

Ilirija d.d.

Hold

Downgraded from Buy

Price: HRK 190

Price target: HRK 216
(from HRK 209)

Summer season yields solid, yet uneven, results

Following the key 3Q summer season, and rolling over our DCF model, we have raised our 12M price target (PT) for Ilirija by 3%, to HRK 216/share and downgraded our rating to HOLD, after the stock has gained c.7% since our previous update, in August. The business, as a whole, has rebounded fully from the pandemic, albeit unevenly. We highlight Ilirija's success in upscaling its Camping segment to generate materially higher ADRs. This is offset by the low-growth Nautical and Real Estate segments (neither of which, it should be said, suffered particularly in 2020-21) and a Hotel portfolio that is yet to fully transition and has underperformed, as a result. Going forward, we maintain that Ilirija's strong balance sheet positions it for a new capex cycle, which may be required if the business wants to leverage prices further in a market that, demonstrably, demands an increasingly upscale experience.

Following the 3Q results, we maintain our FY22E revenues outlook of HRK 185m, but raise our EBITDA and net profit by 11% and 4%, respectively, to HRK 66m and HRK 34.7m, reflecting: 1) stronger-than-expected pricing; and 2) a higher depreciation charge (HRK 19.4m, vs. HRK 16.6m previously). Our updated FY22E EBITDA margin is now 35.7%, or an uplift of c.375bps since our previous update. Rolling these assumptions forward, we see higher 2023-24E EBITDA, again, by some 9%, on average, but flattish net profit, around the HRK 34m level. We expect the EBITDA margins to settle at 33.5%, some 280bps stronger than the 2019 level.

3Q22 earnings review. Ilirija posted net profit of HRK 43.5m (+30% yoy) on revenues of HRK 93.3m (+37% yoy) and EBITDA of HRK 49.1m (+29% yoy). The camps continued to be Ilirija's primary revenues driver; the segment grew 52% vs. the 3Q19 base (and 51% yoy), as management reallocated some space from season-long agency rentals to far more profitable mobile homes and individual pitches. The result is a 76% increase in the average revenues per pitch (+37% yoy).

In contrast, the Hotel segment revenues were basically flat vs. 3Q19, despite a 34% increase in the revenues per sold room, on a 15.7ppts drop in occupancy rates; as we observed in 1H22, clients are not returning as robustly as we expected. Earnings from Nautical and Real Estate – Ilirija's most high-visibility segments – grew yoy by 13% and 10%, respectively, both almost wholly pricing driven. Profitability was robust, with the EBITDA margin clocking in at 52.6% (+307bps vs. 3Q19) and the interests costs marginally lower, reflecting the refinancing executed over the past couple of years.

Valuation: on our updated FY22E numbers, Ilirija trades at 7.4x EV/EBITDA and a PER of 13.2x, and at an average of 6.7x EV/EBITDA and 13.6x PER on our 2023-24E earnings. Versus our international peer group, the stock trades at a c.36% discount on EV/EBITDA, which narrows to c.25% for 2023-24E; the PER discount for the same period is c.30%. Compared to its Croatian peers, the discounts on EV/EBITDA are c.9% and c.20% on PER on 2022-23E.

Risks: pressure on consumer purchasing power limits the ADR growth in the coming seasons; higher-than-expected capex to keep pace with its peers as demand moves upscale; and the low liquidity of the stock.

Expected events

4Q22 results	End-February 2023
1Q23 results	End-April 2023

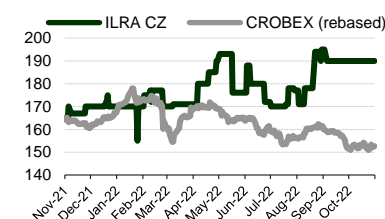
Key data

Market Cap	EUR 61m
Free float	40.8%
6M ADTV	EUR 3.7k
Shares outstanding	2.4m
Major Shareholder	Arsenal (59.2%)
Reuters Code	ILRA.ZA
Bloomberg Code	ILRA CZ
CROBEX Index	1,929

