Zalando SE

Germany | Retail | MCap EUR 9,087m

12 December 2024

UPDATE

Zalando - About You deal: Consolidating fashion e-commerce; now HOLD.

HOLD (BUY)

Target price	**EUR 37.00** (33.00)
Current price	EUR 34.99
Up/downside	5.7%

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What's it all about?

About You (AY) and Zalando have entered into a definitive business combination agreement, with Zalando offering EUR 6.50 per share, a 107% premium to AY's three-month volume-weighted average price. This corresponds to a purchase price of roughly EUR 1.1bn. The merger aims to leverage a dual-brand strategy, combining Zalando's premium brand positioning with AY's trend-focused, younger audience appeal, while enhancing B2B capabilities through complementary platforms like SCAYLE and ZEOS. The potential synergies in areas like logistics, payments, and B2B platforms offer attractive opportunities that could enhance long-term profitability once the acquisition is completed. Still conservatively, we upgrade our estimates and increase our PT to EUR 37.00 (old: EUR 33.00). Due to the positive share price performance in the past weeks, we change our rating from BUY to HOLD.

MAIN AUTHOR
Alexander Zienkowicz
a.zienkowicz@mwb-research.com
+49 40 309 293-56

mwb-research.com

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Zalando SE

Germany | Retail | MCap EUR 9,087m | EV EUR 8,295m

HOLD (BUY)

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Zalando - About You deal: Consolidating fashion e-commerce

Zalando to acquire AY. About You (AY) and Zalando have entered into a definitive business combination agreement under which Zalando intends to submit a voluntary public tender offer to acquire up to 100% of AY's share capital. The offer price is EUR 6.50 per share, which corresponds to a purchase price of c. EUR 1.1bn. This represents a 107% premium to AY's three-month volume-weighted average share price as of December 10, 2024. Major shareholders, including the Otto Group, Otto Family, HEARTLAND, and AY's management, have committed to selling approximately 73% of AY's share capital to Zalando. The transaction is expected to close in the summer of 2025, pending regulatory approvals.

Strategic goals. Zalando aims to implement a dual-brand strategy in the B2C segment, maintaining the distinct identities of Zalando and About You while offering tailored shopping experiences for their respective audiences. Zalando will focus on premium brand selections and personalized shopping for its 50 million customers, while AY will continue to target younger, style-conscious consumers with interactive and trend-focused offerings. In the B2B segment, AY's SCAYLE software will complement Zalando's ZEOS platform to create a unified operating system for managing multi-channel e-commerce across Europe. With these strategic initiatives Zalando intends to strengthen its position to gain share in the EUR 450bn European fashion market over the long-term.

Synergies expected. The combination of the two companies is expected to generate significant synergies in logistics, payments, and commercial collaborations, with targeted incremental EBIT improvements of EUR 100m annually. Zalando's medium-term financial goals include a 2023-28 CAGR in GMV and revenue of 5-10%, with an adjusted EBIT margin of 6-8% by that year. Further, AY's SCAYLE unit and Zalando's Tradebyte software will expand the group's ability to offer comprehensive B2B solutions. This merger positions the combined entity for increased profitability and scale in the European e-commerce market.

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Zalando SE	2021	2022	2023	2024E	2025E	2026E
Sales	10,354	10,345	10,143	10,549	11,815	12,996
Growth yoy	29.7%	-0.1%	-1.9%	4.0%	12.0%	10.0%
EBITDA	660	376	511	729	818	893
EBIT	425	81	191	359	473	546
Net profit	235	17	83	219	298	350
Net debt (net cash)	-763	-387	-792	-1,291	-1,690	-2,149
Net debt/EBITDA	-1.2x	-1.0x	-1.5x	-1.8x	-2.1x	-2.4x
EPS reported	0.91	0.07	0.32	0.84	1.15	1.35
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	41.8%	39.2%	38.7%	40.2%	40.8%	41.0%
EBITDA margin	6.4%	3.6%	5.0%	6.9%	6.9%	6.9%
EBIT margin	4.1%	0.8%	1.9%	3.4%	4.0%	4.2%
ROCE	10.9%	2.0%	4.3%	8.2%	10.0%	11.4%
EV/EBITDA	12.6x	23.1x	16.2x	10.7x	9.0x	7.8x
EV/EBIT	19.6x	107.4x	43.5x	21.7x	15.7x	12.7x
PER	38.4x	537.1x	109.5x	41.6x	30.5x	26.0x
FCF yield	6.8%	5.1%	10.4%	4.8%	4.6%	5.6%

Source: Company data, mwb research

Source: Company data, mwb research

High/low 52 weeks	35.87 / 15.95
Price/Book Ratio	3.8x

Ticker / Symbols

ISIN	DE000ZAL1111
WKN	ZAL111
Bloomberg	ZAL:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	10,549	359	0.84
	Δ	0.0%	0.0%	0.0%
2025E	old	11,234	449	1.09
	Δ	5.2%	5.2%	5.8%
2026E	old	12,021	505	1.24
	Δ	8.1%	8.1%	8.9%

Key share data

Number of shares: (in m pcs)	259.70
Book value per share: (in EUR)	9.14
Ø trading vol.: (12 months)	1,317,101

Major shareholders

Anders Holch Povlsen	10.1%
BlackRock	5.5%
Founders	5.1%
Free Float	67.8%

Company description

Zalando is an online platform for fashion and lifestyle that was founded in 2008. With its fashion store, Zalando 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. The company is also offering e-commerce-related services to third party brands.

