

# ZEAL Network SE

Others - Germany

**Buy** (old: Buy)

25.07.2024

**EUR 54.00** (old: EUR 54.00)

## Lotto24 squeeze-out to be value-accretive; chg. est.

**Topic:** Last week, ZEAL specified the squeeze-out request for Lotto24, which should turn out to be highly value-accretive for ZEAL, in our view. In detail:

**SO payment:** Based on a company valuation conducted by KPMG AG and approved by the court-appointed auditor ADKL AG, Lotto24 is worth € 798m, implying a **squeeze-out payment of € 36.3m** for the remaining 4.55%, which is broadly in line with our initial expectation of € 33m.

**Debt financing not a concern:** The SO payment should be fully financed by debt. Given the a net cash position of € 25m at the end of Q1'24 as well as the strong cash generation (eNuW: € 30m FCF in '24) **an additional € 36.3m debt draw should not be harmful to ZEAL.**

**Substantial savings to outweigh costs:** According to our NPV calculation of € 143m (or € 6.40 per share; see p. 2), the SO should turn out to be **highly value accretive for ZEAL**, thanks to several costs savings outweighing the incurred costs: **1)** due to the formation of a **consolidated tax group** (German: "steuerliche Organschaft"), going forward we expect the **effective tax rate to decrease to 32%** (from 39% in 2023). Mind you, the one-time deferred tax asset recognition on the back of the SO announcement in Q1'24 led to a positive tax effect of € 17.2m which will be reversed over time with future taxable income. Additionally, we expect savings from **2)** the **elimination of minority interest** and **3)** the **reduction of overhead costs** (eNuW: € 0.2m p.a.), mainly due to the elimination of double costs for audit, legal, etc. The only costs associated with the SO are **one-off legal costs** (eNuW: € 1m) and the **loan** whose terms are undisclosed but for which we assume a 5% interest p.a. and a 7y duration.

**Timeline:** On Lotto24's AGM on Aug' 27th 2024, the SO resolution should be passed. We expect the SO to be executed when the time for appeals (4 weeks after the AGM) has passed.

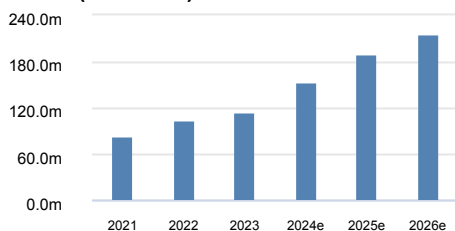
**Action:** While the deferred tax assets have already been recognized in Q1'24, we already include the positive tax effect in our model. On the other hand, we include neither the debt draw nor the elimination of minority interest in our model before the SO is executed.

In light of the high NPV of the SO on top of the stellar operating performance, we reiterate our **BUY recommendation** with an unchanged **PT of € 54.00**, based on DCF.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	83.3	105.2	116.0	155.0	189.9	217.5
Sales growth	-4.2%	26.2%	10.3%	33.6%	22.5%	14.5%
EBITDA	27.7	31.7	32.8	41.6	60.6	74.9
Net debt (if net cash=0)	-38.5	-28.5	-29.7	-35.5	-50.5	-72.3
FCF	26.0	27.1	24.9	30.3	41.8	50.8
Net Debt/EBITDA	-1.4	-0.9	-0.9	-0.9	-0.8	-1.0
EPS pro forma	0.48	0.72	0.57	1.57	1.43	1.84
EBITDA margin	33.3%	30.1%	28.3%	26.8%	31.9%	34.4%
ROCE	5.0%	6.0%	7.2%	11.0%	17.5%	22.9%
EV/sales	10.5	6.7	6.3	4.7	3.7	3.2
EV/EBITDA	31.6	22.4	22.2	17.4	11.7	9.2
PER	70.5	47.5	59.3	21.6	23.8	18.5
Adjusted FCF yield	1.8%	3.7%	3.9%	6.7%	6.4%	8.0%

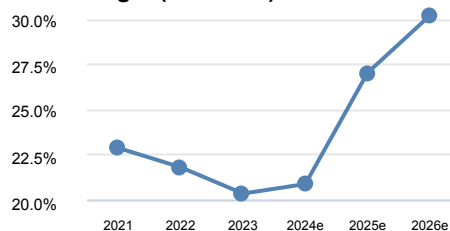
Source: Company data, NuWays, Close price as of 22.07.2024

