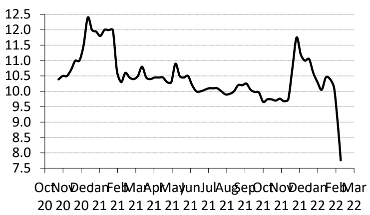
The Netherlands | Recycled plastic pallets | www.cabka.com | March 09 2022

Closing share Price (08/03/2022)	
EUR 7.76	
Target valuation range	
EUR 11.00 - 15.50	
Risk	Medium
Reuters	CABKA-AMS
Bloomberg	CABKA NA
Shares number (m)	24.37
Market cap. (m)	189
Net debt 12/20 (m)	53
Net debt/EBITDA 12/20	2.81
1 year price perf.	-26.1%
Diff. with Euro Stoxx	-19.2%
Volume (sh./day)	3,513
H/L 1 year	11.75 - 7.76
Free Float	42.7%
RAM.ON Finance	45.8%
Sponsors	5.6%
Eikenbosch	4.3%
Key Employees	1.6%

Company description

Cabka produces pallets and large containers made from mainly recycled plastic using proprietary technology. It also manufactures eco products for gardening and transportation, made entirely out of recycled plastic.



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Cabka

Plastic Pallet Powerhouse

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Benefiting from unique offering in pallets from recycled plastic

- Cabka has unique technology to reuse waste plastic for the production of plastic pallets and large containers. Its circular and recycled products have lower cost of ownership and superior characteristics in use than competing wooden pallets. We therefore expect them to win market share. Cabka can accelerate this growth by expanding its product range and geographic coverage. It can also do this through acquisitions thanks to its strong balance sheet.
- Its technology gives it a competitive advantage in the sourcing of raw materials, especially now that prices for high grades of virgin and recycled plastic are rising rapidly. On top of this, growing revenues will drive up utilization rates, while automation projects will reduce costs, thus creating operating leverage.
- 2022 will be affected by a delay in passing on higher input prices, but we expect EBITDA growth to be well into the double digits from 2023 on.

Target valuation EUR 11-15.5 p/s based on DCF and peers

We set a target valuation range of EUR 11-15.5 p/s, based on DCF and peer group valuation. We see the following drivers for an increase in Cabka's share price:

- **Confirmation of higher revenue growth.** We expect that Cabka can realize organic revenue growth at the high end or above its high single digit target in the next few years, thanks to strong demand and rising prices. That should create operating leverage and thus allow the company to realize double-digit EPS growth from 2023 on.
- **Acquisitions.** Acquisitions of complementary companies can be an effective way to accelerate Cabka's growth. They can allow the company to quickly expand its geographical coverage, while adding new products to its offering. Alternatively, they may enhance access to plastic waste, reinforcing its competitive advantage in raw material sourcing.
- **Shift to ESG investing.** Cabka is a clear frontrunner in circularity. We expect that this will attract the growing group of ESG-investors. However, we also expect non-ESG investors to increasingly value companies that are well prepared for future regulations regarding recycling and sustainability.

EUR	12/18	12/19	12/20	12/21	12/22e	12/23e	12/24e
Sales	156.9	160.6	134.6	170.6	192.1	210.2	226.5
EBITDA	23.8	24.8	19.0	27.0	31.6	38.6	45.5
Adj. profit	2.7	1.2	-3.4	4.2	6.6	11.4	16.0
EPS	0.00	0.00	0.00	0.00	0.33	0.47	0.66
FCF/share	-	-	-	-	-0.07	0.24	0.41
EV/EBITDA	-	-	2.8	2.0	6.3	5.2	4.3
Adj. P/E	-	-	nm	nm	23.4	16.7	11.8
FCF Yield	-	-	-	-	-0.8%	3.0%	5.3%
Div. Yield	-	-	0.0%	0.0%	1.9%	2.0%	2.7%

Source: Cabka/Degroof Petercam estimates

Cabka

COMPANY PROFILE

Cabka has unique technology to reuse waste plastic for the production of plastic pallets and large containers. It has a strong position in plastic pallets in Europe, and a meaningful presence in North America. Based on its experience in plastic pallets it is now also building up a position in large containers. Furthermore, the company manufactures eco products for construction and road safety, which are entirely made out of recycled plastic.

Germany, Austria & Switzerland is its largest region (32% of 2021 sales), followed by the United States (16%) and the Netherlands (9%). The remainder of the sales in generated in the rest of Europe (40%) and the rest of the world (2%).

VALUATION

Our **DCF** analysis indicates a range between EUR 11.4 and EUR 15.5 p/s, using a WACC between 6.7% and 8.7%. It assumes 7% organic growth and a 21% EBITDA-margin during the forecast period.

We use a **peer group** of plastic packaging and recycling companies, on which we apply a 0-30% premium to reflect Cabka's superior growth and ESG profile. That leads to a valuation range of EUR 9.3-11.7 p/s, taking into account dilution.

Our target valuation range of EUR 11-15.5 corresponds with the DCF range and the high end of the peer group valuation. We consider DCF as most relevant because it better reflects the long-term value creation potential. Note that it does not yet include the additional value Cabka can create by using its strong financing position for acquisitions.

DRIVERS FOR THE SHARE PRICE

We see the following drivers for Cabka's share price:

- **Confirmation of higher revenue growth.** We expect that Cabka can realize organic revenue growth at the high end or above its high single digit target in the next few years, thanks to strong demand and rising prices. That should create operating leverage and thus allow the company to realize double-digit EPS growth from 2023 on.
- **Acquisitions.** Acquisitions of complementary companies can be an effective way to accelerate Cabka's growth. They can allow the company to quickly expand its geographical coverage, while adding new products to its offering. Alternatively, they may enhance access to plastic waste, reinforcing its competitive advantage in raw material sourcing.
- **Shift to ESG investing.** Cabka is a clear frontrunner in circularity. We expect that this will attract the growing group of ESG-investors. However, we also expect non-ESG investors to increasingly value companies that are well prepared for future regulations regarding recycling and sustainability.

SWOT ANALYSIS

Strengths

- Unique position in recycling, offering fully circular products
- Knowledge of plastics and manufacturing allow it to use lower grades of plastic waste than competitors

Weaknesses

- Limited ESG data available to substantiate performance
- Valuation upside dampened by diluting instruments

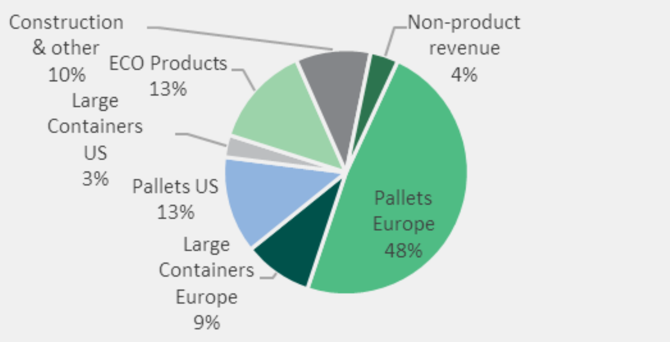
Opportunities

- New products in especially large containers can allow it to expand its addressable market
- Room for geographic expansion, especially in Southeast Europe and North America
- Customer products are deeply integrated in the supply chain, providing multi-year visibility

Threats

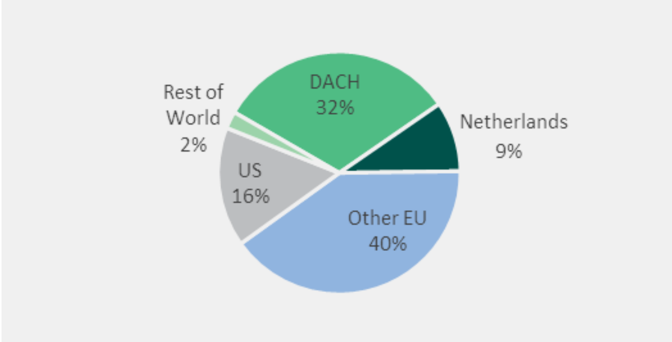
- Demand for recycled plastic is increasing strongly, increasing competition for raw materials. This can lead to higher prices and lower availability.
- Competitors are also adding recycled plastic products to their offering, potentially eroding Cabka's unique position

Revenue by segment 2021e



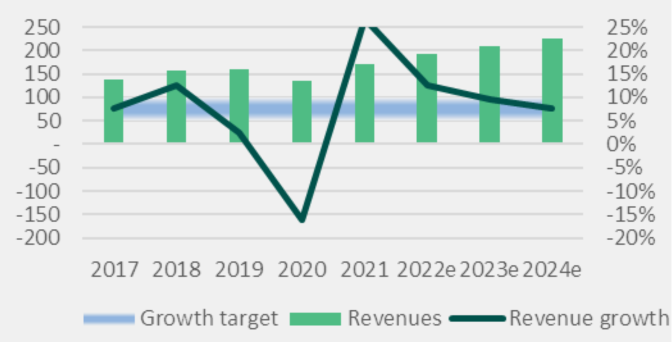
Source: Degroof Petercam estimates

Revenue by geography 2021e



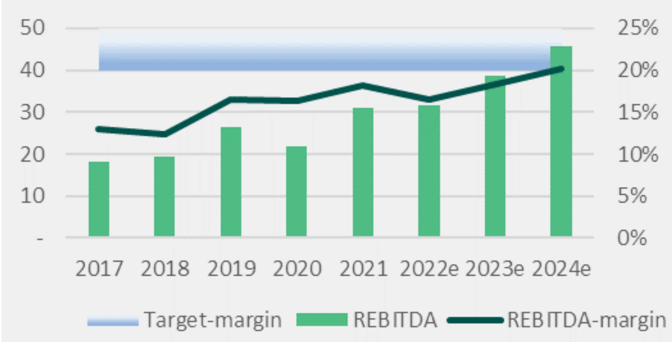
Source: Degroof Petercam estimates

Revenue development (m euros)



