

# Media and Games Invest SE

Malta / Entertainment  
 Xetra & Nasdaq First North Premier  
 Bloomberg: M8G GR  
 ISIN: MT0000580101

H1  
 Update

**RATING**  
**BUY**

**PRICE TARGET**  
**€ 8.00**

Return Potential 51.1%  
 Risk Rating High

## SEPARATING FROM THE VIDEO GAME PACK

Second quarter reporting featured organic sales growth north of 35% for the second consecutive quarter. This helped spur a 72% rise in the overall Q2 topline to €57m, which matched FBe (€57m). Earnings grew at an even stronger clip led by EBITDA (+130% Y/Y) and adj. EBIT (+162%). Full content and M&A pipelines suggest this performance is still in the early stages. Management confirmed guidance (sales: €234m to €254m; EBITDA €65m to €70m), and we stick to our recently upgraded forecasts. Our price target remains €8, and we reiterate our Buy rating.

**Separating from the video game pack** MGI shares tumbled last week when Swedish peer, Stillfront, reported second quarter organic sales growth (OSG) of -17% and missed the street's profitability targets. MGI's OSG topped 36% in Q2, despite the high Q2/20 hurdle that benefited from stay-at-home effects during last year's pandemic lockdowns. Profitability also moved higher with strong margin upticks through to the bottom line. In our view, this performance demonstrates the strength of MGI's business model that combines an integrated video game portfolio with an in-house advertising ecosystem and separates the company from peers like Stillfront.

**More growth in the works** Although OSG tracked north of 35% the last two quarters, management noted at its Capital Markets presentation that this high level should not be considered the bar going forward. Nevertheless, a full content pipeline looks promising for continued internal growth. Meanwhile, the M&A pipeline contains a number of late-stage candidates (3x gaming; 2x media) with revenue potential of up to €188m and also suggests that MGI is in the early phase of its strong expansion. We consider our forecasts conservative at the low end of 2021 guidance and see scope for a re-rating with continued business momentum through Q3. Our DCF model is driven by a three year sales CAGR of 40% to 2023 and a same period CAGR of 62% at the EBITDA level. (p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

|                    | 2018  | 2019   | 2020   | 2021E   | 2022E  | 2023E  |
|--------------------|-------|--------|--------|---------|--------|--------|
| Revenue (€m)       | 32.62 | 83.89  | 140.22 | 234.15  | 305.09 | 381.36 |
| Y-o-y growth       | n.a.  | 157.2% | 67.1%  | 67.0%   | 30.3%  | 25.0%  |
| EBITDA (€m)        | 8.65  | 15.54  | 26.55  | 66.25   | 92.23  | 112.92 |
| EBITDA margin      | 26.5% | 18.5%  | 18.9%  | 28.3%   | 30.2%  | 29.6%  |
| Net income* (€m)   | 4.32  | -0.32  | 3.06   | 24.75   | 33.97  | 44.79  |
| EPS* (diluted) (€) | 0.10  | -0.01  | 0.03   | 0.17    | 0.23   | 0.30   |
| DPS (€)            | 0.00  | 0.00   | 0.00   | 0.00    | 0.00   | 0.00   |
| FCF (€m)           | -7.17 | 3.13   | -12.50 | -172.24 | 5.96   | 52.06  |
| Net gearing        | 24.0% | 22.4%  | 34.8%  | 55.8%   | 53.6%  | 40.3%  |
| Liquid assets (€m) | 4.45  | 32.98  | 46.25  | 163.92  | 157.26 | 186.71 |

\* Adjusted for PPA-amortisation

### RISKS

Risks include but are not limited to: revenue diversity, financing, technology, and regulatory risks.

### COMPANY PROFILE

Media and Games Invest SE (MGI) is a digital integrated video game and media company that combines organic growth with value-accretive and synergetic acquisitions. The company's Gaming and Media segments generate nearly equal revenues.

