

Ilirija d.d.

Buy

Maintained

Price: HRK 170
Price target: HRK 231
(previously HRK 178)

Well on track to full recovery

We have rolled over our DCF model and raised our 12M price target (PT) for Ilirija by 30%, to HRK 231; despite the stock having appreciated by 31% since our initiation, last autumn, we maintain our BUY recommendation. Stable revenues from the marina business and the shopping centre in particular insulated Ilirija's earnings from the worst of the COVID-19 pandemic and, following a strong summer season, the business is on track next year to beat its record 2019 earnings, with strong pricing in most of its business segments. The low 2021E gearing should also lay the ground for resuming dividends and future investments. Liquidity has improved since last April, but the 6M ADTV remains just EUR 2k (vs. EUR 809 last autumn). For investors that can accept this limitation, however, the current entry point remains attractive, in our view.

We have left our 2022-23E earnings forecasts largely unchanged, following the 2021 season, with average revenues of c.HRK 175m (-2% vs. our initiation) and average EBITDA of c.HRK 59m (-3%). Behind this, we assume higher ADRs at both the hotels and camps, but lower long-term rentals at the latter. In real estate, we have flattened our assumptions for lease price hikes, but this is offset by pricing strength in the nautical segment (we assume an average contract berth rate c.12% over the 2019 level and 18% higher rates for transit berths). For 2022E, we see revenues beating the 2019 level by c.6% and EBITDA c.13% higher, at c.HRK 57m, or a margin of 33% (c.230bps over the 2019 figure). Our 2022E net profit of HRK 30.6m is 2% below 2019, as Ilirija has exhausted its investment-linked tax credits (it paid zero corporate tax in 2018-21); from 2022E-onwards, we assume the statutory CIT of 18% (unchanged vs. our initiation report).

Ilirija should exit 2021E with a historic low gearing ratio of 1.1x, on our forecasts, and record strong FCF generation of c.HRK 33.5m, on our estimates (a yield of 8.2%). This should give the business the headroom to embark on a new capex cycle – we understand that a new investment plan is in the works – but also to resume dividends, which have been suspended for the past two years. Our model assumes a c.25% payout from the 2021E profit, or a DPS of HRK 3.18 (a 1.9% yield).

For 2021E, we see Ilirija trading at a 2021E PER of c.13x and 9x EV/EBITDA. For 2022-23E, the stock is at average PERs of 13.2x and 7.5x, respectively. Historically (e.g., on 2016-19 multiples), the stock has traded on a discount to its peers and the gap has only widened. On average 2022-23E EV/EBITDA, we see it at a c.40% discount (versus low single digits) and c.55% on PERs (historically, c.34%). The more conservative earnings compared to its peers is the reason for this, we believe, and the stock would revert back to historical discounts by 2023E, on our PT.

Risks: aside from COVID-19 variant related issues, we see two main risks for our investment thesis. Firstly: the competition from other marinas in the region, both domestic and foreign. Secondly: Ilirija may have to invest more than we have reflected in our model to modernise its hospitality and shopping centre assets.

Expected events

4Q21 results	End-February
1Q22 results	End-April
2Q22 results	End-July
3Q22 results	End-October

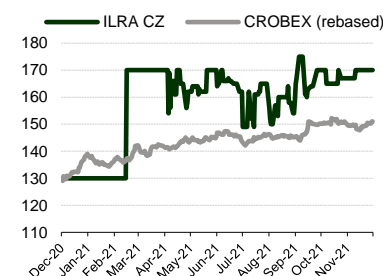
Key data

Market Cap	EUR 55m
Free float	47.1%
6M ADTV	EUR 2.0k
Shares outstanding	2.4m
Major Shareholder	Arsenal (59.2%)
Reuters Code	ILRA.ZA
Bloomberg Code	ILRA CZ
CROBEX Index	2,037