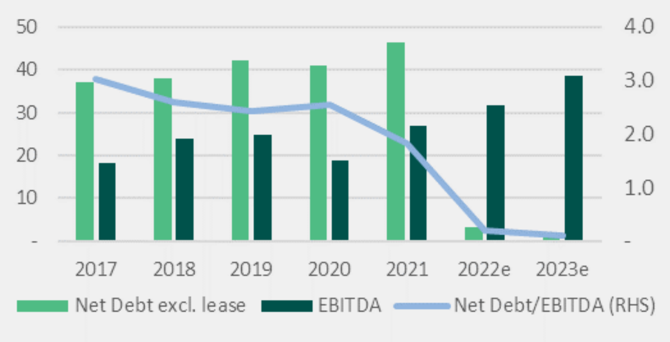
Source: Cabka/Degroof Petercam estimates

REBITDA-development (m euros)



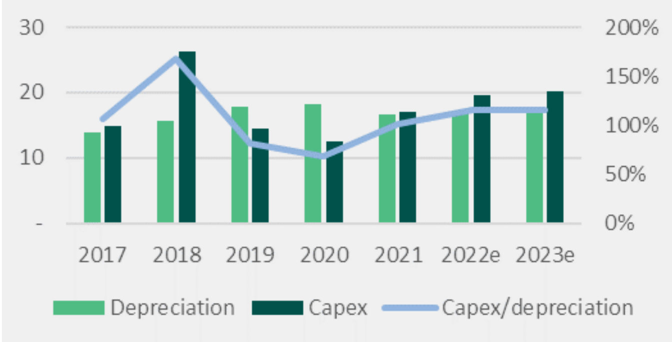
Source: Cabka/Degroof Petercam estimates

Net Debt/EBITDA excluding lease (m euros)



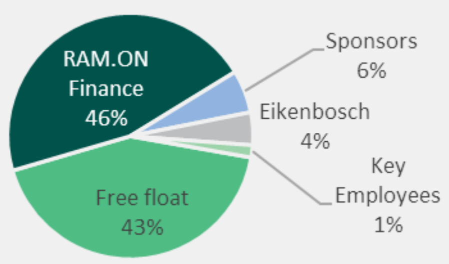
Source: Cabka/Degroof Petercam estimates

Depreciation vs capex (m euros)



Source: Cabka/Degroof Petercam estimates

Main shareholders



Source: Cabka

Degroof Petercam ESG score

Environmental dimension	★★★★
Sustainable sourcing	★★★★★
Impact of products	★★★★★
Waste	★★★★★
CO2 emissions	★★★★

Social dimension	★★★★
Women in management	★★★

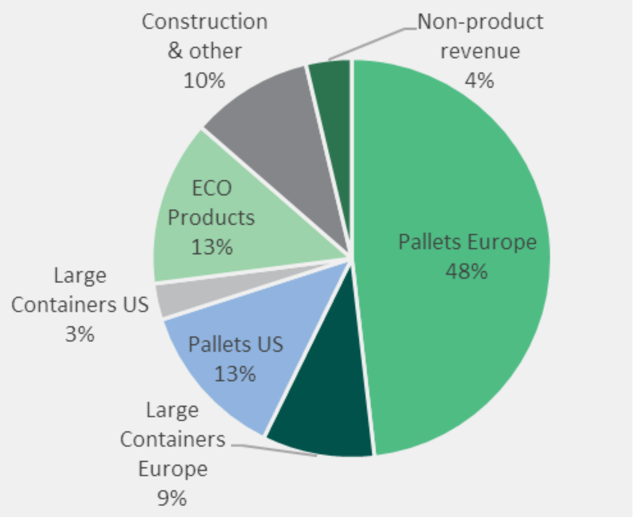
Governance dimension	★★★
Board independence	★★★
Takeover protection	★★★
Controlling shareholders	★★
Risk management	★★★★
Disclosure	★

Source: Degroof Petercam estimates

Unique position in recycled plastic pallets and large containers

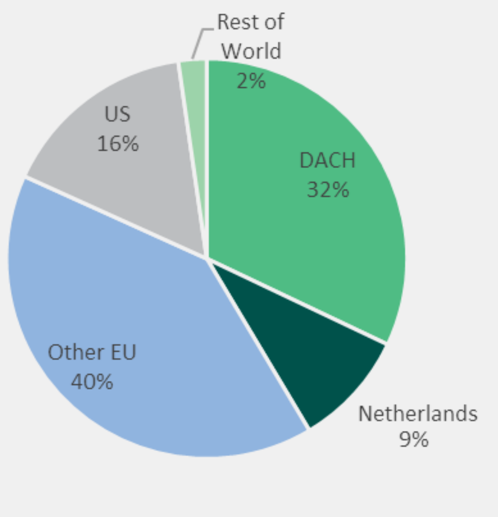
Cabka has unique technology to reuse waste plastic for the production of plastic pallets and large containers. It has a strong position in plastic pallets in Europe, and a meaningful presence in North America. Based on its experience in plastic pallets it is now also building up a position in large containers. Furthermore, the company manufactures eco products for gardening and transportation, which are entirely made out of recycled plastic.

Exhibit 1 Revenue by product 2021e



Source: Degroof Petercam estimates

Exhibit 2 Revenue by region 2021e



Source: Degroof Petercam estimates

Unrivalled experience in the reuse of difficult plastic waste

What makes Cabka unique is that it has a long experience in using plastic waste as raw material, providing it with detailed knowledge of materials and their characteristics. It has developed a database of more than 3,000 recycled materials and material formulations. In combination with its knowledge of design and manufacturing this allows it to combine various recycled materials to create a product with exactly the right characteristics for the customer. Depending on the customer requirements, it can e.g. create a light pallet using very strong plastics, or a heavier pallet that uses more softer lower-grade plastics.

Cabka uses two types of waste plastic as a raw material for its products:

- **Post-industrial:** this concerns hard plastics like polyethylene (PE) and polypropylene (PP) that come from recycling stations and industrial companies. This type of material is e.g. coming from old plastic furniture and car parts. What is unique about Cabka's process is that it can also process material that is somewhat polluted, while its competitors generally need raw material that is entirely clean. It can use this raw material directly for the production of its pallets and containers.
- **Post-consumer:** this mainly involves packaging, which generally comes from household waste. It is a more difficult source material. In many cases it is multilayer, combining several types of plastic, which makes it harder to recycle. Cabka makes eco products (for construction and road safety) out of this material. It is investigating ways to also use it in its pallets and containers.

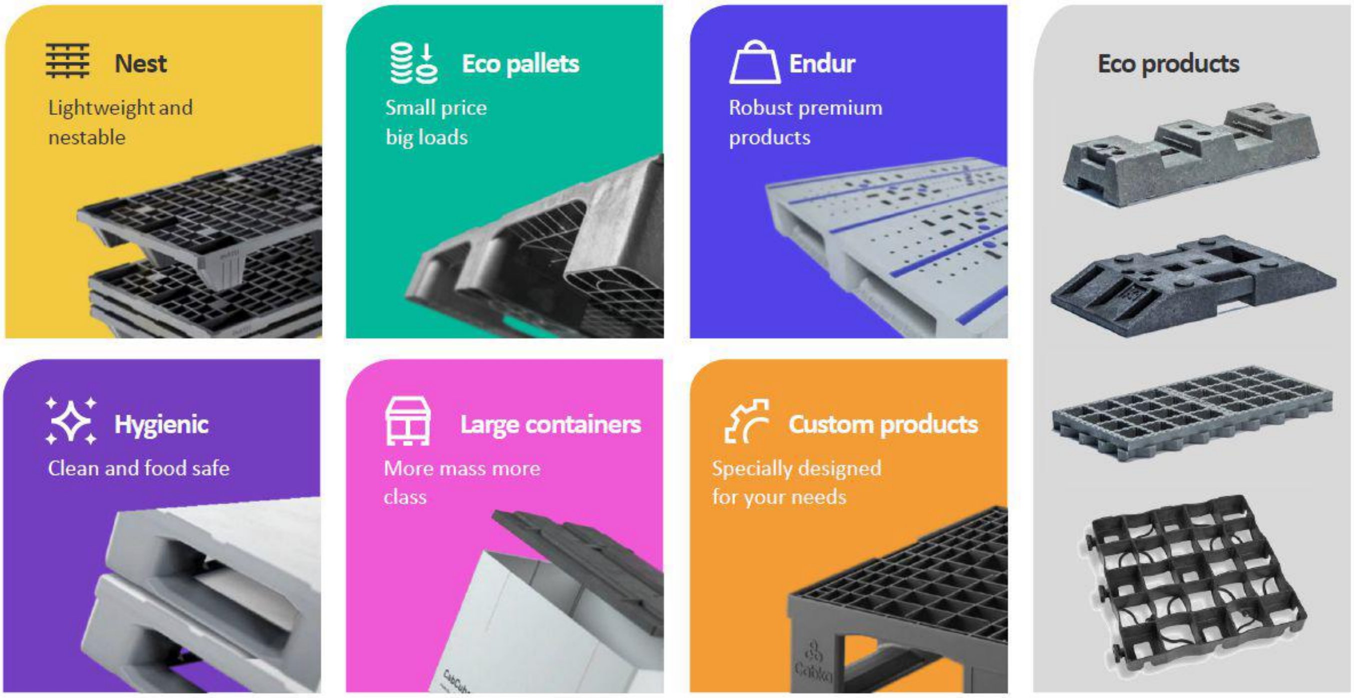
Broad portfolio of plastic pallets and large containers

Cabka has developed several lines of standard products with different characteristics to serve the most important end markets (Exhibit 3 and Exhibit 4). The biggest category is pallets that consist of several product lines optimized for different purposes. The nest pallets e.g. can be nested and stacked, saving up to 75% in space on the return journey, and are mainly used in food & beverage, retail, and pooling. The Endur pallets are resistant to hard usage and can bear heavy loads, making them ideal for high circulation situations. The hygienic pallets are made of food-safe HDPE and are easy to clean and dry, with smooth, closed surfaces. They are the only type that does not contain recycled plastic, as regulations do not allow that.