### MARKET DATA

As of 20 Aug 2021

|                         |               |
|-------------------------|---------------|
| Closing Price           | € 5.30        |
| Shares outstanding      | 149.70m       |
| Market Capitalisation   | € 792.66m     |
| 52-week Range           | € 1.26 / 6.69 |
| Avg. Volume (12 Months) | 186,274       |

| Multiples  | 2020  | 2021E | 2022E |
|------------|-------|-------|-------|
| P/E        | 164.5 | 30.4  | 23.3  |
| EV/Sales   | 6.0   | 3.6   | 2.7   |
| EV/EBITDA  | 31.5  | 12.6  | 9.1   |
| Div. Yield | 0.0%  | 0.0%  | 0.0%  |

### STOCK OVERVIEW



### COMPANY DATA

As of 30 Jun 2021

|                      |           |
|----------------------|-----------|
| Liquid Assets        | € 246.10m |
| Current Assets       | € 301.40m |
| Intangible Assets    | € 437.53m |
| Total Assets         | € 762.60m |
| Current Liabilities  | € 109.80m |
| Shareholders' Equity | € 292.90m |

### SHAREHOLDERS

|                      |       |
|----------------------|-------|
| Bodhivas GmbH        | 32.3% |
| Oaktree Capital Mngt | 9.1%  |
| Janus Henderson      | 3.1%  |
| Free Float           | 55.5% |



## Q2 SHOWCASES ORGANIC SALES GROWTH

Table 1: Second quarter vs prior year and FBe

| EURm       | Q2/21 | Q2/21E | Variance | Q2/20 | Variance | H1/21 | H1/20 | Variance |
|------------|-------|--------|----------|-------|----------|-------|-------|----------|
| Revenue    | 57    | 57     | 0%       | 30    | 90%      | 109   | 57    | 93%      |
| EBITDA     | 15    | 15     | -1%      | 6     | 130%     | 27    | 12    | 129%     |
| Margin (%) | 25.4% | 25.5%  | -        | 21.0% | -        | 24.4% | 20.5% | -        |
| AEBITDA    | 15    | 15     | 1%       | 7     | 128%     | 29    | 13    | 126%     |
| Margin (%) | 26.8% | 26.5%  | -        | 22.3% | -        | 26.3% | 22.4% | -        |
| AEBIT      | 11    | 11     | 1%       | 4     | 162%     | 20    | 8     | 168%     |
| Margin     | 19.3% | 19.0%  | -        | 14.0% | -        | 18.7% | 13.4% | -        |
| Net income | 3     | 4      | -3%      | 0     | n.a.     | 6     | 1     | n.a.     |
| Margin     | 6.0%  | 6.1%   | -        | 1.3%  | -        | 5.1%  | 0.9%  | -        |

Source: First Berlin Equity Research; Media and Games Invest

**Earnings more than doubled with improving margins** Q2 further demonstrates MGI's ability to translate its corporate strategy into OSG (+36%). Considering the positive effects of the pandemic on prior year results, the KPI is particularly impressive. The strategy of extending MGI's value chain by combining Games and Media is clearly working.

Q2 earnings rose sharply on an annualised basis, and margins were up > 400 basis points across the board. EBITDA climbed some 130% to €12m and also increased 20% on a sequential basis. Adj. EBITDA was in line with our figure at €15.3m, while adj. EBIT, which excludes PPA (purchase price allocation) amortisation, was also in line with FBe at €11.1m. On a six month basis AEBITDA climbed 126% Y/Y to €28.7m and AEBIT amounted to €20.4m (+168% Y/Y). Six month net income (NI) equalled €5.6m vs €0.5 in the prior year, while adj. NI totalled €10.8m (6M/20: €2.0m) equal to EPS of €0.08 (6M/20: €0.03).