AY's management stays on board. AY's founders—Sebastian Betz, Tarek Müller, and Hannes Wiese—will remain in their leadership roles within the combined group, which is also expected to facilitate seamless integration.

Bidding war unlikely. With Zooplus (2021) as an example of a bidding war, some market participants may draw parallels and speculate about the potential for a competing offer. However, we believe the likelihood of a third party stepping in with a higher bid for About You is low. Approximately 73% of AY's shares are already committed to Zalando through binding agreements with major shareholders, leaving limited room for competition. Moreover, Zalando's offer includes a substantial 107% premium to the three-month VWAP. Finally, the transaction's strong strategic alignment and expected synergies in both B2C and B2B operations make Zalando's proposal particularly compelling, setting a high bar for any potential rival bid.

Conclusion: In our view, the acquisition of About You is a strategically sound move for Zalando, expanding its reach to younger, trend-driven customer groups and enhancing its B2B offerings. The distinct business models, dual-brand strategy, and complementary nature of the companies' offerings reduce the likelihood of significant alterations to the deal by regulators. Zalando's robust cash position of EUR 2.4bn as of the end of Q3 suggests it can comfortably finance the EUR 1.1bn acquisition. While our current model does not yet reflect the potential synergies from the deal, areas like logistics, payments, and B2B platforms offer attractive opportunities that could enhance long-term profitability once the acquisition is completed. Still conservatively, we upgrade our estimates and increase our PT to EUR 37.00 (old: EUR 33.00). Due to the positive share price performance in the past weeks, we change our rating from BUY to HOLD.

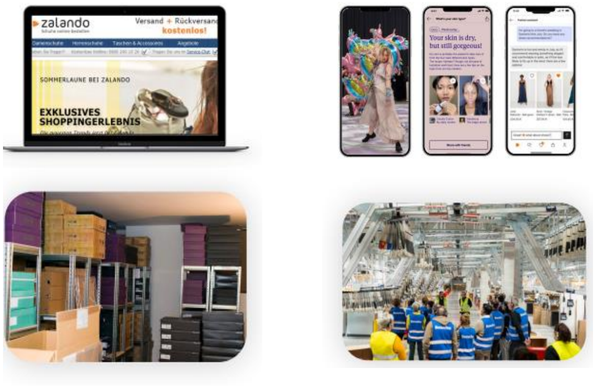
The following table displays the quarterly performance of **Zalando SE.**

P&L data	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Sales	3,167.6	2,255.6	2,556.3	2,274.9	3,056.2	2,241.4	2,643.2	2,388.5
yoy growth in %	2.2%	2.3%	-2.5%	-3.2%	-3.5%	-0.6%	3.4%	5.0%
Gross profit	1,208.0	854.5	1,037.5	834.7	1,203.6	856.8	1,099.1	971.7
Gross margin in %	38.1%	37.9%	40.6%	36.7%	39.4%	38.2%	41.6%	40.7%
EBITDA	188.5	54.6	190.8	74.1	243.2	83.1	232.5	153.7
EBITDA margin in %	6.0%	2.4%	7.5%	3.3%	8.0%	3.7%	8.8%	6.4%
EBIT	95.3	-22.7	114.9	-20.1	156.6	0.4	154.7	69.5
EBIT margin in %	3.0%	-1.0%	4.5%	-0.9%	5.1%	0.0%	5.9%	2.9%
EBT	108.2	-51.7	83.3	-21.7	143.0	-12.3	148.0	56.8
taxes paid	8.7	-13.2	26.7	-13.5	70.0	-3.4	52.3	12.5
tax rate in %	8.0%	25.5%	32.1%	62.2%	49.0%	27.6%	35.3%	22.0%
net profit	99.5	-38.5	56.6	-8.2	73.0	-8.9	95.7	44.3
yoy growth in %	13.1%	-37.2%	304.3%	-76.8%	-26.6%	-76.9%	69.1%	-640.2%
EPS	**0.38**	**-0.15**	**0.22**	**-0.03**	**0.28**	**-0.03**	**0.37**	**0.17**

