

Hidden e-commerce value

DelfinGroup's (DGR) eStore for pre-owned goods is one of the largest in Latvia. The Lithuanian market entry could boost the eStore revenues. The retailing of pre-owned goods results in significant CO2 emission savings. We see hidden value in the eStore operations. The ongoing SPO has no effect on our Fair value but has pushed the yield to attractive levels.

eStore portals not reflected in valuation

In 2023, DGR's eStores increased sales by 117% to EUR 2.8m, and we forecast sales to increase 80% this year to EUR 5.0m. Today, DGR's eStores have close to 5K mobile phones listed which is more than one of the leading Latvian classifieds (ss.lv) have. Applying a P/Sales multiple of 5x (vs. classifieds peer avg. 15x) to estimated 2024 Sales of EUR 5m implies a value of EUR 25m equal to 44% of DGR's current market cap.

Contribution to circular economy

DGR's retail operations contribute to annual CO2 emission savings equal to 32 million kilometers of car driving or over 5K tons of CO2 emissions. Like the eStore operations, we believe the positive climate impact is underappreciated by investors.

Base case Fair value EUR 1.45

Our Base case DCF Fair value is EUR 1.45/shr. implying an upside of around 20%. This does not include the potential upside from the eStores. Our forecast 2024-26 dividend yield is 9-11%.

Key figures (MEUR)

	2022	2023	2024E	2025E	2026E
Net sales	35.1	50.4	61.8	70.9	80.9
Net sales growth	37.6%	43.8%	22.5%	14.8%	14.0%
EBITDA	13.1	18.2	21.8	26.0	29.0
EBITDA margin	37.2%	36.1%	35.4%	36.7%	35.9%
EBIT	7.3	8.3	9.8	12.0	14.1
EBIT margin	20.7%	16.4%	15.9%	16.9%	17.5%
EV/Sales	3.2	2.6	2.2	2.1	2.0
EV/EBITDA	8.6	7.3	6.2	5.8	5.4
EV/EBIT	15.4	16.1	13.7	12.7	11.2
P/E adj.	9.6	8.9	6.3	5.1	4.3
P/BV	3.2	2.8	1.9	1.8	1.2
EPS adj.	0.13	0.15	0.17	0.22	0.26
EPS growth	41.10%	11.00%	18.68%	25.00%	19.07%
Div. per share	0.11	0.08	0.10	0.11	0.12
Dividend yield	8.85%	6.26%	8.85%	9.88%	11.29%

Source: Company data, Enlight Research estimates

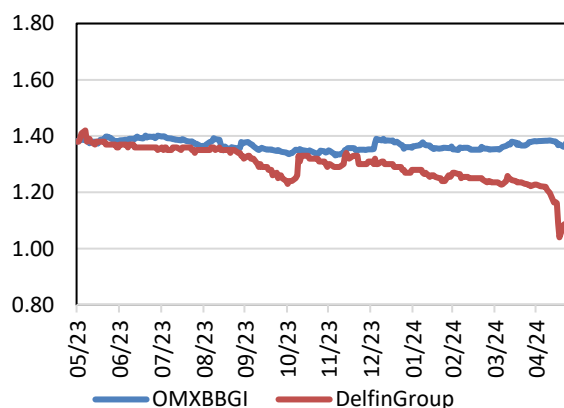
Fair value range (EUR)

Bull (term. EBIT marg. 21%)	1.73
Base (term. EBIT marg. 18%)	1.45
Bear (term. EBIT marg. 15%)	1.16

Key Data

Price (EUR)	1.09
Ticker	DGR1R
Country	Latvia
Listed	Riga
Market Cap (EURm)	50
Net debt (EURm)	n.a.
Shares (m)	45.4
Free float	35%