### Sales (2021-26e)



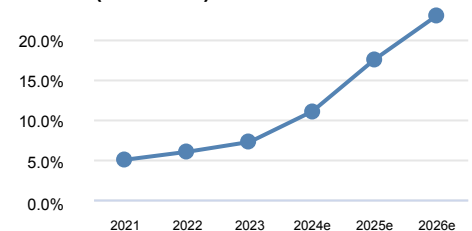
Source: NuWays Research

### EBIT margin (2021-26e)



Source: NuWays Research

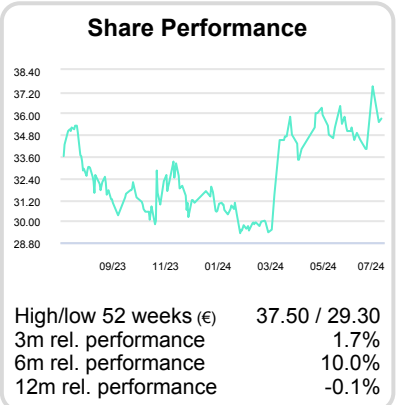
### ROCE (2021-26e)



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 €)	35.70
Market cap (in € m)	758.4
Number of shares (in m pcs)	22.3
Enterprise value (in € m)	723.6
Ø trading volume (6 months)	3,796

### 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

	2024e	2025e	2026e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	-3%	-3%

### Comment on changes

- EPS changes reflect higher tax rate assumption of 32% (old: 30%) for FY'25e & '26e

### Guidance

- FY'24 Sales : € 140-150m
- FY'24 EBITDA: € 38-42m
- FY'24 marketing exp.: € 40-45m

# ZEAL Network SE

Update - 25.07.2024

NPV of Lotto24 Squeeze-Out (in € m)	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TV
EBT	31.0	50.0	64.3	78.5	92.7	104.9	109.2	113.0	125.4
Tax Rate pre SO (eNuW)	39%	38%	38%	38%	38%	38%	38%	38%	38%
Tax Rate post SO (eNuW)	32%*	32%	32%	32%	32%	32%	32%	32%	32%
Effective Tax Saving	2.2	3.0	3.9	4.7	5.6	6.3	6.6	6.8	7.5
Elimination of Minority Interest/Minority Dividend **	2.4	2.2	2.8	3.4	4.0	4.6	4.7	4.9	5.4
Elimination of Overhead Costs and Dual Structures (eNuW)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
<b>Total Savings</b>	<b>4.8</b>	<b>5.4</b>	<b>6.8</b>	<b>8.3</b>	<b>9.8</b>	<b>11.0</b>	<b>11.5</b>	<b>11.9</b>	<b>13.2</b>
Squeeze-Out Payment	-36.3								
Debt Draw	36.3								
Debt Repayment (eNuW: 7y duration)	-2.6	-5.2	-5.2	-5.2	-5.2	-5.2	-5.2	-2.6	0.0
Interest Expense (eNuW: 5% p.a.)	-1.8	-1.6	-1.3	-1.0	-0.8	-0.5	-0.3	-0.1	0.0
One-off Legal Costs	-1.0								
<b>Total Costs</b>	<b>-5.3</b>	<b>-6.7</b>	<b>-6.5</b>	<b>-6.2</b>	<b>-6.0</b>	<b>-5.7</b>	<b>-5.4</b>	<b>-2.7</b>	<b>0.0</b>
<b>Gain / (Loss)</b>	<b>-0.6</b>	<b>-1.4</b>	<b>0.4</b>	<b>2.1</b>	<b>3.8</b>	<b>5.3</b>	<b>6.0</b>	<b>9.2</b>	<b>13.2</b>
Discount Rate (WACC from DCF Model)	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%	8.2%
<b>Present Value (Terminal Growth: 2.5%)</b>	<b>-0.6</b>	<b>-1.2</b>	<b>0.3</b>	<b>1.6</b>	<b>2.7</b>	<b>3.5</b>	<b>3.6</b>	<b>5.1</b>	<b>127.7</b>
<b>NPV (excluding Terminal Value)</b>	<b>15.0</b>								
									<b>NPV (including Terminal Value)</b>
									<b>142.7</b>
<b>NPV per share</b>	<b>0.67</b>								
									<b>NPV per share</b>
									<b>6.40</b>