The company also produces two types of large containers. The *CabCube* is a foldable container that is produced using injection moulding, as a result of which its dimensions are more consistent than for the competing thermoformed products. Thanks to the collapsible sleeve, it can be folded and stacked when empty, saving a lot of space during return journeys. The sturdy *Pallet Box* is a rigid container that can be used for heavy loads.

A separate category are the *Eco products*, which are generated out of hard to recycle (consumer) rest streams. This raw material is of a lower grade than the post-industrial waste used for the pallets and containers, but Cabka has developed a range of products that make optimal use of it. These include fence bases, channel fences and lawn grids, which are used in e.g. construction, road safety and landscaping.

Exhibit 3 **Cabka's product lines**



Source: Cabka

Exhibit 4 **Product line per product line**

Product line	End Market					
	Food & Beverage	Retail	Chemical	Pharma	Automotive	Pooling
Nest	★	★				★
Eco pallets	★		★	★	★	
Endur	★	★		★	★	★
Hygienic	★			★		
Foldable Large containers	★	★			★	★
Rigid Large containers	★					

Source: Cabka

Next to the standard products, Cabka also develops customized products. Together with customers, it creates products that fit perfectly in their logistics chain. It has developed the CabCube together with customer Volkswagen. This box allows it to transport car parts to and within its factories, partly using robots and automated systems. A short animation shows the tight integration of the CabCube in the logistics chain. For Lidl, Cabka developed a pallet with the same dimensions as traditional wooden pallets, which are now used for the transport and storage of groceries. An advantage of the customized products for Cabka is that they are deeply integrated in the customer's logistics. As a result, the customers tend to have a long-term relationship with Cabka. With Volkswagen and Lidl, Cabka e.g. has relationships of 5 and 10 years respectively, generating annual revenues of respectively more than EUR 4m and EUR 10m.

Many of the products developed together with customers have become standards. For example, the Heilbronner H7 has made traditional wooden Düsseldorf pallets essentially obsolete. Cabka is currently developing a new product for a large US retailer, which will allow the customer to save costs by e.g. better protecting its goods during transport.

Cabka also generates some 10% of its revenues from other products, mainly in the construction market (e.g. manholes) and 4% through non-product revenues (mainly freight and materials).

Plastic winning market share from traditional wooden pallets

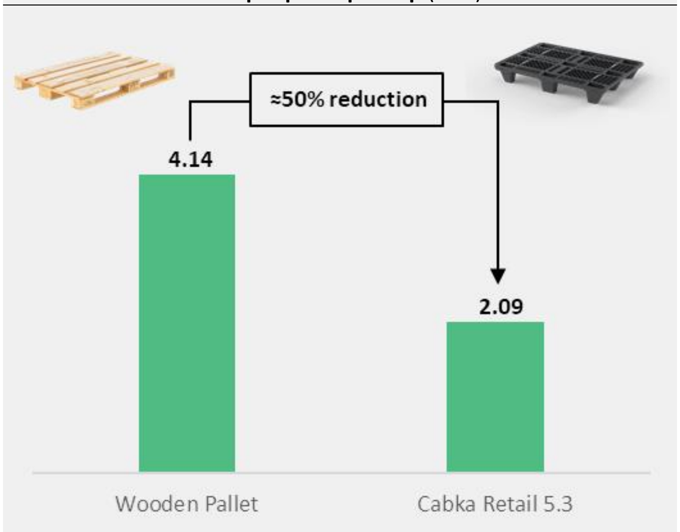
In the pallet market, only 5.5% consists of plastic products, with wood being the dominant solution. We expect plastic products to gain market share thanks to its advantages:

- **Lower total cost of ownerships.** Plastic pallets have a much longer life span than their wooden equivalents. A plastic pallet can be used for up to 100 trips through the supply chain, while a wooden pallet will need to be replaced after a maximum of 15-20 trips. Furthermore, wooden pallets need significant repairs after every 3-4 trips. The purchase price of a plastic pallet is also very competitive. For a typical Europallet it ranges from EUR 11 for the lighter nestable versions to EUR 50 for the most sturdy heavy duty pallets. Europallets historically cost EUR 10-11, but the sharp rise in timber prices has recently pushed this to around EUR 20. Taking into account the longer life span, and other advantages (e.g. fewer trucks needed for return trips thanks to nestability) the TCO of plastic pallets is some 50% below that of wooden pallets, according to Cabka (see Exhibit 5).
- **Recycled and circular.** Cabka's solutions are fully circular and are made primarily out of recycled plastic waste. Only 10% of the current raw materials are virgin plastics, partly for the hygienic product line. Cabka also offers a buyback guarantee for all its products, and uses them as a raw material for new products. That makes them 100% circular, which is unique. Customers are increasingly looking for circular products, as they want to reduce their environmental footprint. The use of wooden pallets that

cannot be converted into a product with a similar value at the end of their lives does not fit in such a strategy.

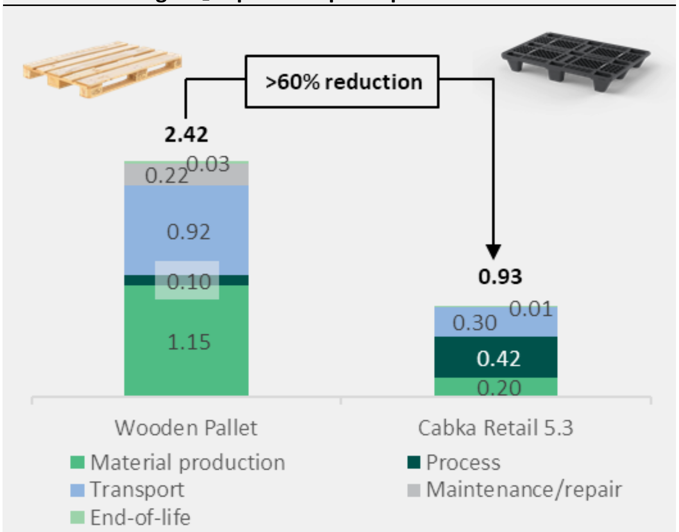
- **Superior product.** Cabka's pallets have superior characteristics in use. For every purpose they have designed an optimized pallet. Pallets that need to carry only lighter loads are lighter and easier to handle, and nestable so that they take up less space when empty. For heavy users, it has developed rugged pallets with a long lifespan. For certain users it is a big advantage that the pallets are clean, with no splinters or dust coming off them, as this could clog up transport systems. Furthermore, the pallets can be designed to have exactly the right dimensions and shape (e.g. with recesses to securely hold kegs) for the customer.

Exhibit 5 **Total cost per pallet per trip** (EUR)



Source: Cabka

Exhibit 6 **Kg CO_2-equivalent per trip**



Source: Cabka

Automation is playing to the advantage of plastic large containers

Large (foldable) containers are a logical extension of Cabka's pallets. Most foldable containers consist of a pallet with a sleeve and lid on top of them. Plastic still only represents some 2% of this market. Corrugated paper has by far the largest share (75%). The remainder of the market consists of other materials like metal (e.g. gitterboxes) and wood. Plastic boxes are in a good position to gain market share because of their strengths:

- **Easy handling.** Corrugated paper boxes need to be put on a pallet and shrink wrapped before they can be handled by a fork lift. Cabka's containers combine the function of the pallet and box in one unit.

- **Efficient use of space.** Cabka's containers can be stacked to save floor space, while corrugated paper boxes are not strong enough to carry much weight. The foldable containers also save a lot of space compared to gitterboxes when they need to be transported empty.

- **Suited for automated warehousing.** Plastic containers have always exactly the same dimensions and weight, and they do not deform during handling. That makes them very suitable for the automated warehousing systems that are used by an increasing number of customers. For those systems it is important that the boxes are sturdy and protect their content well. Corrugated boxes are vulnerable to damage due to collisions during transport. Furthermore, it is easier to track and trace plastic containers using markings in fixed locations.

- **Waterproof & hygienic.** In contrast to corrugated and gitterboxes, plastic containers are resistant to water and do not allow the introduction of parasites or bacteria. This is very important for customers in the food industry. They are also easy to clean and do not emit wood shavings or particles when handled, which is important in automated systems.

Cabka also offers rigid large containers, which are primarily used on agriculture and food.

Exhibit 7 **Corrugated box, Gitterbox and Cabka's CabCube**

Source: Cabka

Competitive environment

Cabka has a strong position in the plastic pallet market. In Europe it is the market leader, ahead of Schoeller Allibert, Utz and Craemer (see Exhibit 8). In the US it is the number 4 player. Orbis is the market leader, while Shuert, Rehrig Pacific and Greystone are also important players. In the plastic large container market, it has a decent #7 position in Europe, but it is still building up a significant position in North America. What distinguishes Cabka from its competitors is its high use of recycled raw materials including lower grades of plastic waste.

