Germany reported almost stable revenues during the year, due to a late start to the summer, which impacted its HoReCa business. Somewhat disappointing was the commentary on profits. Citing cost pressures and transformation-related expenses, management now expects to reach the lower-end of its adj. EBITDA guidance (-EUR 100m to +EUR 50m vs FY 22/23) and report negative EPS for the full year. While Metro is progressing well in its sCore growth strategy and growing its multichannel HoReCa customers, substantial momentum is required to reach its 2030 ambitions and drive forecast increases. We maintain our BUY rating with a reduced price target of EUR 5.80 (old: EUR 7.70), as valuations remain attractive, following the drop in share price over the past months.

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

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METRO AG

Germany | Retail | MCap EUR 1,707m | EV EUR 4,538m

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Challenges in wholesale, profitability soft. PT down, BUY

FY 23/24 revenues reach the upper half of its guidance, adj. EBITDA could be weaker.

According to its trading update, Metro's Q4 23/24 sales growth moderated to 3.8% yoy on a constant currency (c.c.) and portfolio adj. basis vs 4.4% yoy in Q3. This took the full-year reported sales to EUR 31.0bn, up 1.6% yoy and higher by 5.9% yoy on a c.c. and portfolio adj. basis and reached the upper half of its guidance range of 3%-7% yoy (in c.c. portfolio adj.; +8.8% yoy in FY 22/23). However, management expects FY 23/24 adj. EBITDA to come in at the lower end of its guidance range of -EUR100m to +EUR50m vs the previous year's EUR 1.16bn, due to transformation-related expenses and other cost pressures. It also now expects negative EPS for the full year.

Q4 sales supported by growth across most regions. Sales grew by 3.8% yoy in c.c. in Q4, led by broad-based growth across most geographies, except Germany (flat yoy). Revenues in the West grew by 0.7% yoy in c.c., while Russia and East witnessed an increase of 10.1% yoy and 7.4% yoy in c.c., respectively. Overall, the topline momentum was again driven by the company's delivery business and online marketplace, METRO MARKETS. Meanwhile, reported sales grew at a slower 1.7% yoy to EUR 8.0bn in Q4, due to FX headwinds, particularly in Turkey. FY 23/24 sales was up 5.9% yoy on a c.c. and portfolio adj. basis (+4.2% yoy in c.c.) led mainly by the East and Russia; sales in Germany grew a mere 0.7% yoy in c.c., while West reported a 2.0% yoy increase, due to headwinds in HoReCa business amid a softer summer season.

Adj. EBITDA to likely decline yoy in FY 23/24. Management expects adj. EBITDA for the full year to come in at the lower end of its guidance range, which could imply a decline yoy. Management attributed the ongoing transformation costs at its wholesale business, cost pressures and the expiry of post-transaction effects to impact the profitability margin and result in negative EPS.

Maintain BUY. For FY 24/25, the focus would remain on achieving efficiency and productivity gains and consistently implement its sCore growth. In the long term, Metro plans to grow all its food service distribution (FSD) sub-segments (33% sales share targeted by 2030 vs 25% now) to take it towards its 2030 ambitions (total sales of EUR 40bn+; EBITDA of EUR 2bn+; and FCF of EUR 0.6bn+). We maintain our BUY rating, but we lower our price target to EUR 5.80 after downgrading our earnings estimates, reflecting the lack of momentum.

METRO AG	2021	2022	2023	2024E	2025E	2026E
Sales	24,765	29,754	30,551	30,915	31,224	31,536
Growth yoy	-3.4%	20.1%	2.7%	1.2%	1.0%	1.0%
EBITDA	1,166	1,403	1,538	1,131	1,215	1,258
EBIT	197	429	598	189	300	350
Net profit	-56	-333	439	-15	68	107
Net debt (net cash)	3,202	2,960	2,480	2,622	2,433	2,250
Net debt/EBITDA	2.7x	2.1x	1.6x	2.2x	1.9x	1.7x
EPS reported	-0.15	-0.92	1.21	-0.04	0.19	0.29
DPS	0.00	0.00	0.55	0.00	0.08	0.15
Dividend yield	0.0%	0.0%	11.7%	0.0%	1.8%	3.1%
Gross profit margin	17.1%	16.9%	16.0%	16.7%	16.8%	16.9%
EBITDA margin	4.7%	4.7%	5.0%	3.9%	4.1%	4.2%
EBIT margin	0.8%	1.4%	2.0%	0.8%	1.2%	1.3%
ROCE	2.6%	5.9%	9.4%	4.0%	5.7%	6.6%
EV/EBITDA	4.7x	3.6x	3.0x	3.9x	3.5x	3.3x
EV/EBIT	27.6x	11.7x	7.6x	18.5x	12.4x	10.5x
PER	-30.5x	-5.1x	3.9x	53.0x	15.1x	11.2x
FCF yield	73.2%	65.4%	51.0%	-0.6%	8.3%	9.7%

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 6.53 / 3.98
Price/Book Ratio 0.8x

