

Schloss Wachenheim AG

Germany / Food & beverages
 Primary exchange: Frankfurt
 Bloomberg: SWA GR
 ISIN: DE0007229007

2020/21 Annual
 Report

RATING
BUY

PRICE TARGET
€ 25.00

Return Potential 28.9%
 Risk Rating Medium

BUY FOR POST-PANDEMIC RECOVERY

Schloss Wachenheim's final 2020/21 results were in line with the preliminary figures the company published on 18 August but above the numbers published in our most recent note of 17 May. Sales rose 4.8% to €354.6m (2019/20: €338.2m; FBe May 21: €347.3m) while EBIT jumped 28.8% to €24.4m (2019/20: €19.0m; FBe May 21: €23.0m). The results were above our forecast because of stronger performance in East Central Europe and France in the final quarter of the financial year (ends 30 June) than we had modelled. France in particular saw a strong turnaround in the final quarter with a 23.4% y-o-y jump in volume following a 15.0% y-o-y decline after nine months. The dividend proposal for 2020/21 of €0.50 (FBe May 21: €0.40) represents a return to the level of the 2018/19 payout one year ahead of our forecast. For 2021/22 management expects an overall rise in profits with higher results in Germany and France outweighing a slight decline in East Central Europe due to rising advertising expenditure as well as higher personnel and material costs. This guidance assumes that rising vaccination rates will limit the need for further drastic measures to control the pandemic. A return to conditions approaching normality should allow a resurgence in the gastronomy and hospitality sectors as well as in private parties. These are important sources of business for SWA and all three have been subdued over the past eighteen months. We think SWA's assumptions are reasonable, and following the strong Q4 results have moved our own forecasts into line with management guidance. We now see fair value for the SWA share at €25.00 (previously: €22.00) and continue to recommend investors to buy the stock for post-pandemic recovery.

Sales and EBIT growth outpaced volume SWA reported a 2.9% increase in volume to 220.2m bottles (2019/20: 214.0m bottles) as gains in Germany (5.1%) and East Central Europe (9.3%) outweighed a decline in France (-7.7%). Group sales (+4.8%) and EBIT (+28.8%) outpaced volumes due mainly to positive product mix shifts in all three geographic segments. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22E | 2022/23E |
|--------------------|---------|---------|---------|---------|----------|----------|
| Revenue (€m) | 324.53 | 337.16 | 338.21 | 354.58 | 377.00 | 402.99 |
| Y-o-y growth | 9.6% | 3.9% | 0.3% | 4.8% | 6.3% | 6.9% |
| EBIT (€m) | 23.83 | 22.98 | 18.97 | 24.42 | 24.62 | 27.96 |
| EBIT margin | 7.3% | 6.8% | 5.6% | 6.9% | 6.5% | 6.9% |
| Net income (€m) | 11.12 | 10.89 | 7.62 | 10.43 | 11.25 | 12.99 |
| EPS (diluted) (€) | 1.40 | 1.38 | 0.96 | 1.32 | 1.42 | 1.64 |
| DPS (€) | 0.50 | 0.50 | 0.40 | 0.50 | 0.50 | 0.50 |
| FCF (€m) | 8.80 | 9.27 | 0.23 | 27.35 | 12.46 | 3.07 |
| Net gearing | 23.3% | 20.9% | 35.9% | 26.8% | 22.9% | 23.5% |
| Liquid assets (€m) | 7.76 | 9.53 | 6.02 | 7.68 | 3.77 | 4.03 |

RISKS

Risks to our price target include, but are not limited to: intensification of price pressure in Germany; currency volatility on the group's East Central Europe markets.

COMPANY PROFILE

Schloss Wachenheim AG is one of the world's largest producers of sparkling wine. The company is the number three producer in its home market of Germany (37% of 2020/21 group sales) and number one in France with a 40% market share. Some 41% of group sales are generated in East Central Europe through the 61%-owned subsidiary, Ambra.

