

# Ceconomy AG

Germany | Retail | MCap EUR 1,484.4m

2 July 2021

Initiation



## Preparing for the turnaround; Initiating with BUY

### What's it all about?

Being the leading consumer electronics retailer in Europe, Ceconomy's stationary business has suffered from fierce competition in the past years, amplified by pandemic-related store closures in 2020/21. But the COVID-19 pandemic helped to boost online sales and market share. Whereas internal issues have prevented the company to adapt adequately to market conditions, a settlement with the MediaMarkt founder family has been found, paving the way for long due reorganization and transformation of the company and its business model. A well-implemented omnichannel concept can lead to sustainable sales and earnings growth. Against this backdrop, we believe that Ceconomy shares are undervalued. The massive discount relative to industry peers and its stand alone valuation should decrease with positive news flow. We initiate Ceconomy with a price target of EUR 6.00 and a BUY rating.

**BUY** (BUY)

<b>Target price</b>	<b>EUR 6.00 (none)</b>
Current price	EUR 4.13
Up/downside	45.3%



**MAIN AUTHOR**

**Alexander Zienkiewicz**

a.zienkiewicz@alsterresearch.com  
+49 40 309 293-56

# Ceconomy AG

Germany | Retail | MCap EUR 1,484.4m | EV EUR 2,783.4m

**BUY** (NOT RATED)

**Target price**  
Current price  
Up/downside

**EUR 6.00 (none)**  
EUR 4.13  
45.3%

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## Preparing for the turnaround; Initiating with BUY

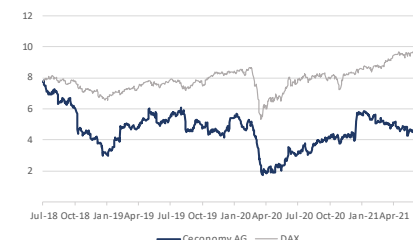
**E-Commerce gaining traction** In the recent years, the leading consumer electronics retailer in Europe Ceconomy (brands: MediaMarkt, Saturn) faced external and internal turbulences. A secular shift towards online shopping negatively affected sales in the traditional bricks and mortar-business. In addition, inadequate efforts in e-commerce allowed competition to capture market share. However, while impacting the offline business the COVID-19 pandemic helped to boost online sales significantly. In the recent Q2, Ceconomy reported a share of online sales of almost 50%, which corresponds to sales growth of nearly 150% yoy.

**Settling long-term issues** Disagreements with the MediaMarkt founder family and the lack of continuity on a management level hampered the strategic development in the recent years. However, the company found a way to settle the protracted dispute. Ceconomy is assuming full control of MediaMarktSaturn, in return the founders family will be compensated with cash and new shares (transaction value: EUR 815m). The transaction is to be closed by end of FY20/21. The settlement paves the way for continuity in management as duplicate structures (Ceconomy /MediaMarktSaturn) can now be eliminated.

Against this background, Dr. Karsten Wildberger, currently COO at E.ON SE, will take over as CEO of Ceconomy, replacing interim CEO Düttmann from August 1<sup>st</sup>. Already in May, Florian Wieser stepped up as CFO, being in that role at MediaMarktSaturn since 2018.

**Transformation under way** Streamlining management structures is one part of the company's transformation plan. From this, the group expects sustainable savings of just over EUR 100m p.a., the majority of which are to take effect from FY22/23 onwards.

– continued –



Source: Company data, AlsterResearch

**High/low 52 weeks** 6.02 / 3.01  
**Price/Book Ratio** 3.0x

**Ticker / Symbols**

ISIN DE0006632003  
WKN 663200  
Bloomberg CEC:GR

### Changes in estimates

		Sales	EBIT	EPS
2021	old	00.0	00.0	00.0
	Δ	–	–	–
2022	old	00.0	00.0	00.0
	Δ	–	–	–
2023	old	00.0	00.0	00.0
	Δ	–	–	–

### Key share data

Number of shares: (in m pcs) 359.42  
Book value per share: (in EUR) 1.35  
Ø trading volume: (12 months) 620,000

### Major shareholders

Haniel 22.5%  
Meridian Foundation 14.2%  
Freenet 9.1%  
Free Float 42.5%

### Company description

Ceconomy AG is a Germany-based company engaged in consumer electronics retail under the MediaMarkt and Saturn brand names. Its subsidiary Deutsche Technikberatung provides professional assistance with installing, connecting and troubleshooting electronic devices.

Ceconomy AG	2018	2019	2020	2021E	2022E	2023E
Sales	21,418.0	21,455.0	20,831.0	21,101.8	21,650.4	22,083.5
<i>Growth yoy</i>	-0.9%	0.2%	-2.9%	1.3%	2.6%	2.0%
EBITDA	604.0	496.0	670.0	750.4	934.0	1,079.2
EBIT	419.0	224.0	-80.0	274.3	389.7	485.8
Net profit	-212.0	122.0	-232.0	159.4	247.7	325.5
Net debt (net cash)	-1,249.0	-947.0	786.0	847.3	617.1	266.2
Net debt/EBITDA	-2.1x	-1.9x	1.2x	1.1x	0.7x	0.2x
EPS recurring	-0.64	0.34	-0.65	0.44	0.51	0.67
DPS	0.00	0.00	0.00	0.04	0.13	0.20
<i>Dividend yield</i>	0.0%	0.0%	0.0%	0.9%	2.7%	4.3%
Gross profit margin	20.1%	19.3%	18.1%	17.5%	17.9%	17.9%
EBITDA margin	2.8%	2.3%	3.2%	3.6%	4.3%	4.9%
EBIT margin	2.0%	1.0%	-0.4%	1.3%	1.8%	2.2%
ROCE	23.3%	12.6%	-2.3%	7.1%	8.6%	13.5%
EV/EBITDA	1.3x	2.2x	4.2x	3.8x	2.8x	2.1x
EV/EBIT	1.9x	5.0x	-34.8x	10.4x	6.8x	4.7x
PER	-6.5x	12.2x	-6.4x	9.3x	8.1x	6.2x
FCF yield	49.6%	3.4%	79.6%	7.6%	9.9%	18.2%

Source: Company data, AlsterResearch

To strengthen competitiveness, the company also intends a broad repositioning of its brands, a centralized and reduced category management. Further, new store formats and a ramp up in logistics will be part of an enhanced omnichannel concept.

**More financial flexibility** The company recently issued a EUR 500m 5-year senior unsecured bond, thereby further enhancing its financing structure. The notes will mature in June 2026 and carry an annual fixed coupon of 1.75%. Already in May, Ceconomy signed a new ESG-linked syndicated revolving credit facilities of EUR 1.06bn, which are intended to replace the existing syndicated revolving credit facilities with the participation of KfW as a back-up line.

**Conclusion** Ceconomy took quite some time to make important steps towards a turnaround. After being a laggard in e-commerce, the pandemic surely helped to boost online sales and gain market share. Building on that, the company's primary focus is to implement a sustainable omnichannel concept by reallocating resources and reshaping its stationary business. Settling long-term issues and a strengthened financing will support the transformation process. In terms of valuation, our DCF model indicates a massive upside (EUR 10.00 DCF). However, relative to industry peers, Ceconomy is trading at a high discount (EV/Sales FY23E 0.1x vs peers 0.4x, EV/EBIT FY23E 4.7x vs 9.8x) due to its early stage in transformation and the late start of its e-commerce business. Due to a lack of visibility, we are valuing Ceconomy AG on the basis of adj. FCF yield 2021E, which derive at a price target of EUR 6.00. It is thus slightly more conservative than our DCF based fair value calculation. We initiate Ceconomy with a BUY recommendation.