*End of 2024 estimate



Price range

52-week high	1.42
52-week low	1.04

Analyst

ResearchTeam@enlightresearch.net

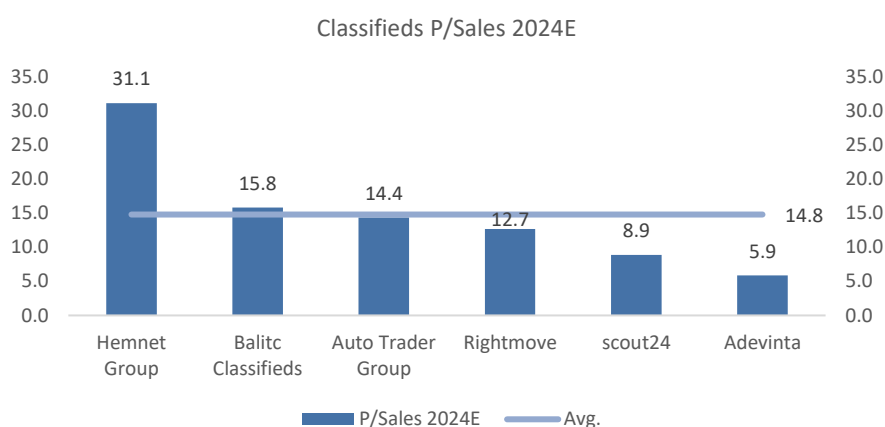
Coverage frequency

On Demand

Key investment factors

eStore portals not reflected in valuation

In 2023, DelfinGroup’s, pre-owned e-commerce portals (Banknote) increased the number of items sold by 117% to 37.4K from 17.2K. The Revenues followed and increased by 117% to EUR 2.8m from EUR 1.3m, indicating stable average revenue per sold item around EUR 73-74. In our view, DelfinGroup’s second-hand e-commerce portals have strong similarities to classifieds portals. Two examples are Skebiu.lt in Lithuania and KuldneBors.ee in Estonia – both owned by Baltic Classifieds Group (listed on the London Stock Exchange). We do not believe the pre-owned goods e-commerce segment is reflected in DelfinGroup’s valuation. Based on our projected 2024 e-commerce Revenues of EUR 5.0m (80% growth), and a motivated P/Sales multiple of 5.0x, our estimated value for the e-commerce operations is EUR 24.8m (EUR 0.55/shr.) corresponding to more than 40% of DelfinGroup’s current market cap of EUR 49m (EUR 1.09/shr.). Our motivated P/Sales of 5.0x is based on listed European classifieds portals who trade at an average P/Sales multiple of 14.8x i.e., we apply a considerable discount to DelfinGroup’s portals due to its much smaller size. We do not yet include our estimated eStore portals’ value in our Fair value, but recognize that there could be substantial hidden value if the positive trend continues.



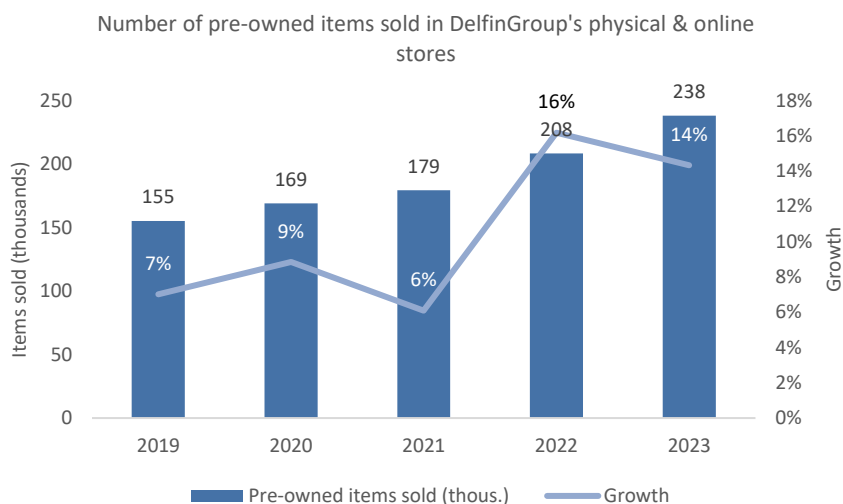
Source: MarketScreener, Based on prices on 24 May 2024

DelfinGroup eStore valuation	2022	2023	2024E	2025E	2026E
Units sold (thous.)	17.2	37.4	67.3	100.9	126.1
Growth		117%	80%	50%	25%
Sales (EURm)	1.3	2.8	5.0	7.4	9.3
Growth		117%	80%	50%	25%
Avg. unit price (EUR)	73.77	73.59	73.59	73.59	73.59
Growth		0%	0%	0%	0%
Motivated P/Sales			5.0		
Motivated Market Cap (EURm)			24.8		
Motivated Market Cap per share (EUR)			0.55		
Motivated Market Cap / Current Market Cap			50%		
No. shrs (m)			45.4		
Current Market Cap (EURm)			49		
Probability weighted (50%) Banknote value (EURm)			5.0		
Probability weighted upside from Banknote portals			10%		