Ticker / Symbols

ISIN DE000BFB0019
WKN BFB001
Bloomberg B4B:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	30,915	247	0.08
	Δ	0.0%	-23.7%	na%
2025E	old	31,224	359	0.30
	Δ	0.0%	-16.4%	-38.4%
2026E	old	31,536	410	0.41
	Δ	0.0%	-14.5%	-28.7%

Key share data

Number of shares: (in m pcs) 363.10
Book value per share: (in EUR) 5.54
Ø trading vol.: (12 months) 155,737

Major shareholders

EP Global Commerce 50.0%
Meridian Stiftung / Beisheim 25.0%
Free Float 25.0%

Company description

Metro AG, formerly Metro Wholesale & Food Specialist AG, is a Germany-based international active wholesale and food service business group and dedicated food specialist. The group operates a network of c. 625 stores and delivery points in over 30 countries. In several markets, Metro is active in the Food Service Distribution (FSD) business.

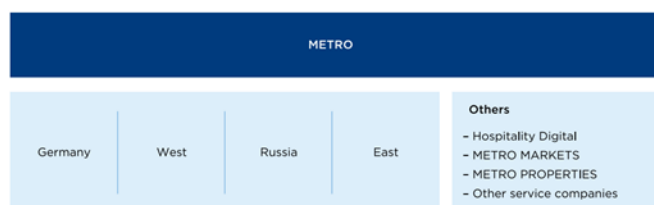
The following table displays the quarterly performance of **METRO AG**.

P&L data	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Sales	7,994.0	8,107.0	6,897.0	7,642.0	7,904.0	8,115.0	6,898.0	7,975.0
yoy growth in %	12.1%	6.6%	10.4%	-3.4%	-1.1%	0.1%	0.0%	4.4%
Gross profit	489.0	1,374.0	1,020.0	1,229.0	1,257.0	1,361.0	1,063.0	1,324.0
Gross margin in %	6.1%	16.9%	14.8%	16.1%	15.9%	16.8%	15.4%	16.6%
EBITDA	404.0	672.0	112.0	332.0	176.0	436.0	84.0	327.0
EBITDA margin in %	5.1%	8.3%	1.6%	4.3%	2.2%	5.4%	1.2%	4.1%
EBIT	160.0	463.0	-97.0	127.0	-137.0	227.0	-134.0	118.0
EBIT margin in %	2.0%	5.7%	-1.4%	1.7%	-1.7%	2.8%	-1.9%	1.5%
EBT	91.0	615.0	-109.0	201.0	-99.0	193.0	-197.0	47.0
taxes paid	45.0	91.0	0.0	28.0	52.0	64.0	0.0	32.0
tax rate in %	49.5%	14.8%	0.0%	13.9%	-52.5%	33.2%	0.0%	68.1%
net profit	45.0	522.0	-107.0	174.0	-150.0	130.0	-193.0	14.0
yoy growth in %	na%	167.7%	na%	na%	na%	-75.1%	na%	-92.0%
EPS	0.13	1.44	-0.29	0.48	-0.41	0.36	-0.53	0.04

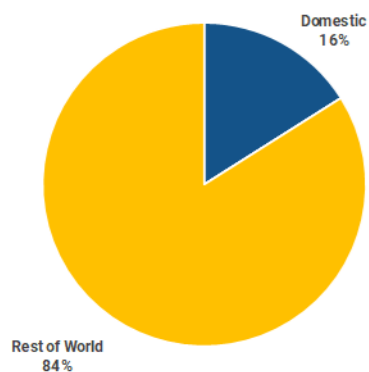
Source: Company data; mwb research

Investment case in six charts

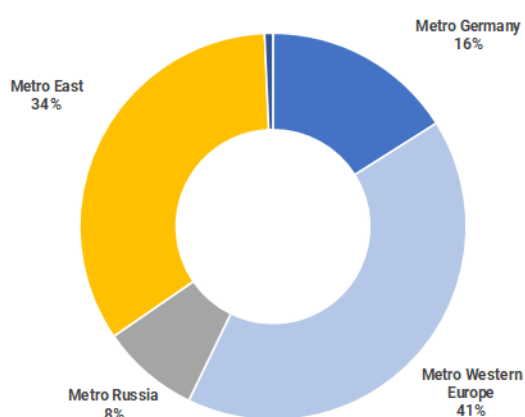
Company structure



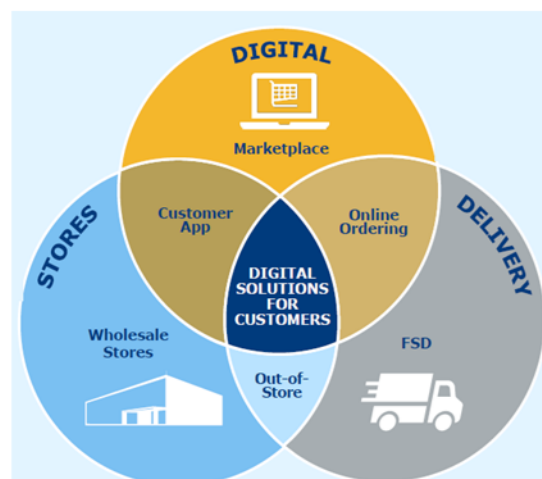
Regional sales split in %



Segmental breakdown in %



Business model



Updated mid-term and long-term goals

	INVEST (FY22-25) -UPDATE-	2030 AMBITION
SALES	+5-10% CAGR	>€40 bn
EBITDA	+5-7% CAGR	>€2 bn
FREE CASH FLOW	re-invest into growth	>€0.6 bn