Price performance

52-w range	HRK 175-130
52-w performance	30.6%
Relative performance	14.6%

Ilirija 12M share price performance



Year	Sales HRK m	EBITDA HRK m	Net profit HRK m	EPS HRK	EPS % yoy	DPS HRK	P/E (x)	EV/EBITDA (x)	P/CE (x)	Div yield %
2018	156.4	52.5	36.9	15.33	16%	3.50	11.8	10.4	8.8	1.9%
2019	163.5	50.2	31.3	13.03	-15%	0.00	14.0	10.8	10.0	0.0%
2020	97.6	21.2	1.0	0.42	-97%	0.00	n.m.	23.6	18.2	0.0%
2021E	138.0	52.0	31.7	13.18	n.m.	0.00	12.9	9.0	9.8	0.0%
2022E	172.0	56.8	30.6	12.72	-3%	3.18	13.4	7.7	8.3	1.9%
2023E	178.8	57.5	31.2	12.95	2%	3.24	13.1	7.2	8.5	1.9%

Analysts: Bram Buring, CFA; Alex Boulougouris, CFA
E-mail: bram.buring@wood.cz; alex.boulougouris@wood.com

Prague: +420 222 096 250
Website: www.wood.com

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Closing Prices as of 17 December 2021

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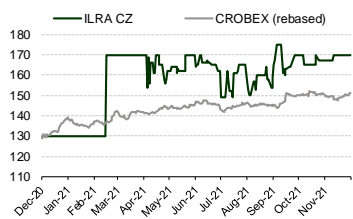
Requests for permission to make copies of any part of this report should be mailed to:

WOOD & Company Financial Services a.s.
Palladium, Namesti Republiky 1079/1a,
110 00 Prague 1 – Czech Republic
tel.: +420 222 096 111
fax: +420 222 096 222
<http://www.wood.cz>

Company snapshot – BUY, HRK 231

BUY

Bloomberg ticker	ILRA CZ
Closing price (HRK)	170
Target Price (HRK)	231
Upside to TP	35.7%
Shares outstanding (m)	2.4
MCAP (EUR m)	55
Free float	47.1%
6M ADTV (EUR '000)	2.0
52 Week Range (HRK)	175-130



COMPANY DESCRIPTION

Compared to the traditional Croatian resort operators, which rely primarily streams of beachgoers during the summer season, Ilirija's business adds also its Marina Komati, one of the largest marinas on the Croatian Adriatic coast, and nautical tourism. The marina's primary earnings driver is providing year-round mooring for charter and private vessels; it's a stable business that alone last year generated HRK 30.1m for Ilirija or 18% of total revenues. In addition to moorings and other associated services, Ilirija also operates four mid-sized hotels, not only for visitors to the marina, a c.1,200 pitch campsite for more traditional holidaymakers, plus sports and dining facilities. The company also provides event management at site at its own sites nearby as well as hosting the annual Biograd Boat Show, one of the largest floating boat shows in the region. In 2016 the company acquired the Shopping Center City Galleria in nearby Zadar, a 6-floor c.10k m2 shopping mall near the old city centre, which it financed with proceeds a small capital increase and debt; we view this an opportunistic purchase, having little synergy with the tourism core business but with >99% occupancy and a yield to its book value of c.12.2% we'd estimate it offers some EUR 3.7m (HRK 28m or HRK 12 per Ilirija share) worth of "hidden" reserves, assuming a fair value yield for similar assets of 9%.

RATIOS

PER SHARE RATIOS	2018	2019	2020	2021E	2022E	2023E	VALUATION RATIOS	2018	2019	2020	2021E	2022E	2023E
EPS	15.3	13.0	0.4	13.2	12.7	13.0	P/E	11.8x	14.0x	400.3x	12.9x	13.4x	13.1x
CEPS	20.5	18.3	9.3	17.3	20.5	20.0	EV/EBITDA	10.4x	10.8x	23.6x	9.0x	7.7x	7.2x
BVPS	134.7	144.2	144.6	157.3	170.0	179.8	P/CF	8.8x	10.0x	18.2x	9.8x	8.3x	8.5x
DPS	3.5	0.0	0.0	0.0	3.2	3.2	P/BV	1.3x	1.3x	1.2x	1.1x	1.0x	0.9x
FINANCIAL RATIOS							EV/Capital Employed	1.2x	1.2x	1.1x	1.1x	1.0x	0.9x
EBITDA margin	33.6%	30.7%	21.7%	37.7%	33.0%	32.2%	EV/Sales	3.5x	3.3x	5.1x	3.4x	2.5x	2.3x
EBIT margin	25.4%	21.9%	5.7%	25.3%	23.5%	22.7%	EV/EBIT	13.8x	15.1x	90.6x	13.4x	10.8x	10.2x
Net margin	23.6%	19.2%	1.0%	23.0%	17.8%	17.4%	Cash flow from ops, HRK m	49.2	44.0	22.5	41.7	49.3	48.2
ROE	11.9%	9.3%	0.3%	8.7%	7.8%	7.4%	EV, HRK m	546	541	501	467	437	416
ROCE	9.0%	7.9%	1.2%	8.0%	7.5%	7.5%	FCF, HRK m	8.5	17.8	8.6	33.5	30.2	28.6
Net debt/EBITDA	2.1x	2.0x	4.3x	1.1x	0.5x	0.1x	FCF yield	2.0%	4.0%	2.1%	8.2%	7.4%	7.0%
Net debt/(cash) to equity	0.3x	0.3x	0.3x	0.2x	0.1x	0.0x	Dividend yield	1.9%	0.0%	0.0%	0.0%	1.9%	1.9%