Table 1: Performance by segment

| EURm                  | Q2/21 | Q1/20 | Variance | H1/21 | H1/20 | Variance |
|-----------------------|-------|-------|----------|-------|-------|----------|
| <b>Gaming segment</b> |       |       |          |       |       |          |
| Revenue               | 28.0  | 18.8  | 49%      | 55.4  | 32.7  | 69%      |
| EBITDA                | 10.2  | 5.3   | 92%      | 19.6  | 9.8   | 100%     |
| Margin (%)            | 36%   | 28%   | -        | 35%   | 30%   | -        |
| AEBITDA               | 10.6  | 5.5   | 93%      | 21.4  | 10.5  | 104%     |
| Margin (%)            | 38%   | 29%   | -        | 39%   | 32%   | -        |
| <b>Media segment</b>  |       |       |          |       |       |          |
| Revenue               | 29.1  | 11.2  | 160%     | 53.6  | 23.8  | 125%     |
| EBITDA                | 4.4   | 1.0   | 340%     | 7.0   | 1.8   | 289%     |
| Margin                | 15%   | 9%    | -        | 13%   | 8%    | -        |
| AEBITDA               | 4.7   | 1.2   | 292%     | 7.3   | 2.1   | 248%     |
| Margin                | 16%   | 11%   | -        | 14%   | 9%    | -        |

Source: First Berlin Equity Research; Media and Games Invest

**Both segments contribute to performance** Gaming contributed 49% to group sales, while Media accounted for the balance. The Media topline grew 160% Y/Y, thanks to strong organic growth from the mobile gaming advertising partnerships and the overall media-market tailwinds as covid-19 countermeasures ease. The segment EBITDA margin was up 5 percentage points on the back of internal growth and a stable cost basis.

Content updates, game launches, and the KingsIsle acquisition spurred a 49% Y/Y increase in Gaming sales, while segment EBITDA rose even stronger (+92%). The latter owes to: (1) the good topline performance; (2) constant fixed costs on existing games; and (3) a stronger share of IP owned gaming revenues—specifically KingsIsle.

**Table 2: Financial highlights**

| EUR '000                           | Q2/21   | 2020    | Variance |
|------------------------------------|---------|---------|----------|
| Cash                               | 246,097 | 46,254  | 432%     |
| Liabilities (short- and long-term) | 469,690 | 208,997 | 125%     |
| Intangible assets                  | 437,534 | 272,829 | 60%      |
| Total assets                       | 762,625 | 385,842 | 98%      |
| Total equity                       | 292,934 | 176,845 | 66%      |
| Equity ratio                       | 38%     | 46%     | -        |

Source: First Berlin Equity Research; Media and Games Invest

**Good financial flexibility for growth** Cash and cash equivalents totalled €246m providing excellent financial flexibility at the end of Q2. Net debt tallied €44m at the end of the period, while the interest coverage ratio (ICR) was reported at 4.3x (YE20: 4.1x). The equity ratio was steady Q/Q at 38% but down YTD on the Q1 KingsIsle transaction.

MGI continues to assess the market for non-equity financing options and wants to refinance its 7.0% German unsecured bond (€25m) through a subsequent bond issue of its senior secured bond of up to €80m.

**Table 2: Cash flow overview**

| EUR '000                | Q2/21   | Q2/20  | Variance |
|-------------------------|---------|--------|----------|
| Operating cash flow     | 7,186   | 4,690  | 53%      |
| Investing cash flow     | -28,718 | -3,600 | n.m.     |
| Financing cash flow     | 215,978 | 1,409  | n.m.     |
| Net cash flow           | 194,447 | 2,498  | n.m.     |
| Cash & cash equivalents | 246,097 | 12,950 | n.m.     |

Source: First Berlin Equity Research; Media and Games Invest



**Price unchanged at €8; Buy rating confirmed** Second quarter results confirm our positive views, and we leave our forecasts unchanged. Our DCF-model still yields fair value of €8 per share.

