

ZEAL Network SE

Others - Germany



Buy (old: Buy)

22.11.2023

EUR 51.00 (old: EUR 51.00)

Lucrative "Games" business metrics

In Q3, ZEAL's games business showed first meaningful impacts, but more importantly provided some **tangible KPIs**. Hence, we **evaluate those metrics** to compare Games with Lottery.

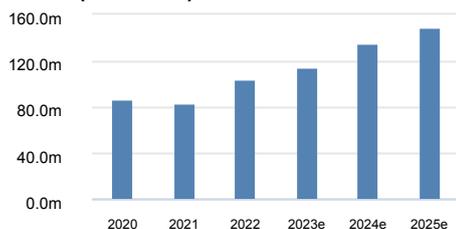
- **New KPI "Pay-Ins"**: ZEAL introduced this new KPI to better compare Lottery and Games. Pay-in refers to the amount of cash customers deposit in their accounts at ZEAL to play Lottery or Games. One would assume that pay-ins are equal to billings, as players use that money to play. However, **players win back a certain percentage of their stakes** (Q3 average RTP: 50% at Lottery, 88% at Games), which can be used to **play a second time** and create **more billings than pay-ins** (see p. 2). This is the **key differentiator of Games**, as users play at a much **higher frequency** than Lottery players, leading to a **strong pay-in to billings ratio of 4.9x** (vs. only 1.3x at Lottery).
- **Higher pay-in margin**: The pay-in margin (sales in % of pay-in) is **2x higher** (35.3% in Q3 vs. 15.8% at Lottery), which shows the better monetization of Games users. The comparably lower gross margin of 7.1% (vs. 12.5% at Lottery) is overcome by the strong billings to pay-in ratio, which in sum led to a **strong effect** in Q3: ARPU stood at **€ 22.02 for Games** vs. € 7.67 for Lottery.
- **Improving profitability**: Games should contribute with an **incremental EBITDA margin of 85%**, as one-off development **costs are mostly incurred already**, **no substantial marketing** expenses are planned (targeting of existing Lottery users) and only **few additional OpEx** should arise.
- **No cannibalization so far**: Prior to launch of Games, the company expected some cannibalization of the Lottery business. However, the average spend on Lottery remained stable (-0.8% qoq), showing lower than expected cannibalization and that players tend to **spend additional money on Games**.
- **Lots of catch-up potential**: Back in 2018, ZEAL accounted for 404k MAU in total with € 13.6m sales generated from Games (Q3'23: € 1.2m sales). Once monthly active users rise to more meaningful levels (only 18k in Q3), the **positive impact on top-line and profitability** should further increase (eNuW: 32k MAU, € 10m sales and € 8.5m EBITDA from Games in FY'24e).

In sum, there is a lot to like about ZEAL's new **EBITDA booster**, that has just been turned on. Hence, we reiterate our **BUY recommendation with unchanged PT of € 51.00**, based on DCF.

| Y/E 31.12 (EUR m) | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|--------------------------|--------|-------|-------|-------|-------|-------|
| Sales | 87.0 | 83.3 | 105.2 | 114.8 | 134.9 | 149.6 |
| Sales growth | -23.3% | -4.2% | 26.2% | 9.1% | 17.6% | 10.9% |
| EBITDA | 17.3 | 27.7 | 31.7 | 33.4 | 45.3 | 54.3 |
| Net debt (if net cash=0) | -86.1 | -38.5 | -2.4 | -0.6 | -6.0 | -13.9 |
| FCF | 4.8 | 26.0 | 27.1 | 24.2 | 30.0 | 34.7 |
| Net Debt/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EPS pro forma | 0.37 | 0.48 | 0.72 | 0.71 | 1.06 | 1.32 |
| EBITDA margin | 19.9% | 33.3% | 30.1% | 29.1% | 33.5% | 36.3% |
| ROCE | 1.6% | 5.0% | 5.8% | 6.8% | 11.1% | 14.1% |
| EV/sales | 7.3 | 10.5 | 7.0 | 6.3 | 5.3 | 4.8 |
| EV/EBITDA | 36.8 | 31.6 | 23.2 | 21.7 | 15.9 | 13.1 |
| PER | 89.1 | 67.5 | 45.5 | 46.1 | 30.8 | 24.7 |
| Adjusted FCF yield | 3.0% | 1.8% | 3.5% | 4.0% | 4.9% | 5.8% |