Source: Company data; mwb research

DCF Model


Top-line growth: We expect METRO AG to grow revenues at a CAGR of 0.7% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

WACC. Starting point is a historical equity beta of 1.19. Unlevering and correcting for mean reversion yields an asset beta of 0.94. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 16.1%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25% and target debt/equity of 2.0 this results in a long-term WACC of 7.9%.

DCF per share derived from	
Total present value	4,278
Mid-year adj. total present value	4,439
Net debt / cash at start of year	2,480
Financial assets	504
Provisions and off b/s debt	351
Equity value	2,112
No. of shares outstanding	363.1
Discounted cash flow / share	5.82
upside/(downside)	66.0%
Share price	4.70

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	0.7%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	5.8%
Terminal year WACC	7.9%
Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25%
Equity beta	1.19
Unlevered beta (industry or company)	0.94
Target debt / equity	2.0
Relevered beta	2.35
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	16.1%

Change in WACC (%points)	Long term growth					Share of present value	
	1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%	2.6	2.9	3.2	3.5	3.9	2024E-2027E	25.4%
1.0%	3.5	3.9	4.3	4.8	5.4	2028E-2031E	16.7%
0.0%	4.7	5.2	5.8	6.5	7.4	terminal value	57.9%
-1.0%	6.3	7.0	7.9	9.0	10.4		
-2.0%	8.5	9.7	11.1	13.0	15.5		



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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 5.43 per share based on 2024E and EUR 8.75 per share on 2028E estimates.

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	2024E	2025E	2026E	2027E	2028E
EBITDA	1,131	1,215	1,258	1,215	1,200
- Maintenance capex	840	829	836	838	830
- Minorities	0	0	0	0	0
- tax expenses	-6	26	41	35	39
= Adjusted FCF	297	359	380	342	331
Actual Market Cap	1,693	1,693	1,693	1,693	1,693
+ Net debt (cash)	2,622	2,433	2,250	2,131	2,017
+ Pension provisions	355	359	362	365	368
+ Off b/s financing	0	0	0	0	0
- Financial assets	504	504	504	504	504
- Acc. dividend payments	200	200	230	284	327
<i>EV Reconciliations</i>	2,273	2,088	1,878	1,709	1,554
= Actual EV'	3,966	3,780	3,570	3,401	3,247
Adjusted FCF yield	7.5%	9.5%	10.7%	10.1%	10.2%
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	4,243	5,131	5,435	4,892	4,732
- <i>EV Reconciliations</i>	2,273	2,088	1,878	1,709	1,554
Fair Market Cap	1,970	3,044	3,557	3,183	3,178
No. of shares (million)	363	363	363	363	363
Fair value per share in EUR	5.43	8.38	9.80	8.77	8.75
Premium (-) / discount (+)	57.3%	121.4%	154.5%	135.0%	137.6%

Sensitivity analysis fair value					
Adjusted hurdle rate	5.0%	10	14	16	14
	6.0%	7	11	12	11
	7.0%	5	8	10	9
	8.0%	4	7	8	7
	9.0%	3	5	6	6