Source: MarketScreener, Based on prices on 24 May 2024

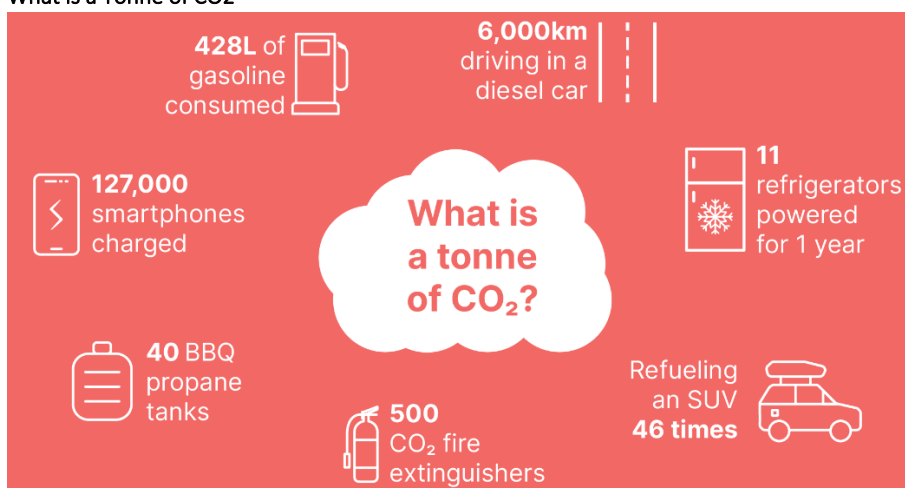
Major contributor to the circular economy

DelfinGroup is one of Latvia’s largest operators of physical and online pre-owned goods marketplaces (over 90 physical stores and two pre-owned eStore portals). In 2023, the number of pre-owned items sold in physical and online stores increased by 14% to 238K. An often unknown fact is that around half of the goods sold in DelfinGroup’s stores are purchased from clients and then re-sold without a pawn loan involved. We believe the pre-owned stores are an underappreciated part of DelfinGroup in terms of the contribution to the circular economy. In DelfinGroup’s ESG report, it is estimated that the sale of pre-owned goods saved 5,437 tons of CO2 emissions in 2022. Given that one ton of CO2 emissions is estimated to equal driving 6,000 km in a mid-sized car, DelfinGroup’s pre-owned goods CO2 impact is over 32 million kilometers of car driving per annum. The saved CO2 emissions were likely higher in 2023 as the number of items sold was higher.



Source: Company report

What is a Tonne of CO2



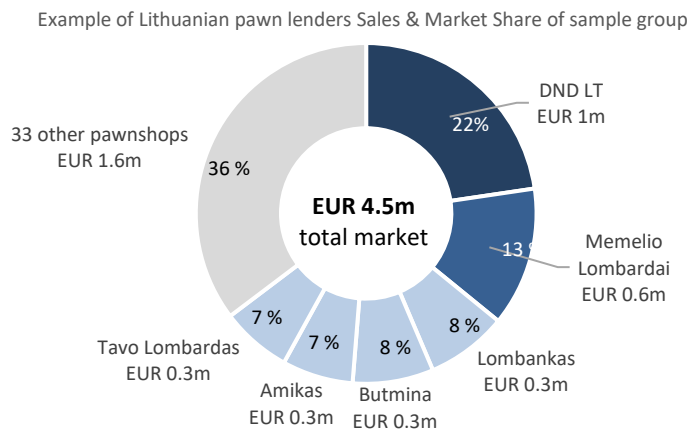
Source: radiclebalance.com

Lithuanian entry to increase Revenues and Earnings

In December 2023, DelfinGroup entered the Lithuanian pawn loan and pre-owned goods market by opening five branches. In addition, the pre-owned goods eStore was launched in Lithuania under the Banknote brand name (shop.banknote.lt). In our view, the Lithuanian entry has been successful. There are already close to 300 mobile phones priced above EUR 100 listed on the eStore (<https://shop.banknote.lt/>), which can be compared to one of the leading Estonian classifieds portal (www.kuldnebors.ee) that has 514 mobile phones listed. We foresee many new branches to be opened in Lithuania in the coming years, although a specific target has not been communicated. In Latvia, the company has more than 90 branches. Given that Lithuania is a bigger country (population 2.8m vs. 1.9m for Latvia) with more bigger cities, the long-term potential could be larger compared to Latvia - although, the Lithuanian pawn loan market is undeveloped. In our view, the Lithuanian pawn loan market looks very much like the Latvian pawn loan market did in 2009 when DelfinGroup opened its first pawn shop. We believe DelfinGroup has an interesting opportunity to develop the Lithuanian pawn market, making it more professional while also improving its reputation (like it did with the Latvian market). This means moving away from small shady “basement pawn shops” to larger transparent shops (assuring origin of product and fair pricing). Furthermore, the Lithuanian entry will likely increase the revenues from the pre-owned goods operations – both in physical stores and in eStores.