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## Investment case in six charts

### Portfolio

operating business

**MediaMarkt**

**SATURN**

DEUTSCHE  
TECHNIKBERATUNG

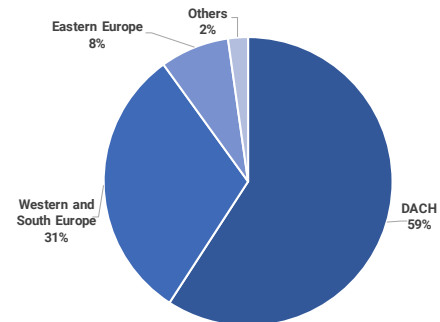
Investments

**FNAC DARTY**

**M. Bugeo**  
multimedia

**PMM**  
One Retail Group  
**Public MediaMarkt**

### Revenue by segments



### Post-pandemic ambitions

CECONOMY operates  
in an attractive market

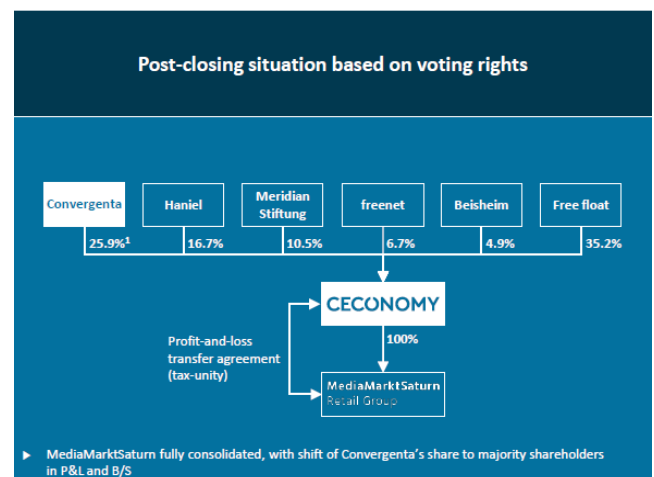
**162 €bn**

Market opportunity in  
FY 22/23 in CECONOMY's  
home countries

### Our financial ambition for FY 22/23

- ▶ Market share gains
- ▶ Gross margin uplift
- ▶ Ongoing EBIT margin improvement
- ▶ Return to normalized CAPEX level
- ▶ Positive FCF development

### MediaSaturn transaction settles long-term issues



### Resizing store formats

#### Our new store portfolio approach



**CORE** (c.1,200-3,000sqm)  
Availability, advice, service

c.1,750sqm<sup>1</sup>



**LIGHTHOUSE** (>3,000sqm)  
Inspiration and showroom

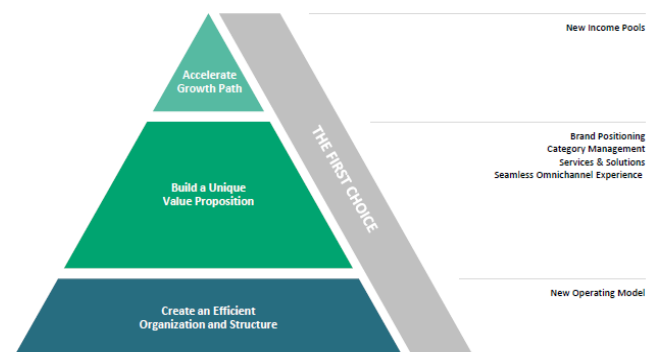


**SMART** (c.70-500sqm)  
Convenience (Pick-up)



**SHOP-IN-SHOP** (c.400-1,100sqm)  
Proximity

### Implementing new strategy



P&L data	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Sales	4,600.0	4,996.0	6,821.0	4,631.0	4,107.0	4,372.0	7,464.0	4,322.0
yoy growth in %	0.0%	1.5%	0.9%	-7.7%	-10.7%	-12.5%	9.4%	-6.7%
Gross profit	854.0	1,048.0	1,248.0	800.0	654.0	1,078.0	1,266.0	646.0
Gross margin in %	18.6%	21.0%	18.3%	17.3%	15.9%	24.7%	17.0%	14.9%
EBITDA	-87.0	69.0	549.0	105.0	137.0	175.0	521.0	82.0
EBITDA margin in %	-1.9%	1.4%	8.0%	2.3%	3.3%	4.0%	7.0%	1.9%
EBIT	-207.0	52.0	349.0	-371.0	-82.0	-17.0	334.0	20.0
EBIT margin in %	-4.5%	1.0%	5.1%	-8.0%	-2.0%	-0.4%	4.5%	0.5%
EBT	-113.0	80.0	327.0	-391.0	-77.0	16.0	330.0	2.0
taxes paid	-51.0	27.0	105.0	-82.0	54.0	16.0	126.0	-64.0
tax rate in %	45.1%	33.8%	32.1%	21.0%	-70.1%	100.0%	38.2%	-3,200.0%
net profit	-50.0	38.0	170.0	-292.0	-105.0	-5.0	153.0	104.0
yoy growth in %	na%	na%	58.9%	na%	na%	na%	-10.0%	na%
<b>EPS</b>	<b>-0.14</b>	<b>0.10</b>	<b>0.47</b>	<b>-0.81</b>	<b>-0.29</b>	<b>-0.01</b>	<b>0.43</b>	<b>0.29</b>

Source: Company data; AlsterResearch

## Company background

### Products & Services:

CECONOMY is a leading consumer electronics (CE) retailer in Europe. The operating business focuses on the MediaMarktSaturn Retail Group with the MediaMarkt and Saturn brands. The company operates over 1,000 stores in Europe. MediaMarkt has a European presence in twelve countries with more than 850 stores. Saturn is active in three countries with around 170 stores. Also, CECONOMY offers professional technical assistance through DTB Deutsche Technikberatung GmbH. The core markets are Germany, Austria, Spain, Italy, the Netherlands, and Turkey.

In addition, CECONOMY has shareholdings in European CE retailers who hold a leading position in their home markets. In particular, there is Fnac Darty in France, PJSC M.video in Russia, and PMG Retail Market in Greece.

Country	Stores
Germany	425
Austria	53
Belgium	27
Italy	117
Luxembourg	2
Netherlands	50
Portugal	10
Spain	88
Sweden	28
Switzerland	25
Hungary	32
Poland	88
Turkey	78
<b>Total</b>	<b>1,023</b>

Source: Company data; AlsterResearch

### Growth

The European retail sector in general shows modest growth in the low single digits, therein E-commerce taking the lead with growth in the low teens. This development is characterized by a secular shift from bricks-and-mortar business towards E-commerce. Compared to apparel media and consumer electronics show a high penetration in online sales. Demographic trends like online-savvy customers (esp. millennials) as well as speed, convenience and a growing penetration of internet access are supporting market growth.

In addition, the increase in home schooling and home office activities because of the COVID-19 pandemic led to a strong increase in sales in the IT sector, but classic consumer electronics and the market for small and large electrical appliances also benefited from the changing environment. This development will continue in 202. In general, a significant shift of shares towards online can be observed.