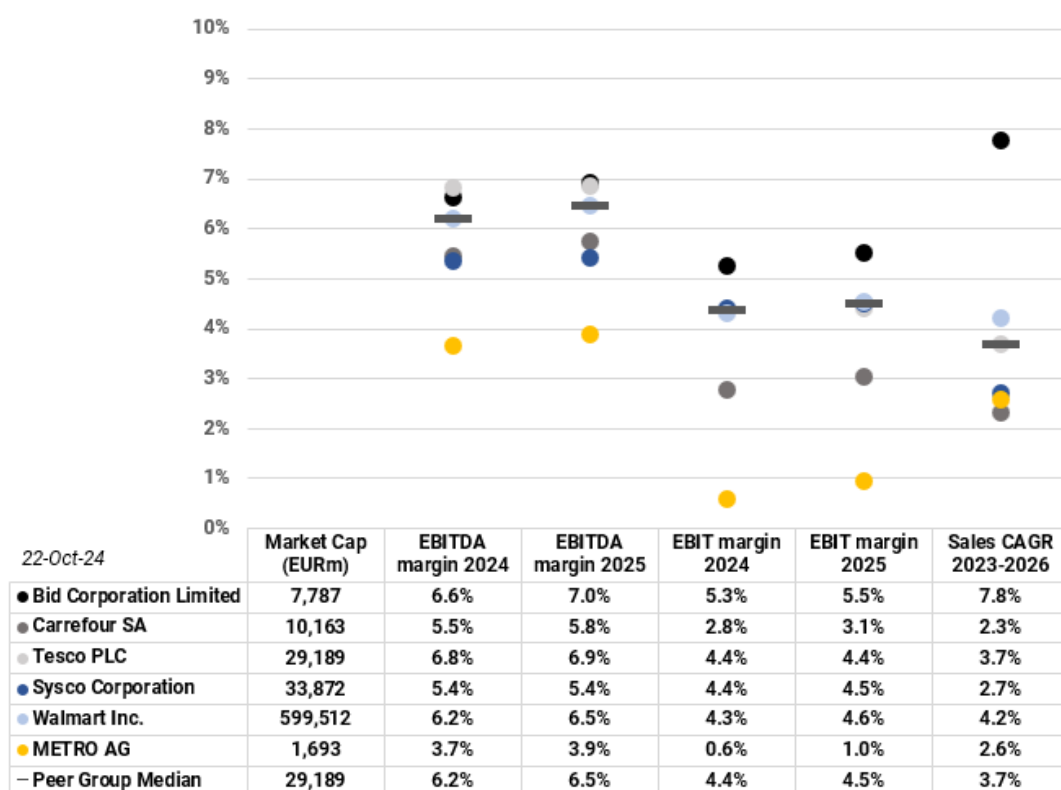
Source: Company data; mwb research

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 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable. 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.**

Peer group analysis

A peer group or comparable company ("comps") analysis is a methodology that calculates a company's relative value – how much it should be worth based on how it compares to other similar companies. Given that **METRO AG** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. The peer group of METRO AG consists of the stocks displayed in the graphs below. As of 22 October 2024 the median market cap of the peer group was EUR 29,189m, compared to EUR 1,707m for METRO AG. In the period under review, the peer group was more profitable than METRO AG. The expectations for sales growth are higher for the peer group than for METRO AG.

Peer Group – Key data

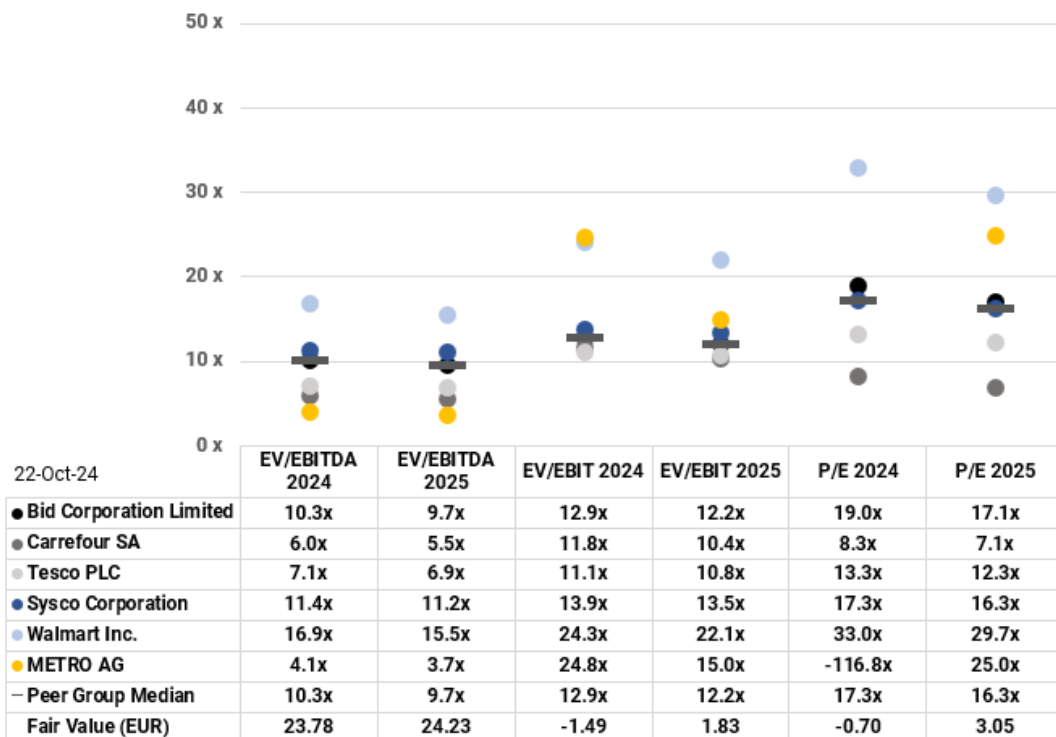


Source: FactSet, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/EBIT 2024, EV/EBIT 2025, P/E 2024 and P/E 2025.

Applying these to METRO AG results in a range of fair values from EUR 1.03 to EUR 24.23.