Exhibit 8 Competitive landscape

	Pallets EU	Large containers EU	Pallets US	Large containers US
Cabka	Leader	Active	Strong	Active
Schoeller Allibert	Strong	Leader	Active	Strong
utz	Strong	Strong	Not active	Not active
CRAEMER	Strong	Active	Not active	Not active
KTP Packaging Solutions	Not active	Strong	Not active	Not active
ORBIS Powered by Menasha Corporation	Not active	Not active	Leader	Leader
SHUERT TECHNOLOGIES	Not active	Not active	Strong	Strong
Rehrig Pacific Company	Not active	Not active	Strong	Active
GREYSTONE	Not active	Not active	Strong	Not active

Source: Cabka, Orbis is active in the EU through Cabka

Growth plans

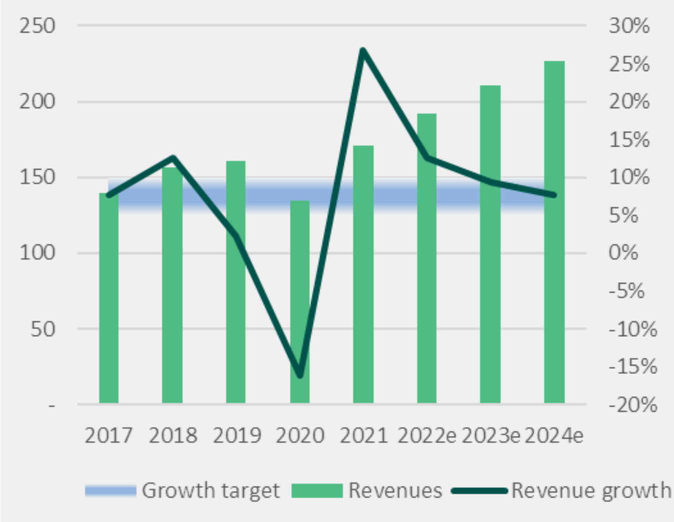
Since 2017, Cabka has achieved average revenue growth of 6% p/a, including a Covid-dip in 2020 that was followed by a powerful recovery in 2021 (Exhibit 9). Management targets high single-digit organic revenue growth in the coming years. We believe it is feasible to realize this acceleration in growth, driven by the following factors:

- **Solid market growth.** The global pallets market (USD 78bn in 2020) is expected to grow by 5% annually until 2027 according to Allied Market Research, while the large container market (USD 50bn) should grow even faster. Both segments are currently dominated by other materials (wood, cardboard, metal, …) but the advantages of Cabka's products should allow it to win market share.
- **New product development.** Cabka should also be able to gain market share thanks to the addition of new products to its range. The combination of unique engineering capabilities and strong relationships with blue chip customers in a range of industries should allow it to develop products for segments that are currently not served optimally. Cabka's offering in pallets is already quite extensive, but there should be significant opportunities to expand its still narrow range in large containers. The company opened an innovation center in Valencia three years ago, which is creating a

pipeline of new products that should help to drive additional revenue growth growing forward.

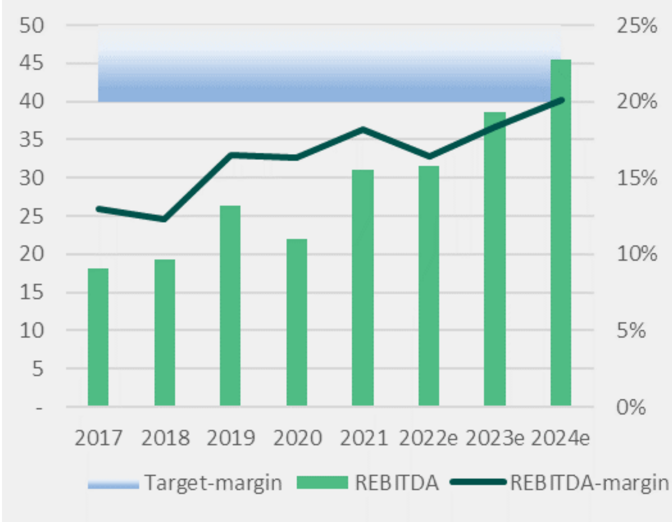
- **Geographic expansion.** Cabka's European position is especially strong in Germany, Austria & Switzerland (DACH) and The Netherlands, while it only has a limited position in North America. (Exhibit 2). Within Europe, we believe the main expansion opportunities are in the south-east. In the US, Cabka is currently only active around St. Louis leaving lots of room for expansion into other regions.

Exhibit 9 **Revenue vs target**



Source: Cabka/Degroof Petercam estimates

Exhibit 10 **REBITDA vs target**



Source: Cabka/Degroof Petercam estimates

Cabka also strives for an EBITDA-margin in excess of 20% in the mid-term. The key drivers for margin expansion are:

- **Optimization of raw materials.** Cabka is already ahead of the competition regarding the use of lower grades of waste plastic (i.e. with more contamination). With the increasing demand for products made from recycled plastic, the prices for the higher grades have risen to levels equal to or even above those of virgin plastic. By optimizing the use of lower grades of plastic, for which there is much less demand from other parties, Cabka can save significantly on raw materials. It also makes it easier to secure sufficient availability of raw materials.
- **Automation.** Cabka is executing more than 15 projects to automate its production process. Upon the planned completion of these projects in 2024, the company should be able to reduce the use of manual labour by more than 30%.
- **Higher occupancy rate.** The factories currently have 20% spare capacity. According to management, they should be able to support a revenue level of up to EUR 200-210m. By increasing sales towards this level and optimizing capacity planning, Cabka should be able to significantly boost utilization, creating positive operating leverage.

Room for growth investments thanks to strong balance sheet

The transaction whereby Cabka obtained a stock market listing through a business combination with Dutch Star Companies Two, generated some EUR 45m in cash proceeds for Cabka. As a result, its Net Debt/EBITDA will decline to around 0.2x at YE 2022, which is well below the range of 2.5-3.0x of the few past years (Exhibit 11). It is also well below the covenant limit of 2.75x (down from 3.5x as of YE 2022). The covenant ratio is based on German GAAP and excludes a EUR 5m equity-type loan. We expect the company to take advantage of its headroom to finance further growth, in particular through the following projects:

- **Expansion and improvement of current factories.** Investment in capacity expansion at the current production sites has a favourable ROCE because it leverages on the existing infrastructure. We also expect Cabka to invest in improving the existing factories, e.g. through automation and debottlenecking, which should both be supportive for ROCE. We forecast capex of EUR 18-20m per year, which includes significant expansion capex, as the company guides for maintenance and replacement capex to be around 4% of sales, i.e. some EUR 7-8m.

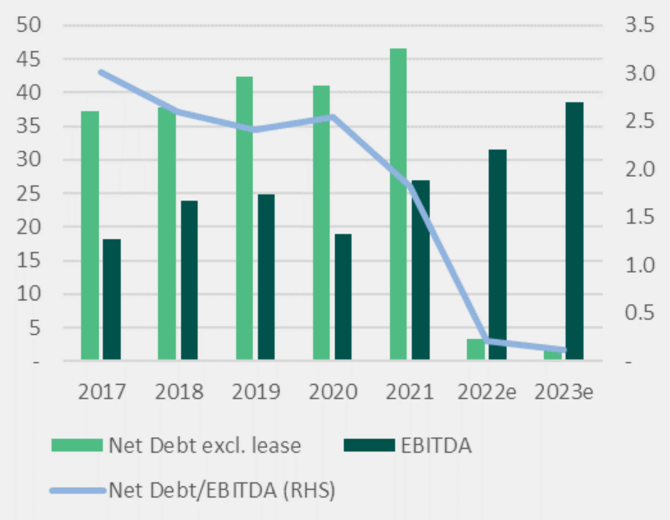
- **New production locations.** Pallets and large containers can be transported economically over a distance of up to 750km. With production locations in Germany, Belgium and Spain, Cabka has a very good coverage of Northwest Europe and a decent coverage of Southwest Europe (see Exhibit 13). We expect that the first priority is to improve coverage of Southeast Europe. It could do that through a greenfield plant, but we consider it more likely that it will look for a contract manufacturer. The company has already applied that approach in Germany and Spain. In this case, a third-party manufactures Cabka's products on a tolling basis. This is mainly suited for simpler products that are manufactured through high pressure moulding. To be able to supply its full range of products, Cabka can add its own production line for complex products to the contractor's site. That way it only has to invest in production capacity for the complex products, while making use of the existing infrastructure.

- **Acquisitions.** Another way to add a new production location without having to start from scratch (and having to bear start-up losses until volumes reach sufficient scale) is by acquiring a local competitor. That not only gives easy access to additional production capacity, but generally also to a new customer base. The product portfolio of the acquired company creates cross-selling opportunities with the rest of Cabka. It has done this successfully in 2013 through the acquisition of Innova Packaging Systems (IPS) in Belgium. IPS had a strong position in high-quality pallets for pooling and intralogistics, which complemented Cabka's own strength in lightweight nestable pallets. In 2015, Cabka also expanded its offering in multi-use logistics pallets through the Eryplast acquisition in Belgium.

- **Backward vertical integration.** Access to sufficient volumes of plastic waste of the right grade is an important success factor. Cabka may therefore also acquire companies that are active in plastic recycling. It has done that already, e.g. in 2016 through the acquisition of Systec Mixed Plastics in Germany. That company manufactures agglomerates made from mixed plastics from commercial and municipal collection. By controlling this step, Cabka has better control over the sorting and cleaning process and hence over the quality of the end product. That can allow it to use more difficult inputs to create raw materials with a higher value in its production process.

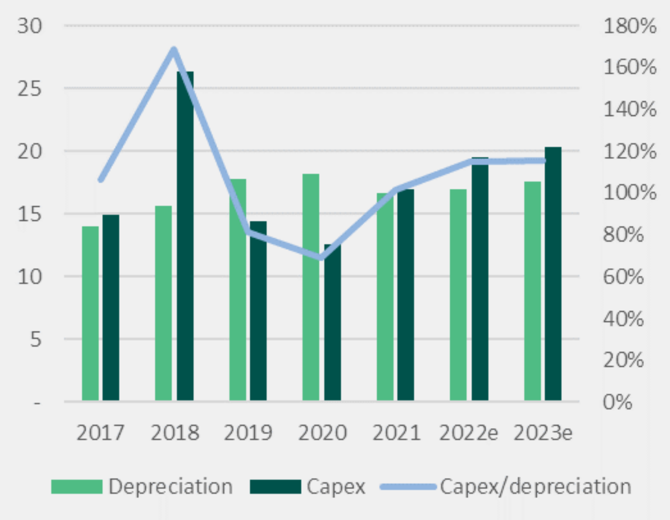
Management intends to bring the company to a revenue level of EUR 500m in the mid-term. We believe reaching this level requires substantial acquisitions. Levering up to an EV/EBITDA of 2.5x would imply some EUR 65m in funds available for acquisitions. Based on EV/Sales of 0.8-1.2x (somewhat below Cabka's own level as targets are smaller and therefore tend to have a lower valuation) this would allow it to add EUR 51-77m (30-45%) to annual sales. On top of this, the company can use its annual free cash flow for further acquisitions and growth capex. However, even taking this into account, the revenues target is ambitious and is likely to require additional equity issues.