\* excluding the positive recognition of deferred taxes in Q1'24 of € 17m (vs. -21% tax rate in FY'24e incl. the one-off)

\*\* assuming that Lotto24 continues to pay out a 100% of net income as dividend to shareholders

Source: NuWays

## Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
<b>Net sales</b>	<b>83.3</b>	<b>105.2</b>	<b>116.0</b>	<b>155.0</b>	<b>189.9</b>	<b>217.5</b>
<i>Sales growth</i>	-4.2%	26.2%	10.3%	33.6%	22.5%	14.5%
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>83.3</b>	<b>105.2</b>	<b>116.1</b>	<b>155.0</b>	<b>189.9</b>	<b>217.5</b>
Other operating income	4.6	2.3	1.3	1.6	1.5	1.6
Material expenses	0.0	0.0	-0.0	0.0	0.0	0.0
Personnel expenses	19.0	18.9	22.6	26.4	31.3	34.8
Other operating expenses	41.2	57.0	62.0	88.6	99.5	109.4
<b>Total operating expenses</b>	<b>55.6</b>	<b>73.5</b>	<b>83.2</b>	<b>113.4</b>	<b>129.3</b>	<b>142.6</b>
<b>EBITDA</b>	<b>27.7</b>	<b>31.7</b>	<b>32.8</b>	<b>41.6</b>	<b>60.6</b>	<b>74.9</b>
Depreciation	0.7	0.7	0.0	0.0	0.0	0.0
<b>EBITA</b>	<b>27.0</b>	<b>31.0</b>	<b>32.8</b>	<b>41.6</b>	<b>60.6</b>	<b>74.9</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	7.9	8.1	9.3	9.3	9.3	9.3
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>19.0</b>	<b>22.9</b>	<b>23.6</b>	<b>32.3</b>	<b>51.3</b>	<b>65.7</b>
Interest income	0.2	1.4	0.5	0.5	0.4	0.3
Interest expenses	2.0	0.7	1.8	1.8	1.7	1.6
Investment income	-0.3	-0.2	-0.0	0.0	0.0	0.0
Financial result	-2.4	-0.1	-1.3	-1.3	-1.3	-1.3
<b>Recurring pretax income from continuing operations</b>	<b>16.7</b>	<b>22.8</b>	<b>22.2</b>	<b>31.0</b>	<b>50.0</b>	<b>64.3</b>
Extraordinary income/loss	0.0	0.0	-0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>16.7</b>	<b>22.8</b>	<b>22.3</b>	<b>31.0</b>	<b>50.0</b>	<b>64.3</b>
Income tax expense	5.3	6.2	8.6	-6.4	16.0	20.6
<b>Net income from continuing operations</b>	<b>11.4</b>	<b>16.6</b>	<b>13.7</b>	<b>37.5</b>	<b>34.0</b>	<b>43.7</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>11.4</b>	<b>16.6</b>	<b>13.7</b>	<b>37.5</b>	<b>34.0</b>	<b>43.7</b>
Minority interest	0.6	0.6	0.9	2.4	2.2	2.8
<b>Net profit (reported)</b>	<b>10.8</b>	<b>16.0</b>	<b>12.8</b>	<b>35.1</b>	<b>31.8</b>	<b>40.9</b>
Average number of shares	22.4	22.3	22.3	22.3	22.3	22.3
<b>EPS reported</b>	<b>0.48</b>	<b>0.72</b>	<b>0.57</b>	<b>1.57</b>	<b>1.43</b>	<b>1.84</b>