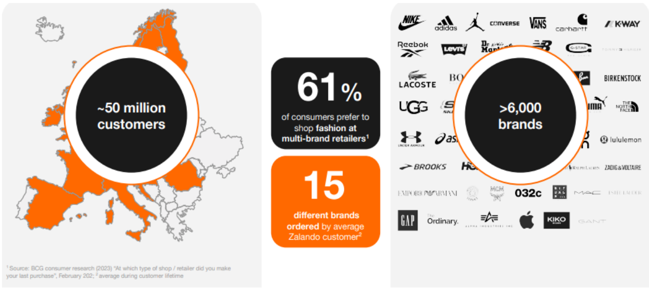
Source: Company data; mwb research

Investment case in six charts

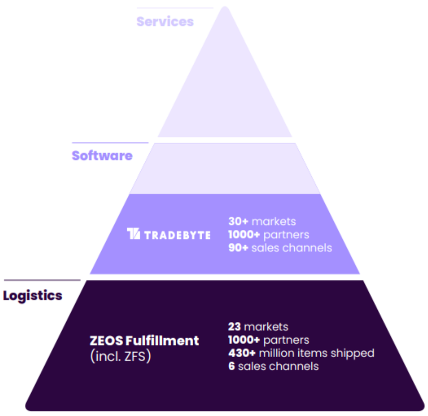
Products & Services



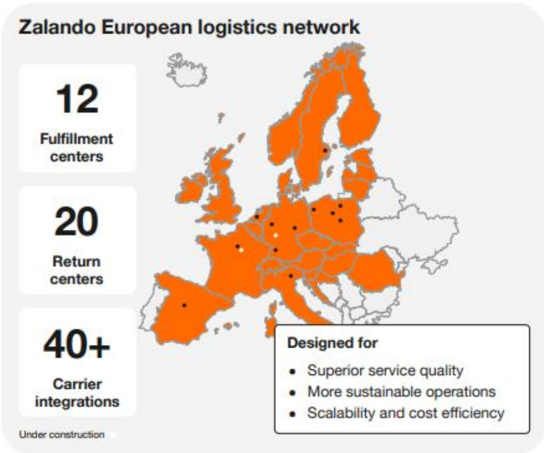
Leading European Fashion platform



ZEOS (B2B) to deliver growth over the long-term



Logistics network

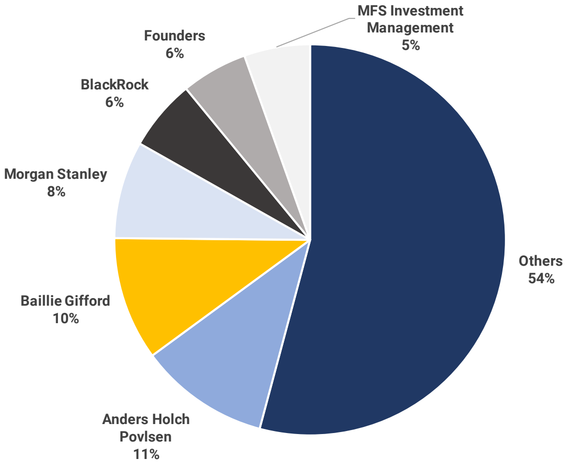


Mid-term outlook

5-year CAGR (2023–2028)
Adjusted EBIT margin in % of revenue

		Zalando group
Growth	GMV	5% – 10% CAGR
	Revenue	5% – 10% CAGR
Profitability	Adj. EBIT margin[1]	6% – 8% in 2028
Cash generation	Free cash flow[2]	Strong free cash flow

Shareholder structure



Source: Company data; mwb research

Valuation

DCF Model

The DCF model results in a **fair value of EUR 37.35 per share**:

Top-line growth: We expect Zalando SE to grow revenues at a CAGR of 5.6% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 8.2% in 2024E to 14.0% in 2031E.

WACC. Starting point is a historical equity beta of 1.55. Unlevering and correcting for mean reversion yields an asset beta of 1.30. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 12.7%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25% and target debt/equity of 0.5 this results in a long-term WACC of 9.7%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	251	331	382	506	634	698	712	727	
Depreciation & amortization	371	346	347	355	366	378	390	401	
Change in working capital	124	41	80	31	10	-8	7	-2	
Chg. in long-term provisions	7	21	20	15	12	5	5	5	
Capex	-222	-307	-338	-362	-380	-387	-395	-403	
Cash flow	531	432	492	546	641	686	720	729	9,631
Present value	528	392	407	412	441	430	411	379	5,009
WACC	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%	9.7%

DCF per share derived from	
Total present value	8,409
Mid-year adj. total present value	8,807
Net debt / cash at start of year	-792
Financial assets	102
Provisions and off b/s debt	na
Equity value	9,701
No. of shares outstanding	259.7
Discounted cash flow / share	**37.35**
upside/(downside)	**6.8%**
Share price	**34.99**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	5.6%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	14.0%
Terminal year WACC	9.7%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25%
Equity beta	1.55
Unlevered beta (industry or company)	1.30
Target debt / equity	0.5
Relevered beta	1.78
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	12.7%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	29.3	29.9	30.7	31.6	32.5
1.0%	31.8	32.7	33.6	34.8	36.0
0.0%	34.9	36.0	37.4	38.9	40.6
-1.0%	38.8	40.4	42.2	44.3	46.8
-2.0%	43.9	46.1	48.7	51.8	55.6

Share of present value	
2024E-2027E	20.7%
2028E-2031E	19.8%
terminal value	59.6%

Source: mwb research

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 24.62 per share based on 2024E and EUR 51.65 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	**729**	**818**	**893**	**1,078**	**1,271**
- Maintenance capex	286	285	291	300	311
- Minorities	0	0	0	0	0
- tax expenses	94	128	150	203	258
= Adjusted FCF	**350**	**406**	**453**	**575**	**703**
Actual Market Cap	**9,234**	**9,234**	**9,234**	**9,234**	**9,234**
+ Net debt (cash)	-1,291	-1,690	-2,149	-2,663	-3,272
+ Pension provisions	0	0	0	0	0
+ Off b/s financing	0	0	0	0	0
- Financial assets	102	102	102	102	102
- Acc. dividend payments	0	0	0	0	0
EV Reconciliations	-1,392	-1,792	-2,251	-2,764	-3,373
= Actual EV'	**7,842**	**7,443**	**6,983**	**6,470**	**5,861**
Adjusted FCF yield	**4.5%**	**5.5%**	**6.5%**	**8.9%**	**12.0%**
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	**5,002**	**5,795**	**6,464**	**8,216**	**10,041**
- EV Reconciliations	-1,392	-1,792	-2,251	-2,764	-3,373
Fair Market Cap	**6,395**	**7,587**	**8,715**	**10,981**	**13,414**
No. of shares (million)	260	260	260	260	260
Fair value per share in EUR	**24.62**	**29.21**	**33.56**	**42.28**	**51.65**
Premium (-) / discount (+)	**-29.6%**	**-16.5%**	**-4.1%**	**20.8%**	**47.6%**