Price performance

52-w range	HRK 195-155
52-w performance	15.2%
Relative performance	22.6%

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 %
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.	21.5	16.2	0.0%
2021	134.5	48.4	22.2	9.21	n.m.	3.50	17.3	9.2	8.7	2.2%
2022E	184.5	66.0	34.7	14.43	57%	3.50	13.2	7.4	8.5	1.8%
2023E	195.5	65.6	32.8	13.62	-6%	3.50	14.0	7.1	8.2	1.8%
2024E	204.1	68.4	34.6	14.39	6%	3.60	13.2	6.4	7.8	1.9%

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Contents

Company snapshot – HOLD, 12M PT HRK 216	3
Valuation.....	4
Financials	6
Important disclosures	8

Closing Prices as of 01 November 2022

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Company snapshot – HOLD, 12M PT HRK 216

HOLD		COMPANY DESCRIPTION														
Bloomberg ticker	ILRA CZ															
Closing price (HRK)	190															
Price target (HRK)	216															
Upside to PT	13.4%															
Shares outstanding (m)	2.4															
MCAP (EUR m)	61															
Free float	40.8%															
6M ADTV (EUR '000)	3.7	<p>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 23% 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 >10%.</p>														
52 Week Range (HRK)	195-155															
RATIOS																
PER SHARE RATIOS		2019	2020	2021	2022E	2023E	2024E	VALUATION RATIOS		2019	2020	2021	2022E	2023E	2024E	
EPS		13.0	0.4	9.2	14.4	13.6	14.4	P/E		14.0x	356.6x	17.3x	13.2x	14.0x	13.2x	
CEPS		18.3	9.3	18.3	22.4	23.1	24.2	EV/EBITDA		10.8x	21.5x	9.2x	7.4x	7.1x	6.4x	
BVPS		144.2	144.6	153.8	164.8	174.9	185.8	P/CF		10.0x	16.2x	8.7x	8.5x	8.2x	7.8x	
DPS		0.0	0.0	3.5	3.5	3.5	3.6	P/BV		1.3x	1.0x	1.0x	1.2x	1.1x	1.0x	
								EV/Capital Employed		1.2x	1.0x	0.9x	1.0x	0.9x	0.9x	
FINANCIAL RATIOS		2019	2020	2021	2022E	2023E	2024E	EV/Sales		3.3x	4.7x	3.3x	2.7x	2.4x	2.1x	
EBITDA margin		30.7%	21.7%	36.0%	35.7%	33.5%	33.5%	EV/EBIT		15.1x	82.6x	15.1x	11.0x	10.8x	9.7x	
EBIT margin		21.9%	5.7%	21.8%	24.2%	22.1%	22.1%	Cash flow from ops, HRK m		44.0	22.5	44.1	54.0	55.7	58.3	
Net margin		19.2%	1.0%	16.5%	18.8%	16.8%	17.0%	EV, HRK m		541	456	444	490	464	437	
ROE		9.3%	0.3%	6.2%	9.1%	8.0%	8.0%	FCF, HRK m		17.8	8.6	31.8	34.9	34.1	35.9	
ROCE		7.9%	1.2%	5.2%	7.1%	6.9%	7.2%	FCF yield		4.0%	2.4%	8.3%	7.6%	7.5%	7.8%	
Net debt/EBITDA		2.0x	4.3x	1.2x	0.5x	0.1x	(0.3)x	Dividend yield		0.0%	0.0%	2.2%	1.8%	1.8%	1.9%	
Net debt/(cash) to equity		0.3x	0.3x	0.2x	0.1x	0.0x	(0.0)x									
COMPANY FINANCIALS																
INCOME STATEMENT, HRK m		2019	2020	2021	2022E	2023E	2024E	BALANCE SHEET, HRK m		2019	2020	2021	2022E	2023E	2024E	
Total operating revenues		163.5	97.6	134.5	184.5	195.5	204.1	Current Assets		34.0	27.8	52.9	105.4	116.9	130.1	
Materials and energy		-24.4	-11.1	-17.1	-28.4	-29.9	-31.2	Cash and equivalents		15.2	23.4	3.7	10.2	20.8	33.3	
Services		-21.7	-16.3	-18.5	-23.2	-25.5	-26.7	Trade receivables		15.8	3.4	3.1	12.5	13.3	13.8	
Staff cost		-47.4	-31.8	-36.0	-48.1	-50.3	-52.5	Inventories		1.8	1.1	1.0	2.0	2.1	2.2	
Other operating expenses		-19.9	-17.3	-14.4	-18.8	-24.2	-25.2	Other		1.2	0.0	45.1	80.7	80.7	80.7	
EBITDA		50.2	21.2	48.4	66.0	65.6	68.4	Non-current assets		451.2	448.9	442.0	439.3	438.4	437.6	
D&A		-14.4	-15.7	-19.1	-21.3	-22.4	-23.3	PP&E		374.0	370.8	363.6	362.5	363.3	364.1	