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
<b>Net sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Sales growth</i>	-4.2%	26.2%	10.3%	33.6%	22.5%	14.5%
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other operating income	5.5%	2.2%	1.1%	1.0%	0.8%	0.7%
Material expenses	0.0%	0.0%	-0.0%	0.0%	0.0%	0.0%
Personnel expenses	22.9%	18.0%	19.4%	17.0%	16.5%	16.0%
Other operating expenses	49.4%	54.1%	53.4%	57.2%	52.4%	50.3%
<b>Total operating expenses</b>	<b>66.7%</b>	<b>69.9%</b>	<b>71.7%</b>	<b>73.2%</b>	<b>68.1%</b>	<b>65.6%</b>
<b>EBITDA</b>	<b>33.3%</b>	<b>30.1%</b>	<b>28.3%</b>	<b>26.8%</b>	<b>31.9%</b>	<b>34.4%</b>
Depreciation	0.9%	0.6%	0.0%	0.0%	0.0%	0.0%
<b>EBITA</b>	<b>32.4%</b>	<b>29.5%</b>	<b>28.3%</b>	<b>26.8%</b>	<b>31.9%</b>	<b>34.4%</b>
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	9.5%	7.7%	8.0%	6.0%	4.9%	4.3%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>22.9%</b>	<b>21.8%</b>	<b>20.3%</b>	<b>20.9%</b>	<b>27.0%</b>	<b>30.2%</b>
Interest income	0.2%	1.4%	0.4%	0.3%	0.2%	0.1%
Interest expenses	2.4%	0.7%	1.5%	1.2%	0.9%	0.7%
Investment income	-0.4%	-0.2%	-0.0%	0.0%	0.0%	0.0%
Financial result	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>20.0%</b>	<b>21.7%</b>	<b>19.2%</b>	<b>20.0%</b>	<b>26.3%</b>	<b>29.6%</b>
Extraordinary income/loss	0.0%	0.0%	-0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>20.0%</b>	<b>21.7%</b>	<b>19.2%</b>	<b>20.0%</b>	<b>26.3%</b>	<b>29.6%</b>
Tax rate	31.5%	27.4%	38.6%	-20.8%	32.0%	32.0%
<b>Net income from continuing operations</b>	<b>13.7%</b>	<b>15.7%</b>	<b>11.8%</b>	<b>24.2%</b>	<b>17.9%</b>	<b>20.1%</b>
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income</b>	<b>13.7%</b>	<b>15.7%</b>	<b>11.8%</b>	<b>24.2%</b>	<b>17.9%</b>	<b>20.1%</b>
Minority interest	0.7%	0.6%	0.8%	1.5%	1.1%	1.3%
<b>Net profit (reported)</b>	<b>12.9%</b>	<b>15.2%</b>	<b>11.0%</b>	<b>22.6%</b>	<b>16.8%</b>	<b>18.8%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	298.0	289.6	281.7	273.8	265.8	257.9
Property, plant and equipment	0.6	1.2	1.2	1.2	1.2	1.2
Financial assets	16.6	22.5	18.2	18.2	18.2	18.2
<b>FIXED ASSETS</b>	<b>315.2</b>	<b>313.2</b>	<b>301.0</b>	<b>293.1</b>	<b>285.2</b>	<b>277.3</b>
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	1.8	1.4	2.6	3.5	4.3	5.0
Other assets and short-term financial assets	82.9	75.4	30.5	30.5	30.5	30.5
Liquid assets	90.1	61.2	57.4	75.0	85.0	101.8
Deferred taxes	11.9	6.9	1.0	1.0	1.0	1.0
Deferred charges and prepaid expenses	1.5	1.5	1.7	1.7	1.7	1.7
<b>CURRENT ASSETS</b>	<b>188.6</b>	<b>146.5</b>	<b>93.6</b>	<b>111.8</b>	<b>122.6</b>	<b>140.1</b>
<b>TOTAL ASSETS</b>	<b>503.8</b>	<b>459.7</b>	<b>394.6</b>	<b>404.9</b>	<b>407.8</b>	<b>417.3</b>

<b>SHAREHOLDERS EQUITY</b>	<b>378.2</b>	<b>328.0</b>	<b>259.2</b>	<b>269.3</b>	<b>274.1</b>	<b>285.9</b>
MINORITY INTEREST	6.7	6.1	5.6	7.9	10.1	12.9
Provisions for pensions and similar obligations	0.4	0.1	0.7	0.7	0.7	0.7
Other provisions and accrued liabilities	4.0	4.0	4.2	4.2	4.2	4.2
Short-term liabilities to banks	1.1	4.7	7.2	9.0	8.0	7.0
Accounts payable	3.7	3.8	3.6	3.8	4.7	4.7
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	33.0	48.0	48.0	48.0	48.0
Deferred taxes	48.8	46.3	44.2	30.1	30.1	30.1
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT LIABILITIES</b>	<b>10.2</b>	<b>36.8</b>	<b>51.6</b>	<b>51.8</b>	<b>52.7</b>	<b>52.7</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>503.8</b>	<b>459.7</b>	<b>394.6</b>	<b>404.9</b>	<b>407.8</b>	<b>417.3</b>