Sensitivity analysis fair value						
	5.0%	32	38	44	55	67
	6.0%	28	33	38	48	58
Adjusted hurdle rate	**7.0%**	**25**	**29**	**34**	**42**	**52**
	8.0%	22	26	30	38	47
	9.0%	20	24	28	35	43

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.**

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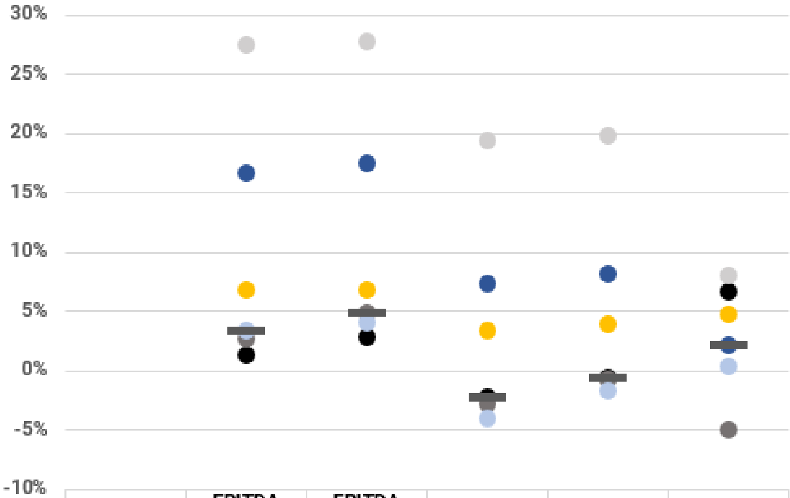
Peer group analysis

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 **Zalando SE** 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 Zalando SE consists of the stocks displayed in the graphs below. As of 12 December 2024 the median market cap of the peer group was EUR 1,206m, compared to EUR 9,087m for Zalando SE. In the period under review, the peer group was less profitable than Zalando SE. The expectations for sales growth are lower for the peer group than for Zalando SE.

Peer Group – Key data



12-Dec-24	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
● ABOUT YOU Holding SE	1,206	1.4%	2.8%	-2.1%	-0.5%	6.7%
● ASOS plc	581	2.8%	5.0%	-2.7%	-0.6%	-4.9%
● Industria de Diseno Textil, S.A.	155,552	27.6%	27.8%	19.5%	19.8%	8.1%
● H&M Hennes & Mauritz AB Class B	19,313	16.8%	17.6%	7.4%	8.3%	2.2%
● boohoo group Plc	587	3.5%	4.1%	-4.0%	-1.6%	0.4%
● Zalando SE	9,234	6.9%	6.9%	3.4%	4.0%	4.8%
– Peer Group Median	1,206	3.5%	5.0%	-2.1%	-0.5%	2.2%

Source: FactSet, mwb research

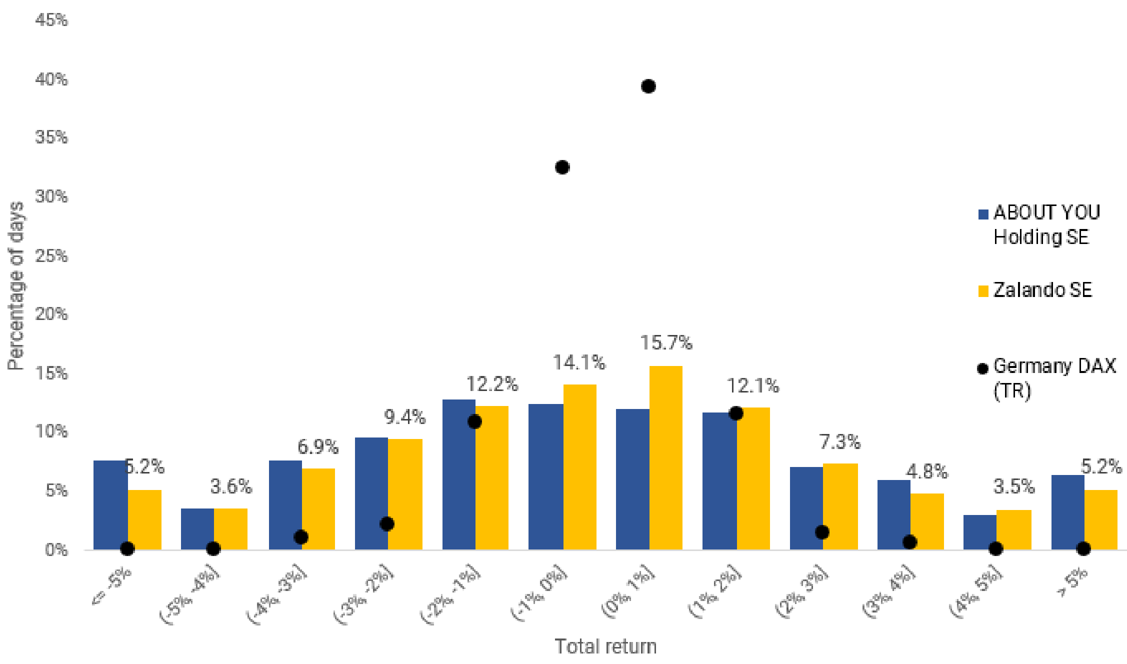
Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/EBIT 2024, EV/EBIT 2025, P/E 2024 and P/E 2025.