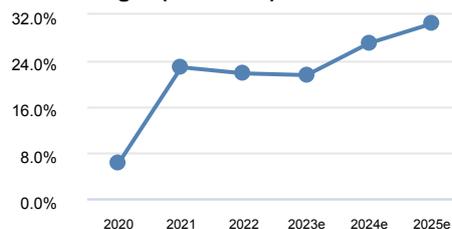
Source: Company data, NuWays, Close price as of 21.11.2023

Sales (2020-25e)



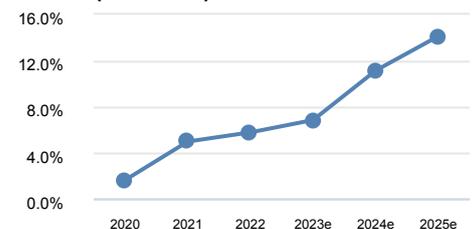
Source: NuWays Research

EBIT margin (2020-25e)



Source: NuWays Research

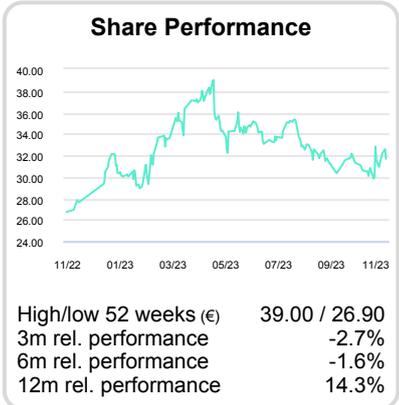
ROCE (2020-25e)



Source: NuWays Research

Company description

ZEAL brokers lottery products via the internet under two well-known web-domains: Lotto24.de and Tipp24.de and receives brokerage commissions from the lottery operators. In addition, the company also operates instant win games & charity based lotteries.



Market data

| | |
|-----------------------------|--------|
| Share price (in €) | 31.65 |
| Market cap (in € m) | 726.0 |
| Number of shares (in m pcs) | 22.3 |
| Enterprise value (in € m) | 725.5 |
| Ø trading volume (6 months) | 15,022 |

Identifier

| | |
|-----------|--------------|
| Bloomberg | TIMA GR |
| Reuters | TIMAn |
| WKN | ZEAL24 |
| ISIN | DE000ZEAL241 |

Key shareholders

| | |
|-----------------|-------|
| Günther Group | 35.2% |
| Working Capital | 20.2% |
| Marc Peters | 4.5% |
| Jens Schumann | 3.6% |
| Free Float | 36.6% |

Estimates changes

| | 2023e | 2024e | 2025e |
|-------|-------|-------|-------|
| Sales | 0% | 0% | 2% |
| EBIT | -0% | -5% | -4% |
| EPS | 1% | -3% | -3% |

Comment on changes

- We take a more conservative stance on OpEx estimates for FY'24e & '25e.

Guidance

- FY'23 Lottery Billings: € 800-830m
- FY'23 Sales: € 110-120m
- FY'23 EBITDA: € 30-35m