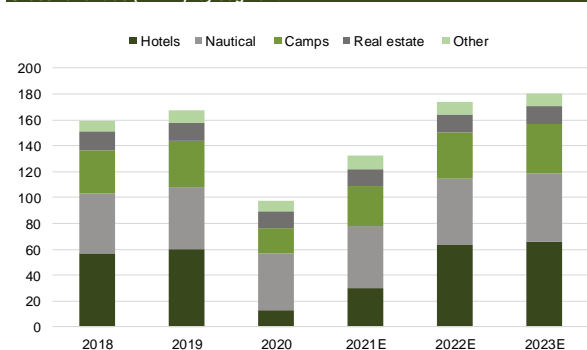
COMPANY FINANCIALS

INCOME STATEMENT, HRK m	2018	2019	2020	2021E	2022E	2023E	BALANCE SHEET, HRK m	2018	2019	2020	2021E	2022E	2023E
Total operating revenues	156.4	163.5	97.6	138.0	172.0	178.8	Current Assets	22.8	34.0	27.8	57.9	81.1	94.4
Materials and energy	-23.3	-24.4	-11.1	-18.7	-25.5	-26.3	Cash and equivalents	5.2	15.2	23.4	46.5	66.6	79.4
Services	-19.3	-21.7	-16.3	-18.8	-22.5	-23.3	Trade receivables	13.4	15.8	3.4	9.0	11.7	12.1
Staff cost	-41.9	-47.4	-31.8	-34.0	-45.9	-49.5	Inventories	2.3	1.8	1.1	1.3	1.9	1.9
Other operating expenses	-19.5	-19.9	-17.3	-14.5	-21.3	-22.1	Other	1.8	1.2	0.0	1.0	1.0	1.0
EBITDA	52.5	50.2	21.2	52.0	56.8	57.5	Non-current assets	439.6	451.2	448.9	437.6	440.3	443.0
D&A	-12.8	-14.4	-15.7	-17.0	-16.3	-16.9	PP&E	361.5	374.0	370.8	359.9	363.8	367.7
EBIT	39.7	35.8	5.5	35.0	40.5	40.6	Intangible assets	0.4	0.5	0.1	0.2	0.2	0.2
Net financial expenses	-2.8	-4.5	-4.5	-3.2	-3.2	-2.6	Investment property	77.7	76.7	77.9	77.5	76.3	75.0
Profit before taxation	36.9	31.3	1.0	31.7	37.3	38.0	Other	0.0	0.0	0.0	0.0	0.0	0.0
Income tax	0.0	0.0	0.0	0.0	-6.7	-6.8	Total Assets	462.4	485.3	476.7	495.5	521.4	537.4
Net profit	36.9	31.3	1.0	31.7	30.6	31.2	Total Current Liabilities	34.8	40.1	22.7	26.0	30.8	30.4
CASH FLOW, HRK m	2018	2019	2020	2021E	2022E	2023E	Trade payables	20.1	20.1	11.9	10.9	16.3	17.0
Net profit	36.9	31.3	1.0	31.7	30.6	31.2	ST loans	12.8	18.2	9.1	13.8	13.1	12.0
Depreciation	12.8	14.4	15.7	17.0	16.3	16.9	Other	1.9	1.9	1.8	1.4	1.4	
Change in retained profit	0.0	0.0	0.0	0.0	0.0	0.0	Total Non-current Liabilities	103.4	98.4	105.8	90.8	81.4	74.3
Sale of PP&E	0.1	0.0	0.5	0.0	0.0	0.0	Long-term debt	103.4	98.4	105.8	90.8	81.4	74.3
Share bonuses	0.7	0.0	0.0	0.0	0.0	0.0	Other	0.0	0.0	0.0	0.0	0.0	0.0
Change in working capital	-1.3	-1.7	5.2	-7.0	2.3	0.1	Total shareholders' equity	324.2	346.8	348.1	378.6	409.2	432.7
CF from operating activities	49.2	44.0	22.5	41.7	49.3	48.2	Total liab. & equity	462.4	485.3	476.7	495.5	521.4	537.4
CAPEX	-40.7	-26.2	-13.9	-8.2	-19.1	-19.6	Net Debt/(Cash)	111.0	101.3	91.6	58.1	27.9	6.9
Other	0.4	0.6	1.2	0.0	0.0	0.0	Gearing	2.1	2.0	4.3	1.1	0.5	0.1
CF from investments	-40.3	-25.6	-12.7	-8.2	-19.1	-19.6	Capital Employed, HRK m	439.1	451.8	443.2	439.5	439.9	442.5
Issuing of new shares	0.0	0.0	-	0.0	0.0	0.0							
Purchase of treasury shares	-0.4	-0.4	0.0	0.0	0.0	0.0							
Dividend paid	-7.2	-8.4	-	0.0	0.0	-7.7							
Increase/(decrease) in long-term borrow	0.5	-5.0	7.5	-15.0	-9.4	-7.1							
Increase/(decrease) in short-term borrow	1.8	5.4	-9.1	4.7	-0.7	-1.1							
Cash from financing activities	-5.2	-8.4	-1.7	-10.3	-10.1	-15.8							