Exhibit 11 Net Debt/EBITDA excluding lease (m euros)



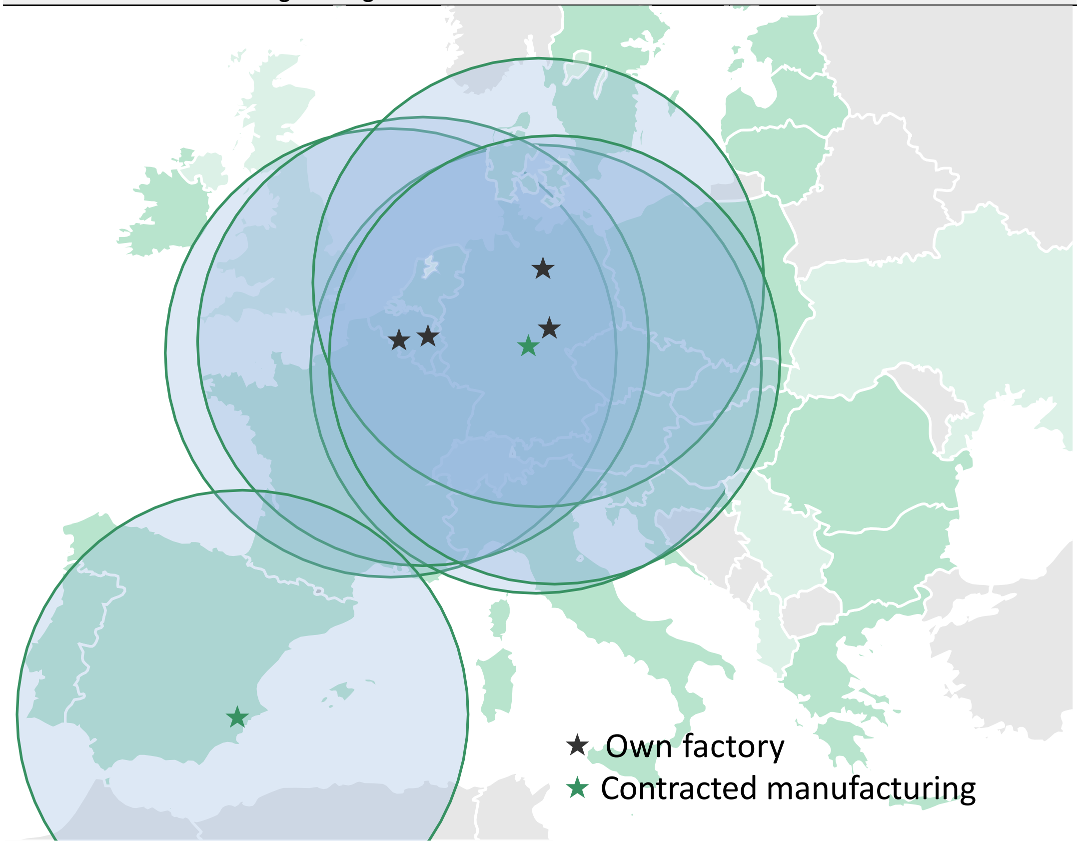
Source: Cabka/Degroof Petercam estimates

Exhibit 12 Capex vs Depreciation (m euros, excluding leases)



Source: Cabka/Degroof Petercam estimates

Exhibit 13 Manufacturing coverage



Source: Cabka

Powerful 2021 recovery, 2022 affected by higher input costs

Cabka's 2021 results showed a powerful recovery from the 2020 Covid-dip, with 27% revenue growth. The FY revenues were 6% above the 2019 level, while REBITDA was 17% higher than before Covid. This illustrates the company's resilience. We believe that passing on higher input costs will be a key theme for 2022, as both raw materials and energy are showing sharp rises.

Historically, Cabka has always been successful in passing on increases to its customers. For pallets and containers that it sells on a transactional basis, it adds a raw materials surcharge when increases in plastic prices (based on publicly available indices) justify that. The company has implemented a 4% average price increase per January 1, 2022 and is likely to implement at least one more price hike later this year.

For the products sold under long-term contracts, Cabka reviews the price levels on a quarterly basis, whereby 60% is based on raw materials prices, and 40% (the conversion costs) is linked to the CPI index. That worked very well in the past, but with the sharp rise in electricity prices, the CPI index does not reflect the full increase in conversion costs that Cabka is currently facing. Given today's exceptionally high inflation rate, we expect that selling prices will lag cost increases in the near term. As a result, we pencil in a 210bps decline in gross margin, most of which will be caught up in 2023. Note that the price increases will also create additional revenue growth. We therefore forecast 12% organic revenue growth for 2022, which will also partly offset the gross margin pressure.

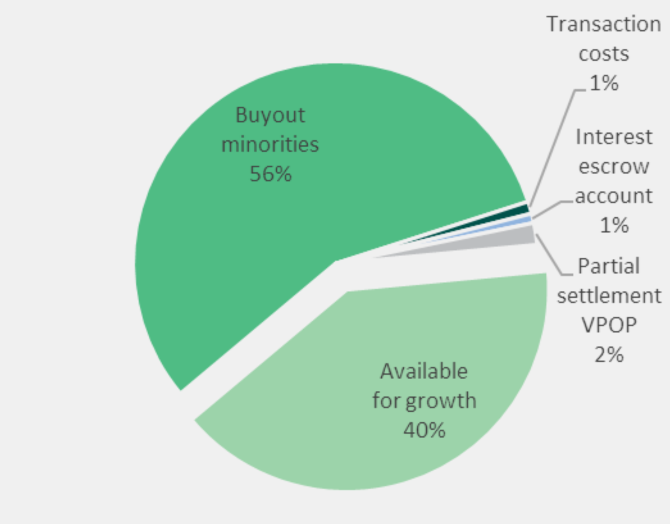
Our model also includes a move from German GAAP to IFRS reporting from 2022 on. The key difference is that with German GAAP only finance leases are capitalized, while IFRS also includes operating leases. That will lead to EUR 8m in additional assets and debt, and a EUR 3m shift from operating expenses to depreciation. German GAAP also spreads the costs of the EUR 6m Virtual Stock Ownership Plan (VSOP) between 2021 (EUR 0.8m) and 2022 (EUR 5m), while IFRS may shift the entire recognition to 2021. For consistency with the reported German GAAP number, we have spread the costs over two years.

Shareholders, dilution and key persons

Of the EUR 110m IPO proceeds, EUR 63m will be used to buy out passive minority shareholders in Cabka (DIH Finanz und Consult, Fabrice International, Gifar, and Davhold), which together currently hold a 36.16% stake (Exhibit 14). This implies an equity value of EUR 175m for the company as a whole. A small part will be used for transaction costs (up to 1%), payment of interest on the DSC2 escrow account (EUR 850,000) and a partial cash settlement of the virtual stock ownership plan (EUR 2m). That leaves EUR 45.5m in proceeds to finance future growth.

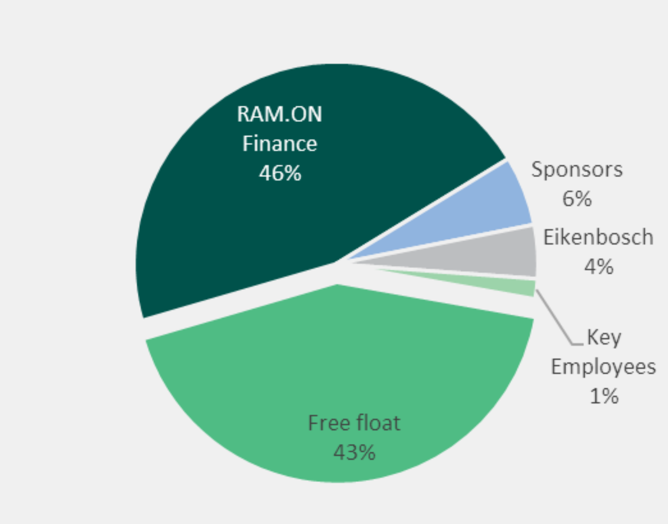
After the transaction, Cabka's founder Gat Ramon will see his stake (through RAM.ON Finance) diluted from 64% to 46%. The SPAC's sponsors and Cabka's key employees will hold stakes of 6% and 1% respectively. 4% is held by Eikenbosch, which is related to the chairman of the board of Dutch Star Companies Joop van Caldenborgh. The remaining 43% of the shares are free float (Exhibit 15).

Exhibit 14 **Use of the EUR 110m in proceeds**



Source: Cabka

Exhibit 15 **Distribution of the share capital**



Source: Cabka

The business combination and settlement triggered the conversion of 1.37m special shares for the sponsors and 0.39m phantom shares for management, which did not lead to any proceeds for the company. On top of this, the 0.44m warrants shareholders in Dutch Star Company Two received converted, as the share price of the SPAC has been above the conversion price for more than 15 days within a consecutive 30-day period.

There are a number of potentially dilutive instruments outstanding that can lead to an additional increase in the number of shares of up to 20%:

- **2.2m shareholder warrants:** there are two remaining series of listed warrants outstanding at EUR 12 (converting into 0.88m Cabka shares) and EUR 13 (1.32m shares). These will automatically convert into shares if the share price is above the conversion price for more than 15 (non-consecutive) days during a 30-day period. The company receives EUR 0.10 per new ordinary share.
- **2.25m performance shares management:** Cabka has awarded 3x 600,000 warrants to founder Gat Ramon and 3x 150,000 warrants to CEO Tim Litjens. There are three series that automatically convert into ordinary shares when the share price is above EUR 16, EUR 18 and EUR 20 respectively for more than 15 days out of any 30 consecutive trading days. Cabka will not receive a consideration for these share issues.