## VALUATION MODEL

| All figures in EUR '000         | 2021E           | 2022E         | 2023E         | 2024E          | 2025E          | 2026E          | 2027E          | 2028E          |
|---------------------------------|-----------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Revenue                         | 234,145         | 305,091       | 381,364       | 446,196        | 490,816        | 515,357        | 535,971        | 552,050        |
| NOPLAT                          | 24,691          | 36,911        | 47,749        | 59,649         | 72,057         | 80,945         | 87,883         | 94,533         |
| (+) depreciation & amortisation | 29,668          | 37,543        | 42,179        | 47,819         | 44,993         | 39,682         | 35,910         | 31,467         |
| <b>Net operating cash flow</b>  | <b>54,359</b>   | <b>74,454</b> | <b>89,928</b> | <b>107,468</b> | <b>117,049</b> | <b>120,628</b> | <b>123,793</b> | <b>126,000</b> |
| (-) Investments                 | -226,515        | -64,129       | -34,399       | -40,247        | -39,363        | -41,332        | -38,697        | -33,233        |
| (-) Working capital             | -11,154         | -10,886       | -10,001       | -9,832         | -6,522         | -3,224         | -2,708         | -2,112         |
| <b>Free cash flows (FCF)</b>    | <b>-183,310</b> | <b>-562</b>   | <b>45,527</b> | <b>57,390</b>  | <b>71,164</b>  | <b>76,072</b>  | <b>82,388</b>  | <b>90,655</b>  |
| PV of FCF's                     | -178,573        | -508          | 38,243        | 44,765         | 51,546         | 51,166         | 51,457         | 52,577         |

| All figures in thousands                |           | Terminal EBIT margin |       |       |             |              |              |       |       |
|---|-----------|----------------------|-------|-------|-------------|--------------|--------------|-------|-------|
|   |           | 23.3%                | 25.3% | 27.3% | 29.3%       | 31.3%        | 33.3%        | 35.3% |       |
| PV of FCFs in explicit period           | 223,674   | 4.7%                 | 13.28 | 14.86 | 16.44       | 18.02        | 19.61        | 21.19 | 22.77 |
| PV of FCFs in terminal period           | 930,048   | 5.7%                 | 9.78  | 10.88 | 11.98       | 13.08        | 14.19        | 15.29 | 16.39 |
| Enterprise value (EV)                   | 1,153,722 | 6.7%                 | 7.62  | 8.44  | <b>9.25</b> | <b>10.07</b> | <b>10.88</b> | 11.70 | 12.51 |
| (+) Net cash / (-) net debt (pro-forma) | 51,504    | 7.7%                 | 6.17  | 6.79  | <b>7.42</b> | <b>8.04</b>  | <b>8.67</b>  | 9.30  | 9.92  |
| (-) Non-controlling interests           | -1,154    | 8.7%                 | 5.11  | 5.61  | <b>6.10</b> | <b>6.60</b>  | <b>7.09</b>  | 7.58  | 8.08  |
| Shareholder value                       | 1,204,071 | 9.7%                 | 4.32  | 4.71  | 5.11        | 5.51         | 5.91         | 6.31  | 6.71  |
| Fair value per share (€)                | 8.00      | 10.7%                | 3.69  | 4.02  | 4.35        | 4.67         | 5.00         | 5.32  | 5.65  |

|                         |             | Terminal growth rate |       |       |             |              |              |       |       |
|-------------------------|-------------|----------------------|-------|-------|-------------|--------------|--------------|-------|-------|
|                         |             | 0.0%                 | 0.5%  | 1.0%  | 1.5%        | 2.0%         | 2.5%         | 3.0%  |       |
| Cost of equity          | 9.5%        | 4.7%                 | 12.85 | 14.16 | 15.83       | 18.02        | 21.03        | 25.41 | 32.38 |
| Pre-tax cost of debt    | 5.0%        | 5.7%                 | 10.08 | 10.89 | 11.87       | 13.08        | 14.63        | 16.65 | 19.43 |
| Tax rate                | 32.5%       | 6.7%                 | 8.16  | 8.70  | <b>9.32</b> | <b>10.07</b> | <b>10.97</b> | 12.10 | 13.52 |
| After-tax cost of debt  | 3.4%        | 7.7%                 | 6.76  | 7.13  | <b>7.55</b> | <b>8.04</b>  | <b>8.62</b>  | 9.31  | 10.15 |
| Share of equity capital | 70.0%       | 8.7%                 | 5.69  | 5.95  | <b>6.25</b> | <b>6.60</b>  | <b>6.99</b>  | 7.44  | 7.98  |
| Share of debt capital   | 30.0%       | 9.7%                 | 4.85  | 5.05  | 5.27        | 5.51         | 5.79         | 6.10  | 6.47  |
| <b>WACC</b>             | <b>7.7%</b> | 10.7%                | 4.18  | 4.33  | 4.49        | 4.67         | 4.87         | 5.10  | 5.36  |