No	Lithuanian pawn lenders Sales & Mkt share	Sales (EURm)	Share
1	DND LT	1.0	22%
2	Memelio Lombardai	0.6	13%
3	Lombankas	0.3	8%
4	Butmina	0.3	8%
5	Amikas	0.3	7%
6	Tavo Lombardas	0.3	7%
	Other	1.6	36%
	Total market	4.5	100%

Source: Rekvizitai (company sales), Enlight Research (Total market)



Source: Rekvizitai (company sales), Enlight Research (Total market)

We estimate Lithuania to increase DelfinGroup’s 2024, and 2025 Net profit by 3%, and 5%, respectively, corresponding to EUR 0.3m in 2024, and EUR 0.5m in 2025. In 2027, our estimated Net profit for Lithuania is EUR 1.3m equal to 12% of the Group Net profit. Our conclusion is that although the Lithuanian market is small, the long-term prospects are promising given the size of the country. Furthermore, the risk of the Lithuanian market entry is small in our view as the investment is minor, and DelfinGroup has proved its concept in Latvia.

Forecast: Delfin Group Lithuania	2024E	2025E
Lithuanian Pawn loan book (EURm)	0.286	0.457
Growth	na	60%
Annualized interest rate	150%	150%
Interest income	0.429	0.686
Revenue from sale of used goods	0.429	0.686
Total Revenues	0.857	1.372
Total expenses	-0.557	-0.892
Net profit	0.300	0.480
Net profit margin	35.0%	35.0%

Source: Enlight Research

Number of mobile phones* for sale on portal

Portal	Owner	No. mobiles
skelbiu.lt	Baltic Classifieds	11,198
Banknote.lv, Banknote.lt	DelfinGroup	4,896
ss.lv	Two private owners	2,861
kuldnebers.ee	Baltic Classifieds	514

Source: Respective portals on 13 March 2024. *Mobile phones with price of EUR 100 or higher

Dividend forecast indicate 8.9% yield this year

According to the dividend policy, up to 50% of the quarterly profits shall be paid as dividends at the end of each quarter. In addition, an annual dividend could be paid at the end of each year after approval at the Annual General Meeting. In 2023, the quarterly dividends amounted to EUR 0.073/shr. In addition, there is a proposed annual dividend from 2023 of EUR 0.009 for a total 2023 dividend of EUR 0.08 per share equal to a yield of 7.5% (based on share price EUR 1.09). For this year, we forecast a Total dividend (quarterly and annual) of EUR 0.10/shr. indicating a yield of 8.9%. We forecast the yield to increase to 9.9% next year, and to 11.4% in 2026.

Dividends (EUR)	Q1/24E	Q2/24E	Q3/24E	Q4/24E	2021	2022	2023	2024E	2025E	2026E
EPS -periodic	0.036	0.037	0.037	0.064	0.132	0.146	0.146	0.173	0.217	0.258
EPS - accumulative	0.036	0.072	0.110	0.173	0.132	0.146	0.146	0.173	0.217	0.258
Dividend from Qtrly profit - periodic	0.018	0.018	0.019	0.032						
Dividend from Qtrly profit payout ratio - periodic	50%	50%	50%	50%						
Dividend from Qtrly profit - accumulative	0.018	0.036	0.055	0.087	0.011	0.066	0.073	0.087	0.095	0.111
Dividend from Qtrly profit payout ratio - accumulative	50%	50%	50%	50%	9%	45%	50%	50%	44%	43%
Dividend from Annual profit					0.055	0.000	0.009	0.010	0.013	0.013
Dividend from Annual profit payout ratio					42.0%	0.0%	6.0%	6.0%	6.0%	5.0%
Total Dividend in year	0.018	0.036	0.055	0.097	0.067	0.066	0.08	0.10	0.11	0.12
Total Dividend payout ratio in year	50%	50%	50%	56%	51%	45%	56%	56%	50%	48%
Dividend yield							7.5%	8.9%	9.9%	11.4%
Share price							1.09	1.09	1.09	1.09

Source: Company reports (historical), Enlight Research (estimates)

The ongoing SPO

Companies controlled by the Kesenfelds family is offering up to 12m shares (26%) of DelfinGroup (DGR) at EUR 1.09. If fully subscribed, the ownership would be reduced to 22% (42%). The founder Mr. Evertovskis is not offering shares (remain 24% owner). The Kesenfelds family's is a purely financial investor who frequently make portfolio changes. We believe the sale is done to facilitate the growth earlier-stage holdings e.g., Grenardi, Wash&Drive, INDEXO, goindex. The selling shareholders has a lockup until the end of 2026 following a successful offer. The last day of the offer is June 3, 2024. The SPO does not affect our estimates or our Fair value.