- **0.6m performance shares other staff:** one-third of the virtual stock ownership plan will be settled in cash, while the remaining two-thirds will be in the form of warrants that will become vested over a three-year period (1/3 per year). Every year there are three warrant series, at EUR 11, EUR 12 and EUR 13, which become vested once the share price is above that price for more than 15 days (not necessarily consecutive) during a period of 30 consecutive trading days.

Key persons

Tim Litjens, CEO (1979, The Netherlands)

Tim Litjens (Dutch) became Cabka's CEO in 2018. Before that he was the company's CFO since 2016. Between 2003 and 2015, he held several management positions within DSM N.V. in The Netherlands, The United States and China. He holds a MSc degree in Business Economics from Maastricht University, and an Executive Master in Finance & Control from the Rotterdam School of Management.

Necip Küpcü, CFO (1976, Turkey)

Necip Küpcü is Cabka's CFO since 2018. He started his professional career in 2003 at Cabka and held several financial and management positions within the company from 2003 till 2017, being responsible amongst others as Head of Finance and Control for Germany, The United States, Belgium and Spain.

Gat Ramon, Founder and member supervisory board (1953, Israel)

Gat Ramon founded Cabka in 1994 with a mission to create useful products out of recycled plastic. As a frontunner in circularity, the company has been active in plastic recycling over the past 25 years under his leadership, processing 150kt of material in 2021 alone.

Valuation

To determine the fair value for Cabka's shares, we use a DCF analysis and a peer group comparison.

Exhibit 16 DCF analysis

mln euros	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	> 2032e	Total
Revenues	210	227	242	259	278	297	318	340	364	389		
EBIT	18	24	30	33	36	38	41	44	48	52		
Depreciation & amortization	21	21	21	23	24	26	27	29	30	32		
Change in provisions	-	-	-	-	-	-	-	-	-	-		
Change in working capital	-3	-3	-4	-4	-4	-5	-5	-5	-6	-6		
Taxes	-6	-8	-9	-10	-11	-12	-12	-13	-14	-15		
Associates & other	-	-	-	-	-	-	-	-	-	-		
Capex	-20	-22	-23	-25	-26	-28	-30	-31	-31	-28		
Capex intangibles	-0	-0	-0	-0	-0	-0	-0	-0	-0	-0		
Finance Lease	-3	-3	-3	-3	-3	-3	-4	-4	-4	-4		
Acquisitions & other investment	-	-	-	-	-	-	-	-	-	-		
Free cash flow	6	10	12	14	15	16	17	20	23	30	568	
Discount factor	1.10	1.18	1.27	1.37	1.48	1.59	1.71	1.85	1.99	2.14	2.31	
Discounted FCF	5.3	8.5	9.1	9.9	9.9	9.9	10.0	10.9	11.8	14.2	246.3	**345.6**
Revenue change	+9.4%	+7.8%	+7.0%	+7.0%	+7.0%	+7.0%	+7.0%	+7.0%	+7.0%	+7.0%	+2.0%	
EBITDA-margin	18.3%	20.1%	21.1%	21.6%	21.5%	21.5%	21.5%	21.5%	21.5%	21.4%	21.4%	
EBITDA-margin pre IFRS16	16.9%	18.7%	19.8%	20.3%	20.3%	20.4%	20.4%	20.4%	20.4%	20.4%	20.4%	
EBIT-margin	8.6%	10.7%	12.2%	12.8%	12.8%	12.9%	12.9%	13.0%	13.1%	13.3%	13.3%	
ROCE	8.2%	10.3%	11.6%	11.9%	11.7%	11.6%	11.5%	11.3%	11.3%	11.4%	12.0%	

Risk free rate	0.70%	Equity (market value)	80.0%	**Enterprise value**	**345.6**
Estimated Beta	1.00	Net debt	20.0%	Net Debt excl. lease	-3.3
Market risk premium	8.0%			Minorities	-0.2
Cost of equity	8.7%	WACC	7.7%	Other assets	-
				Equity value	**342.2**
Long-term interest rate	5.0%				
Marginal tax rate	25.0%	Perpetual growth	2.0%	# of shares	24.4
Cost of debt	3.8%	ROCE after 2032	12.0%	**DCF per share**	**€ 14.0**
				DCF including dilution	**€ 12.6**
				Current share price	€ 7.76
				Upside	+63%

Source: Degroof Petercam estimates

DCF indicates significant upside

For our DCF analysis, we forecast 7% average revenue growth during the forecast period, in line with the mid-term target of high single digit growth. The average EBITDA-margin of 21% during this period is also in line with the target of at least 20%. Our estimated capex is 22% above depreciation, reflecting expansion capex in combination with the company's asset-light strategy using contract manufacturers. Our perpetual value is based on 2% growth and a ROCE of 12%. When we discount this at a WACC of 7.7%, we arrive at a value of EUR 14 per share.

To reflect the potentially dilutive impact from performance shares, warrants and other instruments we use a conservative approach. We assume that if the target value without dilution adjustment is above the conversion price, the instrument will be converted immediately. In reality, the conversion will only take place if the share price is above this level for 15 days during a consecutive 30-day period. It will also take place in stages, and part of the instruments may lapse before they are executed.

Exhibit 17 shows a sensitivity analysis for different assumptions on the WACC and ROCE, including the impact of dilution. For our target valuation range, we use a WACC of 8.7% for the bottom and 6.7% for the top, leading to a range of EUR 11.4 to EUR 15.5.

Exhibit 17 **DCF sensitivity analysis including dilution**

		WACC						
		10.7%	**9.7%**	**8.7%**	**7.7%**	**6.7%**	**5.7%**	**4.7%**
ROCE	**8.0%**	7.7	9.0	10.7	11.7	14.4	18.0	25.8
	10.0%	8.0	9.3	11.1	12.2	15.1	19.0	27.2
	12.0%	8.2	9.6	11.4	12.6	15.5	19.6	28.2
	14.0%	8.3	9.7	11.6	12.9	15.5	20.1	28.9
	16.0%	8.4	9.9	11.7	13.1	15.7	20.4	29.4

Source: Degroof Petercam estimates

For the peer group (Exhibit 18), we use three companies that are also active in industrial plastic packaging (Berry, Greif and Myers) and three companies that operate in waste management and recycling (Biffa, Cleanaway, and Renewi). This reflects the fact that Cabka is active in both the recycling of plastic waste and the production of plastic pallets and large containers. Cabka currently trades at a discount to the peer group on EV/EBITDA. If apply the peer group multiple to Cabka's 2023 EBITDA, we arrive at a value of EUR 9.3 per share. However, we believe that it deserves a significant premium on this peer group because of its unique capability to offer a fully circular product. Together with a widening product range and geographic coverage that should allow it to show much faster growth. Its unique sourcing capabilities should also give it an advantage on input costs. Using a premium of 30% leads to a valuation of EUR 11.7 per share, taking into account dilution.

Exhibit 18 **Peer group comparison**

	Price	P/E			EV/Sales			EV/EBITDA			EV/EBIT		
	8-Mar-22	2022	2023	2024	2023	2023	2024	2022	2023	2024	2022	2023	2024
Plastic Industrial Packaging													
Berry (US)	53.99	7.2	6.6	6.2	1.0	1.0	0.9	6.5	6.2	5.7	9.4	8.8	7.8
Greif (US)	55.62	8.1	N.M.	N.M.	N.A.	N.A.	N.A.	5.3	N.A.	N.A.	7.2	7.0	N.A.
Myers Industries (US)	16.02	12.8	9.7	N.M.	0.7	0.7	N.A.	6.9	5.1	N.A.	9.7	7.1	N.A.
Waste Management and Recycling													
Biffa (UK)	2.83	15.0	13.5	12.4	1.0	1.0	0.9	6.9	6.3	5.9	14.0	12.5	11.5
Cleanaway (AUS)	2.75	30.8	25.3	N.M.	2.3	2.3	N.A.	11.3	9.8	N.A.	22.4	18.8	N.A.
Renewi (UK)	5.36	6.8	6.3	5.3	0.5	0.5	0.5	4.2	4.0	3.7	9.1	8.6	7.7
Average		**13.5**	**12.3**	**8.0**	**1.1**	**1.1**	**0.8**	**6.8**	**6.3**	**5.1**	**12.0**	**10.5**	**9.0**
Median		**10.4**	**9.7**	**6.2**	**1.0**	**1.0**	**0.9**	**6.7**	**6.2**	**5.7**	**9.6**	**8.7**	**7.8**
Cabka (NL)	7.8	23.4	16.7	11.8	1.1	1.0	0.9	6.6	5.4	4.5	17.9	11.5	8.4
Vs peer average		+73.9%	+35.6%	+48.4%	-0.4%	-9.3%	+17.0%	-3.3%	-14.2%	-12.6%	+49.0%	+10.3%	-6.8%
Vs peer median		+124.0%	+71.5%	+90.9%	+13.5%	+3.3%	-0.8%	-1.5%	-13.0%	-21.2%	+86.5%	+32.9%	+7.4%

Source: Degroof Petercam estimates (Cabka), Bloomberg consensus (other companies)