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	59.2%	63.0%	71.4%	67.6%	65.2%	61.8%
Property, plant and equipment	0.1%	0.3%	0.3%	0.3%	0.3%	0.3%
Financial assets	3.3%	4.9%	4.6%	4.5%	4.5%	4.4%
<b>FIXED ASSETS</b>	<b>62.6%</b>	<b>68.1%</b>	<b>76.3%</b>	<b>72.4%</b>	<b>69.9%</b>	<b>66.4%</b>
Inventories	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts receivable	0.4%	0.3%	0.7%	0.9%	1.1%	1.2%
Other assets and short-term financial assets	16.5%	16.4%	7.7%	7.5%	7.5%	7.3%
Liquid assets	17.9%	13.3%	14.5%	18.5%	20.8%	24.4%
Deferred taxes	2.4%	1.5%	0.3%	0.2%	0.2%	0.2%
Deferred charges and prepaid expenses	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%
<b>CURRENT ASSETS</b>	<b>37.4%</b>	<b>31.9%</b>	<b>23.7%</b>	<b>27.6%</b>	<b>30.1%</b>	<b>33.6%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>SHAREHOLDERS EQUITY</b>	<b>75.1%</b>	<b>71.3%</b>	<b>65.7%</b>	<b>66.5%</b>	<b>67.2%</b>	<b>68.5%</b>
MINORITY INTEREST	1.3%	1.3%	1.4%	2.0%	2.5%	3.1%
Provisions for pensions and similar obligations	0.1%	0.0%	0.2%	0.2%	0.2%	0.2%
Other provisions and accrued liabilities	0.8%	0.9%	1.1%	1.0%	1.0%	1.0%
Short-term liabilities to banks	0.2%	1.0%	1.8%	2.2%	2.0%	1.7%
Accounts payable	0.7%	0.8%	0.9%	0.9%	1.1%	1.1%
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)	1.3%	7.2%	12.2%	11.9%	11.8%	11.5%
Deferred taxes	9.7%	10.1%	11.2%	7.4%	7.4%	7.2%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT LIABILITIES</b>	<b>2.0%</b>	<b>8.0%</b>	<b>13.1%</b>	<b>12.8%</b>	<b>12.9%</b>	<b>12.6%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	11.4	16.6	13.7	37.5	34.0	43.7
Depreciation of fixed assets (incl. leases)	0.7	0.7	0.0	0.0	0.0	0.0
Amortisation of goodwill & intangible assets	7.9	8.1	9.3	9.3	9.3	9.3
Other costs affecting income / expenses	0.2	-0.3	0.0	-14.2	0.0	0.0
Cash flow from operating activities	19.4	27.3	25.3	31.7	43.1	52.2
Increase/decrease in inventory	0.0	4.3	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.5	0.4	-1.2	-0.9	-0.8	-0.6
Increase/decrease in accounts payable	0.1	0.1	-0.2	0.2	0.9	0.0
Increase/decrease in other working capital positions	-0.1	-1.2	3.8	0.0	0.0	0.0
Increase/decrease in working capital	-0.5	3.5	2.4	-0.7	0.1	-0.6
<b>Cash flow from operating activities</b>	<b>26.4</b>	<b>28.5</b>	<b>25.3</b>	<b>31.9</b>	<b>43.3</b>	<b>52.4</b>
CAPEX	0.4	1.4	0.4	1.5	1.5	1.5
Payments for acquisitions	1.2	0.6	0.0	0.0	0.0	0.0
Financial investments	0.0	5.4	0.4	0.0	0.0	0.0
Income from asset disposals	1.0	1.2	57.2	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-0.6</b>	<b>-6.2</b>	<b>56.4</b>	<b>-1.5</b>	<b>-1.5</b>	<b>-1.5</b>
Cash flow before financing	5.7	-24.7	2.3	5.8	15.0	21.8
Increase/decrease in debt position	7.0	16.9	-5.0	11.8	-5.0	-5.0
Purchase of own shares	0.0	20.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.1	0.0	0.0	0.0	0.0
Dividends paid	20.1	47.0	79.4	24.5	26.8	29.0
Others	-8.7	-1.2	-1.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	-0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-21.8</b>	<b>-51.2</b>	<b>-85.4</b>	<b>-12.7</b>	<b>-31.8</b>	<b>-34.0</b>
Increase/decrease in liquid assets	4.0	-28.9	-3.8	17.6	10.0	16.8
<b>Liquid assets at end of period</b>	<b>90.1</b>	<b>61.2</b>	<b>57.4</b>	<b>75.0</b>	<b>85.0</b>	<b>101.8</b>