Peer Group – Multiples and valuation

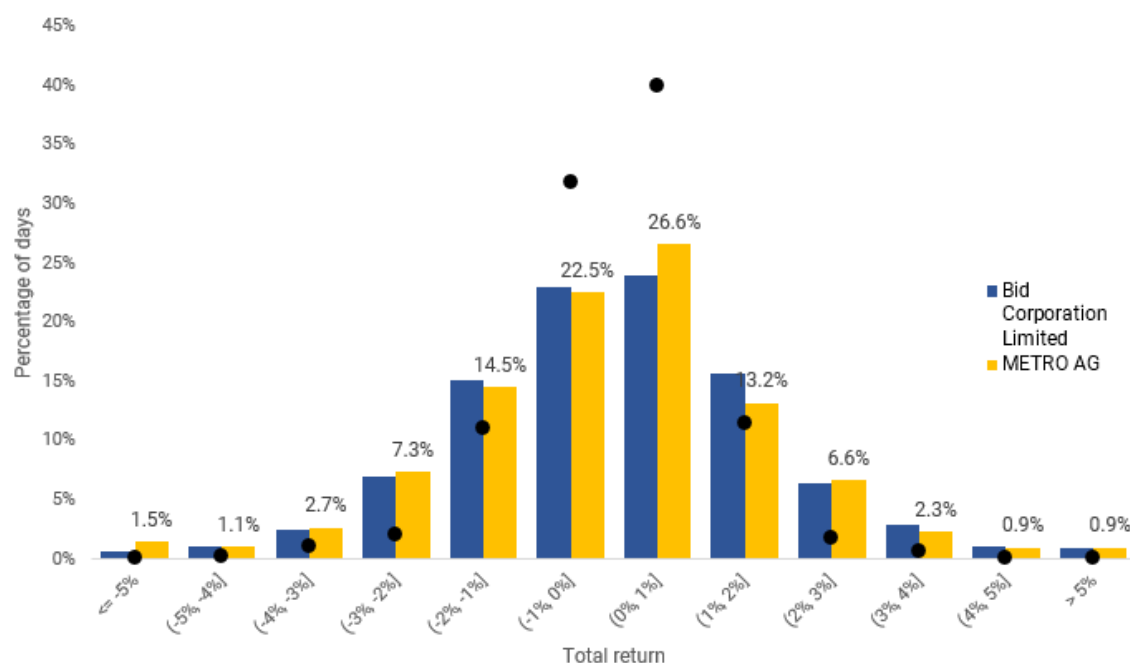


Source: FactSet, mwb research

Risk

The chart displays the **distribution of daily returns of METRO AG** over the last 3 years, compared to the same distribution for Bid Corporation Limited. We have also included the distribution for the index Germany DAX (TR). The distribution gives a better understanding of risk than measures like volatility, which assume that log returns are normally distributed. In reality, they are skewed (down moves are larger) and have fat tails (large moves occur more often than predicted). Also, volatility treats up and down moves the same, while investors are more worried about down moves. For METRO AG, the worst day during the past 3 years was 16/12/2021 with a share price decline of -9.4%. The best day was 10/02/2022 when the share price increased by 10.7%.

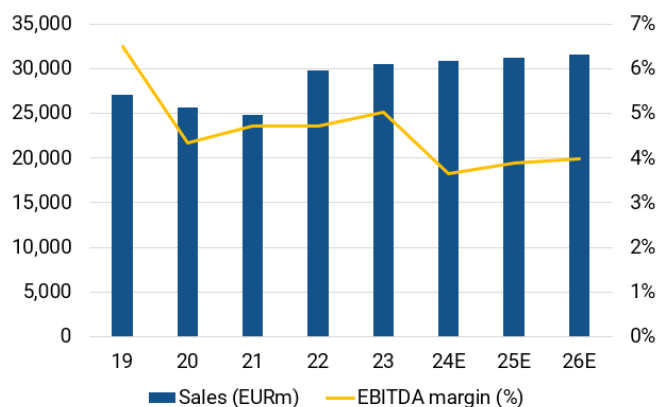
Risk – Daily Returns Distribution (trailing 3 years)



