



Borussia Dortmund GmbH & Co KGaA

Buy → | Target 6.00 EUR

Price (10/11/2016) : 5.09 EUR | Upside : 18 %

Est. chg	2017e	2018e
EPS	-	-

New season, same ‘underpromise and overdeliver’ guidance; our EBITDA estimate for 2016-17e is ~28% above the company

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Capital			
BVB GY BVB.DE			
Market Cap (EURm)			468
Enterprise value (EURm)			426
Extrema 12 months	3.61		5.09
Free Float (%)			60.5
Performance (%)			
	1m	3m	12m
Absolute	21.0	28.6	29.3
Perf. rel. Country Index	22.9	25.8	37.9
Perf. rel. Hotel / leisure	28.6	31.5	46.2
P&L			
	06/16	06/17e	06/18e
Sales (EURm)	380	376	414
EBITDA (EURm)	96.6	84.3	110
Current EBIT (EURm)	44.3	22.3	44.4
Attr. net profit (EURm)	33.7	16.1	32.5
Adjusted EPS (EUR)	0.37	0.18	0.35
Dividend (EUR)	0.06	0.08	0.10
P/E (x)	10.9	29.0	14.4
P/B (x)	1.2	1.4	1.3
Dividend Yield (%)	1.5	1.6	2.0
FCF yield (%)	2.7	ns	7.4
EV/Sales (x)	0.83	1.13	0.96
EV/EBITDA (x)	3.3	5.1	3.6
EV/Current EBIT (x)	7.1	19.1	9.0
Gearing (%)	-16	-13	-20
Net Debt/EBITDA(x)	ns	ns	ns

Next Events

11.11.2016 Q1 Results

Following publication of the annual report and the guidance for 2016-17, we confirm our Buy rating with a TP of € 6.00. In our view, the market is just starting to price in the strong growth for 2016-18e (21% revenue CAGR). We derive a long-term FVpS of € 9.91, and ~€ 10 based on Manchester United's EV/EBITDA after applying a 30% discount (actual discount currently 60%). In a blue-sky scenario (on Manchester United's trading multiple level), BVB's FVpS would be € 13.58

Company guidance extremely conservative (again)

Borussia Dortmund (BVB) recently published its annual report, which confirmed the preliminary figures announced in mid-August. It also provided guidance for the current fiscal year 2016-17: i) group revenues of € 340m, ii) EBIT in the low single-digit € m, iii) D&A of ~€ 61m, iv) EBITDA of ~€ 65m (EBIT+D&A guidance), v) net income in the single-digit € m.

We remain more bullish than the company, expecting for 2016-17e: i) revenues of € 376m (€ 327m excl. transfer income), ii) EBITDA of € 84.3m (€ 42.2m excl. transfer income), iii) EBIT of € 22.3m, and iv) net income of € 16.1m. All in all, we consider the guidance extremely conservative given that the group has already booked transfer income of € 49m into the P&L. The company has a history of guiding conservatively. Last year, for example, BVB guided for revenue of € 265m, EBITDA of € 53m, and net income of € 2-3m, but ultimately reported € 376m, € 87m, and € 29.4m, respectively.

Strong start on the pitch (well in line in all 3 competitions)

In the Bundesliga, BVB currently is in third place with 12 points after 6 matches, 1 point from second place. In the German Cup (DFB-Pokal) BVB has advanced to the second round, where it will meet Union Berlin at home on 26 October. In the Champions League BVB is first in its group with 4 points after 2 games (win vs Legia Warszawa, draw vs Real Madrid) with its next match on 18 October in Lisbon (Sporting Lissabon).

Q1 preview: excellent financial start thanks to transfer income

BVB likely achieved an excellent start into the current fiscal year with a strong yoy growth on all levels. We expect group revenues of € 137.9m (€ 88.9m excl. transfer income) and EBITDA of € 54.7m (€ 12.6m excl. transfer income), leading a net income of € 26.6m.