| Exemplary Customer Journey - Lottery vs. Games (€ 100 stake) | | Lottery | Games |
|--|--|-----------------|---------------------|
| Customer Pay-In | | 100.00 € | 100.00 € |
| 1st play | Billings | 100.00 € | 100.00 € |
| | <i>Return to Player (in % of billings)</i> | 50.0% | 88.0% |
| | Customer account after 1st play | 50.00 € | 88.00 € |
| | Sales for ZEAL at 1st play | 12.50 € | 7.50 € |
| | <i>Gross margin</i> | <i>12.5%</i> | <i>7.5%</i> |
| | Pay-In margin | 12.5% | 7.5% |
| <i>elapsed time</i> | | <i>2-3 days</i> | <i>few minutes</i> |
| 2nd play | Customer Account | 50.00 € | 88.00 € |
| | <i>% of customer account used for next play</i> | 20% | 90% |
| | Billings | 10.00 € | 79.20 € |
| | <i>Return to Player (in % of billings)</i> | 50.0% | 88.0% |
| | Customer account after 2nd play | 45.00 € | 78.50 € |
| | Sales for ZEAL at 2nd play | 1.25 € | 5.94 € |
| | <i>Gross margin</i> | <i>12.5%</i> | <i>7.5%</i> |
| | Accumulated Sales for ZEAL after 2nd play | 13.75 € | 13.44 € |
| | Pay-In margin | 13.8% | 13.4% |
| <i>elapsed time</i> | | <i>2-3 days</i> | <i>few minutes</i> |
| 3rd pay | Customer Account | 45.00 € | 78.50 € |
| | <i>% of customer account used for next play</i> | 20% | 90% |
| | Billings | 9.00 € | 70.65 € |
| | <i>Return to Player (in % of billings)</i> | 50.0% | 88.0% |
| | Customer account after 3rd play | 40.50 € | 70.02 € |
| | Sales for ZEAL at 3rd play | 1.13 € | 5.30 € |
| | <i>Gross margin</i> | <i>12.5%</i> | <i>7.5%</i> |
| | Accumulated Sales for ZEAL after 3rd play | 14.88 € | 18.74 € |
| | Pay-In margin | 14.9% | 18.7% |
| <i>elapsed time</i> | | <i>2-3 days</i> | <i>few minutes</i> |
| 4th play | Customer Account | 40.50 € | 70.02 € |
| | <i>% of customer account used for next play</i> | 20% | 90% |
| | Billings | 8.10 € | 63.02 € |
| | <i>Return to Player (in % of billings)</i> | 50.0% | 88.0% |
| | Customer account after 4th play | 36.45 € | 62.46 € |
| | Sales for ZEAL at 4th play | 1.01 € | 4.73 € |
| | <i>Gross margin</i> | <i>12.5%</i> | <i>7.5%</i> |
| | Accumulated Sales for ZEAL after 4th play | 15.89 € | 23.46 € |
| | Pay-In margin | 15.9% | 23.5% |
| <i>elapsed time</i> | | <i>2-3 days</i> | <i>few minutes</i> |
| Accumulated (after 4 plays) | Pay-In | 100.00 € | 100.00 € |
| | Billings | 127.10 € | 312.86 € |
| | Pay-In to Billings | 1.3x | 3.1x |
| | Sales | 15.89 € | 23.46 € |
| | <i>Gross margin</i> | <i>12.5%</i> | <i>7.5%</i> |
| | Pay-In margin | 15.9% | 23.5% |
| | Time Period | 7 days | 5-10 minutes |
| Q3' 23 actual figures (in € m) | Monthly Active Users (MAU) | 1.22m | 18k |
| | Pay-In | 177.0 | 3.3 |
| | Billings | 222.1 | 16.2 |
| | Pay-In to Billings | 1.3x | 4.9x |
| | Sales | 27.1 | 1.2 |
| | <i>Gross margin</i> | <i>12.2%</i> | <i>7.1%</i> |
| | Pay-In margin | 15.3% | 34.9% |
| | monthly average Revenue per User (ARPU) | 7.67 € | 22.02 € |