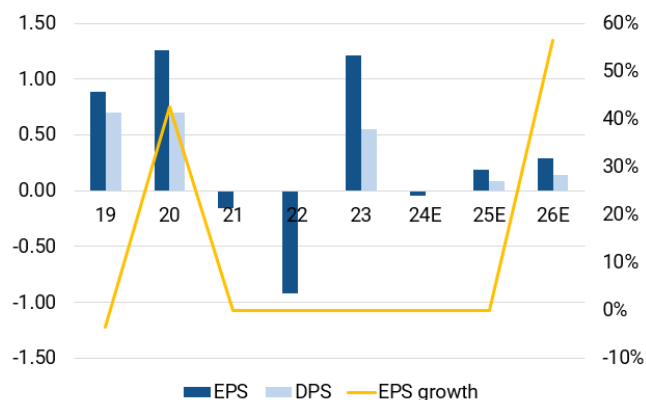
Source: FactSet, mwb research

Financials in six charts

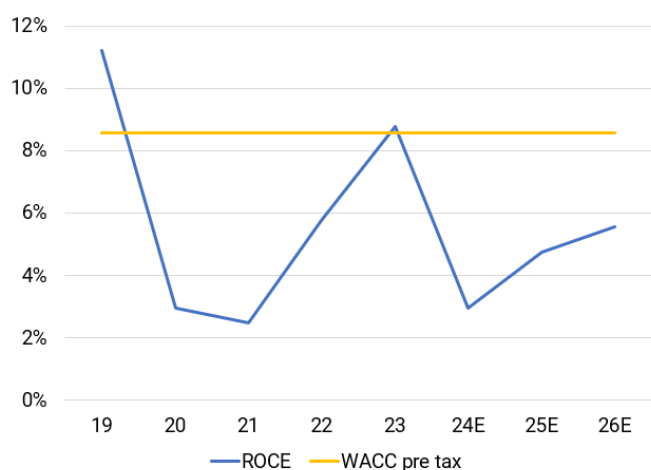
Sales vs. EBITDA margin development



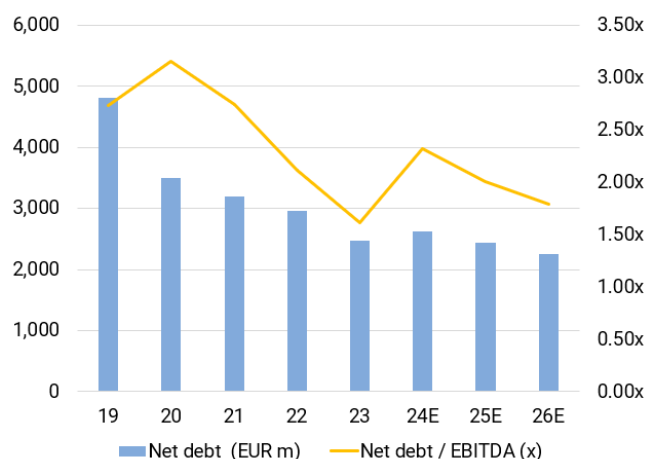
EPS, DPS in EUR & yoy EPS growth



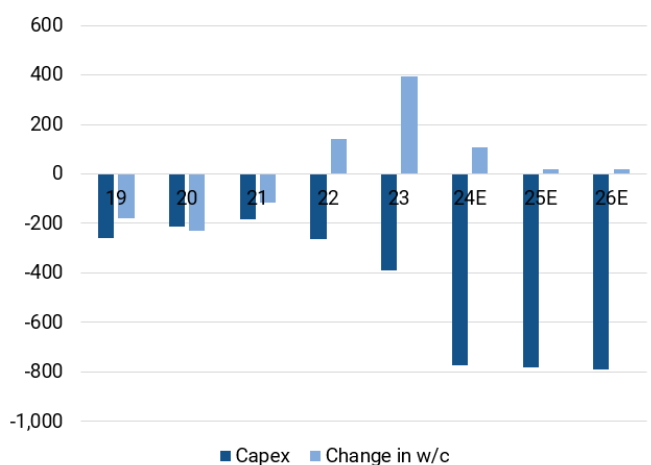
ROCE vs. WACC (pre tax)



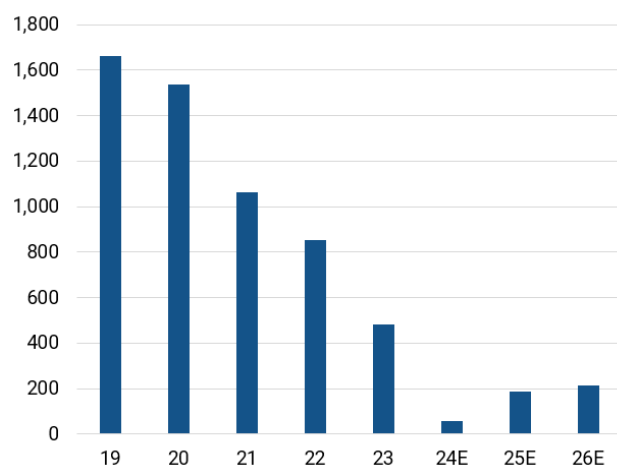
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Sales	24,765	29,754	30,551	30,915	31,224	31,536
Sales growth	-3.4%	20.1%	2.7%	1.2%	1.0%	1.0%
Cost of sales	20,539	24,715	25,669	25,764	25,975	26,206
Gross profit	4,226	5,039	4,883	5,150	5,249	5,330
SG&A expenses	4,689	5,255	5,243	5,426	5,417	5,453
Research and development	0	0	0	0	0	0
Other operating expenses (income)	-660	-645	-957	-464	-468	-473
EBITDA	1,166	1,403	1,538	1,131	1,215	1,258
Depreciation	722	818	840	840	829	836
EBITA	342	585	698	291	386	422
Amortisation of goodwill and intangible assets	145	156	100	103	86	72
EBIT	197	429	598	189	300	350
Financial result	-157	-563	11	-209	-205	-202
Recurring pretax income from continuing operations	40	-134	609	-20	95	148
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	40	-134	609	-20	95	148
Taxes	85	196	170	-6	26	41
Net income from continuing operations	-45	-330	439	-15	68	107
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	-45	-330	439	-15	68	107
Minority interest	-11	-3	0	0	0	0
Net profit (reported)	-56	-333	439	-15	68	107
Average number of shares	363.10	363.10	363.10	363.10	363.10	363.10
EPS reported	-0.15	-0.92	1.21	-0.04	0.19	0.29