ALPPES Capital holdings

ALPPES Capital	Merito	delfin group	Sun Finance	longo
	Eleving	GRENARDI GROUP	INDEXO	WASH & DRIVE
	mintos	LAUNDROMAT	goindex	ŠIAULIŲ BANKAS

Source: alppescapital.com

Valuation

DCF valuation

Our Base case DCF Fair value per share is EUR 1.45 (prev. 2.00) indicating an upside of around 33%. The lower Fair value compared to our initiation report on 3 November 2022 is mainly due to lower estimates. Our Bear and Bull case Fair value per share are EUR 1.16 (prev. 1.73), and EUR 1.73 (prev. 2.26), respectively. Our assumed terminal EBIT margin for the Base case is 18.0% (prev. 20.0%) while it is 15% (prev. 17.0%) for the Bear case, and 21% (prev. 23.0%) for the Bull case (all other parameters are the same).

DCF Valuation Scenarios	Bear	Base	Bull
WACC	13.9%	13.9%	13.9%
Terminal sales growth	3.5%	3.5%	3.5%
Terminal EBIT margin	15.0%	18.0%	21.0%
Fair Value per share	1.16	1.45	1.73
Upside/Downside (last price)	6%	33%	59%
DelfinGroup share price (EUR)	1.09	1.09	1.09

Source: Enlight Research

Sensitivity parameters	Current		Step		Test values & Results								
Equity beta	1.20	0.10	0.70	0.80	0.90	1.00	1.10	1.20	1.30	1.40	1.50	1.60	1.70
<i>Fair value (DCF)</i>	1.45		2.05	1.92	1.79	1.67	1.55	1.45	1.35	1.25	1.16	1.08	1.00
Target debt ratio*	35.6 %	3.0 %	21%	24%	27%	30%	33%	36%	39%	42%	45%	48%	51%
<i>Fair value (DCF)</i>	1.45		1.09	1.16	1.22	1.29	1.37	1.45	1.53	1.61	1.70	1.79	1.89
Risk-free interest rate	3.5 %	0.3 %	2.0 %	2.3 %	2.6 %	2.9 %	3.2 %	3.5 %	3.8 %	4.1 %	4.4 %	4.7 %	5.0 %
<i>Fair value (DCF)</i>	1.45		1.81	1.73	1.65	1.58	1.51	1.45	1.38	1.32	1.26	1.20	1.15

Source: Enlight Research, *Debt / (Debt + Equity)

Peer valuation

Our peer group consist of three consumer lenders (Komplett Bank, Resurs Holding, TF Bank) listed in Sweden and Norway, and two US listed pawn lenders (EZCORP, FirstCash). In addition, we have included one online classifieds operator (Baltic Classifieds Group) listed in the UK. We believe one classified portal in the peer group (17% weight) is motivated as DelfinGroup's eStore is one of the largest pre-owned online store in Latvia. Based on PE 2024E, DelfinGroup is trading at a discount of around 58% to the peer average. (6.3x vs. peer avg. of 15.1x). Excluding the classified portal, Baltic Classifieds, from the peer group, reduces our peer group average to 8.9x, indicating a 29% DelfinGroup discount. Worth noting is that DelfinGroup's estimated dividend yield of around 8-10% in 2024-25E is much higher than its peers.

Company	Ccy	Price (last)	Mcap (m) (last)	PE 2023	PE 2024E	PE 2025E	yield 2023	yield 2024E	yield 2025E
Morrow Bank ASA	NOK	4.27	981	neg	6.4	4.7	0.0%	0.0%	11.7%
Resurs Holding	SEK	17.32	3,464	15.2	7.7	4.3	5.3%	6.5%	11.9%
TF Bank	SEK	219	4,709	12.5	10.0	7.2	0.0%	0.6%	1.5%
EZCORP Inc.	USD	10.64	587	20.1	10.2	9.5	0.0%	0.0%	0.0%
FirstCash Inc.	USD	10.64	587	20.1	10.2	9.5	0.0%	0.0%	0.0%
Baltic Classifieds	GBP	2.43	1,307	39.6	46.0	33.9	0.9%	0.9%	1.2%
Average				21.5	15.1	11.5	1.0%	1.3%	4.4%
DelfinGroup	EUR	1.09	49	8.9	6.3	5.0	6.3%	8.9%	9.9%