Source: Company data, NuWays

Financials

| Profit and loss (EUR m) | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|-------------|-------------|--------------|--------------|--------------|--------------|
| Net sales | 87.0 | 83.3 | 105.2 | 114.8 | 134.9 | 149.6 |
| <i>Sales growth</i> | -23.3% | -4.2% | 26.2% | 9.1% | 17.6% | 10.9% |
| Increase/decrease in finished goods and work-in-process | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total sales | 87.0 | 83.3 | 105.2 | 114.8 | 134.9 | 149.6 |
| Other operating income | 8.5 | 4.6 | 2.3 | 1.6 | 1.3 | 1.5 |
| Material expenses | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Personnel expenses | 21.9 | 19.0 | 18.9 | 20.4 | 22.9 | 24.7 |
| Other operating expenses | 56.3 | 41.2 | 57.0 | 62.5 | 68.1 | 72.1 |
| Total operating expenses | 69.7 | 55.6 | 73.5 | 81.4 | 89.7 | 95.3 |
| EBITDA | 17.3 | 27.7 | 31.7 | 33.4 | 45.3 | 54.3 |
| Depreciation | 3.0 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| EBITA | 14.3 | 27.0 | 31.0 | 32.7 | 44.6 | 53.7 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 9.0 | 7.9 | 8.1 | 8.1 | 8.1 | 8.1 |
| Impairment charges | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT (inc revaluation net) | 5.4 | 19.0 | 22.9 | 24.7 | 36.5 | 45.6 |
| Interest income | 3.5 | 0.2 | 1.4 | 1.2 | 1.2 | 1.1 |
| Interest expenses | 1.0 | 2.0 | 0.7 | 1.8 | 1.8 | 1.8 |
| Investment income | -0.0 | -0.3 | -0.2 | 0.0 | 0.0 | 0.0 |
| Financial result | 2.5 | -2.4 | -0.1 | -0.6 | -0.6 | -0.7 |
| Recurring pretax income from continuing operations | 7.9 | 16.7 | 22.8 | 24.1 | 35.9 | 44.9 |
| Extraordinary income/loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Earnings before taxes | 7.9 | 16.7 | 22.8 | 24.1 | 35.9 | 44.9 |
| Income tax expense | 0.0 | 5.3 | 6.2 | 7.7 | 11.5 | 14.4 |
| Net income from continuing operations | 7.9 | 11.4 | 16.6 | 16.4 | 24.4 | 30.5 |
| Income from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | 7.9 | 11.4 | 16.6 | 16.4 | 24.4 | 30.5 |
| Minority interest | -0.3 | 0.6 | 0.6 | 0.6 | 0.9 | 1.1 |
| Net profit (reported) | 8.2 | 10.8 | 16.0 | 15.8 | 23.5 | 29.4 |
| Average number of shares | 22.4 | 22.4 | 22.3 | 22.3 | 22.3 | 22.3 |
| EPS reported | 0.37 | 0.48 | 0.72 | 0.71 | 1.06 | 1.32 |

| Profit and loss (common size) | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Net sales | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| <i>Sales growth</i> | -23.3% | -4.2% | 26.2% | 9.1% | 17.6% | 10.9% |
| Increase/decrease in finished goods and work-in-process | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total sales | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Other operating income | 9.7% | 5.5% | 2.2% | 1.4% | 1.0% | 1.0% |
| Material expenses | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Personnel expenses | 25.1% | 22.9% | 18.0% | 17.8% | 17.0% | 16.5% |
| Other operating expenses | 64.7% | 49.4% | 54.1% | 54.5% | 50.5% | 48.2% |
| Total operating expenses | 80.1% | 66.7% | 69.9% | 70.9% | 66.5% | 63.7% |
| EBITDA | 19.9% | 33.3% | 30.1% | 29.1% | 33.5% | 36.3% |
| Depreciation | 3.4% | 0.9% | 0.6% | 0.6% | 0.5% | 0.4% |
| EBITA | 16.5% | 32.4% | 29.5% | 28.5% | 33.1% | 35.9% |
| Amortisation of goodwill | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Amortisation of intangible assets | 10.3% | 9.5% | 7.7% | 7.0% | 6.0% | 5.4% |
| Impairment charges | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| EBIT (inc revaluation net) | 6.2% | 22.9% | 21.8% | 21.5% | 27.1% | 30.5% |
| Interest income | 4.0% | 0.2% | 1.4% | 1.0% | 0.9% | 0.7% |
| Interest expenses | 1.1% | 2.4% | 0.7% | 1.6% | 1.3% | 1.2% |
| Investment income | -0.0% | -0.4% | -0.2% | 0.0% | 0.0% | 0.0% |
| Financial result | 2.9% | neg. | neg. | neg. | neg. | neg. |
| Recurring pretax income from continuing operations | 9.0% | 20.0% | 21.7% | 21.0% | 26.6% | 30.0% |
| Extraordinary income/loss | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Earnings before taxes | 9.0% | 20.0% | 21.7% | 21.0% | 26.6% | 30.0% |
| Tax rate | 0.0% | 31.5% | 27.4% | 32.0% | 32.0% | 32.0% |
| Net income from continuing operations | 9.0% | 13.7% | 15.7% | 14.3% | 18.1% | 20.4% |
| Income from discontinued operations (net of tax) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Net income | 9.0% | 13.7% | 15.7% | 14.3% | 18.1% | 20.4% |
| Minority interest | -0.4% | 0.7% | 0.6% | 0.5% | 0.7% | 0.8% |
| Net profit (reported) | 9.4% | 12.9% | 15.2% | 13.7% | 17.4% | 19.6% |