Operational highlights

	2018	2019	2020	2021E	2022E	2023E
Nautical						
Vessels on berth contract	741	740	717	717	730	730
Transit berths - inbound vessels	3,263	3,418	1,585	2,535	3,200	3,350
Transit berth overnight stays	10,639	11,227	9,799	9,633	10,560	11,055
Average contract rate (HRK)	38,903	40,686	41,827	43,291	44,807	46,375
Revenues per transit vessel	762.8	820.8	1,246.2	950.0	964.3	978.7
Transit berth ADR	234.0	249.9	201.6	250.0	292.2	296.6
Hotels						
Number of accommodation units	443	443	443	443	443	443
Open days	234	229	108	230	230	230
Rooms Available ('000)	104	102	48	102	102	102
Accommodation units sold ('000)	73.0	73.3	14.5	33.0	69.2	70.3
Occupancy on open day basis	70.5%	72.1%	30.4%	32.4%	67.9%	69.0%
Revenues per sold room	726.4	762.1	805.5	837.8	862.9	888.8
Camps						
Maximum pitch days ('000)	273.3	335.5	332.2	295.7	321.6	321.6
Total pitch days ('000)	152.7	182.7	141.0	144.3	166.3	169.0
Occupancy	55.9%	54.4%	42.4%	48.8%	51.7%	52.5%
Revenues per sold pitch	198.7	174.2	127.7	195.7	200.4	208.3

Gross revenues (HRK m) by segment



Source: Company data, WOOD Research

Valuation

DCF valuation

We value Ilirja using a 10Y DCF model, with a multiples valuation as a sanity check. On this basis, we arrive at a DCF-based 12M PT of HRK 231/share, or upside of c.36% to the current level. The key assumptions in our DCF model include:

- ✓ A WACC of 7.5% (unchanged), starting with a risk free rate of 5.0% for Croatia and an equity risk premium of 5.5% (both unchanged).
- ✓ We apply a levered beta of 0.69x (previously 0.79x), based on an unlevered beta of 0.63x from the Damodaran sector beta database for European hotel and gaming companies.
- ✓ A terminal value calculated as the average of the perpetuity, with a 0% terminal growth rate, and an exit EV/EBITDA of 8.0x (both unchanged).