\*Please note our model runs through 2030 and we have only shown the abbreviated version for formatting purposes



## INCOME STATEMENT

| All figures in EUR '000                           | 2018          | 2019          | 2020           | 2021E          | 2022E          | 2023E          |
|---|---------------|---------------|----------------|----------------|----------------|----------------|
| <b>Revenues</b>                                   | <b>32,621</b> | <b>83,893</b> | <b>140,220</b> | <b>234,145</b> | <b>305,091</b> | <b>381,364</b> |
| Capitalised work                                  | 2,791         | 10,187        | 15,994         | 16,000         | 17,440         | 18,661         |
| <b>Total output</b>                               | <b>35,412</b> | <b>94,080</b> | <b>156,214</b> | <b>250,145</b> | <b>322,531</b> | <b>400,025</b> |
| Cost of goods sold                                | -12,699       | -45,803       | -77,620        | -101,853       | -125,087       | -156,359       |
| <b>Gross profit</b>                               | <b>22,713</b> | <b>48,277</b> | <b>78,594</b>  | <b>148,292</b> | <b>197,444</b> | <b>243,666</b> |
| Personnel expenses                                | -10,438       | -27,359       | -39,573        | -59,707        | -74,747        | -91,527        |
| Other OpEx  | -10,135       | -10,012       | -18,745        | -27,161        | -35,391        | -44,238        |
| Other operating income                            | 6,506         | 4,636         | 6,272          | 4,823          | 4,919          | 5,018          |
| <b>EBITDA</b>                                     | <b>8,646</b>  | <b>15,542</b> | <b>26,549</b>  | <b>66,247</b>  | <b>92,225</b>  | <b>112,918</b> |
| Depreciation & amortisation                       | -6,318        | -10,543       | -15,508        | -29,668        | -37,543        | -42,179        |
| <b>Operating income (EBIT)</b>                    | <b>2,328</b>  | <b>4,999</b>  | <b>11,041</b>  | <b>36,579</b>  | <b>54,682</b>  | <b>70,739</b>  |
| Net financial result                              | -1,641        | -5,758        | -7,139         | -13,201        | -17,613        | -17,613        |
| <b>Pre-tax income (EBT)</b>                       | <b>687</b>    | <b>-759</b>   | <b>3,901</b>   | <b>23,378</b>  | <b>37,070</b>  | <b>53,126</b>  |
| Income taxes                                      | 895           | 2,012         | -1,194         | -7,598         | -12,048        | -17,266        |
| <b>Net income</b>                                 | <b>1,582</b>  | <b>1,253</b>  | <b>2,707</b>   | <b>15,780</b>  | <b>25,022</b>  | <b>35,860</b>  |
| Discontinued operations                           | 3,673         | 0             | 0              | 0              | 0              | 0              |
| <b>Consolidated profit</b>                        | <b>5,255</b>  | <b>1,253</b>  | <b>2,707</b>   | <b>15,780</b>  | <b>25,022</b>  | <b>35,860</b>  |
| Minority interests                                | -932          | -1,577        | 352            | -32            | -50            | -72            |
| <b>Net income to owners</b>                       | <b>4,323</b>  | <b>-324</b>   | <b>3,059</b>   | <b>15,748</b>  | <b>24,972</b>  | <b>35,789</b>  |
| <b>Diluted EPS (in €)</b>                         | <b>0.10</b>   | <b>-0.01</b>  | <b>0.03</b>    | <b>0.11</b>    | <b>0.17</b>    | <b>0.24</b>    |
| <b>Adj. EBIT (excl: PPA amor. &amp; one-offs)</b> | <b>2,328</b>  | <b>4,999</b>  | <b>11,041</b>  | <b>49,079</b>  | <b>64,682</b>  | <b>81,739</b>  |
| <b>Ratios</b>                                     |               |               |                |                |                |                |
| Gross margin on output                            | 64.1%         | 51.3%         | 50.3%          | 59.3%          | 61.2%          | 60.9%          |
| EBITDA margin on revenues                         | 26.5%         | 18.5%         | 18.9%          | 28.3%          | 30.2%          | 29.6%          |
| EBIT margin on revenues                           | 7.1%          | 6.0%          | 7.9%           | 15.6%          | 17.9%          | 18.5%          |
| Net margin on revenues                            | 13.3%         | -0.4%         | 2.2%           | 6.7%           | 8.2%           | 9.4%           |
| Tax rate  | n.a.          | n.a.          | 30.6%          | 32.5%          | 32.5%          | 32.5%          |
| <b>Expenses as % of revenues</b>                  |               |               |                |                |                |                |
| Personnel expenses                                | 32.0%         | 32.6%         | 28.2%          | 25.5%          | 24.5%          | 24.0%          |
| Other OpEx  | 31.1%         | 11.9%         | 13.4%          | 11.6%          | 11.6%          | 11.6%          |
| Depreciation & amortisation                       | 19.4%         | 12.6%         | 11.1%          | 12.7%          | 12.3%          | 11.1%          |
| <b>Y-Y Growth</b>                                 |               |               |                |                |                |                |
| Revenues  | n.a.          | 157.2%        | 67.1%          | 67.0%          | 30.3%          | 25.0%          |
| EBTIDA  | n.a.          | 79.8%         | 70.8%          | 149.5%         | 39.2%          | 22.4%          |
| Operating income                                  | n.a.          | 114.7%        | 120.9%         | 231.3%         | 49.5%          | 29.4%          |
| Net income/ loss                                  | n.a.          | n.m.          | n.m.           | 414.8%         | 58.6%          | 43.3%          |