For CECONOMY, growth is impacted by the fierce competition from local incumbents and international online retailers. To gain market share and lift margins, a new strategy is being implemented, based on three pillars:

- A new operating model by centralizing and streamlining corporate structures
- Full scale repositioning of brands, category management, store formats, and logistics
- Tapping new income pools (e.g. platform business, B2B, new membership club)

## Customers

CECONOMY's customers are primarily end consumers. The company operates 1,023 stores in 14 countries. With 52% of the stores the company generates around 60% of sales in the DACH region. Western and Southern Europe host 29% of the stores and account for ca. 31% of revenues. With almost 20% of the stores located in Poland, Turkey and Sweden, these countries contributed just 10% of sales.

Sales by category (EUR m)	2018	2019	2020	2021E	2022E	2023E
DACH	12,410	12,565	12,323	12,481	12,812	13,073
Western and Southern Europe	6,777	6,807	6,431	6,513	6,686	6,822
Eastern Europe	1,689	1,567	1,611	1,632	1,675	1,709
Others	542	516	465	471	483	493
<b>Total</b>	<b>21,418</b>	<b>21,455</b>	<b>20,830</b>	<b>21,097</b>	<b>21,656</b>	<b>22,098</b>

Source: Company data; AlsterResearch

## Competition

In the recent years, CECONOMY's growth was stagnant due to weakness in the stationary business. Especially in the saturated markets of Western Europe and in light of the digital transformation, the retail sector is characterized by dynamic change and intense competition. An intensification of competition in E-commerce is due to fierce competition by global online retailers such as Amazon and Alibaba as well as to European or national online retailers like Euronics, Expert, Boulanger, Digitec Galaxus, or Dixon's.

Before the COVID-19 pandemic CECONOMY's online sales were growing in the low double digits. Since the company has been a laggard in E-commerce, online competitors have already captured market share. Despite the sales boost by the pandemic, the combined webshops of MediaMarkt and Saturn only rank on the 3<sup>rd</sup> place in its largest core market Germany.

## Suppliers

The loss of strategically relevant business partners is a risk that CECONOMY continuously monitors. The company manages the sales shares of different suppliers, establishes additional suppliers, expands the own-brand product range, as well as the range of services from different providers.

Economic downturns could lead to lower purchase volumes resulting in poorer supplier conditions. Due to the COVID-19 pandemic partners and suppliers could be severely affected by restrictions which could result in shortages in terms of assortment.



## Management

Since October 2019, **Dr. Bernhard Düttmann** is the interim CEO of CECONOMY. Before his appointment as CEO he was member of the supervisory board until October 2020. Mr. Düttman has served many years as the CFO of Tesa AG and Beiersdorf AG. From 2011 to 2015 he was also CFO of LANXESS AG. On August 1<sup>st</sup>, Dr. Karsten Wildberger will succeed Mr. Düttmann as the new CEO of CECONOMY.

On May 1<sup>st</sup> **Florian Wieser** took the role as the company's CFO. Since November 2018 he was already Chief Financial Officer (CFO) of the MediaMarktSaturn Retail Group (MediaMarktSaturn). Mr. Wieser worked as a management consultant before joining the METRO Group, where he held various management positions in the finance department. Prior to CFO of MediaMarktSaturn, Mr. Wieser was CFO of the German subsidiary of MediaMarktSaturn.

**Dr. Karsten Wildberger**, currently Chief Operating Officer at E.ON SE, brings a broad international expertise from various industries. In his professional career, Wildberger gained 20 years of experience in marketing and sales roles, dealing with omnichannel, retail and digital transformation processes of large distribution companies.

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### Management



Dr. Bernhard Düttmann  
CEO



Florian Wieser  
CFO

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The Supervisory Board comprises 20 members of whom ten are elected by the General Assembly and ten are elected by employees

# SWOT-Analysis

## **Strengths**

- Leading consumer electronics retailer in Europe
- Exit from difficult markets – shareholdings in market leaders
- Settled issues with shareholders

## **Weaknesses**

- Laggard in e-commerce
- Intense price competition in the European CE retailing
- Stationary business burdened by COVID-19-pandemic
- Lack of continuity in management

## **Opportunities**

- Expansion of revenue streams (platform business, B2B)
- Omnichannel-strategy takes hold
- Further market share gains in Germany and Europe
- Expansion in foreign markets

## **Threats**

- More competition in e-commerce
- Economic downturns could lead to lower purchase volumes resulting in poorer supplier conditions

## DCF Model

Top-line growth: We expect Ceconomy AG to continue benefitting from structural growth. Hence our growth estimates for 2021-28E is in the range of 1.1% p.a. The long-term growth rate is set at 2.0%.

EBIT margins should remain low in this sector. We assume a slow recovery to pre-crisis levels of c. 1-2%. However, we model conservative margins in the long run of approx. 2-3%

WACC. The averaged 1-, 3- and 5-year historical equity beta is calculated as 1.54. Unlevering and correcting for mean reversion yields an asset beta of 1.00. Combined with a risk free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 14.3%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 1.4 this results in a long-term WACC of 8.1%.

DCF per share derived from	
Total present value	5,305.9
Mid-year adj. total present value	5,513.5
Net debt / cash at start of year	786.0
Financial assets	643.0
Provisions and off b/s debt	513.0
Equity value	4,857.5
No. of shares outstanding	485.2
<b>Discounted cash flow / share</b>	<b>10.01</b>
<b>upside/(downside)</b>	<b>142.4%</b>
<b>Share price</b>	<b>4.13</b>

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2021E - 2028E)	1.1%
Terminal value growth (2028E - infinity)	2.0%
Terminal year ROCE	11.3%
Terminal year WACC	8.1%
<b>Terminal WACC derived from</b>	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.54
Unlevered beta (industry or company)	1.00
Target debt / equity	1.4
Relevered beta	2.05
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	14.3%

## Sensitivity analysis DCF

	Long term growth					Share of present value	
	1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%	6.9	7.2	7.5	7.8	8.2	2021E - 2024E	22.2%
1.0%	7.8	8.2	8.6	9.0	9.5	2025E - 2028E	17.6%
0.0%	9.0	9.5	10.0	10.7	11.4	terminal value	60.3%
-1.0%	10.5	11.2	12.0	13.0	14.2		
-2.0%	12.6	13.7	14.9	16.6	18.8		