MARKET DATA

As of 27 Sep 2021

| | |
|-------------------------|-----------------|
| Closing Price | € 19.40 |
| Shares outstanding | 7.92m |
| Market Capitalisation | € 153.65m |
| 52-week Range | € 13.90 / 19.50 |
| Avg. Volume (12 Months) | 2,691 |

| Multiples | 2020/21 | 2021/22E | 2022/23E |
|------------|---------|----------|----------|
| P/E | 14.7 | 13.7 | 11.8 |
| EV/Sales | 0.6 | 0.6 | 0.5 |
| EV/EBIT | 8.9 | 8.8 | 7.8 |
| Div. Yield | 2.6% | 2.6% | 2.6% |

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2021

| | |
|----------------------|-----------|
| Liquid Assets | € 7.68m |
| Current Assets | € 179.15m |
| Intangible Assets | € 96.08m |
| Total Assets | € 378.03m |
| Current Liabilities | € 115.03m |
| Shareholders' Equity | € 214.99m |

SHAREHOLDERS

| | |
|----------------|-------|
| Günther Reh AG | 70.1% |
| Free float | 29.9% |



Figure 1: Full year 2020/21 results versus our forecasts

| €m | FY 20/21A | FY 20/21E | Δ | FY 19/20A | Δ |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| Sales | 354.6 | 347.3 | 2.1% | 338.2 | 4.8% |
| by region | | | | | |
| Germany | 132.5 | 135.8 | -2.5% | 122.8 | 7.9% |
| France | 81.0 | 75.1 | 7.8% | 85.9 | -5.7% |
| East Central Europe | 149.1 | 144.1 | 3.5% | 135.9 | 9.7% |
| Eliminations | -8.0 | -7.8 | n.a. | -6.4 | n.a. |
| EBIT | 24.4 | 23.0 | 6.3% | 19.0 | 28.8% |
| <i>margin (%)</i> | <i>6.9%</i> | <i>6.6%</i> | <i>-</i> | <i>5.6%</i> | <i>-</i> |
| by region | | | | | |
| Germany | 3.2 | 5.2 | -37.1% | 1.8 | 78.0% |
| <i>margin (%)</i> | <i>2.4%</i> | <i>3.8%</i> | <i>-</i> | <i>1.5%</i> | <i>-</i> |
| France | 4.0 | 1.4 | 190.7% | 3.5 | 16.3% |
| <i>margin (%)</i> | <i>5.0%</i> | <i>1.8%</i> | <i>-</i> | <i>4.0%</i> | <i>-</i> |
| East Central Europe | 17.3 | 16.5 | 4.6% | 13.7 | 25.6% |
| <i>margin (%)</i> | <i>11.6%</i> | <i>11.5%</i> | <i>-</i> | <i>10.1%</i> | <i>-</i> |
| Other/eliminations | -0.1 | -0.1 | n.a. | 0.0 | n.a. |
| Net profit before minorities | 17.7 | 16.3 | 8.0% | 13.0 | 35.9% |
| Net profit after minorities | 10.4 | 9.2 | 12.9% | 7.6 | 36.9% |
| EPS (€) | 1.32 | 1.17 | 12.9% | 0.96 | 36.9% |
| DPS (€) | 0.50 | 0.40 | 25.0% | 0.40 | 25.0% |

Source: SWA; First Berlin Equity Research estimates

German volume growth driven by alcohol-free drinks and still wine Volume in Germany climbed 5.1% to 84.2m bottles (2019/20: 80.1m bottles). Both domestic and export volume (export markets include the UK, Portugal, China, the Benelux countries and Switzerland) grew. The increase was nearly all organic, as the wine merchant, VINO Weinhandels GmbH, was consolidated for 11 months of the prior business year (from 2 August 2019). De-alcoholised drinks and still wine were the main growth drivers. The alcohol-containing sparkling category, which accounts for nearly 60% of total segment volume, was down 3.8%, due mainly to lower private label business.

De-alcoholised drinks volume up 10.8% in 2020/21 SWA's second most important product area in Germany is de-alcoholised drinks. SWA is the market leader in alcohol-free sparklings and wines on its home market. The company's leading product in this area is Light Live, which is available in both sparkling and still variants and is supported with extensive marketing campaigns. SWA's de-alcoholised drinks business has grown briskly in recent years and volume rose 10.8% in 2020/21.

Robby Bubble volume jumped 24.4% The children's party drink Robby Bubble retains a dominant position in its category. The product achieved strong volume growth in 2020/21 supported by advertising such as the campaign on the children's TV talent show, "Voice Kids".

Still wine volume up 9.6% Retail and e-commerce channels were the drivers of strong volume growth in the still wine category. However covid-19-related lockdowns meant that business with the gastronomy and hotel trades was well below the prior year level.