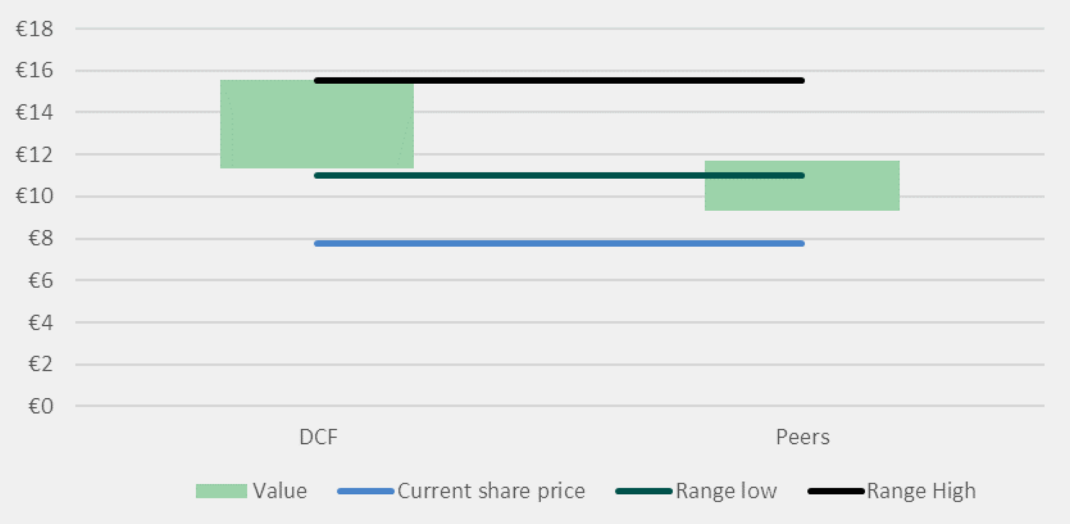
Drivers for the share price

We set a target valuation range of EUR 11-15.5, which corresponds with the DCF range and the high end of the peer group valuation. We consider the DCF as most relevant because it better reflects the long-term value creation potential. Note that it does not yet include the additional value Cabka can create by using its strong balance sheet for acquisitions.

We see the following drivers for an increase in Cabka's share price:

- **Confirmation of higher revenue growth.** We expect that Cabka can realize organic revenue growth at the high end or above its high single digit target in the next few years, thanks to strong demand and rising prices. That should create operating leverage and thus allow the company to realize double-digit EPS growth from 2023 on.
- **Acquisitions.** Acquisitions of complementary companies can be an effective way to accelerate Cabka's growth. They can allow the company to quickly expand its geographical coverage, while adding new products to its offering. Alternatively, they may enhance access to plastic waste, reinforcing its competitive advantage in raw material sourcing.
- **Shift to ESG investing.** Cabka is a clear frontrunner in circularity. We expect that this will attract the growing group of ESG-investors. However, we also expect non-ESG investors to increasingly value companies that are well prepared for future regulations regarding recycling and sustainability.

Exhibit 19 Valuation Metrics and Target valuation range



Source: Degroof Petercam estimates

Appendix: ESG score

Cabka has a favorable ESG profile, especially on the Environmental side. The disclosure on Social aspects is extremely limited, although the company positions itself as an inclusive employer on its websites and boasts 30% women in management positions.

The disclosure of environmental data is also rather limited, with no information on e.g. energy use and CO2 emissions. However, because of the nature of Cabka's products we consider its Environmental impact as positive. It primarily uses plastic waste as a raw material, which would generate toxic fumes when incinerated. 90% of Cabka's raw materials come from low-value post-consumer and post-industrial waste, which it is able to use thanks to its unique expertise and know-how. Furthermore, the company's products have a longer life span than competing products and are often lighter and smaller (when empty) than competing products, requiring less energy to transport them. Furthermore, they are fully circular as Cabka buys back its used products for reuse as a raw material. Cabka even enables customers to close the loop, allowing them to have their products made from the waste that they provide themselves, in a fully traceable way.

Finally, Cabka targets to become carbon neutral by 2030, although it hasn't specified how it intends to achieve that yet. It intends to publish an ESG strategy and action plan in 2022, which we expect will address this.

On the governance side, Cabka's warrants for employees and management help to align their interests with those of shareholders. The 46% stake held by founder Gat Ramon does mean that he can potentially overrule the other shareholders and can make it very difficult for other parties to make a successful bid on Cabka. The supervisory board currently consists out of five members, two of which are independent. The other three are Gat Ramon (founder and major shareholder), Niek Hoek (DSCT) and Stephan Nanninga (DSCT). A sixth, independent member (Mr. Manuel Beja) is nominated to be appointed during the 31 May AGM. Overall, Cabka gets an average score for governance, but it has a clear opportunity to improve this by increasing its disclosure. It has indicated it is currently collecting data using standardized definitions to clearly enhance its reporting in the future.

Degroof Petercam

Exhibit 20 **Degroof Petercam ESG score**

Environmental dimension	★★★★★	
Indicators	Score	Comment
Sustainable sourcing	★★★★★	90% sourcing from recycled materials
Impact of products	★★★★★	Longer product life and lower transport impact than alternatives
Waste	★★★★★	Products can be fully recycled in a circular way
CO2 emissions	★★★★	Targets to be carbon neutral by 2030
Social dimension	★★★	
Indicators	Score	Comment
Women in management	★★★	30%, modestly better than comparable companies
Governance dimension	★★★	
Indicators	Score	Comment
Board independence	★★★	3 out of 6 supervisory board members will be independent
Takeover protection	★★★	Controlling shareholder can prevent takeover getting full control
Controlling shareholders	★★	Founder has 46% stake, potentially overwhelming other shareholders
Risk management	★★★★	No major incidents in limited available track record
Disclosure	★	No social and environmental data available

Source: Degroof Petercam estimates

Profit & Loss (EUR m)	12/18	12/19	12/20	12/21	12/22e	12/23e	12/24e
Revenues	**162.6**	**169.7**	**138.8**	**177.5**	**198.3**	**216.6**	**233.1**
(of which Sales)	156.9	160.6	134.6	170.6	192.1	210.2	226.5
(Y/Y - %)	*13%*	*2%*	*-16%*	*27%*	*13%*	*9%*	*8%*
(of which Other revenues)	5.7	9.1	4.2	6.9	6.2	6.4	6.6
Cost of goods sold	-81.0	-85.5	-64.5	-89.7	-103.5	-111.6	-118.0
Gross profit	81.6	84.2	74.3	87.8	94.8	105.0	115.1
Personnel costs	-33.0	-34.4	-31.1	-32.4	-35.0	-38.7	-40.8
Other costs	-	-	-	-	-	-	-
EBITDA	**23.8**	**24.8**	**19.0**	**27.0**	**31.6**	**38.6**	**45.5**
EBITA	8.2	7.0	0.7	10.3	11.7	18.0	24.3
(Ebita margin - %)	*5.3%*	*4.4%*	*0.6%*	*6.0%*	*6.1%*	*8.6%*	*10.7%*
Amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment	-	-	-	-	-	-	-
EBIT	8.2	7.0	0.7	10.3	11.7	18.0	24.3
Net Financial Result	-2.2	-3.6	-2.3	-2.0	-1.4	-1.4	-1.4
(of which Net interest charges)	-2.2	-3.6	-2.3	-2.0	-1.4	-1.4	-1.4
(of which Other)	-	-	-	-	-	-	-
Pre-tax result	6.0	3.5	-1.6	8.3	10.3	16.7	22.9
Taxes	-3.2	-2.2	-1.6	-3.1	-3.4	-5.0	-6.5
Associates	-	-	-	-	-	-	-
Minorities	-0.1	0.0	-0.2	-0.3	-0.3	-0.3	-0.4
Net earnings excl. exceptionals	-	-	-	-	-	-	-
Except. / Discont. operations	0.0	0.0	0.0	-0.8	-5.0	0.0	0.0
Net declared earnings	2.7	1.2	-3.4	4.2	1.6	11.4	16.0
Net adjusted earnings	**2.7**	**1.2**	**-3.4**	**4.2**	**6.6**	**11.4**	**16.0**

Cash Flow (EUR m)	12/18	12/19	12/20	12/21	12/22e	12/23e	12/24e
EBIT	8.2	7.0	0.7	10.3	11.7	18.0	24.3
Depreciation	15.6	17.8	18.2	16.7	19.9	20.5	21.3
Amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment	-	-	-	-	-	-	-
Changes in provision	0.1	1.1	0.4	2.3	0.0	0.0	0.0
Changes in working capital	-1.4	-2.6	0.2	-6.0	-5.8	-3.2	-2.7
Others	-1.2	0.0	0.7	0.0	0.0	0.0	0.0
Operational Cash Flow	**21.4**	**23.4**	**20.4**	**23.3**	**25.7**	**35.3**	**42.8**
Tax expenses	-1.5	-1.1	-2.6	-3.9	-3.4	-5.0	-6.5
Dividends from associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net interest charges	-1.4	-3.1	-2.1	-2.0	-1.4	-1.4	-1.4
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CF from operating activities	**18.5**	**19.1**	**15.6**	**17.4**	**21.0**	**29.0**	**34.9**
CAPEX	-26.0	-13.9	-12.4	-16.5	-19.2	-20.0	-21.5
Investments in intangibles	-0.3	-0.6	-0.1	-0.4	-0.3	-0.3	-0.3
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Divestments	0.2	0.3	4.1	1.1	0.0	0.0	0.0
Others	0.5	0.0	0.0	0.0	0.0	0.0	0.0
CF from investing activities	**-25.6**	**-14.1**	**-8.5**	**-15.8**	**-19.5**	**-20.3**	**-21.8**
Dividend payment	0.0	0.0	0.0	0.0	0.0	-3.7	-3.7
Minor. & pref. dividends	0.0	0.0	-0.2	-0.3	-0.3	-0.3	-0.4
Equity financing	0.0	0.0	0.0	0.0	45.0	0.0	0.0
Others	0.1	0.1	0.0	0.0	-2.9	-3.0	-3.1
CF from financing activities	**0.1**	**0.1**	**-0.2**	**-0.3**	**41.8**	**-7.0**	**-7.2**
Changes in consolidation scope	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate impact	-0.4	-0.2	0.8	0.0	0.0	0.0	0.0
Net debt/cash change	**7.5**	**-4.9**	**-7.8**	**-1.3**	**-43.2**	**-1.8**	**-5.9**
FCF to Enterprise	-4.9	8.9	7.8	6.4	3.3	12.1	17.9
FCF to Equity	-7.8	4.7	3.1	0.5	-1.4	5.8	10.0