DCF valuation

HRK m	2022E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	40.5	40.6	43.0	44.3	45.6	47.0	48.4	49.9	51.5	53.1
NOPLAT	33.2	33.3	35.3	36.3	37.4	38.5	39.7	41.0	42.2	43.6
Depreciation	16.3	16.9	17.5	18.1	18.8	19.4	20.1	20.8	21.5	22.2
Change in NWC	2.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Capex	-19.1	-19.6	-20.2	-20.8	-21.4	-22.0	-22.7	-23.4	-24.1	-24.8
FCF	32.8	30.7	32.7	33.7	34.8	36.0	37.2	38.4	39.7	41.1
PV of FCF	32.8	28.6	28.3	27.1	26.1	25.0	24.0	23.1	22.2	21.4

	I. Perpetuity (g=0%)	II. Exit EV/EBITDA 8.0x		
Sum of PV	259	259	Risk-Free Rate	5.0%
PV of Terminal value	295	340	Levered Beta	0.69
Total EV	553	599	Risk premium	5.5%
Net Debt (2019A)	-58	-58	Cost of Equity	8.8%
Equity value	495	541	Cost of Debt	3.2%
Equity value (HRK/sh)	205.2	224.0	Tax Rate	18.0%
Average (HRK/sh)		215	Effective Cost of Debt	2.6%
12M PT (HRK/sh)		231	Weight of Equity	79.7%
			Weight of Debt	20.3%
			WACC	7.5%

Source: WOOD Research

PT sensitivity to WACC and terminal growth rate

WACC/terminal growth	-2.0%	-1.5%	-1.0%	-0.5%	0.0%	0.5%	1.0%	1.5%	2.0%
5.5%	259	270	283	298	316	337	363	395	437
6.0%	242	252	263	275	290	307	327	352	384
6.5%	228	236	245	255	267	281	298	318	342
7.0%	215	222	229	238	248	260	274	290	309
7.5%	203	209	216	223	231	241	253	266	281
8.0%	192	197	203	210	217	225	235	246	259
8.5%	183	187	192	198	204	211	219	229	239
9.0%	174	178	182	187	193	199	206	214	222
9.5%	166	169	173	178	182	188	194	200	208

Source: WOOD Research

Peer multiples

Peer multiples

Name	Country	Last price (LCU)	Mkt Cap (EUR)	P/E			EV/EBITDA			EBITDA margin		
				21E	22E	23E	21E	22E	23E	21E	22E	23E
ILIRIJA DD	HR	170	55	12.9	13.4	13.1	9.0	7.7	7.2	38%	33%	32%
ARENA HOSPITALITY GROUP DD	HR	308	210	-20.5	21.4	17.0	38.6	11.4	9.7	16%	29%	31%
PPHE HOTEL GROUP LTD	NE	1,384	692	n.a.	n.a.	26.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MELIA HOTELS INTERNATIONAL	SP	5.52	1,220	n.a.	n.a.	13.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
NH HOTEL GROUP SA	IR	2.93	1,277	n.a.	n.m.	21.5	85.2	17.1	11.3	10%	27%	33%
ACCOR SA	SP	25.98	6,800	n.a.	64.5	21.8	41.0	11.9	8.2	11%	23%	27%
LEMON TREE HOTELS LTD	FR	47.75	440	n.a.	n.a.	n.m.	21.2	10.0	7.8	22%	29%	30%
INDIAN HOTELS CO LTD	IN	195	2,694	n.a.	n.a.	54.6	n.m.	14.9	10.3	0%	17%	21%
HUAZHU GROUP LTD-ADR	IN	34.11	9,850	404.6	27.9	19.1	96.2	39.6	19.7	24%	35%	43%
SH JINJIANG INTL HOTELS - B	CH	2.014	7,151	n.a.	64.5	21.8	n.a.	55.4	21.4	-23%	15%	28%
MINOR INTERNATIONAL PCL	CH	29.25	4,029	n.a.	n.m.	24.2	45.7	15.0	12.0	14%	29%	33%
Peer median				n.m.	46.2	21.8	43.3	14.9	10.8	12%	28%	30%
<i>Ilirija vs peer median</i>				<i>n.m.</i>	<i>-71%</i>	<i>-40%</i>	<i>-79%</i>	<i>-49%</i>	<i>-33%</i>			