Stock up 26% since our August TP increase, momentum intact

We currently calculate a fair value of € 912m or € 9.91 per share (previously € 903m/€ 9.80). The increase mainly results from higher income expected from merchandising income. Although BVB's FV is increasing continuously (new TV deal, international distribution of merchandising, upcoming UEFA CL reform), its share price (still) does not reflect the company's strongly improved mid-term prospects. Since raising our TP to € 6.00 on 18 August, the stock has risen 26%, but remains 18% below our TP and ~100% below our fair value based on peer group valuation (€ 9.94 per share). Applying only Manchester United's EV/EBITDA 2017e multiple to BVB, we would derive a FVpS of € 13.58 (blue-sky scenario). Going forward, we expect Borussia Dortmund's newsflow to be positive: Q1 will be very positive in our view. The traditional upside momentum ahead of the AGM in November is also currently supporting the stock. Hence, we expect the stock's current upswing to continue and we stick to our current TP of € 6.00 on a 12M investment horizon.

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BVB IS A FAST ADOPTER WITHOUT INVESTING TOO MUCH IN NEW PLAYERS

BVB was quite active in the transfer market in June-July, raising proceeds of € 111m from the sale of players: Mkhitarjan (€ 42m), Hummels (€ 35m), Gündogan (€ 27m), Blaszczykowski (€ 5m), Leitner (€ 2m), while spending € 110m for purchases: Schürrle (€ 30m), Götze (€ 22m), Dembélé (€ 15m), Rode (€ 12m), Guerreiro (€ 12m), Bartra (€ 8m), Mor (€ 7m), Merino (€ 3.75m), resulting in a positive transfer balance of € 1m. BVB's positive balance of € 1m compares with Manchester United's negative transfer balance of € -177m. BVB has needed far less CAPEX than ManU not only in this transfer period, but in the last seven. As shown in the table below, BVB's 7-year aggregate transfer balance stands at € -35m, i.e. BVB made a net total payment of € 35m for new players in these seven years, vs € -572m paid by Manchester United. In the same seven-period, BVB won 2 Bundesliga titles and placed second three times, and appeared once in the finals of the Champions League; Man United won 2 Premier League titles, placed second once and appeared once in the finals of the Champions League. Comparing these two teams over the last 4 seasons, Manchester United never placed higher in the Premier League table than BVB in the Bundesliga (we compare only rankings since the two leagues differ in structure and in competitiveness), but also never placed higher than BVB in an international competition. This holds true again in the current season, as BVB is playing in Champions League while Manchester United is only in the Europa League.

Given that i) Manchester United's market cap is currently at \$ 2.7bn (€ ~2.4bn) vs. BVB's € 460m, and ii) BVB has been more successful on the pitch than Man United for several years now, the nearly € 2bn difference in market cap between the two clubs seems remarkable (see more in Valuation part).

BVB vs Manchester United: comparing transfer balance and success in national & international competition

		Player trade in €							
		Dortmund							
		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	
<u>National league</u>									
Rank		1	1	2	2	7	2	2	
Points		75	81	66	71	46	78	12	
<u>Europe league</u>							Quarter finals		
<u>Champions League</u>			Group stage	Final	Quarter-finals	round of 16			
Total sum of player purchase		6,050,000	11,530,000	26,650,000	52,600,000	65,200,000	20,000,000	109,750,000	
Total sum of player sale		4,030,000	12,140,000	34,000,000	47,380,000	4,800,000	42,550,000	111,000,000	
Balance		-2,020,000	610,000	7,350,000	-5,220,000	-60,400,000	22,550,000	1,250,000	
Aggregated balance									-35,880,000
		FC BAYERN MÜNCHEN							
		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	
<u>National league</u>									
Rank		3	2	1	1	1	1	1	
Points		65	73	91	90	79	88	16	
<u>Europe league</u>									
<u>Champions League</u>		round of 16	Final	Champion	semi-finals	semi finals	semi finals		
Total sum of player purchase		17,000,000	52,100,000	70,300,000	62,000,000	53,000,000	88,500,000	70,000,000	
Total sum of player sale		6,000,000	5,000,000	500,000	40,000,000	53,700,000	33,000,000	52,000,000	
Balance		-11,000,000	-47,100,000	-69,800,000	-22,000,000	700,000	-55,500,000	-18,000,000	
Aggregated balance									-222,700,000
		Manchester United							
		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	
<u>National league</u>									
Rank		1	2	1	7	4	5	6	
Points		80	89	89	64	70	66	13	
<u>Europe league</u>			Round of 16				round of 16		
<u>Champions League</u>		Final	group stage	Round of 16	Quarter-finals		Group stage		
Total sum of player purchase		29,300,000	62,300,000	76,450,000	77,960,000	195,350,000	146,200,000	185,000,000	
Total sum of player sale		18,390,000	14,810,000	13,380,000	1,800,000	42,290,000	101,490,000	8,250,000	
Balance		-10,910,000	-47,490,000	-63,070,000	-76,160,000	-153,060,000	-44,710,000	-176,750,000	
Aggregated balance									-572,150,000