Sales in Germany climbed 7.9% to €132.5m (2019/20: €122.8m). Sales outpaced volume growth due mainly to the positive development of SWA's wine retail businesses - Rindchen's Weinkontor & Co. KG and VINO Weinhandels GmbH. The pricing of these two companies' products is well above the German segment average and in 2020/21 they accounted for over half of segment sales growth. Segment gross profit increased 10.7% to €57.5m (2019/20: €52.0m), equivalent to a margin of 43.4% (2019/20: 42.3%) due to operational leverage, a positive shift in the product mix and the positive impact of lower raw wine prices. Despite rising packaging material costs, segment EBIT came in at €3.2m (2019/20: €1.8m) equivalent to a margin of 2.4% (2019/20: 1.5%).

**Full-year France segment volume down 7.7% but recovered strongly in final quarter**

France segment volume retreated 7.7% to 53.0m bottles (2019/20: 57.4m bottles) over the twelve months ending June 2021. Around 30% of bottles are exported to markets including Russia, the US and Japan. The covid-19 pandemic negatively impacted business both in France and on export markets whose contribution to the 2020/21 decline in the number of bottles sold was in line with their share of volume. Export markets were primarily responsible for the 23.4% rebound in volume during the final quarter but domestic volume also moved ahead despite a third lockdown from early April to early May 2021.

Charles Volner remains clear market leader in its category on French sparkling wine market

Volume of SWA's most important French own-brand product, Charles Volner, fell by 14.3%, but remains the undisputed leader in its category. SWA's two other most important French sparkling wine brands are Opéra and Muscador. Opéra's volume was almost at the prior year level and the product retained its no. 3 ranking in the "Blancs de Blancs" segment. In volume terms Muscador is one of the leading sparkling wines in France and the number of bottles sold rose 3.1%. The pandemic and French legislation to restrict discounting campaigns by retailers led to a slight decline in domestic volume. However exports, which account for around 25% of Muscador volume, jumped 50% due to the growing popularity of the product in several African countries.

France segment EBIT climbed 16.4% despite 5.7% sales decline France segment sales fell 5.7% to €81.0m (2019/20: €85.9m) while gross profit was 6.4% lower at €33.4m (2019/20: €35.7m). Sales and gross profit fell less than volume because of a favourable shift in the product mix. EBIT was 16.4% higher at €4.0m (2019/20: €3.4m) due mainly to a temporary reduction in advertising spending due to the pandemic.

In East Central Europe Romania and Czech Republic/Slovakia saw >20% volume growth

Volume in East Central Europe climbed 9.3% to 90.2m bottles (2019/20: 82.5m bottles). The main markets served by SWA in East Central Europe are Poland, Romania and Czech Republic/Slovakia which account for around 75%, 15% and 10% of segment volume and sales respectively. In 2020/21 volume growth was 4.4% in Poland, 20.1% in Romania and 27.4% in Czech Republic/Slovakia. Still wine was the main driver of volume growth in Poland, but the relatively new product categories of de-alcoholised sparklings and wines also generated notable growth. 60% growth in the still wine brand Sange de Taur was the main contributor to the volume increase recorded in Romania. In Czech Republic/Slovakia sparklings and children's party drinks were the main drivers of volume growth. De-alcoholised drinks, which were launched on this market in 2020/21, also made a notable contribution.

Sales grew 14.2% on a constant currency basis but local currency depreciation restricted reported sales growth to 9.7% to €149.1m (2019/20: €135.9m). Negative currency effects and a shift in the product mix meant that gross profit increased by 8.3% to €62.9m (2019/20: €58.1m) and so did not keep pace with sales. However, EBIT climbed 25.6% to €17.3m (2019/20: €13.7m) mainly because of a pandemic-related reduction in advertising spending.

Operating cashflow benefitted from unwinding of prior year inventory position

Cashflow before changes in net working capital climbed 21.4% to €31.8m (2019/20: €26.2m). In 2019/20 working capital consumed €13.2m, whereas in 2020/21 it yielded €10.9m. The main cause of the higher working capital requirement in 2019/20 was a €10.8m rise in inventories. The first-time consolidation of Vino Weinhandels GmbH pushed inventories up by ca. €3m while SWA also built up stock in East Central Europe to ensure reliability of supply. The unwinding of inventories after the 2019/20 build-up helped push operating cashflow up by 229% to €42.7m (2019/20: €13.0m). Net investing cashflow was €-15.3m (2019/20: €-12.7m).