## BALANCE SHEET

| All figures in EUR '000                   | 2018           | 2019           | 2020           | 2021E          | 2022E          | 2023E          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Assets</b>                             |                |                |                |                |                |                |
| <b>Current assets, total</b>              | <b>16,250</b>  | <b>55,856</b>  | <b>92,375</b>  | <b>237,690</b> | <b>253,387</b> | <b>306,864</b> |
| Cash and equivalents                      | 4,447          | 32,984         | 46,254         | 163,918        | 157,262        | 186,708        |
| Trade receivables                         | 11,803         | 22,872         | 46,121         | 73,772         | 96,125         | 120,156        |
| <b>Non-current assets, total</b>          | <b>220,043</b> | <b>256,593</b> | <b>293,467</b> | <b>590,639</b> | <b>617,556</b> | <b>610,114</b> |
| Property, plant & equipment               | 4,189          | 3,521          | 1,742          | 1,789          | 1,850          | 1,926          |
| Intangible assets                         | 204,142        | 233,208        | 272,829        | 569,629        | 596,155        | 588,299        |
| Deferred taxes                            | 6,353          | 11,215         | 15,737         | 16,052         | 16,373         | 16,700         |
| Long-term loans to investees              | 5,359          | 6,410          | 1,207          | 1,207          | 1,207          | 1,207          |
| Other non-current assets                  | 0              | 2,239          | 1,952          | 1,962          | 1,972          | 1,981          |
| <b>Total assets</b>                       | <b>236,293</b> | <b>312,449</b> | <b>385,842</b> | <b>828,328</b> | <b>870,943</b> | <b>916,978</b> |
| <b>Shareholders' equity &amp; debt</b>    |                |                |                |                |                |                |
| <b>Current liabilities, total</b>         | <b>24,358</b>  | <b>54,544</b>  | <b>78,205</b>  | <b>158,333</b> | <b>170,441</b> | <b>185,121</b> |
| Trade payables                            | 9,366          | 20,274         | 30,037         | 46,534         | 58,001         | 72,031         |
| Financial debt                            | 3,595          | 6,772          | 6,087          | 6,087          | 6,087          | 6,087          |
| Provisions                                | 7,031          | 12,585         | 17,257         | 17,516         | 17,779         | 18,045         |
| Other current liabilities                 | 4,366          | 14,913         | 24,824         | 88,196         | 88,574         | 88,958         |
| <b>Long term liabilities, total</b>       | <b>53,395</b>  | <b>89,347</b>  | <b>130,792</b> | <b>364,267</b> | <b>369,752</b> | <b>365,247</b> |
| Long-term debt                            | 14,100         | 8,369          | 11,671         | 11,671         | 16,671         | 11,671         |
| Bonds                                     | 24,877         | 63,988         | 95,355         | 285,355        | 285,355        | 285,355        |
| Other LT liabilities                      | 0              | 0              | 0              | 43,000         | 43,000         | 43,000         |
| Deferred tax liabilities                  | 14,418         | 16,990         | 23,766         | 24,241         | 24,726         | 25,221         |
| <b>Shareholders' equity</b>               | <b>158,540</b> | <b>168,558</b> | <b>176,845</b> | <b>305,728</b> | <b>330,750</b> | <b>366,610</b> |
| <b>Total consolidated equity and debt</b> | <b>236,293</b> | <b>312,449</b> | <b>385,842</b> | <b>828,328</b> | <b>870,943</b> | <b>916,978</b> |
| <b>Ratios</b>                             |                |                |                |                |                |                |
| Current ratio (x)                         | 0.7            | 1.0            | 1.2            | 1.5            | 1.5            | 1.7            |
| Net debt                                  | 38,125         | 37,776         | 61,599         | 170,524        | 177,180        | 147,734        |
| ICR (x)                                   | 5.0            | 2.7            | 3.7            | 5.0            | 5.2            | 6.4            |
| Net gearing                               | 24%            | 22%            | 35%            | 56%            | 54%            | 40%            |
| Net debt / EBITDA (x)                     | 4.4            | 2.4            | 2.3            | 2.6            | 1.9            | 1.3            |
| Equity ratio                              | 67%            | 54%            | 46%            | 37%            | 38%            | 40%            |
| Return on equity (ROE)                    | 1.0%           | 0.7%           | 1.5%           | 5.2%           | 7.6%           | 9.8%           |
| Capital employed (CE)                     | 211,935        | 257,905        | 307,637        | 669,995        | 700,502        | 731,857        |
| Return on capital employed (ROCE)         | 1%             | 2%             | 4%             | 5%             | 8%             | 10%            |