Source: transfermarkt.de, Oddo Seydler



A club can invest millions in new players, but ultimately, if that club does not become more successful, its investment strategy to not do what it was intended to do. Considering Manchester United's negative balance of € 573m over the last several years and its mediocre success on the pitch (for Manchester United standards), it would appear (at least so far) that the club's investments have not worked out.

Looking at other English teams, **Manchester City** has a negative transfer balance of € 706m over the last 7 seasons but improved on the pitch, qualifying for the Champions League every year for the last 7 years, winning the Premier League title twice and reaching the semi-finals once (last season). **Liverpool** (negative transfer balance: € 213m) has performed similarly to Manchester United the last 2-3 seasons but invested only 1/3 as much as ManU. This shows that success is not directly linked to the amount of money spent on new players, but to purchases of players that are RIGHT for the system of the club/manager. We believe BVB has proven to be very skilful at picking the right players for its system and managers; it has made only a few "bad" investments over the last couple of years. In fact, BVB has so far managed to increase the market value of most of its players by a multiple.

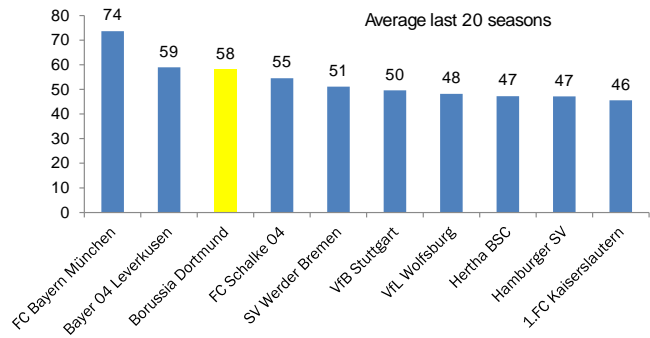
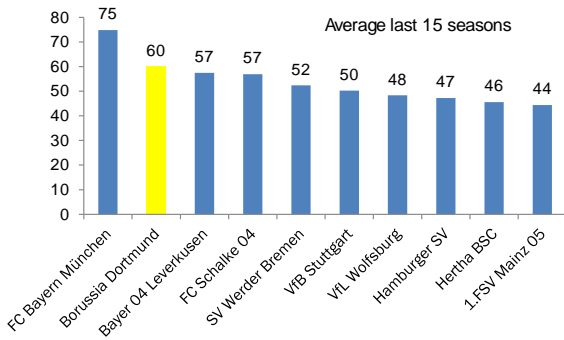
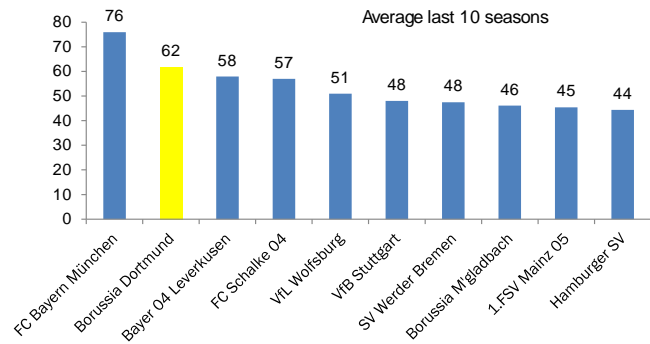
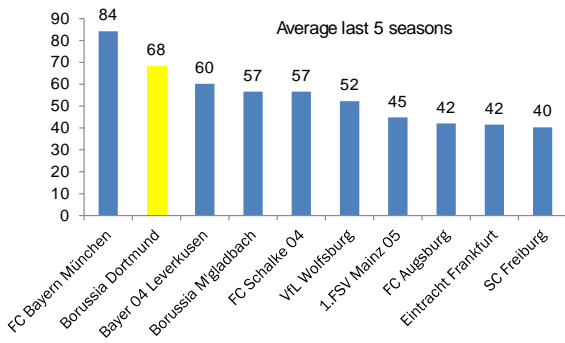
While the "success" of transfers is probably a subjective call, a given team's performance over the years is probably a reliable measure of the efficacy of its transfer policy and its management. The 4 charts below indicate the top 10 teams in the Bundesliga in terms of their average points per season for the past 5, 10, 15, 20 seasons. Unsurprisingly, Bayern München is #1 in all 4 measures, since Bayer has won more Bundesliga titles than any other team by far (26 vs 8 for Dortmund). However, BVB has become the #2 in Germany in terms of the last 15 seasons. On a 20-year view, BVB generated marginally fewer points than Bayer Leverkusen, but on a rounded basis both teams average the same number of points per season.