Notes Source: company statements, 'e' indicates Degroof Petercam estimates

Balance Sheet (EUR m)	12/18	12/19	12/20	12/21	12/22e	12/23e	12/24e
Fixed assets	**79.6**	**76.1**	**65.5**	**66.0**	**77.0**	**79.7**	**83.4**
Tangible fixed assets	76.9	73.9	64.3	65.3	67.5	69.9	73.3
Goodwill	0.0	0.1	0.1	0.1	0.0	0.0	0.0
Other intang. assets	2.6	2.0	1.0	0.5	0.9	1.2	1.5
Financial fixed assets	0.1	0.1	0.1	0.1	8.6	8.6	8.6
Other fixed assets	-	-	-	-	-	-	-
Current assets	**57.3**	**73.6**	**58.6**	**75.5**	**110.8**	**119.9**	**133.6**
Inventories	25.8	30.3	25.2	31.1	33.6	36.8	39.6
Trade receivables	21.5	20.1	20.5	27.1	29.8	31.5	34.0
Other current assets	3.3	3.8	3.8	7.3	5.6	6.1	6.6
Cash & Equivalents	6.8	19.5	9.2	10.0	41.7	45.5	53.4
Discontinued assets	-	-	-	-	-	-	-
Total assets	**136.9**	**149.7**	**124.1**	**141.5**	**187.8**	**199.7**	**217.0**
Total Equity	**36.9**	**38.3**	**33.8**	**38.6**	**90.1**	**97.8**	**110.1**
Equity	35.9	37.3	33.4	38.5	89.9	96.6	107.9
Minorities & preferred	1.0	0.9	0.4	0.1	0.2	1.2	2.2
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions	-	-	-	-	-	-	-
Deferred taxes	-	-	-	-	-	-	-
Other provisions	-	-	-	-	-	-	-
Other LT liabilities	6.6	7.7	7.2	8.7	8.7	8.7	8.7
LT interest bearing debt	0.0	0.0	0.0	0.0	35.0	36.0	37.0
Current liabilities	**93.4**	**103.8**	**83.1**	**94.2**	**53.9**	**57.1**	**61.2**
ST interest bearing debt	68.7	79.5	62.5	64.0	26.1	27.1	28.1
Accounts payables	19.9	20.8	15.2	25.4	23.1	25.2	28.3
Other ST liabilities	4.8	3.5	5.4	4.8	4.8	4.8	4.8
Discontinued liabilities	-	-	-	-	-	-	-
Total liabilities	**136.9**	**149.7**	**124.1**	**141.5**	**187.8**	**199.7**	**217.0**

EV and CE details (EUR m)	12/18	12/19	12/20	12/21	12/22e	12/23e	12/24e
Market cap.	**-**	**-**	**0.0**	**0.0**	**189.1**	**189.1**	**189.1**
+ Net financial debt	62.0	60.0	53.3	54.0	19.3	17.6	11.6
(of which LT debt)	0.0	0.0	0.0	0.0	35.0	36.0	37.0
(of which ST debt)	68.7	79.5	62.5	64.0	26.1	27.1	28.1
(of which Cash position)	6.8	19.5	9.2	10.0	41.7	45.5	53.4
+ Provisions (pension)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Minorities (MV)	1.0	0.9	0.4	0.1	0.2	1.2	2.2
- Peripheral assets (MV)	-0.1	-0.1	-0.1	-0.1	-8.6	-8.6	-8.6
+ Others	-	-	-	-	-	-	-
Enterprise Value	**-**	**-**	**53.6**	**54.0**	**200.1**	**199.3**	**194.4**
Equity (group share)	**35.9**	**37.3**	**33.4**	**38.5**	**89.9**	**96.6**	**107.9**
+ Net financial debt	62.0	60.0	53.3	54.0	19.3	17.6	11.6
+ Provisions (pension)	-	-	-	-	-	-	-
+ Minorities	1.0	0.9	0.4	0.1	0.2	1.2	2.2
- Peripheral assets	-0.1	-0.1	-0.1	-0.1	-8.6	-8.6	-8.6
+ Others	-	0.0	0.0	0.0	0.0	0.0	0.0
Capital employed (for ROCE)	**98.7**	**98.2**	**87.0**	**92.5**	**100.9**	**106.8**	**113.1**
+ Accumulated goodwill amortiz.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CE (for ROCE grossed gdwll)	**98.7**	**98.4**	**87.1**	**92.6**	**100.9**	**106.8**	**113.1**

Notes Source: company statements, 'e' indicates Degroof Petercam estimates

Per Common Share (EUR)	12/18	12/19	12/20	12/21	12/22e	12/23e	12/24e
Adjusted EPS (*)	**0.00**	**0.00**	**0.00**	**0.00**	**0.33**	**0.47**	**0.66**
Adjusted EPS (fully diluted)	-	-	-	-	-	-	-
Declared EPS	0.00	0.00	0.00	0.00	0.08	0.47	0.66
CFS	0.00	0.00	0.00	0.00	1.08	1.31	1.53
FCF (to Equity)	-	-	-	-	-0.07	0.24	0.41
Dividend	0.00	0.00	0.00	0.00	0.15	0.15	0.21
Book Value	0.00	0.00	0.00	0.00	3.69	3.96	4.43
Shares (m)							
At the end of F.Y.	0.000	0.000	0.000	0.000	24.375	24.375	24.375
Average number	0.000	0.000	0.000	0.000	19.824	24.375	24.375
Fully diluted Average number	0.000	0.000	0.000	0.000	28.566	28.566	28.566

(*) Adjusted EPS : pre-goodwill amortisation earnings, adjusted for post-tax non-recurrent items

Ratios	12/18	12/19	12/20	12/21	12/22e	12/23e	12/24e
Valuation analysis							
P/E	-	-	nm	nm	23.4	16.7	11.8
P/CF	-	-	nm	nm	7.2	5.9	5.1
P/BV	-	-	nm	nm	2.1	2.0	1.8
EV/Sales	-	-	0.4	0.3	1.0	0.9	0.9
EV/EBITDA	-	-	2.8	2.0	6.3	5.2	4.3
EV/EBITA	-	-	71.6	5.3	17.1	11.1	8.0
EV/EBIT	-	-	71.6	5.3	17.1	11.1	8.0
EV/CE	-	-	0.6	0.6	2.0	1.9	1.7
EV/CE (grossed goodwill)	-	-	0.6	0.6	2.0	1.9	1.7
EV/FCF (1)	-	-	6.9	8.5	60.0	16.5	10.8
FCF yield (2)	-	-	-	-	-0.8%	3.0%	5.3%
Dividend yield	-	-	0.0%	0.0%	1.9%	2.0%	2.7%
Financial ratios							
Interest cover	3.7	2.0	0.3	5.3	8.3	13.3	17.2
Net Debt/EBITDA	2.6	2.4	2.8	2.0	0.6	0.5	0.3
Net Debt/Equity	168.1%	156.8%	157.7%	140.1%	21.4%	17.9%	10.6%
Net Debt/FCF (2)	-7.9	12.9	17.3	109.0	-13.4	3.0	1.2
Capital turnover	1.6	1.6	1.5	1.8	1.9	2.0	2.0
ROCE pre-tax	8.3%	7.1%	0.9%	11.1%	11.6%	16.9%	21.5%
ROCE post-tax	8.3%	7.1%	0.9%	11.1%	11.6%	16.9%	21.5%
ROCE pre-tax (grossed goodwill)	8.3%	7.1%	0.9%	11.1%	11.6%	16.9%	21.5%
ROCE post-tax (grossed gdwll)	8.3%	7.1%	0.9%	11.1%	11.6%	16.9%	21.5%
ROE	7.9%	3.4%	-9.6%	11.6%	2.5%	12.2%	15.6%
Working capital (in % of sales)	17.5%	18.4%	22.6%	19.3%	21.0%	20.5%	20.0%
DSO (days)	49.5	47.3	55.0	50.9	54.0	53.2	52.8
Average payment period (days)	47.4	46.3	48.9	43.4	46.0	41.9	43.1
Inventory turn (days)	-	-	-	-	-	-	-
Payout	-	-	-	-	45.2%	33.0%	32.5%
Margin analysis and tax rate							
Gross margin	50.2%	49.6%	53.5%	49.5%	47.8%	48.5%	49.4%
EBITDA margin	15.2%	15.5%	14.1%	15.8%	16.4%	18.3%	20.1%
EBITA margin	5.3%	4.4%	0.6%	6.0%	6.1%	8.6%	10.7%
Adjusted profit margin	1.7%	0.8%	-2.5%	2.4%	3.4%	5.4%	7.1%
Tax rate	53.1%	63.1%	-101.7%	36.9%	32.8%	29.8%	28.5%
Growth analysis							
Sales	13%	2%	-16%	27%	13%	9%	8%
EBITDA	32%	4%	-24%	42%	17%	22%	18%
EBITA	101%	-15%	-89%	1272%	14%	54%	35%
Adjusted profit	+chg	-55%	-chg	+chg	58%	73%	41%
Adjusted EPS	-	-	-	-	+chg	40%	41%
Dividend	-	-	-	-	+chg	3%	39%

(1) Based on FCF to Enterprise - (2) Based on FCF to Equity

Notes Source: company statements, 'e' indicates Degroof Petercam estimates

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Report completion and updates

This report was first disseminated on 9 March 2022 07:27 CET. Some small corrections were made on 10 March 2022 16:11 CET. No changes were made to the financial figures.

Valuations are continuously reviewed by the analyst and will be updated and/or refreshed regularly. The rationale behind a change in target valuation will be explained in such a refresher/update.

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This report has been reviewed by the company prior to publication and has been subsequently amended.

The report has been reviewed by Michael Roeg, Senior Equity Analyst.

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