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 6.02 per share based on 2021E and 13.96 EUR per share on 2025E estimates. **Due to a lack of visibility, we are valuing Ceconomy AG on the basis of adj. FCF yield 2021E, which derive at an average price target of EUR 6.00.** It is thus slightly more conservative than our DCF based fair value calculation.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2021E	2022E	2023E	2024E	2025E
<b>EBITDA</b>	<b>750.4</b>	<b>934.0</b>	<b>1,079.2</b>	<b>1,064.4</b>	<b>1,048.8</b>
- Maintenance capex	519.9	523.9	534.4	539.8	542.5
- Minorities	6.1	0.0	0.0	0.0	0.0
- tax expenses	51.1	87.0	120.4	121.7	138.9
<b>= Adjusted FCF</b>	<b>173.2</b>	<b>323.0</b>	<b>424.4</b>	<b>402.9</b>	<b>367.4</b>
<b>Actual Market Cap</b>	<b>1,484.4</b>	<b>1,484.4</b>	<b>1,484.4</b>	<b>1,484.4</b>	<b>1,484.4</b>
+ Net debt (cash)	847.3	617.1	266.2	-26.2	-283.3
+ Pension provisions	517.0	530.4	541.0	546.5	549.2
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	643.0	643.0	643.0	643.0	643.0
- Acc. dividend payments	0.0	15.9	77.9	175.5	274.2
<i>EV Reconciliations</i>	721.3	488.6	86.4	-298.2	-651.3
<b>= Actual EV'</b>	<b>2,205.7</b>	<b>1,973.0</b>	<b>1,570.8</b>	<b>1,186.2</b>	<b>833.1</b>
<b>Adjusted RW_FCF yield</b>	<b>7.9%</b>	<b>16.4%</b>	<b>27.0%</b>	<b>34.0%</b>	<b>44.1%</b>
base hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
<b>Fair EV</b>	<b>2,886.7</b>	<b>5,384.0</b>	<b>7,073.9</b>	<b>6,715.1</b>	<b>6,122.9</b>
- <i>EV Reconciliations</i>	721.3	488.6	86.4	-298.2	-651.3
<b>Fair Market Cap</b>	<b>2,165.4</b>	<b>4,895.4</b>	<b>6,987.5</b>	<b>7,013.3</b>	<b>6,774.2</b>
No. of shares (million)	359.4	485.2	485.2	485.2	485.2
<b>Fair value per share in EUR</b>	<b>6.02</b>	<b>10.09</b>	<b>14.40</b>	<b>14.45</b>	<b>13.96</b>
<b>Premium (-) / discount (+)</b>	<b>45.9%</b>	<b>229.8%</b>	<b>370.7%</b>	<b>372.5%</b>	<b>356.4%</b>

Sensitivity analysis FV					
Adjusted hurdle rate	4.0%	10.0	15.6	21.7	21.4
	5.0%	7.6	12.3	17.3	17.2
	<b>6.0%</b>	<b>6.0</b>	<b>10.1</b>	<b>14.4</b>	<b>14.5</b>
	7.0%	4.9	8.5	12.3	12.5
	8.0%	4.0	7.3	10.8	11.0

Source: Company data; AlsterResearch

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

We have conducted a peer group consisting of companies providing WFM and HCM solutions as exhibited in the following table:

Company name	Market data												
	Sales	ROCE	Share price	% of	Market Cap	EV	EBITDA Margin			EBIT margin			ales CAGR
				52 wk									
				high									
2020	2020	EUR		EURm	EURm	2021	2022	2023	2021	2022	2023	2020-2023	
Carrefour SA	72,150	5.0%	16.59	-8%	13,403	26,719	6.4%	6.5%	6.6%	3.2%	3.4%	3.5%	2.4%
Fnac Darty SA	7,491	3.4%	54.25	-11%	1,427	2,423	6.4%	7.0%	7.5%	3.3%	3.7%	3.9%	1.9%
Metro AG	25,632	14.4%	10.44	-11%	3,782	7,722	4.5%	5.1%	5.5%	1.1%	1.9%	2.3%	0.2%
M.video PAO	5,078	13.7%	7.12	-31%	1,272	2,682	9.7%	9.7%	8.9%	5.0%	5.0%	5.0%	11.4%
Tesco PLC	64,645	4.9%	2.60	-11%	20,105	34,047	6.0%	7.1%	7.3%	3.1%	4.2%	4.3%	1.8%
Median		5.0%			3,782	7,722	6.4%	7.0%	7.3%	3.2%	3.7%	3.9%	1.9%
Mean		8.3%			7,998	14,719	6.6%	7.1%	7.2%	3.1%	3.6%	3.8%	3.5%
Ceconomy AG	20.831	-2.9%	4.12	-32%	1,479	2,327	3.6%	4.3%	4.9%	1.3%	1.8%	2.2%	2.0%

Source: FactSet Estimate; AlsterResearch

**Carrefour SA** is a France-based retail distribution group, which operates through four geographical segments: France, Rest of Europe, Latin America and Asia. The Group operates more than 12,000 stores and e-commerce sites in more than 30 countries across the globe. Its stores come in a variety of formats and channels, such as hypermarkets, supermarkets, convenience stores, cash & carry stores, hyper cash stores, drive and e-commerce. Its product offering includes a wide range of local fresh produce, meats prepared on site, fresh fish, as well as bakery products, consumer goods and nonfood products.

**Fnac Darty SA**, formerly Groupe Fnac SA, is a France-based company. The Company is a retailer of cultural, leisure and technological products for the general public in stores and on the Internet, both in France and worldwide: Spain, Portugal, Brazil, Belgium, Switzerland and Morocco. Fnac Darty SA offers its customers two such products as: Editorial products (music, video, books and stationer, video games) and Technical products (photo, video, audio, computers, among others). Telephone, ticket reservation and travel activities complete the offering.

**Metro AG**, formerly Metro Wholesale & Food Specialist AG, is a Germany-based international wholesale and food service business group and dedicated food specialist with a customer base in wholesale in approximately 35 countries in Europe and Asia. The Company business is carried out by two operating segments: the METRO Wholesale segment and the Real segment. The Company operates also as a retailer in the hypermarket segment of German grocery retail market. The Company operates internationally under brands METRO and Real. The Company operates approximately 751 warehouses in 25 countries and approximately 79 delivery depots. The Company also provides foodservice distribution via Classic Fine Foods group, Rungis Express group and Pro a Pro group

**M.video PAO** (formerly known as M.video OAO) is a Russia-based consumer electronics and home appliance retail chain. M.video PAO operates through numerous stores in over 100 cities, as well as through online store within the Russian Federation. It offers audio, video, digital, small and large home appliances, media and entertainment products, as well as accessories. It also offers products delivery and repair services. In addition, the Company provides management and consulting services for holding companies and for companies active in the financial and industrial sectors. M.video PAO operates through two wholly owned subsidiaries, located in Moscow.

**Tesco PLC** (Tesco) is a retail company. The Company is engaged in the business of Retailing and associated activities (Retail) and Retail banking and insurance services. The Company's segments include UK & ROI, which includes the United Kingdom and Republic of Ireland; Central Europe, which includes Czech Republic, Hungary, Slovakia, and Tesco Bank, which includes retail banking and insurance services through Tesco Bank in the United Kingdom. The Company's businesses include Tesco UK, Tesco Czech Republic, Tesco Hungary, Tesco Ireland, Tesco Slovakia, Tesco Bank and dunnhumby.

Despite the different MarketCap size factor (in EUR terms between EUR 1.2bn and EUR 20bn), we consider the peer group as appropriate, as all companies are European retailers with a high share of offline business. Further comparability lies in the shift to omnichannel business models. Whilst the median EBIT margin of the peer group is approx. 160bp higher than Ceconomy's (eAR 2023), Ceconomy is set to grow in step with its peer group (CAGR sales growth of 2.0%), by nearly 55bp where the median sales growth for the same period (20-23E) is seen at 1.9%.

We view an EBIT comparable as the most appropriate measure. Hence a peer group based fair multiple ranges between 9.8x (EV/EBIT 2023E) and 11.7x EV/EBIT 2021E. Currently, Ceconomy trades at a discount of 55% relative to its peers.