Source: Company data, NuWays

| Balance sheet (EUR m) | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Intangible assets | 303.7 | 298.0 | 289.6 | 284.5 | 279.5 | 274.4 |
| Property, plant and equipment | 0.9 | 0.6 | 1.2 | 1.2 | 1.2 | 1.2 |
| Financial assets | 68.5 | 16.6 | 22.5 | 22.5 | 22.5 | 22.5 |
| FIXED ASSETS | 373.0 | 315.2 | 313.2 | 308.2 | 303.1 | 298.1 |
| Inventories | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accounts receivable | 1.3 | 1.8 | 1.4 | 1.6 | 1.8 | 2.0 |
| Other assets and short-term financial assets | 16.5 | 82.9 | 75.4 | 18.7 | 18.7 | 18.7 |
| Liquid assets | 86.1 | 90.1 | 61.2 | 60.4 | 61.8 | 65.7 |
| Deferred taxes | 16.9 | 11.9 | 6.9 | 6.9 | 6.9 | 6.9 |
| Deferred charges and prepaid expenses | 0.0 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| CURRENT ASSETS | 121.2 | 188.6 | 146.5 | 89.5 | 91.3 | 95.5 |
| TOTAL ASSETS | 494.3 | 503.8 | 459.7 | 397.7 | 394.5 | 393.6 |
| SHAREHOLDERS EQUITY | 387.7 | 378.2 | 328.0 | 263.2 | 260.5 | 260.6 |
| MINORITY INTEREST | 7.9 | 6.7 | 6.1 | 6.7 | 7.6 | 8.7 |
| Provisions for pensions and similar obligations | 0.0 | 0.4 | 0.1 | 0.1 | 0.1 | 0.1 |
| Other provisions and accrued liabilities | 5.6 | 4.0 | 4.0 | 5.5 | 6.5 | 7.2 |
| Short-term liabilities to banks | 0.0 | 1.1 | 4.7 | 4.7 | 4.7 | 4.7 |
| Accounts payable | 3.6 | 3.7 | 3.8 | 3.8 | 4.4 | 4.9 |
| Advance payments received on orders | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other liabilities (incl. from lease and rental contracts) | 32.1 | 6.5 | 6.9 | 6.9 | 6.9 | 6.9 |
| Deferred taxes | 50.6 | 48.8 | 46.3 | 46.3 | 46.3 | 46.3 |
| Deferred income | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CURRENT LIABILITIES | 35.7 | 10.2 | 10.7 | 10.7 | 11.3 | 11.8 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 494.3 | 503.8 | 459.7 | 397.7 | 394.5 | 393.6 |
| Balance sheet (common size) | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
| Intangible assets | 61.4% | 59.2% | 63.0% | 71.5% | 70.8% | 69.7% |
| Property, plant and equipment | 0.2% | 0.1% | 0.3% | 0.3% | 0.3% | 0.3% |
| Financial assets | 13.8% | 3.3% | 4.9% | 5.7% | 5.7% | 5.7% |
| FIXED ASSETS | 75.5% | 62.6% | 68.1% | 77.5% | 76.8% | 75.7% |
| Inventories | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Accounts receivable | 0.3% | 0.4% | 0.3% | 0.4% | 0.5% | 0.5% |
| Other assets and short-term financial assets | 3.3% | 16.5% | 16.4% | 4.7% | 4.7% | 4.8% |
| Liquid assets | 17.4% | 17.9% | 13.3% | 15.2% | 15.7% | 16.7% |
| Deferred taxes | 3.4% | 2.4% | 1.5% | 1.7% | 1.8% | 1.8% |
| Deferred charges and prepaid expenses | 0.0% | 0.3% | 0.3% | 0.4% | 0.4% | 0.4% |
| CURRENT ASSETS | 24.5% | 37.4% | 31.9% | 22.5% | 23.2% | 24.3% |
| TOTAL ASSETS | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| SHAREHOLDERS EQUITY | 78.4% | 75.1% | 71.3% | 66.2% | 66.0% | 66.2% |
| MINORITY INTEREST | 1.6% | 1.3% | 1.3% | 1.7% | 1.9% | 2.2% |
| Provisions for pensions and similar obligations | 0.0% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| Other provisions and accrued liabilities | 1.1% | 0.8% | 0.9% | 1.4% | 1.6% | 1.8% |
| Short-term liabilities to banks | 0.0% | 0.2% | 1.0% | 1.2% | 1.2% | 1.2% |
| Accounts payable | 0.7% | 0.7% | 0.8% | 0.9% | 1.1% | 1.2% |
| Advance payments received on orders | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Other liabilities (incl. from lease and rental contracts) | 6.5% | 1.3% | 1.5% | 1.7% | 1.8% | 1.8% |
| Deferred taxes | 10.2% | 9.7% | 10.1% | 11.6% | 11.7% | 11.8% |
| Deferred income | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| CURRENT LIABILITIES | 7.2% | 2.0% | 2.3% | 2.7% | 2.9% | 3.0% |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Source: Company data, NuWays