Investment in tangible and intangible assets amounted to €18.1m (2019/20: €11.6m). A key project started in 2020/21 was the installation of a new production line at the Trier site in Germany. 2019/20 saw the modernisation of production equipment at Bilgoraj in Poland. Acquisition activity was insignificant in 2020/21, while 2019/20 saw the acquisition of Vino Weinhandels GmbH and acquisitions of three wine merchants in the Czech Republic for €1.6m. Proceeds from asset disposals, including the sale of a property at Böchingen in Germany, amounted to €2.9m (2019/20: €0.5m). Dividends to Schloss Wachenheim shareholders and minority shareholders in SWA's group companies in East Central Europe consumed €6.2m of cash (2019/20: €6.9m). Cashflow after investing and dividend payments was €21.1m (2019/20: €-6.7m). Net debt including lease and pension liabilities fell during the year by €15.7m to €57.7m, equivalent to net gearing of 26.8% (2019/20: net debt including pension liabilities of €73.4m and net gearing of 35.9%).

Buy recommendation maintained; price target raised to €25.00 (previously: €22.00)

Management guidance for 2021/22 is for a slight rise in volume and sales with all three geographic segments contributing to the increase. Group EBIT is expected in the range €24.0m - €26.0m (2020/21: €24.4m) and net profit before minorities in the range €17.0m - €19.0m (2019/20: €17.7m). Management expects profits to rise in Germany and France, but in East Central Europe sees rising advertising costs as well as higher personnel and material costs leading to a slight decline in results. This guidance assumes that rising vaccination rates will limit the need for further drastic measures to control the pandemic. A return to conditions approaching normality should allow a resurgence in the gastronomy and hospitality sectors as well as in private parties. These are important sources of business for SWA and all three have been subdued over the past eighteen months. We think SWA's assumptions are reasonable, and following the stronger than expected Q4 results have moved our own forecasts into line with management guidance. We now see fair value for the SWA share at €25.00 (previously: €22.00) and continue to recommend investors to buy the stock for post-pandemic recovery.

Figure 2: Changes to our forecasts

| All figures in €m | 2021/22E | | | 2022/23E | | |
|-------------------------------------|---------------|---------------|--------------|---------------|---------------|--------------|
| | old | new | Δ | old | new | Δ |
| Sales | 361.83 | 377.00 | 4.2% | 380.08 | 402.99 | 6.0% |
| by region: | | | | | | |
| Germany | 141.96 | 136.00 | -4.2% | 146.22 | 142.80 | -2.3% |
| France | 78.09 | 89.21 | 14.2% | 82.00 | 94.57 | 15.3% |
| East Central Europe | 149.86 | 160.31 | 7.0% | 160.35 | 174.74 | 9.0% |
| Eliminations | -8.08 | -8.52 | - | -8.49 | -9.11 | - |
| EBIT | 21.51 | 24.62 | 14.4% | 25.26 | 27.96 | 10.7% |
| Margin | 5.9% | 6.5% | - | 6.6% | 6.9% | - |
| by region: | | | | | | |
| Germany | 3.55 | 3.24 | -8.7% | 3.66 | 3.57 | -2.3% |
| margin (%) | 2.5% | 2.4% | - | 2.5% | 2.5% | - |
| France | 2.58 | 5.23 | 103.0% | 4.51 | 6.15 | 36.3% |
| margin (%) | 3.3% | 5.9% | - | 5.5% | 6.5% | - |
| East Central Europe | 15.44 | 16.24 | 5.2% | 17.16 | 18.35 | 6.9% |
| margin (%) | 10.3% | 10.1% | - | 10.7% | 10.5% | - |
| Eliminations | -0.05 | -0.09 | n.a. | -0.06 | -0.11 | n.a. |
| Net profit before minorities | 15.48 | 17.84 | 15.3% | 18.48 | 20.43 | 10.6% |
| Net profit after minorities | 8.83 | 11.25 | 27.5% | 11.09 | 12.99 | 17.1% |
| EPS € | 1.11 | 1.42 | 27.5% | 1.40 | 1.64 | 17.1% |