Company name	EV/Sales			EV/EBITDA			EV/EBIT			P/E Ratio		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Carrefour SA	0.4x	0.4x	0.3x	5.8x	5.5x	5.2x	11.7x	10.6x	9.8x	12.0x	10.7x	9.7x
Fnac Darty SA	0.3x	0.3x	0.3x	4.9x	4.4x	4.1x	9.7x	8.5x	7.7x	11.0x	9.2x	8.3x
Metro AG	0.3x	0.3x	0.3x	7.1x	6.0x	5.5x	28.3x	15.9x	13.2x	-520.3x	23.6x	15.3x
M.video PAO	0.5x	0.4x	0.4x	5.0x	4.4x	4.3x	9.8x	8.6x	7.6x	9.2x	8.5x	7.3x
Tesco PLC	0.5x	0.5x	0.5x	6.9x	6.7x	6.5x	11.9x	11.2x	10.9x	12.2x	11.0x	10.6x
<b>Median</b>	<b>0.4x</b>	<b>0.4x</b>	<b>0.3x</b>	<b>5.8x</b>	<b>5.5x</b>	<b>5.2x</b>	<b>11.7x</b>	<b>10.6x</b>	<b>9.8x</b>	<b>11.0x</b>	<b>10.7x</b>	<b>9.7x</b>
<b>Mean</b>	<b>0.4x</b>	<b>0.4x</b>	<b>0.4x</b>	<b>6.0x</b>	<b>5.4x</b>	<b>5.1x</b>	<b>14.3x</b>	<b>11.0x</b>	<b>9.9x</b>	<b>-95.2x</b>	<b>12.6x</b>	<b>10.2x</b>
Ceconomy AG	0.1x	0.1x	0.1x	3.8x	2.8x	2.1x	10.4x	6.7x	4.7x	9.3x	8.1x	6.1x

Source: FactSet Estimate; AlsterResearch

## Peer group valuation

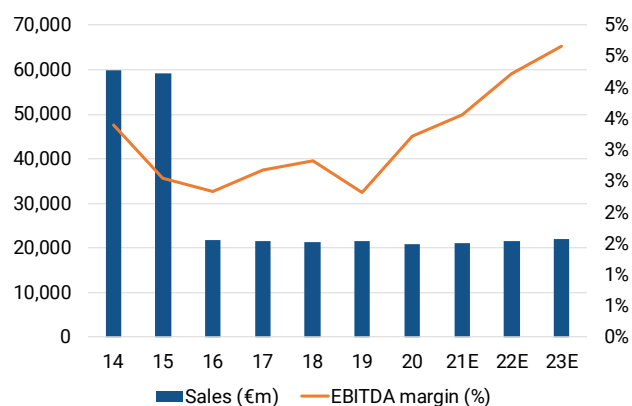
Using the above median EV/EBIT multiples (2022/2023E) allows for a fair value of Ceconomy between EUR 7.13 and 9.24.

Ceconomy AG	Sales			EBITDA			EBIT			EPS		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Financial data (eAR)	21,102	21,650	22,083	957	1,153	1,257	271	417	524	0.44	0.56	0.73
<b>Fair multiple</b>	<b>0.4x</b>	<b>0.4x</b>	<b>0.3x</b>	<b>5.8x</b>	<b>5.5x</b>	<b>5.2x</b>	<b>11.7x</b>	<b>10.6x</b>	<b>9.8x</b>	<b>11.0x</b>	<b>10.7x</b>	<b>9.7x</b>
Fair EV	7,839	7,727	7,628	5,587	6,341	6,546	3,184	4,422	5,142			
Net debt (cash)	617	431	115	617	431	115	617	431	115			
Pension provisions	517	530	541	517	530	541	517	530	541			
<b>Fair equity value</b>	<b>6,705</b>	<b>6,766</b>	<b>6,971</b>	<b>4,453</b>	<b>5,380</b>	<b>5,889</b>	<b>2,050</b>	<b>3,460</b>	<b>4,486</b>			
Number of shares	359.4	485.2	485.2	359.4	485.2	485.2	359.4	485.2	485.2			
<b>Fair value per share</b>	<b>18.65</b>	<b>13.94</b>	<b>14.37</b>	<b>12.39</b>	<b>11.09</b>	<b>12.14</b>	<b>5.70</b>	<b>7.13</b>	<b>9.24</b>	<b>4.84</b>	<b>6.00</b>	<b>7.03</b>

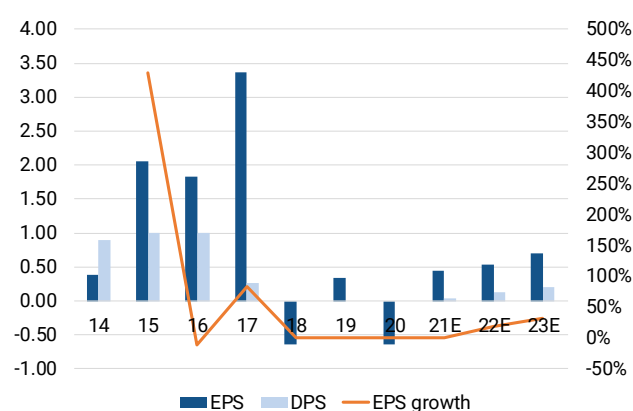
Source: FactSet Estimate; AlsterResearch