| Cash flow statement (EUR m) | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Net profit/loss | 7.9 | 11.4 | 16.6 | 16.4 | 24.4 | 30.5 |
| Depreciation of fixed assets (incl. leases) | 3.0 | 0.7 | 0.7 | 0.7 | 0.7 | 0.7 |
| Amortisation of goodwill & intangible assets | 9.0 | 7.9 | 8.1 | 8.1 | 8.1 | 8.1 |
| Others | -2.8 | -8.7 | -1.2 | 0.0 | 0.0 | 0.0 |
| Cash flow from operating activities | 4.4 | 19.4 | 27.3 | 27.2 | 33.0 | 37.7 |
| Increase/decrease in inventory | -4.2 | 0.0 | 4.3 | 0.0 | 0.0 | 0.0 |
| Increase/decrease in accounts receivable | 13.1 | -0.5 | 0.4 | -0.1 | -0.3 | -0.2 |
| Increase/decrease in accounts payable | -0.2 | 0.1 | 0.1 | -0.0 | 0.7 | 0.5 |
| Increase/decrease in other working capital positions | 0.0 | -0.1 | -1.2 | 2.4 | 0.0 | 0.0 |
| Increase/decrease in working capital | 8.7 | -0.5 | 3.5 | 2.3 | 0.4 | 0.3 |
| Cash flow from operating activities | 5.4 | 26.4 | 28.5 | 27.4 | 33.2 | 37.9 |
| CAPEX | 0.6 | 0.4 | 1.4 | 3.2 | 3.2 | 3.2 |
| Payments for acquisitions | 1.2 | 1.2 | 0.6 | 0.0 | 0.0 | 0.0 |
| Financial investments | 51.4 | 0.0 | 5.4 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 1.4 | 1.0 | 1.2 | 54.3 | 0.0 | 0.0 |
| Cash flow from investing activities | -51.9 | -0.6 | -6.2 | 51.1 | -3.2 | -3.2 |
| Cash flow before financing | -64.4 | 5.7 | -24.7 | -1.8 | 5.5 | 7.9 |
| Increase/decrease in debt position | 0.0 | 7.0 | 16.9 | 1.0 | -4.0 | -4.0 |
| Purchase of own shares | 0.0 | 0.0 | 20.0 | 0.0 | 0.0 | 0.0 |
| Capital measures | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| Dividends paid | 17.9 | 20.1 | 47.0 | 80.3 | 24.5 | 26.8 |
| Others | -2.8 | -8.7 | -1.2 | 0.0 | 0.0 | 0.0 |
| Effects of exchange rate changes on cash | -2.9 | 0.0 | -0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | -20.7 | -21.8 | -51.2 | -79.3 | -28.5 | -30.8 |
| Increase/decrease in liquid assets | -70.1 | 4.0 | -28.9 | -0.8 | 1.5 | 3.9 |
| Liquid assets at end of period | 94.4 | 90.1 | 61.2 | 60.4 | 61.8 | 65.7 |