Source: MarketScreener (consensus), Enlight Research (DelfinGroup), Updated on 29 May 2024

Detailed Forecast

Loan book forecast								
(EURm)	Q1/24	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Loan book & receivables	96	99	104	106	89	106	123	141
chg y-on-y	30.1%	27.3%	22.9%	19.1%	31.9%	19.1%	15.8%	15.0%
Net interest income								
(EURm)	Q1/24	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Interest and similar income	11.9	12.5	13.3	13.7	41.2	51.4	59.6	68.5
Interest and similar income pct of Loans	12.5%	12.6%	12.8%	12.9%	46.3%	48.5%	48.5%	48.5%
Interest and similar expense	-2.6	-2.7	-2.8	-1.9	-8.6	-9.9	-11.4	-13.1
Interest and similar expense pct of Loans	2.7%	2.7%	2.7%	1.8%	9.6%	9.4%	9.3%	9.3%
Net interest income	9.4	9.8	10.5	11.8	32.6	41.5	48.1	55.3
chg y-on-y	25.9%	23.4%	26.0%	33.1%	32.5%	27.3%	15.9%	15.0%
Net interest margin	9.8%	9.9%	10.1%	11.1%	36.7%	39.2%	39.2%	39.2%
Credit losses								
	Q1/24	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Credit loss expenses	3.4	3.6	3.7	3.8	10.7	14.5	17.1	18.4
Credit loss expenses pct of Loans	3.6%	3.6%	3.6%	3.6%	12.0%	13.7%	13.9%	13.0%
P&L (EURm)								
	Q1/24	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Net turnover	2.3	2.5	3.0	2.5	9.2	10.3	11.4	12.4
Cost of sales	-1.5	-1.5	-1.9	-1.9	-6.1	-6.8	-7.3	-8.1
Interest and similar income	11.9	12.5	13.3	13.7	41.2	51.4	59.6	68.5
Interest and similar expense	-2.6	-2.7	-2.8	-1.9	-8.6	-9.9	-11.4	-13.1
Credit loss expenses	-3.4	-3.6	-3.7	-3.8	-10.7	-14.5	-17.1	-18.4
Total Revenue	14.3	15.0	16.3	16.2	50.4	61.8	70.9	80.9
Gross profit	6.8	7.2	7.8	8.7	25.1	30.6	35.2	41.3
Selling expense	-2.6	-2.7	-2.9	-2.3	-8.7	-10.5	-11.7	-13.7
Administrative expense	-2.1	-2.4	-2.8	-2.6	-7.7	-9.9	-11.0	-12.9
Other operating income	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Other operating expense	-0.1	-0.1	-0.1	-0.1	-0.4	-0.4	-0.6	-0.6
Pre-tax profit	2.0	2.1	2.1	3.6	8.3	9.8	12.0	14.1
Income tax	-0.4	-0.2	-0.2	-1.1	-1.7	-2.0	-2.2	-2.4
Net profit	1.6	1.9	1.9	2.5	6.6	7.9	9.8	11.7
EBITDA actual/estimated	5.0	5.1	5.1	6.6	18.2	21.8	26.0	29.0
Sales growth								
	Q1/24	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Net turnover sequential	4.3%	7.1%	18.4%	-13.8%	na	na	na	na
Net turnover y-on-y	10.9%	11.0%	12.0%	14.0%	42.4%	12.0%	10.0%	9.0%
Total revenue sequential	5.1%	5.3%	8.2%	-0.2%	na	na	na	na
Total revenue y-on-y	25.8%	22.4%	22.7%	19.7%	40.9%	22.5%	14.8%	14.0%
Margins								
	Q1/24	Q2/24E	Q3/24E	Q4/24E	2023	2024E	2025E	2026E
Gross margin	47.5%	48.2%	48.3%	53.6%	49.7%	49.5%	49.6%	51.0%
EBITDA margin	35.3%	33.8%	31.5%	40.8%	36.1%	35.4%	36.6%	35.9%
Operating profit margin	14.3%	13.9%	13.0%	22.3%	16.4%	15.9%	16.9%	17.4%
Pre-tax profit margin	14.3%	13.9%	13.0%	22.3%	16.4%	15.9%	16.9%	17.4%
Net profit margin	11.3%	12.5%	11.6%	15.3%	13.1%	12.7%	13.9%	14.5%

Source: Company reports (historic), Enlight Research (estimates)

Risk factors

Below risks is not a complete list of risks related to DelfinGroup, but rather a list of risks that we view as the most important to highlight given the current environment and our key investment factors. For examples of additional risks, we recommend reading the prospectus and the annual report.