## Financials in six charts

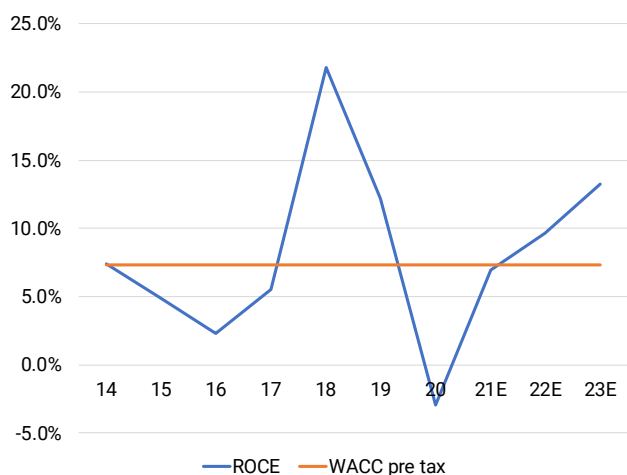
**Sales vs. EBITDA margin development**



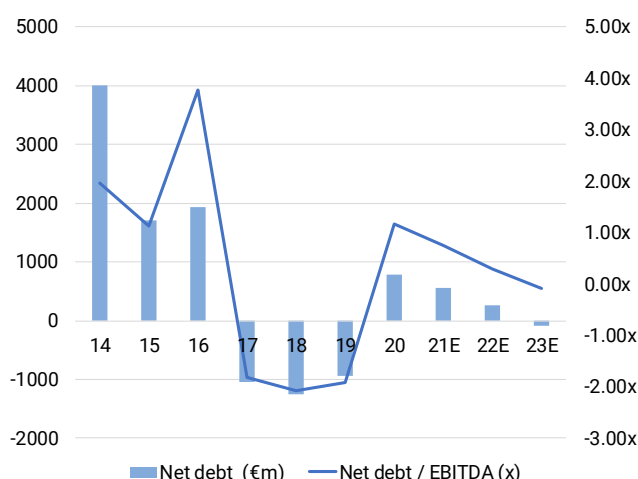
**EPS, DPS in EUR & yoy EPS growth**



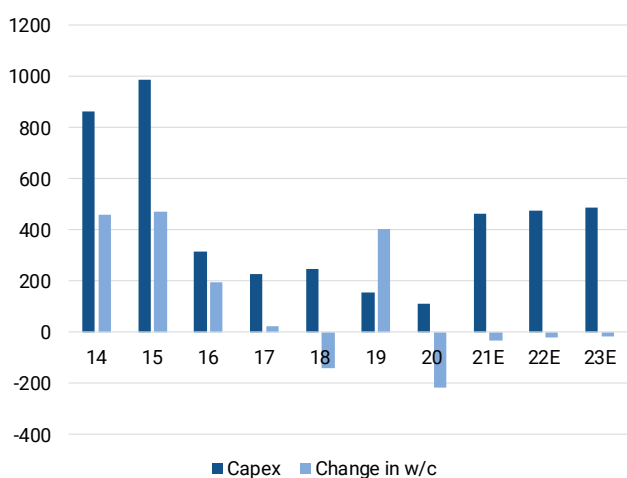
**ROCE vs. WACC (pre tax)**



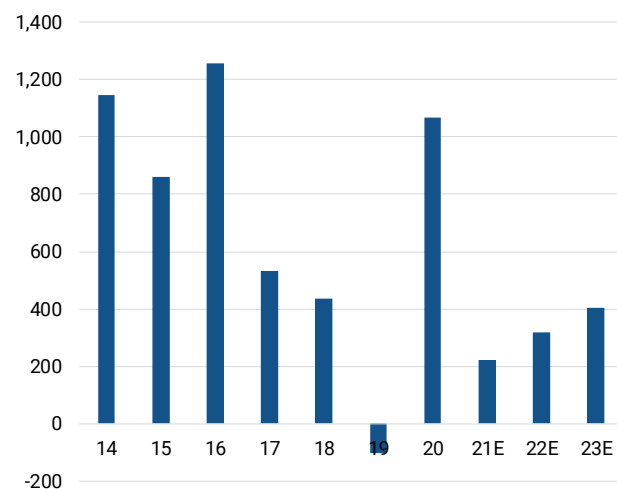
**Net debt and net debt/EBITDA**



**Capex & chgn in w/c requirements in EURm**



**Free Cash Flow in EURm**



Source: Company data; AlsterResearch

## Financials

Profit and loss (EUR m)	2018	2019	2020	2021E	2022E	2023E
<b>Sales</b>	<b>21,418.0</b>	<b>21,455.0</b>	<b>20,831.0</b>	<b>21,101.8</b>	<b>21,650.4</b>	<b>22,083.5</b>
Sales growth	-0.9%	0.2%	-2.9%	1.3%	2.6%	2.0%
Cost of sales	17,104.0	17,308.0	17,052.0	17,409.0	17,775.0	18,130.5
<b>Gross profit</b>	<b>4,314.0</b>	<b>4,147.0</b>	<b>3,779.0</b>	<b>3,692.8</b>	<b>3,875.4</b>	<b>3,952.9</b>
SG&A expenses	3,897.0	4,108.0	2,974.0	3,376.3	3,442.4	3,422.9
Research and development	0.0	0.0	0.0	0.0	0.0	0.0
Other operating expenses (income)	-187.0	-185.0	135.0	42.2	43.3	44.2
<b>EBITDA</b>	<b>604.0</b>	<b>496.0</b>	<b>670.0</b>	<b>750.4</b>	<b>934.0</b>	<b>1,079.2</b>
Depreciation	175.0	241.0	723.0	465.8	535.1	585.1
EBITA	429.0	255.0	-53.0	284.5	398.9	494.1
Amortisation of goodwill and intangible assets	10.0	31.0	27.0	10.2	9.2	8.3
<b>EBIT</b>	<b>419.0</b>	<b>224.0</b>	<b>-80.0</b>	<b>274.3</b>	<b>389.7</b>	<b>485.8</b>
Financial result	-198.0	11.0	-45.0	-70.0	-55.0	-40.0
Recurring pretax income from continuing operations	221.0	235.0	-125.0	204.3	334.7	445.8
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	221.0	235.0	-125.0	204.3	334.7	445.8
Taxes	134.0	77.0	93.0	51.1	87.0	120.4
Net income from continuing operations	87.0	158.0	-218.0	153.2	247.7	325.5
Result from discontinued operations (net of tax)	-234.0	1.0	5.0	0.0	0.0	0.0
<b>Net income</b>	<b>-147.0</b>	<b>159.0</b>	<b>-213.0</b>	<b>153.2</b>	<b>247.7</b>	<b>325.5</b>
Minority interest	-65.0	-37.0	-19.0	6.1	0.0	0.0
Net profit (reported)	-212.0	122.0	-232.0	159.4	247.7	325.5
Average number of shares	333.59	359.42	359.42	359.42	485.22	485.22
<b>EPS reported</b>	<b>-0.64</b>	<b>0.34</b>	<b>-0.65</b>	<b>0.44</b>	<b>0.51</b>	<b>0.67</b>

Profit and loss (common size)	2018	2019	2020	2021E	2022E	2023E
<b>Sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Cost of sales	80%	81%	82%	83%	82%	82%
<b>Gross profit</b>	<b>20%</b>	<b>19%</b>	<b>18%</b>	<b>18%</b>	<b>18%</b>	<b>18%</b>
SG&A expenses	18%	19%	14%	16%	16%	15%
Research and development	0%	0%	0%	0%	0%	0%
Other operating expenses (income)	-1%	-1%	1%	0%	0%	0%
<b>EBITDA</b>	<b>3%</b>	<b>2%</b>	<b>3%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>
Depreciation	1%	1%	3%	2%	2%	3%
EBITA	2%	1%	-0%	1%	2%	2%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
<b>EBIT</b>	<b>2%</b>	<b>1%</b>	<b>-0%</b>	<b>1%</b>	<b>2%</b>	<b>2%</b>
Financial result	-1%	0%	-0%	-0%	-0%	-0%
Recurring pretax income from continuing operations	1%	1%	-1%	1%	2%	2%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	1%	1%	-1%	1%	2%	2%
Taxes	1%	0%	0%	0%	0%	1%
Net income from continuing operations	0%	1%	-1%	1%	1%	1%
Result from discontinued operations (net of tax)	-1%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>-1%</b>	<b>1%</b>	<b>-1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
Minority interest	-0%	-0%	-0%	0%	0%	0%
<b>Net profit (reported)</b>	<b>-1%</b>	<b>1%</b>	<b>-1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>