Applying these to Zalando SE results in a range of fair values from EUR 20.13 to EUR 43.19.

Risk

The chart displays the **distribution of daily returns of Zalando SE** over the last 3 years, compared to the same distribution for ABOUT YOU Holding SE. 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 Zalando SE, the worst day during the past 3 years was 16/06/2022 with a share price decline of -12.4%. The best day was 13/03/2024 when the share price increased by 18.9%.

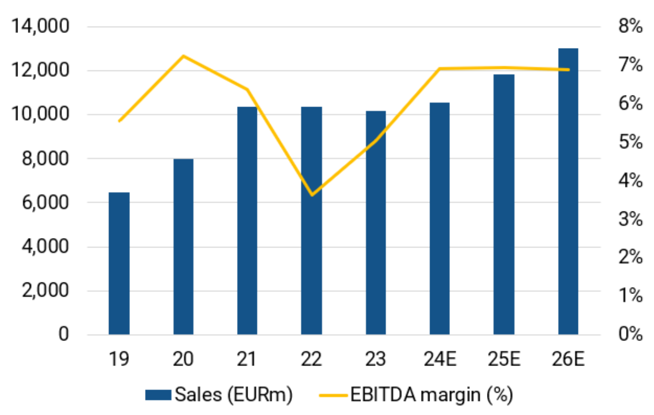
Risk – Daily Returns Distribution (trailing 3 years)