EBIT		35.8	5.5	29.4	44.6	43.1	45.2	Intangible assets		0.5	0.1	0.2	0.4	0.5	0.7	
Net financial expenses		-4.5	-4.5	-3.0	-2.3	-3.2	-2.9	Investment property		76.7	77.9	78.2	76.4	74.5	72.7	
Profit before taxation		31.3	1.0	26.4	42.4	40.0	42.2	Other		0.0	0.0	0.0	0.0	0.0	0.0	
Income tax		0.0	0.0	-4.2	-7.6	-7.2	-7.6	Total Assets		485.3	476.7	494.9	544.6	555.3	567.6	
Net profit		31.3	1.0	22.2	34.7	32.8	34.6	Total Current Liabilities		40.1	22.7	30.2	37.6	37.8	37.0	
CASH FLOW, HRK m		2019	2020	2021	2022E	2023E	2024E	Trade payables		20.1	11.9	14.2	22.5	23.9	24.9	
Net profit		31.3	1.0	26.4	34.7	32.8	34.6	ST loans		18.2	9.1	14.1	13.1	12.0	10.1	
Depreciation		14.4	15.7	19.0	21.3	22.4	23.3	Other		1.9	1.8	2.0	2.0	2.0		
Change in retained profit		0.0	0.0	0.0	0.0	0.0	0.0	Total Non-current Liabilities		98.4	105.8	94.4	110.6	96.7	83.6	
Sale of PP&E		0.0	0.5	0.0	0.0	0.0	0.0	Long-term debt		98.4	105.8	94.4	110.6	96.7	83.6	
Share bonuses		0.0	0.0	0.0	0.0	0.0	0.0	Other		0.0	0.0	0.0	0.0	0.0		
Change in working capital		-1.7	5.2	-1.3	-2.1	0.5	0.4	Total shareholders' equity		346.8	348.1	370.2	396.5	420.9	447.1	
CF from operating activities		44.0	22.5	44.1	54.0	52.7	58.3	Total liab. & equity		485.3	476.7	494.9	544.6	555.3	567.6	
CAPEX		-26.2	-13.9	-12.3	-19.1	-21.6	-22.4	Net Debt/(Cash)		101.3	91.6	59.7	32.8	7.1	-20.3	
Other		0.6	1.2	-45.1	0.0	0.0	0.0	Gearing		2.0	4.3	1.2	0.5	0.1	-0.3	
CF from Investments		-25.6	-12.7	-57.3	-54.3	-21.6	-22.4	Capital Employed, HRK m		451.8	443.2	479.0	513.9	512.6	511.4	
Issuing of new shares		0.0	-	0.0	0.0	0.0	0.0									
Purchase of treasury shares		-0.4	0.0	0.0	0.0	0.0	0.0									
Dividend paid		-8.4	-	0.0	-8.4	-8.4	-8.4									
Increase/(decrease) in long-term borrowings		-5.0	7.5	2.7	16.1	-13.9	-13.1									
Increase/(decrease) in short-term borrowings		5.4	-9.1	-9.1	-1.0	-1.1	-1.9									
Cash from financing activities		-8.4	-1.7	-6.4	6.7	-23.4	-23.4									
Operational highlights		2019	2020	2021	2022E	2023E	2024E	Gross revenues (HRK m) by segment								
Nautical																
Vessels on berth contract		740	717	717	720	730	730	Hotels		150	150	150	150	150	150	
Transit berths - inbound vessels		3,418	1,585	2,667	3,232	3,200	3,350	Nautical		50	50	50	50	50	50	
Transit berth overnight stays		11,227	9,799	10,219	9,696	10,560	11,055	Camps		20	20	20	20	20	20	
Average contract rate (HRK)		40,686	41,827	43,724	47,000	48,645	50,348	Real estate		10	10	10	10	10	10	
Revenues per transit vessel		820.8	1,246.2	940.7	948.4	962.7	977.1	Other		10	10	10	10	10	10	
Transit berth ADR		249.9	201.6	245.5	316.1	291.7	296.1									
Hotels																
Number of accommodation units		443	443	443	435	435	435									
Open days		229	108	149	230	230	230									
Rooms Available ('000)		102	48	66	100	100	100									
Accommodation units sold ('000)		73.3	14.5	35.5	51.7	56.6	59.8									
Occupancy on open day basis		72.1%	30.4%	53.9%	50.8%	55.5%	58.7%									
Revenues per sold room		762.1	805.5	790.1	956.9	985.6	1,020.1									
Camps																
Maximum pitch days ('000)		335.5	332.2	239.2	268.0	273.0	273.0									
Total pitch days ('000)		182.7	141.0	118.9	129.7	130.5	130.5									
Occupancy		54.4%	42.4%	49.7%	48.4%	47.8%	47.8%									
Revenues per sold pitch		174.2	127.7	253.3	361.0	377.8	388.2									