Source: First Berlin Equity Research estimates



DCF MODEL

| All figures in EUR 000s | 2021/22E | 2022/23E | 2023/24E | 2024/25E | 2025/26E | 2026/27E | 2027/28E | 2028/29E | 2029/30E | FY 30/31E | FY 31/32E |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|
| Net sales | 377,001 | 402,994 | 424,865 | 447,362 | 471,510 | 497,451 | 525,335 | 552,699 | 581,904 | 613,091 | 646,407 |
| NOPLAT | 18,954 | 21,531 | 24,149 | 26,198 | 28,007 | 29,964 | 32,082 | 34,149 | 36,368 | 38,750 | 41,310 |
| + depreciation & amortisation | -15,863 | -16,957 | -17,877 | -18,824 | -19,840 | -20,931 | -22,105 | -23,256 | -24,485 | -25,797 | -27,199 |
| Net operating cash flow | 34,818 | 38,488 | 42,026 | 45,022 | 47,847 | 50,895 | 54,187 | 57,405 | 60,853 | 64,548 | 68,509 |
| - total investments (CAPEX and WC) | -21,387 | -34,474 | -30,276 | -34,830 | -37,295 | -39,682 | -42,260 | -43,036 | -45,596 | -48,339 | -51,281 |
| Capital expenditures | -17,267 | -27,874 | -26,207 | -29,196 | -31,248 | -33,186 | -35,277 | -36,183 | -38,282 | -40,530 | -42,938 |
| Working capital | -4,120 | -6,600 | -4,069 | -5,634 | -6,048 | -6,496 | -6,983 | -6,853 | -7,314 | -7,810 | -8,343 |
| Free cash flows (FCF) | 13,431 | 4,014 | 11,750 | 10,192 | 10,552 | 11,213 | 11,927 | 14,370 | 15,257 | 16,208 | 17,228 |
| PV of FCF's | 12,686 | 3,515 | 9,538 | 7,670 | 7,361 | 7,252 | 7,151 | 7,987 | 7,861 | 7,742 | 7,629 |

| All figures in EUR 000s | |
|--|---------|
| PV of FCFs in explicit period (2020/21-2034/35)* | 113,071 |
| PV of FCFs in terminal period | 197,766 |
| Enterprise value (EV) | 310,837 |
| Average net debt (most recent four quarters) | -63,073 |
| Investments / minority interests | -49,726 |
| Shareholder value | 198,038 |

| Fair value per share in EUR | 25.00 |
|-----------------------------|-------|
|-----------------------------|-------|

| WACC | 7.9% |
|-------------------------|-------|
| Cost of equity | 9.7% |
| Pre-tax cost of debt | 3.0% |
| Tax rate | 23.0% |
| After-tax cost of debt | 2.3% |
| Share of equity capital | 70.0% |
| Share of debt capital | 30.0% |

| Price target in EUR | 25.00 |
|---------------------|-------|
|---------------------|-------|

*for layout purposes the model shows numbers only to 2031/32 but runs until 2034/35

| WACC | | Terminal growth rate | | | | | | |
|------|-------|----------------------|-------|-------|-------|-------|-------|------|
| | | 0.5% | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | 3.5% |
| 5.9% | 45.41 | 46.93 | 48.81 | 51.17 | 54.23 | 58.36 | 64.22 | |
| 6.4% | 38.67 | 39.64 | 40.82 | 42.26 | 44.08 | 46.44 | 49.62 | |
| 6.9% | 33.08 | 33.68 | 34.40 | 35.26 | 36.32 | 37.66 | 39.39 | |
| 7.4% | 28.38 | 28.73 | 29.14 | 29.63 | 30.21 | 30.93 | 31.84 | |
| 7.9% | 24.39 | 24.56 | 24.77 | 25.00 | 25.29 | 25.63 | 26.05 | |
| 8.4% | 20.96 | 21.02 | 21.08 | 21.16 | 21.24 | 21.34 | 21.47 | |
| 8.9% | 18.00 | 17.97 | 17.94 | 17.91 | 17.87 | 17.82 | 17.76 | |
| 9.4% | 15.42 | 15.34 | 15.24 | 15.14 | 15.01 | 14.87 | 14.70 | |