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Sales	100%	100%	100%	100%	100%	100%
Cost of sales	83%	83%	84%	83%	83%	83%
Gross profit	17%	17%	16%	17%	17%	17%
SG&A expenses	19%	18%	17%	18%	17%	17%
Research and development	0%	0%	0%	0%	0%	0%
Other operating expenses (income)	-3%	-2%	-3%	-2%	-2%	-2%
EBITDA	5%	5%	5%	4%	4%	4%
Depreciation	3%	3%	3%	3%	3%	3%
EBITA	1%	2%	2%	1%	1%	1%
Amortisation of goodwill and intangible assets	1%	1%	0%	0%	0%	0%
EBIT	1%	1%	2%	1%	1%	1%
Financial result	-1%	-2%	0%	-1%	-1%	-1%
Recurring pretax income from continuing operations	0%	-0%	2%	-0%	0%	0%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	0%	-0%	2%	-0%	0%	0%
Taxes	0%	1%	1%	-0%	0%	0%
Net income from continuing operations	-0%	-1%	1%	-0%	0%	0%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-0%	-1%	1%	-0%	0%	0%
Minority interest	-0%	-0%	0%	0%	0%	0%
Net profit (reported)	-0%	-1%	1%	-0%	0%	0%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (exl. Goodwill)	568	572	623	520	434	363
Goodwill	644	647	712	712	712	712
Property, plant and equipment	5,663	5,735	5,091	5,024	4,976	4,928
Financial assets	1,129	769	504	504	504	504
FIXED ASSETS	8,004	7,723	6,930	6,760	6,626	6,507
Inventories	1,964	2,455	2,242	2,329	2,384	2,441
Accounts receivable	496	601	674	699	706	713
Other current assets	501	770	272	272	272	272
Liquid assets	1,751	1,164	1,183	1,203	1,292	1,390
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	103	142	347	351	355	358
CURRENT ASSETS	4,815	5,132	4,718	4,854	5,009	5,174
TOTAL ASSETS	12,819	12,855	11,648	11,614	11,635	11,681
SHAREHOLDERS EQUITY	1,826	2,344	2,011	1,797	1,865	1,941
MINORITY INTEREST	21	21	11	11	11	11
Long-term debt	3,798	3,065	2,838	3,000	2,900	2,815
Provisions for pensions and similar obligations	531	360	351	355	359	362
Other provisions	316	388	337	341	344	348
Non-current liabilities	4,645	3,813	3,526	3,696	3,603	3,525
short-term liabilities to banks	1,155	1,059	825	825	825	825
Accounts payable	3,476	3,855	3,667	3,681	3,711	3,744
Advance payments received on orders	10	11	0	0	0	0
Other liabilities (incl. from lease and rental contracts)	1,466	1,448	1,518	1,515	1,530	1,545
Deferred taxes	83	153	90	90	90	90
Deferred income	137	151	0	0	0	0
Current liabilities	6,327	6,677	6,100	6,110	6,156	6,204
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	12,819	12,855	11,648	11,614	11,635	11,681

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	4%	4%	5%	4%	4%	3%
Goodwill	5%	5%	6%	6%	6%	6%
Property, plant and equipment	44%	45%	44%	43%	43%	42%
Financial assets	9%	6%	4%	4%	4%	4%
FIXED ASSETS	62%	60%	59%	58%	57%	56%
Inventories	15%	19%	19%	20%	20%	21%
Accounts receivable	4%	5%	6%	6%	6%	6%
Other current assets	4%	6%	2%	2%	2%	2%
Liquid assets	14%	9%	10%	10%	11%	12%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	1%	1%	3%	3%	3%	3%
CURRENT ASSETS	38%	40%	41%	42%	43%	44%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	14%	18%	17%	15%	16%	17%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	30%	24%	24%	26%	25%	24%
Provisions for pensions and similar obligations	4%	3%	3%	3%	3%	3%
Other provisions	2%	3%	3%	3%	3%	3%
Non-current liabilities	36%	30%	30%	32%	31%	30%
short-term liabilities to banks	9%	8%	7%	7%	7%	7%
Accounts payable	27%	30%	31%	32%	32%	32%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	11%	11%	13%	13%	13%	13%
Deferred taxes	1%	1%	1%	1%	1%	1%
Deferred income	1%	1%	0%	0%	0%	0%
Current liabilities	49%	52%	52%	53%	53%	53%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	197	429	598	-15	68	107
Depreciation of fixed assets (incl. leases)	969	975	936	840	829	836
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	103	86	72
Others	-34	-147	-270	8	7	7
Cash flow from operations before changes in w/c	1,132	1,257	1,264	936	990	1,021
Increase/decrease in inventory	0	0	0	-87	-55	-57
Increase/decrease in accounts receivable	0	0	0	-25	-7	-7
Increase/decrease in accounts payable	0	0	0	14	30	33
Increase/decrease in other w/c positions	117	-141	-393	-7	12	12
Increase/decrease in working capital	117	-141	-393	-106	-20	-19
Cash flow from operating activities	1,249	1,116	871	831	970	1,002
CAPEX	-184	-263	-389	-773	-781	-788
Payments for acquisitions	-20	-172	-101	0	0	0
Financial investments	-140	-157	-165	0	0	0
Income from asset disposals	179	272	317	0	0	0
Cash flow from investing activities	-165	-320	-338	-773	-781	-788
Cash flow before financing	1,084	796	533	58	189	213
Increase/decrease in debt position	-846	-1,274	-770	162	-100	-85
Purchase of own shares	0	0	0	0	0	0
Capital measures	0	0	0	0	0	0
Dividends paid	-254	0	0	-200	0	-31
Others	-52	-34	-50	0	0	0
Effects of exchange rate changes on cash	1	47	-89	0	0	0
Cash flow from financing activities	-1,151	-1,261	-909	-38	-100	-116
Increase/decrease in liquid assets	-67	-465	-376	20	89	98
Liquid assets at end of period	1,474	825	591	611	700	798