Regulatory risk

The Company operates in a regulated market under licenses granted by the Latvian Consumer Rights Protection Center (CRPC). A major change in the regulations and/or a breach resulting in a loss of a license could affect the prospects of the Company significantly.

Competition

Despite ongoing consolidation in the industry, we cannot rule out the risk of new entrants. In case of increased competition, particularly in consumer loans, there could be price pressure on the interest rates charged.

Personnel and workforce

Personnel expenses represent a significant share of the Group's costs. Increase in salaries could put pressure on profitability. Furthermore, high employee turnover could negatively affect profits.

Borrower credit risk

There is a risk that borrowers will default on loans, which could have a negative effect on profits.

Income Statement	2022	2023	2024E	2025E	2026E
Net sales	35.1	50.4	61.8	70.9	80.9
Total operating costs	-22.0	-32.2	-39.9	-44.9	-51.8
EBITDA	13.1	18.2	21.8	26.0	29.0
Depreciation & Amort.	-5.8	-9.9	-12.0	-14.0	-14.9
One-off EBIT items	0.0	0.0	0.0	0.0	0.0
EBIT	7.3	8.3	9.8	12.0	14.1
Financial net	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	7.3	8.3	9.8	12.0	14.1
Taxes	-1.3	-1.7	-2.0	-2.2	-2.4
Minority interest	0.0	0.0	0.0	0.0	0.0
Other items	0.0	0.0	0.0	0.0	0.0
Net profit	6.0	6.6	7.9	9.8	11.7

Balance Sheet	2022	2023	2024E	2025E	2026E
Cash and cash equivalent	2	6	3	4	4
Loans & Receivables	21	22	19	23	27
Inventories	2	3	4	5	6
Other current assets	1	1	0	0	0
Current assets	27	33	26	32	36
Loans & Receivables	47	68	88	100	115
Goodwill & intangible assets	1	2	2	3	3
Lease & Investment properties	3	3	3	4	4
Total fixed assets	51	72	93	106	122
Total Assets	77	105	119	138	158
Non-interest bearing current liabilities	1	1	1	1	2
Short-term debt	34	29	32	38	29
Other current liabilities	1	3	3	3	3
Total current liabilities	36	32	36	42	33
Long-term debt	20	48	54	64	79
Convertibles & Lease liab.	3	3	3	4	4
Total long-term liab.	23	51	57	68	83
Total Liabilities	59	84	93	110	117
Shareholders' equity	18	21	26	28	42
Total liabilities and equity	77	105	119	138	158

DCF valuation	Cash flow, mEUR		
WACC (%)	13.88 %	NPV FCF (2023-2025)	23
Assumptions 2023-2029 (%)		NPV FCF (2026-2032)	55
Sales CAGR	11.18 %	NPV FCF (2033-)	66
Avg. EBIT margin	15.98 %	Non-operating assets	2
Fair value per share (EUR)	1.45	Interest-bearing debt	-80
Share price (EUR)	1.09	Fair value estimate	65

Free Cash Flow	2022	2023	2024E	2025E	2026E
Operating profit	7.3	8.3	9.8	12.0	14.1
Depreciation & Amort.	5.8	9.9	12.0	14.0	14.9
Working capital chg.	-7.3	-1.1	4.0	-5.3	-3.8
Other Operating CF items	8.7	0.6	-1.0	-2.2	-2.4
Operating Cash Flow	14.5	17.7	24.9	18.5	22.9

Capital structure	2022	2023	2024E	2025E	2026E
Equity ratio	23.3%	20.3%	22.2%	20.2%	26.3%
Debt / Equity ratio	316.7%	375.9%	336.0%	380.1%	269.6%
Gearing %	303.5%	348.1%	324.3%	367.4%	259.9%
Net debt/EBITDA	4.2	4.1	3.9	3.9	3.7

Profitability	2022	2023	2024E	2025E	2026E
ROE	33.7%	33.7%	33.0%	36.2%	33.7%
EBITDA margin	37.2%	36.1%	35.4%	36.7%	35.9%
EBIT margin	20.7%	16.4%	15.9%	16.9%	17.5%
PTP margin	20.7%	16.4%	15.9%	16.9%	17.5%
Net margin	17.0%	13.1%	12.7%	13.9%	14.5%