Valuation

DCF valuation

We value Ilirija 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 216/share, or upside of c.13% to the current level. The key assumptions in our DCF model include:

- ✓ A WACC of 9.8% (previously 9.4%), starting with a risk free rate of 6.0% for Croatia (unchanged) and an equity risk premium of 5.5% (unchanged).
- ✓ We apply a levered beta of 0.97x (previously 0.95x), based on an unlevered beta of 0.86x from the Damodaran sector beta database for 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	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
EBIT	43.1	45.2	43.8	45.0	46.2	47.4	48.7	50.0	51.3	52.7
NOPLAT	35.4	37.0	35.9	36.9	37.9	38.9	39.9	41.0	42.1	43.2
Depreciation	22.4	23.3	24.2	25.1	26.0	27.1	28.1	29.2	30.3	31.5
Change in NWC	0.5	0.4	0.5	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Capex	-21.6	-22.4	-23.5	-24.7	-25.9	-27.0	-28.1	-29.2	-30.4	-31.6
FCF	36.7	38.3	37.0	37.5	38.3	39.2	40.2	41.2	42.3	43.4
PV of FCF	36.7	34.9	30.7	28.4	26.4	24.6	23.0	21.5	20.1	18.8

	I. Perpetuity (g=0%)	II. Exit EV/EBITDA 8.0x	Risk-Free Rate	6.0%
Sum of PV	265	265	Levered Beta	0.97
PV of Terminal value	192	291	Risk premium	5.5%
Total EV	457	556	Cost of Equity	11.3%
Net Debt (2022E)	-33	-33	Cost of Debt	3.1%
Equity value	424	523	Tax Rate	0.0%
Equity value (HRK/sh)	175.8	216.9	Effective Cost of Debt	3.1%
Average (HRK/sh)	196		Weight of Equity	80.9%
12M PT (HRK/sh)	216		Weight of Debt	19.1%
			WACC	9.8%

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%
7.8%	241	244	247	250	254	259	264	270	277
8.3%	232	234	237	240	243	247	251	256	262
8.8%	224	226	228	231	234	237	240	245	249
9.3%	216	218	220	222	225	227	230	234	238
9.8%	209	210	212	214	216	219	221	224	228
10.3%	202	204	205	207	209	211	213	216	219
10.8%	196	197	198	200	202	203	205	208	210
11.3%	190	191	192	193	195	197	198	200	202
11.8%	184	185	186	187	189	190	192	193	195