Source: Bloomberg, WOOD Research

Using a mix of current and historic peer multiples, we see a fair value for Ilirija of HRK 231/share, or c.36% upside to the current levels and fully in line with our 12M DCF valuation. Compared the 2017-19 levels, the median peer multiples remain elevated, in our view – certainly for 2021E, but also the 2022E PERs. A “normal” median peer group EV/EBITDA multiple would be closer to 17x and around 22x for PERs. For our valuation, we apply the 22x PER for the average 2022-23E earnings, which are, more or less, normalised. For the EV/EBITDA valuation, we are conservative and use the peer median of 12.9x, and the average of our 2022-23E EBITDAs. We also apply the same historic (2016-19) discounts vs. its domestic peers (34% on PER, 2% on EV/EBITDA) as we used in our initiation report. On these numbers, we reach a fair value for the stock on PER of HRK 186/share and HRK 275 on EV/EBITDAs. The average of the two valuation methods is HRK 231/share.

Peer multiple valuation

	P/E	EV/EBITDA
Peer group avg. multiples	22.0	12.9
Trailing 3yr premium/(discount)	-34%	-2%
Average 2022-23E earnings (HRK m)	30.9	57.2
EV		723
Net Debt (2021E)		-58
Equity value	449	665
Equity value per share	186	275
Weight	50%	50%
Fair value (HRK/sh)		231

Source: WOOD Research

Financials

Income statement

HRK m	2017	2018	2019	2020	2021E	2022E	2023E
Sales	143.4	154.9	160.9	90.0	132.1	170.1	176.8
Other operating revenues	3.2	1.5	2.6	7.6	5.9	1.9	2.0
Total operating revenues	146.6	156.4	163.5	97.6	138.0	172.0	178.8
Materials and energy	-22.6	-23.3	-24.4	-11.1	-18.7	-25.5	-26.3
Services	-18.9	-19.3	-21.7	-16.3	-18.8	-22.5	-23.3
Staff cost	-38.9	-41.9	-47.4	-31.8	-34.0	-45.9	-49.5
Other operating expenses	-17.6	-19.5	-19.9	-17.3	-14.5	-21.3	-22.1
Total operating expenses	-109.1	-116.7	-127.7	-92.1	-103.1	-131.5	-138.2
EBITDA	48.6	52.5	50.2	21.2	52.0	56.8	57.5
D&A	-11.1	-12.8	-14.4	-15.7	-17.0	-16.3	-16.9
Profit from operations	37.5	39.7	35.8	5.5	35.0	40.5	40.6
Net financial expenses	-3.6	-2.8	-4.5	-4.5	-3.2	-3.2	-2.6
Profit before taxation	33.9	36.9	31.3	1.0	31.7	37.3	38.0
Income tax	-6.6	0.0	0.0	0.0	0.0	-6.7	-6.8
Net profit	27.2	36.9	31.3	1.0	31.7	30.6	31.2
EPS (HRK)	13.2	15.3	13.0	0.4	13.2	12.7	13.0
DPS (HRK)	3.0	3.5	0.0	0.0	0.0	3.2	3.2
Dividend yield	1.8%	1.9%	n.m.	n.m.	0.0%	1.9%	1.9%
EBITDA margin	33.2%	33.6%	30.7%	21.7%	37.7%	33.0%	32.2%
Net margin	18.6%	23.6%	19.2%	1.0%	23.0%	17.8%	17.4%