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
<b>P&amp;L growth analysis</b>						
Sales growth	-4.2%	26.2%	10.3%	33.6%	22.5%	14.5%
EBITDA growth	60.0%	14.1%	3.8%	26.6%	45.6%	23.7%
EBIT growth	254.3%	20.4%	2.9%	37.0%	58.7%	27.9%
EPS growth	32.0%	48.4%	-19.8%	174.1%	-9.3%	28.7%
<b>Efficiency</b>						
Sales per employee	530.8	649.4	694.9	901.3	1,085.1	1,221.9
EBITDA per employee	176.6	195.4	196.7	241.8	346.1	420.8
No. employees (average)	157	162	167	172	175	178
<b>Balance sheet analysis</b>						
Avg. working capital / sales	5.8%	-2.0%	-1.0%	-0.9%	-0.3%	-0.0%
Inventory turnover (sales/inventory)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Accounts receivable turnover	7.8	5.0	8.3	8.3	8.3	8.3
Accounts payable turnover	16.2	13.2	11.4	9.0	9.0	7.9
<b>Cash flow analysis</b>						
Free cash flow	26.0	27.1	24.9	30.3	41.8	50.8
Free cash flow/sales	31.2%	25.7%	21.4%	19.6%	22.0%	23.4%
FCF / net profit	227.9%	163.4%	182.1%	81.0%	122.9%	116.2%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Solvency</b>						
Net debt	-38.5	-28.5	-29.7	-35.5	-50.5	-72.3
Net Debt/EBITDA	-1.4	-0.9	-0.9	-0.9	-0.8	-1.0
Dividend payout ratio	435.7%	503.3%	191.8%	76.3%	91.1%	76.3%
Interest paid / avg. debt	3.8%	2.3%	4.5%	4.9%	5.4%	4.7%
<b>Returns</b>						
ROCE	5.0%	6.0%	7.2%	11.0%	17.5%	22.9%
ROE	2.9%	4.9%	4.9%	13.0%	11.6%	14.3%
Adjusted FCF yield	1.8%	3.7%	3.9%	6.7%	6.4%	8.0%
Dividend yield	6.2%	10.6%	3.2%	3.5%	3.8%	4.1%
DPS	2.1	3.6	1.1	1.2	1.3	1.4
EPS reported	0.48	0.72	0.57	1.57	1.43	1.84
Average number of shares	22.4	22.3	22.3	22.3	22.3	22.3
<b>Valuation ratios</b>						
P/BV	2.0	2.3	2.9	2.8	2.8	2.7
EV/sales	10.5	6.7	6.3	4.7	3.7	3.2
EV/EBITDA	31.6	22.4	22.2	17.4	11.7	9.2
EV/EBIT	46.0	30.9	30.9	22.4	13.8	10.5

Source: Company data, NuWays

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Company	Disclosures
ZEAL Network SE	2,8

### Historical target price and rating changes for ZEAL Network SE

Company	Date	Analyst	Rating	Target Price	Close
ZEAL Network SE	09.07.2024	Wendisch, Henry	Buy	EUR 54.00	EUR 34.00
	10.05.2024	Wendisch, Henry	Buy	EUR 53.00	EUR 36.00
	09.11.2023	Wendisch, Henry	Buy	EUR 51.00	EUR 30.00

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