Source: WOOD Research

Peer multiples

Peer multiples

Name	Country	Price (LCU)	Mkt Cap (EUR)	P/E			EV/EBITDA			EBITDA margin		
				22E	23E	24E	22E	23E	24E	22E	23E	24E
ILIRIJA DD	HR	190	61	13.2	14.0	13.2	7.4	7.1	6.4	36%	36%	34%
ARENA HOSPITALITY GROUP DD	HR	250	170	13.4	13.2	12.5	7.7	7.3	7.6	n.a.	n.a.	n.a.
VALAMAR RIVIERA DD	NE	29.3	490	23.7	26.6	14.9	8.9	8.9	7.5	31%	29%	32%
PPHE HOTEL GROUP LTD	NE	12.8	629	533.2	31.8	20.9	16.0	12.4	10.7	30%	31%	32%
MELIA HOTELS INTERNATIONAL	SP	4.68	1,032	26.8	15.3	9.6	9.8	8.0	6.7	25%	26%	26%
NH HOTEL GROUP SA	IR	2.73	1,187	97.1	13.4	9.4	8.9	6.5	5.5	27%	30%	32%
ACCOR SA	SP	24.1	6,349	34.2	21.6	16.8	13.5	10.1	9.1	16%	19%	20%
LEMON TREE HOTELS LTD	FR	85.2	827	n.a.	86.6	54.1	65.7	23.4	18.6	31%	47%	49%
INDIAN HOTELS CO LTD	IN	341.4	5,942	n.a.	61.5	51.3	93.1	31.5	26.3	13%	30%	33%
HUAZHU GROUP LTD-ADR	IN	217.3	9,733	n.a.	30.0	20.9	55.1	15.3	11.3	10%	26%	29%
SH JINJIANG INTL HOTELS - B	CH	13.6	7,762	34.2	21.6	16.8	13.5	10.1	9.1	16%	19%	20%
MINOR INTERNATIONAL PCL	CH	28.75	4,066	120.2	30.3	21.1	9.7	8.0	6.9	25%	25%	25%
Peer median				34.2	24.1	16.8	11.7	9.5	8.4	25%	29%	32%
<i>Ilirija vs peer median</i>				<i>n.m.</i>	<i>-42%</i>	<i>-21%</i>	<i>-36%</i>	<i>-26%</i>	<i>-24%</i>	<i>1103bps</i>	<i>692bps</i>	<i>145bps</i>

Source: Bloomberg, WOOD Research

Compared to the 2017-19 levels, the 2022E median consensus peer multiples remain elevated, in our view, but revert to the mean for 2023-24E. A “normal” median peer group EV/EBITDA multiple would be closer to 12x (currently, our peers trade at a 2023-24E average of 9x) and around 22x for PERs (vs. our average of 20.4x for 2023-24E). For our multiples valuation, we apply: 1) the “normalised” figures for 2022E; and 2) the 2023-24E peer multiples to the average 2022-24E earnings (which are, themselves, more or less, normalised). 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 in 2020. On these numbers, we reach a fair value for the stock, on PER, of HRK 195/share, and HRK 256/share on EV/EBITDAs. The average of the two valuation methods is HRK 226/share, 5% above our DCF price target and upside of 19% from the current levels.

Peer multiples valuation

	P/E	EV/EBITDA
Peer group avg. multiples	21.0	10.0
Trailing 3yr premium/(discount)	-34%	-2%
Average 2022-24E earnings (HRK m)	34.0	66.7
EV		651
Net debt (2022E)		-33
Equity value	471	619
Equity value per share	195	256
Weight	50%	50%
Fair value (HRK/sh)		226

Source: WOOD Research

Changes in WOOD's estimates

HRK m	NEW			OLD			Change		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Revenues	184.5	195.5	204.1	186.0	197.4	204.0	-1%	-1%	0%
Hotels	53.6	60.0	65.3	63.5	69.1	72.2	-16%	-13%	-10%
Nautical	57.1	58.8	60.2	51.1	53.2	54.9	12%	10%	10%
Camps	51.9	54.4	55.7	50.4	53.6	55.0	3%	1%	1%
Real estate	14.0	14.4	14.7	13.0	13.5	13.7	7%	7%	7%
EBITDA	66.0	65.6	68.4	59.5	59.5	64	11%	10%	7%
Operating profit	44.6	43.1	45.2	42.9	42.3	46	4%	2%	-3%
Net profit	34.7	32.8	34.6	32.7	32.7	36	6%	0%	-3%