Source: Company data, WOOD Research

Balance sheet

HRK m	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	0.3	0.4	0.5	0.1	0.2	0.2	0.2
PP&E	332.7	361.5	374.0	370.8	359.9	363.8	367.7
Investment property	78.8	77.7	76.7	77.9	77.5	76.3	75.0
Investment in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total long-term assets	411.8	439.6	451.2	448.9	437.6	440.3	443.0
Inventories	2.1	2.3	1.8	1.1	1.3	1.9	1.9
Receivables	8.4	13.4	15.8	3.4	9.0	11.7	12.1
Financial investments	2.2	1.8	1.2	0.0	1.0	1.0	1.0
Cash	1.5	5.2	15.2	23.4	46.5	66.6	79.4
Total current assets	14.2	22.8	34.0	27.8	57.9	81.1	94.4
Total assets	426.1	462.4	485.3	476.7	495.5	521.4	537.4
Share capital	229.1	229.1	229.1	229.1	229.1	229.1	229.1
Treasury shares	-1.2	-1.1	-1.4	-1.2	-1.2	-1.2	-1.2
Capital reserves	2.7	2.9	2.9	2.9	2.9	2.9	2.9
Reserves	24.0	27.0	29.2	38.6	37.4	37.4	37.4
Retained earnings	12.3	29.4	55.6	77.6	78.6	110.3	133.3
Profit for the period	27.2	36.9	31.3	1.0	31.7	30.6	31.2
Total equity	294.2	324.2	346.8	348.1	378.6	409.2	432.7
Long-term loans	102.8	103.4	98.4	105.8	90.8	81.4	74.3
Total long term liabilities	102.8	103.4	98.4	105.8	90.8	81.4	74.3
Trade payables	16.1	20.1	20.1	11.9	10.9	16.3	17.0
Short-term loans	11.0	12.8	18.2	9.1	13.8	13.1	12.0
Deferred income	1.9	1.9	1.9	1.8	1.4	1.4	1.4
Total current liabilities	29.0	34.8	40.1	22.7	26.0	30.8	30.4
Total liabilities	131.8	138.2	138.5	128.6	116.9	112.2	104.7
Total equity and liabilities	426.1	462.4	485.3	476.7	495.5	521.4	537.4
Gross debt	113.8	116.2	116.6	114.9	104.6	94.5	86.3
Net debt	112.3	111.0	101.3	91.6	58.1	27.9	6.9
Gearing	2.3	2.1	2.0	4.3	1.1	0.5	0.1
Capital employed	410.4	439.1	451.8	443.2	439.5	439.9	442.5
NOPAT	30.1	39.7	35.8	5.5	35.0	33.2	33.3
ROCE	7.3%	9.0%	7.9%	1.2%	8.0%	7.5%	7.5%

Source: Company data, WOOD Research

Cash flow statement

HRK m	2017	2018	2019	2020	2021E	2022E	2023E
Net profit	27.2	36.9	31.3	1.0	31.7	30.6	31.2
Depreciation	11.1	12.8	14.4	15.7	17.0	16.3	16.9
Change in retained profit	-1.2	0.0	0.0	0.0	0.0	0.0	0.0
Sale of PP&E	0.3	0.1	0.0	0.5	0.0	0.0	0.0
Share bonuses	0.0	0.7	0.0	0.0	0.0	0.0	0.0
Change in working capital	-3.0	-1.3	-1.7	5.2	-7.0	2.3	0.1
Cash from operations	34.5	49.2	44.0	22.5	41.7	49.3	48.2
Purchase of intangible assets	-0.1	-0.3	-0.3	0.0	-0.3	-0.3	-0.3
Purchase of tangible assets	-24.7	-40.3	-25.7	-11.4	-7.9	-18.8	-19.3
Purchase of investment property	-1.5	-0.1	-0.2	-2.5	0.0	0.0	0.0
Decrease in investments in subsidiaries	0.0	0.0	0.0	-	0.0	0.0	0.0
Decrease in loans and deposits	0.0	0.0	0.0	-	0.0	0.0	0.0
Decrease/(increase) in short-term investments	0.3	0.4	0.6	1.2	0.0	0.0	0.0
Net cash from investing activities	-25.9	-40.3	-25.6	-12.7	-8.2	-19.1	-19.6
Issuing of new shares	0.0	0.0	0.0	-	0.0	0.0	0.0
Purchase of treasury shares	-0.7	-0.4	-0.4	0.0	0.0	0.0	0.0
Dividend paid	-6.0	-7.2	-8.4	-	0.0	0.0	-7.7
Increase/(decrease) in long-term borrowings	-0.8	0.5	-5.0	7.5	-15.0	-9.4	-7.1
Increase/(decrease) in short-term borrowings	-2.0	1.8	5.4	-9.1	4.7	-0.7	-1.1
Net cash from financing activities	-9.5	-5.2	-8.4	-1.7	-10.3	-10.1	-15.8
Change in cash	-0.8	3.7	10.0	8.1	23.2	20.1	12.8
Previous year	2.3	1.5	5.2	15.2	23.4	46.5	66.6
Current year	1.5	5.2	15.2	23.4	46.5	66.6	79.4
FCF	8.4	8.5	17.8	8.6	33.5	30.2	28.6
FCF yield	2.5%	2.0%	3.9%	2.4%	8.2%	7.4%	7.0%