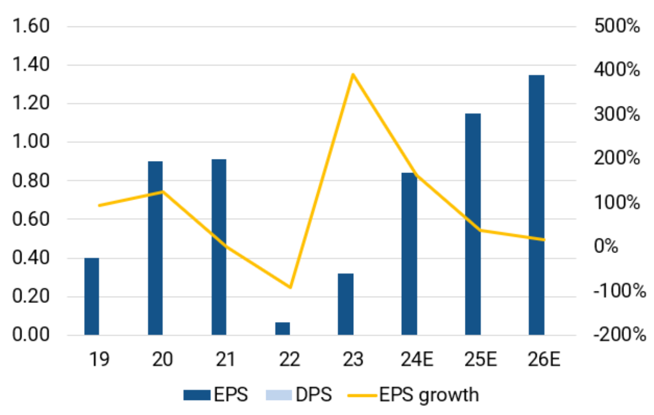
Source: FactSet, mwb research

Financials in six charts

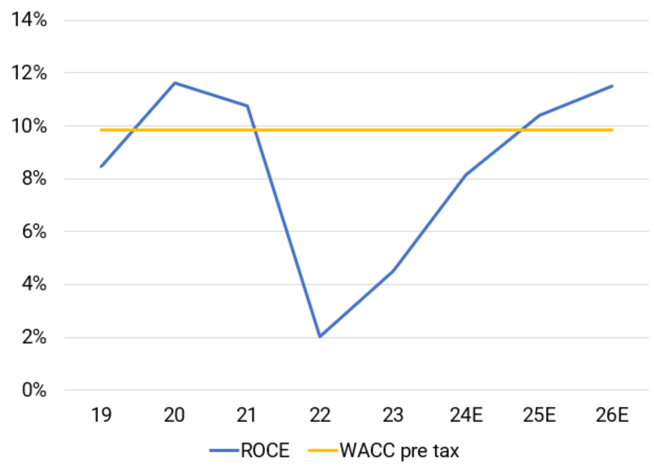
Sales vs. EBITDA margin development



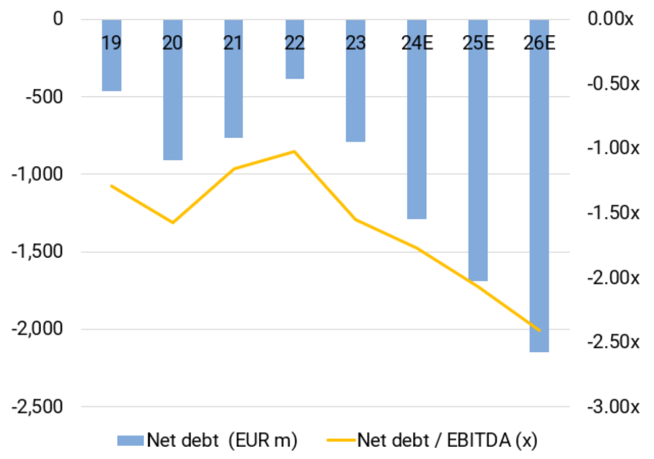
EPS, DPS in EUR & yoy EPS growth



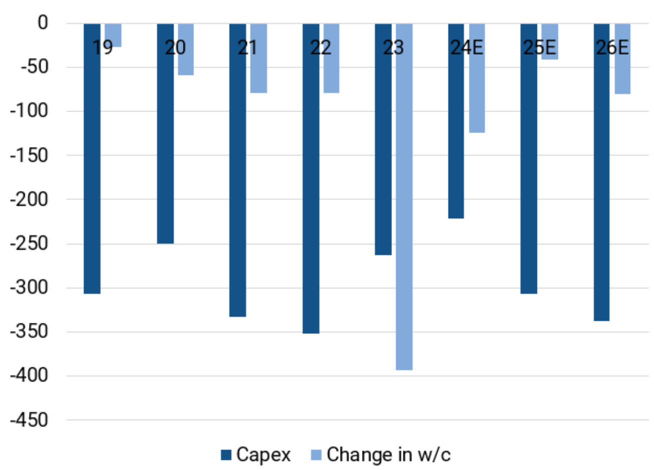
ROCE vs. WACC (pre tax)



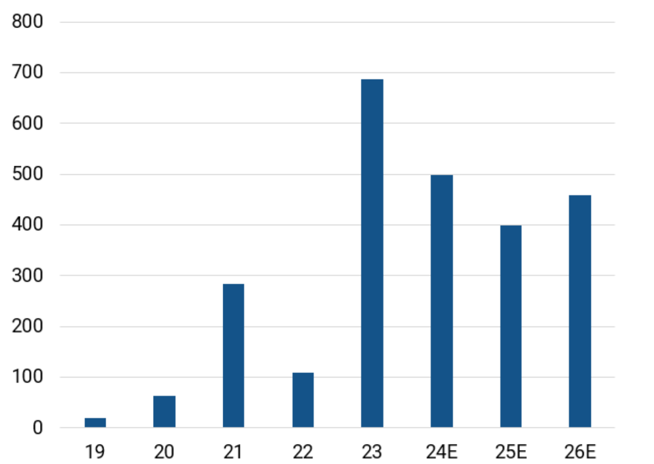
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

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Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Sales	**10,354**	**10,345**	**10,143**	**10,549**	**11,815**	**12,996**
Sales growth	29.7%	-0.1%	-1.9%	4.0%	12.0%	10.0%
Cost of sales	6,028	6,289	6,213	6,308	6,994	7,668
Gross profit	**4,326**	**4,056**	**3,930**	**4,241**	**4,820**	**5,328**
SG&A expenses	3,923	3,988	3,702	3,850	4,312	4,744
Research and development	0	0	0	0	0	0
Other operating expenses (income)	-21	-13	38	32	35	39
EBITDA	**660**	**376**	**511**	**729**	**818**	**893**
Depreciation	171	221	240	286	285	291
EBITA	490	156	271	444	534	602
Amortisation of goodwill and intangible assets	65	75	80	85	61	56
EBIT	**425**	**81**	**191**	**359**	**473**	**546**
Financial result	-70	-42	-38	-46	-46	-46
Recurring pretax income from continuing operations	354	39	153	312	426	499
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	354	39	153	312	426	499
Taxes	120	22	70	94	128	150
Net income from continuing operations	235	17	83	219	298	350
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	**235**	**17**	**83**	**219**	**298**	**350**
Minority interest	-0	0	0	0	0	0
Net profit (reported)	235	17	83	219	298	350
Average number of shares	257.60	257.90	259.70	259.70	259.70	259.70
EPS reported	**0.91**	**0.07**	**0.32**	**0.84**	**1.15**	**1.35**

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Cost of sales	58%	61%	61%	60%	59%	59%
Gross profit	**42%**	**39%**	**39%**	**40%**	**41%**	**41%**
SG&A expenses	38%	39%	36%	37%	36%	37%
Research and development	0%	0%	0%	0%	0%	0%
Other operating expenses (income)	-0%	-0%	0%	0%	0%	0%
EBITDA	**6%**	**4%**	**5%**	**7%**	**7%**	**7%**
Depreciation	2%	2%	2%	3%	2%	2%
EBITA	5%	2%	3%	4%	5%	5%
Amortisation of goodwill and intangible assets	1%	1%	1%	1%	1%	0%
EBIT	**4%**	**1%**	**2%**	**3%**	**4%**	**4%**
Financial result	-1%	-0%	-0%	-0%	-0%	-0%
Recurring pretax income from continuing operations	3%	0%	2%	3%	4%	4%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	3%	0%	2%	3%	4%	4%
Taxes	1%	0%	1%	1%	1%	1%
Net income from continuing operations	2%	0%	1%	2%	3%	3%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**2%**	**0%**	**1%**	**2%**	**3%**	**3%**
Minority interest	-0%	0%	0%	0%	0%	0%
Net profit (reported)	**2%**	**0%**	**1%**	**2%**	**3%**	**3%**