| Key ratios (EUR m) | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|--------------------------------------|---------|--------|--------|--------|--------|--------|
| P&L growth analysis | | | | | | |
| Sales growth | -23.3% | -4.2% | 26.2% | 9.1% | 17.6% | 10.9% |
| EBITDA growth | -41.0% | 60.0% | 14.1% | 5.5% | 35.6% | 20.0% |
| EBIT growth | -40.7% | 254.3% | 20.4% | 7.6% | 48.1% | 24.8% |
| EPS growth | 284.7% | 32.0% | 48.4% | -1.2% | 49.3% | 24.9% |
| Efficiency | | | | | | |
| Sales per employee | 540.5 | 530.8 | 649.4 | 687.1 | 784.4 | 855.1 |
| EBITDA per employee | 107.6 | 176.6 | 195.4 | 200.0 | 263.2 | 310.4 |
| No. employees (average) | 161 | 157 | 162 | 167 | 172 | 175 |
| Balance sheet analysis | | | | | | |
| Avg. working capital / sales | 1.5% | 5.8% | -2.0% | -1.4% | -1.6% | -1.3% |
| Inventory turnover (sales/inventory) | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Accounts receivable turnover | 5.4 | 7.8 | 5.0 | 5.0 | 5.0 | 5.0 |
| Accounts payable turnover | 15.1 | 16.2 | 13.2 | 12.0 | 12.0 | 12.0 |
| Cash flow analysis | | | | | | |
| Free cash flow | 4.8 | 26.0 | 27.1 | 24.2 | 30.0 | 34.7 |
| Free cash flow/sales | 5.5% | 31.2% | 25.7% | 21.1% | 22.2% | 23.2% |
| FCF / net profit | 60.7% | 227.9% | 163.4% | 147.9% | 122.7% | 113.6% |
| Capex / sales | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Solvency | | | | | | |
| Net debt | -86.1 | -38.5 | -2.4 | -0.6 | -6.0 | -13.9 |
| Net Debt/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividend payout ratio | 246.5% | 435.7% | 503.3% | 155.7% | 113.7% | 113.7% |
| Interest paid / avg. debt | 1879.2% | 3.8% | 1.3% | 3.2% | 3.1% | 3.2% |
| Returns | | | | | | |
| ROCE | 1.6% | 5.0% | 5.8% | 6.8% | 11.1% | 14.1% |
| ROE | 2.1% | 2.9% | 4.9% | 6.0% | 9.0% | 11.3% |
| Adjusted FCF yield | 3.0% | 1.8% | 3.5% | 4.0% | 4.9% | 5.8% |
| Dividend yield | 2.8% | 6.5% | 11.1% | 3.4% | 3.7% | 4.6% |
| DPS | 0.9 | 2.1 | 3.6 | 1.1 | 1.2 | 1.5 |
| EPS reported | 0.37 | 0.48 | 0.72 | 0.71 | 1.06 | 1.32 |
| Average number of shares | 22.4 | 22.4 | 22.3 | 22.3 | 22.3 | 22.3 |
| Valuation ratios | | | | | | |
| P/BV | 1.9 | 1.9 | 2.2 | 2.8 | 2.8 | 2.8 |
| EV/sales | 7.3 | 10.5 | 7.0 | 6.3 | 5.3 | 4.8 |
| EV/EBITDA | 36.8 | 31.6 | 23.2 | 21.7 | 15.9 | 13.1 |
| EV/EBIT | 118.7 | 46.0 | 32.1 | 29.4 | 19.7 | 15.6 |

Source: Company data, NuWays

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| Company | Disclosures |
|-----------------|-------------|
| ZEAL Network SE | 2 |

Historical target price and rating changes for ZEAL Network SE

| Company | Date | Analyst | Rating | Target Price | Close |
|-----------------|------------|-----------------|--------|--------------|-----------|
| ZEAL Network SE | 05.12.2022 | Wendisch, Henry | Buy | EUR 49.00 | EUR 26.90 |

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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

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According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: www.nuways-ag.com

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