INCOME STATEMENT

| All figures in €000s | FY 16/17 | FY 17/18 | FY 18/19 | FY 19/20 | FY 20/21 | FY 21/22E | FY 22/23E |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenues | 296,062 | 324,527 | 337,159 | 338,212 | 354,584 | 377,001 | 402,994 |
| Change in inventories | 257 | 3,341 | 107 | 240 | -1,959 | 0 | 0 |
| Cost of materials | -169,778 | -190,920 | -191,505 | -192,653 | -198,789 | -212,629 | -229,707 |
| Gross Profit | 126,541 | 136,948 | 145,761 | 145,799 | 153,836 | 164,372 | 173,288 |
| Other operating income | 4,582 | 7,994 | 3,981 | 5,117 | 4,323 | 4,596 | 4,913 |
| Personnel expenses | -43,593 | -50,249 | -53,303 | -56,274 | -60,225 | -65,000 | -68,500 |
| Depreciation | -7,844 | -9,171 | -9,447 | -14,401 | -15,151 | -15,863 | -16,957 |
| Other operating expenses | -57,505 | -61,694 | -64,016 | -61,272 | -58,359 | -63,489 | -64,782 |
| Operating Income (EBIT) | 22,181 | 23,828 | 22,976 | 18,969 | 24,424 | 24,616 | 27,962 |
| Associates | -6 | -1 | -27 | 0 | 77 | 0 | 0 |
| Net interest income | -1,102 | -1,554 | -1,291 | -1,818 | -1,509 | -1,445 | -1,426 |
| Pretax profit (EBT) | 21,073 | 22,273 | 21,658 | 17,151 | 22,992 | 23,171 | 26,536 |
| Taxes | -5,361 | -5,900 | -5,657 | -4,160 | -5,339 | -5,329 | -6,103 |
| Net profit before minorities | 15,712 | 16,373 | 16,001 | 12,991 | 17,653 | 17,842 | 20,433 |
| Minorities | -4,211 | -5,258 | -5,111 | -5,376 | -7,227 | -6,587 | -7,444 |
| Net attributable profit | 11,501 | 11,115 | 10,890 | 7,615 | 10,426 | 11,255 | 12,989 |
| EPS (€) | 1.45 | 1.40 | 1.38 | 0.96 | 1.32 | 1.42 | 1.64 |
| EBITDA | 30,025 | 32,999 | 32,423 | 33,370 | 39,575 | 40,479 | 44,919 |
| Ratios | | | | | | | |
| Gross margin | 42.7% | 42.2% | 43.2% | 43.1% | 43.4% | 43.6% | 43.0% |
| EBITDA margin on revenues | 10.1% | 10.2% | 9.6% | 9.9% | 11.2% | 10.7% | 11.1% |
| EBIT margin on revenues | 7.5% | 7.3% | 6.8% | 5.6% | 6.9% | 6.5% | 6.9% |
| Net margin on revenues | 5.3% | 5.0% | 4.7% | 3.8% | 5.0% | 4.7% | 5.1% |
| Tax rate | 25.4% | 26.5% | 26.1% | 24.3% | 23.2% | 23.0% | 23.0% |
| Expenses as % of revenues | | | | | | | |
| Personnel costs | -14.7% | -15.5% | -15.8% | -16.6% | -17.0% | -17.2% | -17.0% |
| Depreciation | -2.6% | -2.8% | -2.8% | -4.3% | -4.3% | -4.2% | -4.2% |
| Other operating expenses | -19.4% | -19.0% | -19.0% | -18.1% | -16.5% | -16.8% | -16.1% |
| Y-Y Growth | | | | | | | |
| Revenues | 1.0% | 9.6% | 3.9% | 0.3% | 4.8% | 6.3% | 6.9% |
| Operating income | 9.1% | 7.4% | -3.6% | -17.4% | 28.8% | 0.8% | 13.6% |
| Net profit before minorities | 16.0% | -100.0% | -2.3% | -18.8% | 35.9% | 1.1% | 14.5% |