Source: Company data; AlsterResearch



Balance sheet (EUR m)	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets (exl. Goodwill)</b>	<b>124.0</b>	<b>115.0</b>	<b>102.0</b>	<b>91.8</b>	<b>82.6</b>	<b>74.4</b>
Goodwill	525.0	524.0	524.0	524.0	524.0	524.0
Property, plant and equipment	809.0	736.0	2,588.0	2,816.4	3,079.6	2,980.3
Financial assets	824.0	858.0	643.0	643.0	643.0	643.0
<b>FIXED ASSETS</b>	<b>2,282.0</b>	<b>2,233.0</b>	<b>3,857.0</b>	<b>4,075.2</b>	<b>4,329.3</b>	<b>4,221.7</b>
Inventories	2,480.0	2,548.0	2,949.0	2,861.8	2,873.2	2,930.7
Accounts receivable	613.0	455.0	488.0	462.5	474.5	484.0
Other current assets	1,435.0	1,564.0	1,472.0	1,472.0	1,472.0	1,472.0
Liquid assets	1,610.0	1,249.0	1,637.0	1,722.7	2,062.9	1,233.8
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	55.0	54.0	52.0	42.2	43.3	44.2
<b>CURRENT ASSETS</b>	<b>6,193.0</b>	<b>5,870.0</b>	<b>6,598.0</b>	<b>6,561.1</b>	<b>6,925.9</b>	<b>6,164.6</b>
<b>TOTAL ASSETS</b>	<b>8,475.0</b>	<b>8,103.0</b>	<b>10,455.0</b>	<b>10,636.3</b>	<b>11,255.2</b>	<b>10,386.3</b>
<b>SHAREHOLDERS EQUITY</b>	<b>686.0</b>	<b>762.0</b>	<b>487.0</b>	<b>640.2</b>	<b>1,194.0</b>	<b>1,457.6</b>
MINORITY INTEREST	-21.0	22.0	61.0	61.0	0.0	0.0
Long-term debt	208.0	292.0	1,850.0	2,000.0	2,000.0	1,250.0
Provisions for pensions and similar obligations	547.0	574.0	513.0	517.0	530.4	541.0
Other provisions	271.0	176.0	109.0	105.5	108.3	110.4
<b>Non-current liabilities</b>	<b>1,026.0</b>	<b>1,042.0</b>	<b>2,472.0</b>	<b>2,622.5</b>	<b>2,638.7</b>	<b>1,901.5</b>
short-term liabilities to banks	153.0	10.0	573.0	570.0	680.0	250.0
Accounts payable	5,277.0	5,321.0	5,996.0	5,723.5	5,697.7	5,712.4
Advance payments received on orders	493.0	47.0	35.0	189.1	194.1	197.9
Other liabilities (incl. from lease and rental contracts)	436.0	420.0	377.0	379.8	389.7	397.5
Deferred taxes	31.0	35.0	33.0	33.0	33.0	33.0
Deferred income	394.0	444.0	421.0	417.1	428.0	436.5
<b>Current liabilities</b>	<b>6,784.0</b>	<b>6,277.0</b>	<b>7,435.0</b>	<b>7,312.6</b>	<b>7,422.5</b>	<b>7,027.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>8,475.0</b>	<b>8,103.0</b>	<b>10,455.0</b>	<b>10,636.3</b>	<b>11,255.2</b>	<b>10,386.3</b>

Balance sheet (common size)	2018	2019	2020	2021E	2022E	2023E
<b>Intangible assets (excl. Goodwill)</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
Goodwill	6%	6%	5%	5%	5%	5%
Property, plant and equipment	10%	9%	25%	26%	27%	29%
Financial assets	10%	11%	6%	6%	6%	6%
<b>FIXED ASSETS</b>	<b>27%</b>	<b>28%</b>	<b>37%</b>	<b>38%</b>	<b>38%</b>	<b>41%</b>
Inventories	29%	31%	28%	27%	26%	28%
Accounts receivable	7%	6%	5%	4%	4%	5%
Other current assets	17%	19%	14%	14%	13%	14%
Liquid assets	19%	15%	16%	16%	18%	12%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	1%	1%	0%	0%	0%	0%
<b>CURRENT ASSETS</b>	<b>73%</b>	<b>72%</b>	<b>63%</b>	<b>62%</b>	<b>62%</b>	<b>59%</b>
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>8%</b>	<b>9%</b>	<b>5%</b>	<b>6%</b>	<b>11%</b>	<b>14%</b>
MINORITY INTEREST	-0%	0%	1%	1%	0%	0%
Long-term debt	2%	4%	18%	19%	18%	12%
Provisions for pensions and similar obligations	6%	7%	5%	5%	5%	5%
Other provisions	3%	2%	1%	1%	1%	1%
<b>Non-current liabilities</b>	<b>12%</b>	<b>13%</b>	<b>24%</b>	<b>25%</b>	<b>23%</b>	<b>18%</b>
short-term liabilities to banks	2%	0%	5%	5%	6%	2%
Accounts payable	62%	66%	57%	54%	51%	55%
Advance payments received on orders	6%	1%	0%	2%	2%	2%
Other liabilities (incl. from lease and rental contracts)	5%	5%	4%	4%	3%	4%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	5%	5%	4%	4%	4%	4%
<b>Current liabilities</b>	<b>80%</b>	<b>77%</b>	<b>71%</b>	<b>69%</b>	<b>66%</b>	<b>68%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Cash flow statement (EUR m)	2018	2019	2020	2021E	2022E	2023E
Net profit/loss	419.0	224.0	-80.0	153.2	247.7	325.5
Depreciation of fixed assets (incl. leases)	231.0	241.0	1,071.0	465.8	535.1	585.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	10.2	9.2	8.3
Others	-105.0	-13.0	-28.0	0.5	-44.8	12.8
Cash flow from operations before changes in w/c	545.0	452.0	963.0	629.8	747.2	931.6
Increase/decrease in inventory	0.0	0.0	0.0	87.2	-11.5	-57.5
Increase/decrease in accounts receivable	0.0	0.0	0.0	25.5	-12.0	-9.5
Increase/decrease in accounts payable	0.0	0.0	0.0	-272.5	-25.8	14.6
Increase/decrease in other w/c positions	139.0	-402.0	218.0	162.9	24.5	19.4
Increase/decrease in working capital	139.0	-402.0	218.0	3.1	-24.7	-33.0
<b>Cash flow from operating activities</b>	<b>684.0</b>	<b>50.0</b>	<b>1,181.0</b>	<b>632.9</b>	<b>722.5</b>	<b>898.7</b>
CAPEX	-248.0	-154.0	-112.0	-464.2	-476.3	-485.8
Payments for acquisitions	-1.0	0.0	0.0	-230.0	0.0	0.0
Financial investments	-193.0	245.0	-156.0	0.0	0.0	0.0
Income from asset disposals	0.0	27.0	20.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-442.0</b>	<b>118.0</b>	<b>-248.0</b>	<b>-694.2</b>	<b>-476.3</b>	<b>-485.8</b>
Cash flow before financing	242.0	168.0	933.0	-61.3	246.1	412.8
Increase/decrease in debt position	-121.0	-150.0	-498.0	147.0	110.0	-1,180.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	-85.0	-29.0	-24.0	0.0	-15.9	-61.9
Others	263.0	-4.0	-59.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-46.0	8.0	-44.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>11.0</b>	<b>-175.0</b>	<b>-625.0</b>	<b>147.0</b>	<b>94.1</b>	<b>-1,241.9</b>
Increase/decrease in liquid assets	253.0	-7.0	308.0	85.7	340.2	-829.1
<b>Liquid assets at end of period</b>	<b>1,115.0</b>	<b>1,184.0</b>	<b>1,484.0</b>	<b>1,569.7</b>	<b>1,909.9</b>	<b>1,080.8</b>