Valuation	2022	2023	2024E	2025E	2026E
P/E	9.6	8.9	6.3	5.1	4.3
P/E, adjusted	9.6	8.9	6.3	5.1	4.3
P/Sales	1.6	1.2	0.8	0.7	0.6
EV/Sales	3.2	2.6	2.2	2.1	2.0
EV/EBITDA	8.6	7.3	6.2	5.8	5.4
EV/EBIT	15.4	16.1	13.7	12.7	11.2
P/BV	3.2	2.8	1.9	1.8	1.2
P/BV tangible	3.4	3.1	2.1	2.0	1.3

Per share ratios	2022	2023	2024E	2025E	2026E
EPS	0.13	0.15	0.17	0.22	0.26
EPS, adjusted	0.13	0.15	0.17	0.22	0.26
Operating CF/share	0.32	0.39	0.55	0.41	0.50
BV/share	0.40	0.47	0.58	0.61	0.92
Tangible BV/share	0.40	0.47	0.58	0.61	0.91
Div. per share	0.11	0.08	0.10	0.11	0.12
Div. payout ratio	85.1%	55.9%	55.9%	50.0%	48.0%
Dividend yield	8.9%	6.3%	8.9%	9.9%	11.3%

Shareholders	Capital	Votes
SIA ALPPES Capital	13.306	29.32 %
SIA EC Finance	6.776	14.93 %
SIA Curiosity Capital	5.519	12.16 %
SIA AE	4.078	8.21 %

Key people	
CEO	Didzis Admidins
CFO	Aldis Umblejs
IR	Arturs Dreimanis
Chairman	Agris Evertovskis

P/E $\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS $\frac{\text{Profit before extraordinary items and taxes – income taxes + minority interest}}{\text{Number of shares}}$
P/Sales $\frac{\text{Market cap}}{\text{Sales}}$	DPS Dividend for financial period per share
P/BV $\frac{\text{Price per share}}{\text{Shareholders' equity + taxed provisions per share}}$	CEPS $\frac{\text{Gross cash flow from operations}}{\text{Number of shares}}$
P/CF $\frac{\text{Price per share}}{\text{Operating cash flow per share}}$	EV/Share $\frac{\text{Enterprise value}}{\text{Number of shares}}$
EV (Enterprise value) Market cap + Net debt + Minority interest at market value – share of associated companies at market value	Sales/Share $\frac{\text{Sales}}{\text{Number of shares}}$
Net debt Interest-bearing debt – financial assets	EBITDA/Share $\frac{\text{Earnings before interest, tax, depreciation and amortization}}{\text{Number of shares}}$
EV/Sales $\frac{\text{Enterprise value}}{\text{Sales}}$	EBIT/Share $\frac{\text{Operating profit}}{\text{Number of shares}}$
EV/EBITDA $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	EAFI/Share $\frac{\text{Pre-tax profit}}{\text{Number of shares}}$
EV/EBIT $\frac{\text{Enterprise value}}{\text{Operating profit}}$	Capital employed/Share $\frac{\text{Total assets – non-interest-bearing debt}}{\text{Number of shares}}$
Div yield, % $\frac{\text{Dividend per share}}{\text{Price per share}}$	Total assets Balance sheet total
Payout ratio, % $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes – income taxes + minority interest}}$	Interest coverage (x) $\frac{\text{Operating profit}}{\text{Financial items}}$
Net cash/Share $\frac{\text{Financial assets – interest-bearing debt}}{\text{Number of shares}}$	Asset turnover (x) $\frac{\text{Turnover}}{\text{Balance sheet total (average)}}$
ROA, % $\frac{\text{Operating profit + financial income + extraordinary items}}{\text{Balance sheet total – interest-free short-term debt – long-term advances received and accounts payable (average)}}$	Debt/Equity, % $\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity + minority interest + taxed provisions}}$
ROCE, % $\frac{\text{Profit before extraordinary items + interest expenses + other financial costs}}{\text{Balance sheet total – non-interest-bearing debt (average)}}$	Equity ratio, % $\frac{\text{Shareholders' equity + minority interest + taxed provisions}}{\text{Total assets – interest-free loans}}$
ROE, % $\frac{\text{Profit before extraordinary items – income taxes}}{\text{Shareholders' equity + minority interest + taxed provisions (average)}}$	CAGR, % Cumulative annual growth rate = Average growth rate per year

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