## CASH FLOW STATEMENT

| All figures in EUR '000                | 2018           | 2019           | 2020           | 2021E           | 2022E          | 2023E          |
|--|----------------|----------------|----------------|-----------------|----------------|----------------|
| <b>Net income</b>                      | <b>5,255</b>   | <b>1,253</b>   | <b>2,707</b>   | <b>15,780</b>   | <b>25,022</b>  | <b>35,860</b>  |
| Depreciation and amortisation          | 6,318          | 10,543         | 15,508         | 29,668          | 37,543         | 42,179         |
| Change in trade rec & other assets     | -8,083         | 1,437          | -4,334         | -27,966         | -22,674        | -24,359        |
| Change in payable & other liabilities  | 14,501         | 3,928          | -209           | 17,604          | 12,592         | 15,175         |
| Results from sale of subsidiaries      | -5,645         | 0              | 0              | 0               | 0              | 0              |
| Other non-cash adjustments             | -6,150         | -5,752         | 4,072          | 0               | 0              | 0              |
| Net interest expense                   | 1,641          | 5,529          | 6,264          | 13,201          | 17,613         | 17,613         |
| Tax result                             | -895           | -822           | 1,194          | 7,598           | 12,048         | 17,266         |
| <b>Operating cash flow</b>             | <b>6,942</b>   | <b>16,116</b>  | <b>25,202</b>  | <b>55,885</b>   | <b>82,144</b>  | <b>103,734</b> |
| Tax expense                            | 0              | 0              | 0              | -7,598          | -12,048        | -17,266        |
| Interest income                        | 1              | 83             | 0              | 0               | 0              | 0              |
| <b>Net operating cash flow</b>         | <b>6,943</b>   | <b>16,199</b>  | <b>25,202</b>  | <b>48,287</b>   | <b>70,096</b>  | <b>86,468</b>  |
| Payments for intangible assets         | -11,042        | -12,606        | -17,380        | 0               | 0              | 0              |
| Acquisition of subsidiaries            | -3,919         | -6,214         | -22,930        | -220,000        | -63,458        | -33,560        |
| CapEx                                  | 0              | 0              | 0              | -515            | -671           | -839           |
| Deposits / payments for other assets   | 848            | 5,750          | 2,603          | -10             | -10            | -10            |
| <b>Cash flow from investing</b>        | <b>-14,113</b> | <b>-13,070</b> | <b>-37,707</b> | <b>-220,525</b> | <b>-64,139</b> | <b>-34,409</b> |
| <b>Free cash flow (FCF)</b>            | <b>-7,170</b>  | <b>3,129</b>   | <b>-12,505</b> | <b>-172,237</b> | <b>5,957</b>   | <b>52,059</b>  |
| Equity inflow, net                     | 3,792          | 8,845          | 26,876         | 113,103         | 0              | 0              |
| Debt inflow, net                       | -15,992        | -12,011        | -1,420         | 0               | 5,000          | -5,000         |
| Corporate debt, net                    | 25,800         | 38,699         | 27,678         | 190,000         | 0              | 0              |
| Interest paid                          | -2,014         | -5,345         | -6,018         | -13,201         | -17,613        | -17,613        |