Source: Company data; AlsterResearch

Regional sales split (EURm)	2018	2019	2020	2021E	2022E	2023E
Domestic	10,020.0	10,010.0	9,858.4	9,986.6	10,246.2	10,451.1
Europe (ex domestic)	11,398.0	11,445.0	10,972.6	11,115.2	11,404.2	11,632.3
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	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>21,418.0</b>	<b>21,455.0</b>	<b>20,831.0</b>	<b>21,101.8</b>	<b>21,650.4</b>	<b>22,083.5</b>

Regional sales split (common size)	2018	2019	2020	2021E	2022E	2023E
Domestic	46.8%	46.7%	47.3%	47.3%	47.3%	47.3%
Europe (ex domestic)	53.2%	53.3%	52.7%	52.7%	52.7%	52.7%
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	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; AlsterResearch

Ratios	2018	2019	2020	2021E	2022E	2023E
<b>Per share data</b>						
Earnings per share reported	-0.64	0.34	-0.65	0.44	0.51	0.67
Cash flow per share	2.05	0.14	3.29	0.31	0.41	0.75
Book value per share	2.06	2.12	1.35	1.78	2.46	3.00
Dividend per share	0.00	0.00	0.00	0.04	0.13	0.20
<b>Valuation</b>						
P/E	-6.5x	12.2x	-6.4x	9.3x	8.1x	6.2x
P/CF	2.0x	29.7x	1.3x	13.1x	10.1x	5.5x
P/BV	2.0x	1.9x	3.0x	2.3x	1.7x	1.4x
Dividend yield (%)	0.0%	0.0%	0.0%	0.9%	2.7%	4.3%
FCF yield (%)	49.6%	3.4%	79.6%	7.6%	9.9%	18.2%
EV/Sales	0.0x	0.1x	0.1x	0.1x	0.1x	0.1x
EV/EBITDA	1.3x	2.2x	4.2x	3.8x	2.8x	2.1x
EV/EBIT	1.9x	5.0x	-34.8x	10.4x	6.8x	4.7x
<b>Income statement (EURm)</b>						
Sales	21,418.0	21,455.0	20,831.0	21,101.8	21,650.4	22,083.5
yoy chg in %	-0.9%	0.2%	-2.9%	1.3%	2.6%	2.0%
Gross profit	4,314.0	4,147.0	3,779.0	3,692.8	3,875.4	3,952.9
Gross margin in %	20.1%	19.3%	18.1%	17.5%	17.9%	17.9%
EBITDA	604.0	496.0	670.0	750.4	934.0	1,079.2
EBITDA margin in %	2.8%	2.3%	3.2%	3.6%	4.3%	4.9%
EBIT	419.0	224.0	-80.0	274.3	389.7	485.8
EBIT margin in %	2.0%	1.0%	-0.4%	1.3%	1.8%	2.2%
Net profit	-212.0	122.0	-232.0	159.4	247.7	325.5
<b>Cash flow statement (EURm)</b>						
CF from operations	684.0	50.0	1,181.0	632.9	722.5	898.7
Capex	-248.0	-154.0	-112.0	-464.2	-476.3	-485.8
Maintenance Capex	0.0	0.0	0.0	519.9	523.9	534.4
Free cash flow	436.0	-104.0	1,069.0	168.7	246.1	412.8
<b>Balance sheet (EURm)</b>						
Intangible assets	649.0	639.0	626.0	615.8	606.6	598.4
Tangible assets	809.0	736.0	2,588.0	2,816.4	3,079.6	2,980.3
Shareholders' equity	686.0	762.0	487.0	640.2	1,194.0	1,457.6
Pension provisions	547.0	574.0	513.0	517.0	530.4	541.0
Liabilities and provisions	1,179.0	1,052.0	3,045.0	3,192.5	3,318.7	2,151.5
Net financial debt	-1,249.0	-947.0	786.0	847.3	617.1	266.2
w/c requirements	-2,677.0	-2,365.0	-2,594.0	-2,588.4	-2,544.0	-2,495.6
<b>Ratios</b>						
ROE	-21.4%	20.9%	-43.7%	23.9%	20.7%	22.3%
ROCE	23.3%	12.6%	-2.3%	7.1%	8.6%	13.5%
Net gearing	-182.1%	-124.3%	161.4%	132.3%	51.7%	18.3%
Net debt / EBITDA	-2.1x	-1.9x	1.2x	1.1x	0.7x	0.2x

Source: Company data; AlsterResearch

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## Contacts

SRH AlsterResearch AG  
Himmelstr. 9  
22299 Hamburg

Tel: +49 40 309 293-52  
Fax: +49 40 556 330-54  
E-Mail: [info@alsterresearch.com](mailto:info@alsterresearch.com)

## Research

**OLIVER DREBING**  
Senior Analyst  
Tel: +49 40 309 293-57  
E-Mail: [o.drebing@alsterresearch.com](mailto:o.drebing@alsterresearch.com)

**KARSTEN RAHLF, CFA**  
Senior Analyst  
Tel: +49 40 309 293-54  
E-Mail: [k.rahlf@alsterresearch.com](mailto:k.rahlf@alsterresearch.com)

**KATHARINA SCHLÖTER**  
Analyst  
Tel: +49 40 309 293-52  
E-Mail: [k.schloeter@alsterresearch.com](mailto:k.schloeter@alsterresearch.com)

**THOMAS WISSLER**  
Senior Analyst  
Tel: +49 40 309 293-58  
E-Mail: [t.wissler@alsterresearch.com](mailto:t.wissler@alsterresearch.com)

**DR. OLIVER WOJAHN, CFA**  
Senior Analyst  
Tel: +49 40 309 293-58  
E-Mail: [o.wojahn@alsterresearch.com](mailto:o.wojahn@alsterresearch.com)

**ALEXANDER ZIENKOWICZ**  
Senior Analyst  
Tel: +49 40 309 293-56  
E-Mail: [a.zienkowitz@alsterresearch.com](mailto:a.zienkowitz@alsterresearch.com)

## Sales

**MARKUS KÖNIG-WEISS**  
Head of Sales  
Tel: +49 40 309 293-52  
E-Mail: [mkw@alsterresearch.com](mailto:mkw@alsterresearch.com)

mwb fairtrade Wertpapierhandelsbank AG  
Rottenbucher Straße 28  
82166 Gräfelfing

Tel: +49 89 85852-0  
Fax: +49 89 85852-505  
E-Mail: [info@mwbfairtrade.com](mailto:info@mwbfairtrade.com)

## Equity Capital Markets / Trading

**KAI JORDAN**  
Member of the Board  
Tel: +49 40 36 0995-22  
E-Mail: [kjordan@mwbfairtrade.com](mailto:kjordan@mwbfairtrade.com)

**ALEXANDER DEUSS**  
Head of Institutional Sales  
Tel: +49 40 36 0995-22  
E-Mail: [adeuss@mwbfairtrade.com](mailto:adeuss@mwbfairtrade.com)

**SASCHA GUENON**  
Head of Designated Sponsoring  
Tel: +49 40 360 995-23  
E-Mail: [sguenon@mwbfairtrade.com](mailto:sguenon@mwbfairtrade.com)

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