BALANCE SHEET

| All figures in €000s | FY 16/17 | FY 17/18 | FY 18/19 | FY 19/20 | FY 20/21 | FY 21/22E | FY 22/23E |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Assets | | | | | | | |
| Current assets, total | 155,088 | 172,510 | 175,357 | 179,512 | 179,147 | 184,406 | 197,120 |
| Cash and cash equivalents | 5,700 | 7,760 | 9,531 | 6,015 | 7,680 | 3,770 | 4,030 |
| Other receivables and short-term assets | 5,508 | 7,349 | 7,861 | 6,854 | 9,093 | 9,668 | 10,334 |
| Trade accounts and notes receivables | 56,362 | 58,697 | 53,563 | 51,427 | 53,753 | 57,151 | 61,092 |
| Inventories | 87,518 | 98,704 | 104,402 | 115,216 | 108,621 | 113,817 | 121,664 |
| Non-Current Assets, total | 158,818 | 165,328 | 170,751 | 193,261 | 198,884 | 199,839 | 210,833 |
| Property, plant and equipment | 72,431 | 70,292 | 75,744 | 92,659 | 97,513 | 97,266 | 103,973 |
| Goodwill + intangible assets | 78,557 | 89,145 | 88,862 | 93,469 | 96,082 | 97,732 | 101,943 |
| Other financial assets | 5,654 | 5,403 | 5,051 | 3,795 | 3,709 | 3,709 | 3,709 |
| Deferred taxes + prepaid expenses | 481 | 488 | 1,094 | 1,822 | 1,580 | 1,131 | 1,209 |
| Long term assets for sale | 1,695 | 0 | 0 | 1,516 | 0 | 0 | 0 |
| Total Assets | 313,906 | 337,838 | 346,108 | 372,773 | 378,031 | 384,244 | 407,953 |
| Shareholders' equity & debt | | | | | | | |
| Current Liabilities, total | 97,782 | 104,645 | 109,987 | 117,850 | 115,034 | 115,585 | 123,875 |
| Current provisions | 3,020 | 3,846 | 4,425 | 5,661 | 7,422 | 7,812 | 8,267 |
| Short-term financial debt | 28,221 | 25,265 | 28,099 | 40,319 | 28,849 | 24,030 | 26,092 |
| Trade payables | 37,434 | 41,423 | 44,185 | 41,498 | 44,734 | 47,562 | 50,841 |
| Prepayments, deferred charges & other liabilities | 29,107 | 34,111 | 33,278 | 30,372 | 34,029 | 36,180 | 38,675 |
| Long term liabilities, total | 32,443 | 41,626 | 34,197 | 50,704 | 48,003 | 40,247 | 43,239 |
| Long-term financial debt | 20,982 | 24,470 | 20,886 | 36,705 | 34,121 | 29,477 | 31,901 |
| Pension accruals and similar liabilities | 2,970 | 2,750 | 2,763 | 2,396 | 2,405 | 2,549 | 2,702 |
| Other long-term debt | 804 | 4,919 | 1,063 | 1,590 | 1,095 | 1,164 | 1,244 |
| Deferred taxes | 7,687 | 9,487 | 9,485 | 10,013 | 10,382 | 7,056 | 7,392 |
| Shareholders' equity | 152,431 | 158,571 | 165,950 | 167,773 | 174,547 | 181,378 | 186,361 |
| Minority interests | 31,250 | 32,996 | 35,974 | 36,446 | 40,447 | 47,034 | 54,478 |
| Total shareholders' equity & debt | 313,906 | 337,838 | 346,108 | 372,773 | 378,031 | 384,244 | 407,953 |
| Ratios | | | | | | | |
| Current ratio (x) | 1.59 | 1.65 | 1.59 | 1.52 | 1.56 | 1.60 | 1.59 |
| Quick ratio (x) | 0.69 | 0.71 | 0.65 | 0.55 | 0.61 | 0.61 | 0.61 |
| Financial leverage (including pension liabilities) | 25.3% | 23.3% | 20.9% | 35.9% | 26.8% | 22.9% | 23.5% |
| Book value per share (€) | 19.25 | 20.02 | 20.95 | 21.18 | 22.04 | 22.90 | 23.52 |
| Net debt (including pension liabilities) | 46,473 | 44,725 | 42,217 | 73,405 | 57,695 | 52,287 | 56,665 |
| Return on equity (ROE) | 6.5% | 5.9% | 5.5% | 3.7% | 5.0% | 5.1% | 5.5% |