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	4,457	4,732	4,897	4,955	5,005	5,055
Europe (ex domestic)	0	0	0	0	0	0
The Americas	0	0	0	0	0	0
Asia	0	0	0	0	0	0
Rest of World	20,308	25,022	25,655	25,960	26,220	26,482
Total sales	24,765	29,754	30,551	30,915	31,224	31,536

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	18.0%	15.9%	16.0%	16.0%	16.0%	16.0%
Europe (ex domestic)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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	82.0%	84.1%	84.0%	84.0%	84.0%	84.0%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported	-0.15	-0.92	1.21	0.09	0.31	0.42
Cash flow per share	3.44	3.07	2.40	-0.03	0.39	0.46
Book value per share	5.03	6.46	5.54	4.95	5.14	5.35
Dividend per share	0.00	0.00	0.55	0.00	0.08	0.15
Valuation						
P/E	-30.5x	-5.1x	3.9x	53.0x	15.1x	11.2x
P/CF	1.4x	1.5x	2.0x	-180.3x	12.1x	10.3x
P/BV	0.9x	0.7x	0.8x	0.9x	0.9x	0.9x
Dividend yield (%)	0.0%	0.0%	11.7%	0.0%	1.8%	3.1%
FCF yield (%)	73.2%	65.4%	51.0%	-0.6%	8.3%	9.7%
EV/Sales	0.2x	0.2x	0.1x	0.2x	0.1x	0.1x
EV/EBITDA	4.7x	3.6x	3.0x	3.9x	3.5x	3.3x
EV/EBIT	27.6x	11.7x	7.6x	18.5x	12.4x	10.5x
Income statement (EURm)						
Sales	24,765	29,754	30,551	30,915	31,224	31,536
yoy chg in %	-3.4%	20.1%	2.7%	1.2%	1.0%	1.0%
Gross profit	4,226	5,039	4,883	5,150	5,249	5,330
Gross margin in %	17.1%	16.9%	16.0%	16.7%	16.8%	16.9%
EBITDA	1,166	1,403	1,538	1,131	1,215	1,258
EBITDA margin in %	4.7%	4.7%	5.0%	3.9%	4.1%	4.2%
EBIT	197	429	598	189	300	350
EBIT margin in %	0.8%	1.4%	2.0%	0.8%	1.2%	1.3%
Net profit	-56	-333	439	-15	68	107
Cash flow statement (EURm)						
CF from operations	1,249	1,116	871	831	970	1,002
Capex	-184	-263	-389	-773	-781	-788
Maintenance Capex	0	0	0	840	829	836
Free cash flow	1,065	853	482	58	189	213
Balance sheet (EURm)						
Intangible assets	1,212	1,219	1,335	1,232	1,146	1,075
Tangible assets	5,663	5,735	5,091	5,024	4,976	4,928
Shareholders' equity	1,826	2,344	2,011	1,797	1,865	1,941
Pension provisions	531	360	351	355	359	362
Liabilities and provisions	5,800	4,872	4,351	4,521	4,428	4,350
Net financial debt	3,202	2,960	2,480	2,622	2,433	2,250
w/c requirements	-1,026	-810	-751	-652	-621	-590
Ratios						
ROE	-2.5%	-14.1%	21.8%	1.8%	6.1%	7.8%
ROCE	2.6%	5.9%	9.4%	4.0%	5.7%	6.6%
Net gearing	175.4%	126.3%	123.3%	145.9%	130.4%	115.9%
Net debt / EBITDA	2.7x	2.1x	1.6x	2.2x	1.9x	1.7x

Source: Company data; mwb research

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