Source: WOOD Research

Financials

Income statement

HRK m	2018	2019	2020	2021	2022E	2023E	2024E	2025E
Sales	154.9	160.9	90.0	128.5	182.6	193.5	201.9	212.4
Other operating revenues	1.5	2.6	7.6	6.0	1.9	2.0	2.1	2.3
Total operating revenues	156.4	163.5	97.6	134.5	184.5	195.5	204.1	214.7
Materials and energy	-23.3	-24.4	-11.1	-17.1	-28.4	-29.9	-31.2	-32.6
Services	-19.3	-21.7	-16.3	-18.5	-23.2	-25.5	-26.7	-28.0
Staff cost	-41.9	-47.4	-31.8	-36.0	-48.1	-50.3	-52.5	-59.5
Other operating expenses	-19.5	-19.9	-17.3	-14.4	-18.8	-24.2	-25.2	-26.6
Total operating expenses	-116.7	-127.7	-92.1	-105.1	-139.9	-152.4	-158.9	-170.9
EBITDA	52.5	50.2	21.2	48.4	66.0	65.6	68.4	68.0
D&A	-12.8	-14.4	-15.7	-19.1	-21.3	-22.4	-23.3	-24.2
Profit from operations	39.7	35.8	5.5	29.4	44.6	43.1	45.2	43.8
Net financial expenses	-2.8	-4.5	-4.5	-3.0	-2.3	-3.2	-2.9	-2.7
Profit before taxation	36.9	31.3	1.0	26.4	42.4	40.0	42.2	41.1
Income tax	0.0	0.0	0.0	-4.2	-7.6	-7.2	-7.6	-7.4
Net profit	36.9	31.3	1.0	22.2	34.7	32.8	34.6	33.7
EPS (HRK)	15.3	13.0	0.4	9.2	14.4	13.6	14.4	14.0
DPS (HRK)	3.5	0.0	0.0	3.5	3.5	3.5	3.6	3.5
Dividend yield	1.9%	n.m.	n.m.	2.2%	1.8%	1.8%	1.9%	0.0%
EBITDA margin	33.6%	30.7%	21.7%	36.0%	35.7%	33.5%	33.5%	31.7%
Net margin	23.6%	19.2%	1.0%	16.5%	18.8%	16.8%	17.0%	15.7%

Source: Company data, WOOD Research

Balance statement

HRK m	2018	2019	2020	2021	2022E	2023E	2024E	2025E
Intangible assets	0.4	0.5	0.1	0.2	0.4	0.5	0.7	0.8
PP&E	361.5	374.0	370.8	363.6	362.5	363.3	364.1	365.2
Investment property	77.7	76.7	77.9	78.2	76.4	74.5	72.7	70.9
Investment in subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total long-term assets	439.6	451.2	448.9	442.0	439.3	438.4	437.6	436.9
Inventories	2.3	1.8	1.1	1.0	2.0	2.1	2.2	2.3
Receivables	13.4	15.8	3.4	3.1	12.5	13.3	13.8	14.6
Financial investments	1.8	1.2	0.0	45.1	80.7	80.7	80.7	80.7
Cash	5.2	15.2	23.4	3.7	10.2	20.8	33.3	44.5
Total current assets	22.8	34.0	27.8	52.9	105.4	116.9	130.1	142.1
Total assets	462.4	485.3	476.7	494.9	544.6	555.3	567.6	579.0
Share capital	229.1	229.1	229.1	229.1	229.1	229.1	229.1	229.1
Treasury shares	-1.1	-1.4	-1.2	-1.2	-1.2	-1.2	-1.2	-1.2
Capital reserves	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Reserves	27.0	29.2	38.6	38.6	38.6	38.6	38.6	38.6
Retained earnings	29.4	55.6	77.6	78.6	92.3	118.7	143.0	169.0
Profit for the period	36.9	31.3	1.0	22.2	34.7	32.8	34.6	33.7
Total equity	324.2	346.8	348.1	370.2	396.5	420.9	447.1	472.2
Long-term loans	103.4	98.4	105.8	94.4	110.6	96.7	83.6	63.7
Total long term liabilities	103.4	98.4	105.8	94.4	110.6	96.7	83.6	63.7
Trade payables	20.1	20.1	11.9	14.2	22.5	23.9	24.9	26.2
Short-term loans	12.8	18.2	9.1	14.1	13.1	12.0	10.1	15.0
Deferred income	1.9	1.9	1.8	2.0	2.0	2.0	2.0	2.0
Total current liabilities	34.8	40.1	22.7	30.2	37.6	37.8	37.0	43.1
Total liabilities	138.2	138.5	128.6	124.7	148.1	134.5	120.5	106.8
Total equity and liabilities	462.4	485.3	476.7	494.9	544.6	555.3	567.6	579.0
Gross debt	116.2	116.6	114.9	108.6	123.7	108.7	93.7	78.7
Net debt	111.0	101.3	91.6	59.7	32.8	7.1	-20.3	-46.5
Gearing	2.1	2.0	4.3	1.2	0.5	0.1	-0.3	-0.7
Capital employed	439.1	451.8	443.2	479.0	513.9	512.6	511.4	510.2
NOPAT	39.7	35.8	5.5	24.7	36.6	35.4	37.0	35.9
ROCE	9.0%	7.9%	1.2%	5.2%	7.1%	6.9%	7.2%	7.0%