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (exl. Goodwill)	**207**	**277**	**262**	**187**	**174**	**169**
Goodwill	56	137	137	137	137	137
Property, plant and equipment	1,544	1,825	2,040	1,965	1,940	1,935
Financial assets	95	103	102	102	102	102
FIXED ASSETS	**1,901**	**2,342**	**2,541**	**2,391**	**2,353**	**2,343**
Inventories	1,547	1,810	1,441	1,383	1,533	1,681
Accounts receivable	727	913	899	867	971	1,061
Other current assets	215	227	97	97	97	97
Liquid assets	2,338	2,103	2,644	2,907	3,307	3,479
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	168	231	168	175	196	215
CURRENT ASSETS	**4,996**	**5,284**	**5,249**	**5,429**	**6,104**	**6,533**
TOTAL ASSETS	**6,897**	**7,626**	**7,790**	**7,820**	**8,456**	**8,876**
SHAREHOLDERS EQUITY	**2,219**	**2,199**	**2,373**	**2,592**	**2,890**	**3,240**
MINORITY INTEREST	-0	0	0	0	0	0
Long-term debt	1,474	1,587	1,719	1,487	1,487	1,200
Provisions for pensions and similar obligations	0	0	0	0	0	0
Other provisions	107	173	171	178	199	219
Non-current liabilities	**1,581**	**1,760**	**1,890**	**1,665**	**1,686**	**1,419**
short-term liabilities to banks	101	130	132	130	130	130
Accounts payable	2,437	2,934	2,782	2,800	3,047	3,319
Advance payments received on orders	41	49	48	50	56	62
Other liabilities (incl. from lease and rental contracts)	258	483	509	529	593	652
Deferred taxes	34	71	55	55	55	55
Deferred income	227	0	0	0	0	0
Current liabilities	**3,098**	**3,667**	**3,526**	**3,564**	**3,880**	**4,218**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**6,897**	**7,626**	**7,790**	**7,820**	**8,456**	**8,876**

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	**3%**	**4%**	**3%**	**2%**	**2%**	**2%**
Goodwill	1%	2%	2%	2%	2%	2%
Property, plant and equipment	22%	24%	26%	25%	23%	22%
Financial assets	1%	1%	1%	1%	1%	1%
FIXED ASSETS	**28%**	**31%**	**33%**	**31%**	**28%**	**26%**
Inventories	22%	24%	18%	18%	18%	19%
Accounts receivable	11%	12%	12%	11%	11%	12%
Other current assets	3%	3%	1%	1%	1%	1%
Liquid assets	34%	28%	34%	37%	39%	39%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	2%	3%	2%	2%	2%	2%
CURRENT ASSETS	**72%**	**69%**	**67%**	**69%**	**72%**	**74%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**32%**	**29%**	**30%**	**33%**	**34%**	**36%**
MINORITY INTEREST	-0%	0%	0%	0%	0%	0%
Long-term debt	21%	21%	22%	19%	18%	14%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	2%	2%	2%	2%	2%	2%
Non-current liabilities	**23%**	**23%**	**24%**	**21%**	**20%**	**16%**
short-term liabilities to banks	1%	2%	2%	2%	2%	1%
Accounts payable	35%	38%	36%	36%	36%	37%
Advance payments received on orders	1%	1%	1%	1%	1%	1%
Other liabilities (incl. from lease and rental contracts)	4%	6%	7%	7%	7%	7%
Deferred taxes	0%	1%	1%	1%	1%	1%
Deferred income	3%	0%	0%	0%	0%	0%
Current liabilities	**45%**	**48%**	**45%**	**46%**	**46%**	**48%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; mwb research

mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	235	17	83	219	298	350
Depreciation of fixed assets (incl. leases)	170	221	239	286	285	291
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	65	75	80	85	61	56
Others	68	68	154	7	21	20
Cash flow from operations before changes in w/c	537	381	556	596	666	717
Increase/decrease in inventory	-186	-260	369	58	-150	-148
Increase/decrease in accounts receivable	-126	-170	14	32	-104	-90
Increase/decrease in accounts payable	392	490	-169	18	247	272
Increase/decrease in other w/c positions	-1	19	180	16	49	45
Increase/decrease in working capital	79	79	393	124	41	80
Cash flow from operating activities	**616**	**460**	**950**	**720**	**707**	**797**
CAPEX	-333	-352	-263	-222	-307	-338
Payments for acquisitions	0	-127	-6	0	0	0
Financial investments	-3	3	-55	0	0	0
Income from asset disposals	0	0	4	0	0	0
Cash flow from investing activities	**-336**	**-476**	**-321**	**-222**	**-307**	**-338**
Cash flow before financing	280	-16	629	499	399	459
Increase/decrease in debt position	-378	-3	0	-235	0	-287
Purchase of own shares	-200	-136	0	0	0	0
Capital measures	22	4	5	0	0	0
Dividends paid	0	0	0	0	0	0
Others	-85	-111	-128	0	0	0
Effects of exchange rate changes on cash	4	-1	3	0	0	0
Cash flow from financing activities	**-636**	**-247**	**-120**	**-235**	**0**	**-287**
Increase/decrease in liquid assets	-356	-263	508	264	399	172
Liquid assets at end of period	**2,288**	**2,025**	**2,533**	**2,797**	**3,196**	**3,368**

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	3,220	3,217	3,002	3,122	3,497	3,847
Europe (ex domestic)	6,927	6,921	6,938	7,215	8,081	8,889
The Americas	0	0	0	0	0	0
Asia	0	0	0	0	0	0
Rest of World	207	207	203	211	236	260
Total sales	**10,354**	**10,345**	**10,143**	**10,549**	**11,815**	**12,996**