Source: WOOD Research

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CONTACTS

Czech Republic

namesti republiky 1079/1a
Palladium
110 00 Praha 1
Czech Republic
Tel +420 222 096 111
Fax +420 222 096 222

Romania

Lamda Building
7A Bucuresti-Ploiesti Street
4th Floor
013682 Bucharest 1
Tel.: +40 316 30 11 81

Poland

Centrum Marszalkowska
Marszalkowska 126/134
7th Floor
00 008 Warszawa
Poland
Tel +48 22 222 1530
Fax +48 22 222 1531

UK

16 Berkeley Street
London
W1J 8DZ
Tel +44 20 3530 0691

Italy

Via Luigi Settembrini, 35
20124 Milan
Italy
Tel +39 02 36692 500

Kristen Andrasko

Head of Equities
+420 222 096 253
kristen.andrasko@wood.com

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www.wood.com

Research

Co-Head of Research/ Head of Research Poland

Marta Jezewska-Wasilewska
+48 22 222 1548
marta.jezewska-wasilewska@wood.com

Head of Turkey Research

Atinc Ozkan
+90 542 202 3632
atinc.ozkan@wood.com

Head of Financials

Can Demir
+44 20 3530 0623
can.demir@wood.com

Consumer/Real Estate

Jakub Caithaml
+420 222 096 481
jakub.caithaml@wood.com

Gaming/Mid-caps

Maria Mickiewicz
+48 602 450 718
maria.mickiewicz@wood.com

Russia

Dmitry Vlasov
+44 750 714 6702
dmitry.vlasov@wood.com

Co-Head of Research/Head of Greek Research

Alex Boulougouris
+30 211 106 9447
alex.boulougouris@wood.com

Head of Russia Research

Ildar Davletshin
+44 203 530 0631
ildar.davletshin@wood.com

Head of TMT

Piotr Raciborski
+48 22 222 1551
piotr.raciborski@wood.com

Poland

Pawel Wieprzowski
+48 22 222 1549
pawel.wieprzowski@wood.com

Financials

David Lojkasek
+420 222 096 256
david.lojkasek@wood.com

CEE

Aidar Ulan
+420 739 627 170
aidar.ulan@wood.cz

Head of Consumer/Industrials

Lukasz Wachelko
+48 22 222 1560
lukasz.wachelko@wood.com

Head of Romania Research

Iuliana Ciopraga
+40 316 30 1185
iuliana.ciopraga@wood.com

Energy

Jonathan Lamb
+44 20 3530 0621
jonathan.lamb@wood.com

Energy/Utilities

Ondrej Slama
+420 222 096 484
ondrej.slama@wood.com

Turkey

Can Yurtcan
+420 222 096 780
can.yurtcan@wood.com

Macroeconomics

Raffaella Tenconi
+44 20 3530 0685
raffaella.tenconi@wood.com

Macroeconomics

Alessio Chiesa
+44 75177 06102
alessio.chiesa@wood.com

Utilities/Mining/Pharma

Bram Buring
+420 222 096 250
bram.buring@wood.com

Metals/Mining

Artem Bagdasaryan
+79 163 393 842
artem.bagdasaryan@wood.com

Greece

Fani Tzioukalia
+30 211 106 9449
fani.tzioukalia@wood.com

Sales

Head of Sales

Kristen Andrasko
+420 222 096 253
kristen.andrasko@wood.cz

Grzegorz Skowronski
+48 22 222 1559
grzegorz.skowronski@wood.com

Jan Koch
+48 22 222 1616
jan.koch@wood.com

Jarek Tomczynski
+44 203 530 0688
jarek.tomczynski@wood.com

Piotr Kopec
+48 22 222 1615
piotr.kopec@wood.com

Kostas Tsigkourakos
+30 694 082 5810
kostas.tsigkourakos@wood.com

Ioana Pop
+44 20 3530 0693
ioana.pop@wood.com

Tatiana Sarandinaki
Brasil Plural in association with WOOD&Co.
1 212 388 5613
tsarandinaki@wood-brasilplural.com

Sales Trading and Execution Services

Zuzana Mora
+420 222 096 283
zuzana.mora@wood.com

Ermir Shkurti
+420 222 096 847
ermir.shkurti@wood.com

Vladimir Vavra
+420 222 096 397
vladimir.vavra@wood.com

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