| Payments for non-controlling interests | 0              | -5,000         | -17,480        | 0               | 0              | 0              |
| Other adjustments                      | -489           | 220            | -3,862         | 0               | 0              | 0              |
| <b>Cash flow from financing</b>        | <b>11,097</b>  | <b>25,408</b>  | <b>25,774</b>  | <b>289,902</b>  | <b>-12,613</b> | <b>-22,613</b> |
| <b>Net cash flows</b>                  | <b>3,927</b>   | <b>28,537</b>  | <b>13,269</b>  | <b>117,664</b>  | <b>-6,656</b>  | <b>29,446</b>  |
| Fx adjustments                         | 114            | 0              | 0              | 0               | 0              | 0              |
| Cash, start of the year                | 406            | 4,447          | 32,984         | 46,254          | 163,918        | 157,262        |
| <b>Cash, end of the year</b>           | <b>4,447</b>   | <b>32,984</b>  | <b>46,253</b>  | <b>163,918</b>  | <b>157,262</b> | <b>186,708</b> |
| <b>EBITDA/share (in €)</b>             | <b>0.20</b>    | <b>0.26</b>    | <b>0.28</b>    | <b>0.47</b>     | <b>0.62</b>    | <b>0.75</b>    |
| <b>Y-Y Growth</b>                      |                |                |                |                 |                |                |
| Operating cash flow                    | n.m.           | 133.3%         | 55.6%          | 91.6%           | 45.2%          | 23.4%          |
| Free cash flow                         | n.m.           | n.m.           | n.m.           | n.m.            | n.m.           | 773.9%         |
| EBITDA/share                           | n.m.           | 26.2%          | 8.5%           | 66.8%           | 32.3%          | 22.4%          |

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|--------------------------------------|--|---------------|-------------|
| Current market capitalisation (in €) |  | 0 - 2 billion | > 2 billion |
| Strong Buy <sup>1</sup>              | 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%      |

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

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

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| Report No.:    | Date of publication | Previous day closing price | Recommendation | Price target |
|----------------|---------------------|----------------------------|----------------|--------------|
| Initial Report | 7 November 2019     | €1.23                      | Buy            | €2.10        |
| 2...8          | ↓                   | ↓                          | ↓              | ↓            |
| 9              | 1 October 2020      | €1.30                      | Buy            | €2.50        |
| 10             | 2 December 2020     | €1.49                      | Buy            | €2.80        |
| 11             | 19 January 2021     | €2.76                      | Buy            | €4.00        |
| 12             | 5 March 2021        | €3.48                      | Buy            | €5.30        |
| 13             | 27 April 2021       | €4.80                      | Buy            | €6.10        |
| 14             | 7 May 2021          | €4.30                      | Buy            | €5.80        |
| 15             | 2 July 2021         | €5.26                      | Buy            | €6.80        |
| 16             | 16 July 2021        | €5.93                      | Buy            | €8.00        |
| 17             | Today               | €5.30                      | Buy            | €8.00        |

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