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	31.1%	31.1%	29.6%	29.6%	29.6%	29.6%
Europe (ex domestic)	66.9%	66.9%	68.4%	68.4%	68.4%	68.4%
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	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
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	0.91	0.07	0.32	0.84	1.15	1.35
Cash flow per share	2.39	1.78	3.66	1.67	1.62	1.95
Book value per share	8.61	8.53	9.14	9.98	11.13	12.47
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	38.4x	537.1x	109.5x	41.6x	30.5x	26.0x
P/CF	14.6x	19.6x	9.6x	20.9x	21.5x	18.0x
P/BV	4.1x	4.1x	3.8x	3.5x	3.1x	2.8x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	6.8%	5.1%	10.4%	4.8%	4.6%	5.6%
EV/Sales	0.8x	0.8x	0.8x	0.7x	0.6x	0.5x
EV/EBITDA	12.6x	23.1x	16.2x	10.7x	9.0x	7.8x
EV/EBIT	19.6x	107.4x	43.5x	21.7x	15.7x	12.7x
Income statement (EURm)						
Sales	10,354	10,345	10,143	10,549	11,815	12,996
yoy chg in %	29.7%	-0.1%	-1.9%	4.0%	12.0%	10.0%
Gross profit	4,326	4,056	3,930	4,241	4,820	5,328
Gross margin in %	41.8%	39.2%	38.7%	40.2%	40.8%	41.0%
EBITDA	660	376	511	729	818	893
EBITDA margin in %	6.4%	3.6%	5.0%	6.9%	6.9%	6.9%
EBIT	425	81	191	359	473	546
EBIT margin in %	4.1%	0.8%	1.9%	3.4%	4.0%	4.2%
Net profit	235	17	83	219	298	350
Cash flow statement (EURm)						
CF from operations	616	460	950	720	707	797
Capex	-333	-352	-263	-222	-307	-338
Maintenance Capex	0	0	0	286	285	291
Free cash flow	283	108	686	499	399	459
Balance sheet (EURm)						
Intangible assets	263	414	399	325	311	306
Tangible assets	1,544	1,825	2,040	1,965	1,940	1,935
Shareholders' equity	2,219	2,199	2,373	2,592	2,890	3,240
Pension provisions	0	0	0	0	0	0
Liabilities and provisions	1,682	1,890	2,023	1,795	1,816	1,549
Net financial debt	-763	-387	-792	-1,291	-1,690	-2,149
w/c requirements	-203	-261	-490	-600	-599	-639
Ratios						
ROE	10.6%	0.8%	3.5%	8.4%	10.3%	10.8%
ROCE	10.9%	2.0%	4.3%	8.2%	10.0%	11.4%
Net gearing	-34.4%	-17.6%	-33.4%	-49.8%	-58.5%	-66.3%
Net debt / EBITDA	-1.2x	-1.0x	-1.5x	-1.8x	-2.1x	-2.4x

Source: Company data; mwb research

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Contacts

mwb research AG
Mittelweg 142
20148 Hamburg
Germany

Tel.: +49 40 309 293-52
Email.: contact@mwb-research.com
Website: www.mwb-research.com
Research: www.research-hub.de

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-53
E-Mail: h.hof@mwb-research.com

LEON MÜHLENBRUCH
Analyst
Tel: +49 40 309 293-57
E-Mail: l.muehlenbruch@mwb-research.com

ABED JARAD
Junior Analyst
Tel: +49 40 309 293-54
E-Mail: a.jarad@mwb-research.com

JENS-PETER RIECK
Junior Analyst
Tel: +49 40 309 293-54
E-Mail: jp.rieck@mwb-research.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-58
E-Mail: t.wissler@mwb-research.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-55
E-Mail: o.wojahn@mwb-research.com

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-56
E-Mail: a.zienkowicz@mwb-research.com

Sales

HOLGER NASS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: h.nass@mwb-research.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-52
E-Mail: h.gabert@mwb-research.com

mwb fairtrade
Wertpapierhandelsbank AG
Rottenbucher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
Website: www.mwbfairtrade.com
E-Mail: info@mwbfairtrade.com

Sales / Designated Sponsoring /Corporate Finance

ALEXANDER DEUSS
Institutional Sales
Tel: +49 40 36 0995-22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995-23
E-Mail: sguenon@mwbfairtrade.com

JAN NEYNABER
Institutional Sales
Tel: +49 69 1387-1255
E-Mail: jneynaber@mwbfairtrade.com

DIRK WEYERHÄUSER
Corporate Finance
Tel: +49 69 1387-1250
E-Mail: dweyerhaeuser@mwbfairtrade.com

Locations

HAMBURG (Research)
Mittelweg 142
20148 Hamburg
+49 40 309 293-52

HAMBURG (Corporates & Markets)
Kleine Johannisstraße 4
20457 Hamburg
+49 40 360 995-0

FRANKFURT A.M.
Unterlindau 29
60323 Frankfurt am Main
+49 40 360 995-22

MUNICH
Rottenbucher Str. 28
82166 Gräfelfing
+49 89-85852-0

BERLIN
Kurfürstendamm 151
10709 Berlin

HANNOVER
An der Börse 2
30159 Hannover

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