Source: Company data, WOOD Research

Cash flow statement

HRK m	2018	2019	2020	2021	2022E	2023E	2024E	2025E
Net profit	36.9	31.3	1.0	26.4	34.7	32.8	34.6	33.7
Depreciation	12.8	14.4	15.7	19.0	21.3	22.4	23.3	24.2
Change in retained profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of PP&E	0.1	0.0	0.5	0.0	0.0	0.0	0.0	0.0
Share bonuses	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in working capital	-1.3	-1.7	5.2	-1.3	-2.1	0.5	0.4	0.5
Cash from operations	49.2	44.0	22.5	44.1	54.0	55.7	58.3	58.4
Purchase of intangible assets	-0.3	-0.3	0.0	0.0	-0.3	-0.3	-0.3	-0.3
Purchase of tangible assets	-40.3	-25.7	-11.4	-10.2	-18.8	-21.3	-22.1	-23.2
Purchase of investment property	-0.1	-0.2	-2.5	-2.1	0.0	0.0	0.0	0.0
Decrease in investments in subsidiaries	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0
Decrease in loans and deposits	0.0	0.0	-	0.0	-35.2	0.0	0.0	0.0
Decrease/(increase) in short-term investments	0.4	0.6	1.2	-45.1	0.0	0.0	0.0	0.0
Net cash from investing activities	-40.3	-25.6	-12.7	-57.3	-54.3	-21.6	-22.4	-23.5
Issuing of new shares	0.0	0.0	-	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	0.0	0.0
Dividend paid	-7.2	-8.4	-	0.0	-8.4	-8.4	-8.4	-8.7
Increase/(decrease) in long-term borrowings	0.5	-5.0	7.5	2.7	16.1	-13.9	-13.1	-19.9
Increase/(decrease) in short-term borrowings	1.8	5.4	-9.1	-9.1	-1.0	-1.1	-1.9	4.9
Net cash from financing activities	-5.2	-8.4	-1.7	-6.4	6.7	-23.4	-23.4	-23.6
Change in cash	3.7	10.0	8.1	-19.6	6.4	10.7	12.5	11.2
Previous year	1.5	5.2	15.2	23.4	3.7	10.2	20.8	33.3
Current year	5.2	15.2	23.4	3.7	10.2	20.8	33.3	44.5
FCF	8.5	17.8	8.6	31.8	34.9	34.1	35.9	34.8
FCF yield	2.0%	3.9%	2.4%	8.3%	7.6%	7.5%	7.9%	7.6%

Source: Company data, WOOD Research

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BRD	5
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CCC	5
CD Projekt	5
Colt CZ Group	3, 5
CEZ	5
Dino	5
DO&CO	5
Electrica	5
Erste Group Bank	5
Eurobank	4
Eurocash	5
Fondul Proprietatea	4, 5
Globe Trade Centre	1, 2, 3
Kazatomprom	5
Kernel	5
KGHM	5
Kofola CS	5
Komercni	4, 5
Kruk	5
Lotos	5
MedLife	4
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Nuclearelectrica	5
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OMV Petrom	5
Orange PL	5
Pekao	4, 5
PGE	5
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PZU	4, 5
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