CASH FLOW STATEMENT

| All figures in €000s | FY 16/17 | FY 17/18 | FY 18/19 | FY 19/20 | FY 20/21 | FY 21/22E | FY 22/23E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net profit before minorities | 15,712 | 16,373 | 16,001 | 12,991 | 17,653 | 17,842 | 20,433 |
| Depreciation and amortisation | 7,844 | 9,171 | 9,447 | 14,401 | 15,151 | 15,863 | 16,957 |
| Change in working capital | -662 | -3,128 | 1,230 | -13,229 | 10,867 | -4,120 | -6,600 |
| Other | 1,775 | -1,659 | 345 | -1,204 | -1,015 | 144 | 153 |
| Operating cash flow | 24,669 | 20,757 | 27,023 | 12,959 | 42,656 | 29,729 | 30,943 |
| CAPEX | -14,838 | -15,049 | -18,092 | -13,183 | -18,165 | -17,267 | -27,874 |
| Fixed asset sales | 565 | 3,095 | 337 | 458 | 2,862 | 0 | 0 |
| Investing cash flow | -14,273 | -11,954 | -17,755 | -12,725 | -15,303 | -17,267 | -27,874 |
| Free cash flow | 10,396 | 8,803 | 9,268 | 234 | 27,353 | 12,462 | 3,069 |
| Change in financial liabilities | -1,602 | -479 | -750 | 2,883 | -19,377 | -9,462 | 4,485 |
| Dividends to shareholders | -3,406 | -3,802 | -3,960 | -3,960 | -3,168 | -3,960 | -3,960 |
| Dividends to subsidiaries of minorities | -2,657 | -2,920 | -2,601 | -2,950 | -3,048 | -2,950 | -3,334 |
| Other | 0 | 209 | 0 | 0 | 0 | 0 | 0 |
| Financing cash flow | -7,665 | -6,992 | -7,311 | -4,027 | -25,593 | -16,372 | -2,809 |
| Change in cash | 2,731 | 1,811 | 1,957 | -3,793 | 1,760 | -3,910 | 260 |
| Consolidation; exchange rate effects | -173 | 249 | -186 | 277 | -95 | 0 | 0 |
| Liquid funds, start of the year | 3,142 | 5,700 | 7,760 | 9,531 | 6,015 | 7,680 | 3,770 |
| Liquid funds, end of the year | 5,700 | 7,760 | 9,531 | 6,015 | 7,680 | 3,770 | 4,030 |
| Free cash flow per share (€) | 1.31 | 1.11 | 1.17 | 0.03 | 3.45 | 1.57 | 0.39 |
| Y-Y growth | | | | | | | |
| Operating cash flow | 58.1% | -15.9% | 30.2% | -52.0% | 229.2% | -30.3% | 4.1% |
| Free cash flow | 322.6% | -15.3% | 5.3% | -97.5% | 11589.3% | -54.4% | -75.4% |
| Financial cash flow | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |

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Anschrift:

First Berlin Equity Research GmbH
Mohrenstr. 34
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

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First Berlin Equity Research GmbH

Authored by: Simon Scholes, Analyst

All publications of the last 12 months were authored by Simon Scholes.

Company responsible for preparation: First Berlin Equity Research GmbH, Mohrenstraße 34, 10117 Berlin

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| Category | | 1 | 2 |
|--------------------------------------|--|---------------|-------------|
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| Strong Buy ¹ | An expected favourable price trend of: | > 50% | > 30% |
| Buy | An expected favourable price trend of: | > 25% | > 15% |
| Add | An expected favourable price trend of: | 0% to 25% | 0% to 15% |
| Reduce | An expected negative price trend of: | 0% to -15% | 0% to -10% |
| Sell | An expected negative price trend of: | < -15% | < -10% |

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

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| Report No.: | Date of publication | Previous day closing price | Recommendation | Price target |
|----------------|---------------------|----------------------------|----------------|--------------|
| Initial Report | 19 July 2007 | €10.00 | Hold | €10.75 |
| 2...45 | ↓ | ↓ | ↓ | ↓ |
| 46 | 24 September 2019 | €16.55 | Add | €22.30 |
| 47 | 19 November 2019 | €17.75 | Add | €22.20 |
| 48 | 27 February 2020 | €15.55 | Buy | €20.30 |
| 49 | 15 May 2020 | €12.40 | Buy | €18.90 |
| 50 | 29 September 2020 | €15.70 | Buy | €20.00 |
| 51 | 18 November 2020 | €15.30 | Buy | €20.00 |
| 52 | 19 February 2021 | €14.80 | Buy | €21.00 |
| 53 | 17 May 2021 | €16.60 | Buy | €22.00 |
| 54 | Today | €19.40 | Buy | €25.00 |

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