The charts on page 5 indicate Borussia Dortmund has improved steadily and sustainably over the past two decades. BVB has in fact managed to increase its average points per season in all time frames (from an average of 58 points over the last 20 seasons to an average of 68 points for the last 5 seasons), while no. 3 Bayer Leverkusen is at 60 points on average (+13% or 8 points per season, up from 59 points last 20 seasons)).

A fourth-place finish in the Bundesliga qualifies a team for the Champions League. BVB has on average generated 11 points more than current no. 4 Borussia Mönchengladbach. While in football it is hard to predict the league table with 100% accuracy, the probability that BVB will place fourth or better this season and the next few seasons thereafter appears very high. BVB currently ranks third in the Bundesliga, but our feeling is that this year's team is every bit as good as last year's team, which achieved the highest number of points for a second place team in the Bundesliga's history.



German Bundesliga: Average points per season



Source: Bundesliga.de, Oddo Seydler



VALUATION VS PEER GROUP MULTIPLES

Analysing the fundamentals, the company's prospects have improved significantly and have never been better. This is underlined by our FV of € 912m or € 9.91/share (previously € 903m/€ 9.80). Our most recent FV increase results mainly from higher income expected from merchandising. Although BVB's fair value is steadily increasing, its share price does not (yet) reflect the company's strongly improved mid-term prospects. Since raising our TP to € 6.00 on 18 August, the stock has risen 26%, but is still 20% below our TP. However, as our long-term FVpS stands at € 9.91, suggesting upside of ~100%.

Peer group valuation				
Company name	P/E		EV/EBITDA	
	2017E	2018E	2017E	2018E
BVB (consensus)	15.9	10.7	7.5	5.3
Current Premium/Discount vs. Average peer	19.6%	-	-23.1%	-44.8%
vs. Median peer	19.6%	-	-9.1%	-44.8%
Juventus Football Club S.p.A.	-	-	-	-
Olympique Lyonnais Groupe	13.3	-	7.4	7.6
Manchester United Plc Class A	n.m.	n.m.	13.8	11.7
Galatasaray Sportif Sinaı ve Ticari Yatirimlar A.S.	-	-	-	-
Sport Lisboa e Benfica-Futebol SA	-	-	-	-
AFC Ajax N.V.	-	-	-	-
AIK Fotboll AB Class B	-	-	-	-
A.S. Roma S.p.A.	-	-	-	-
S.S. Lazio S.p.A.	-	-	-	-
Sporting Clube de Portugal Futebol SAD	-	-	-	-
Celtic plc	-	-	8.3	n.m.
Average	13.3	-	9.8	9.6
Median	13.3	-	8.3	9.6
<hr/>				
		EPS		EBITDA
	EURm, except EPS (EUR)	2017E	2018E	2017E 2018E
Borussia Dortmund GmbH & Co. KGaA: Financial estimates by Oddo Seydler		0.18	0.35	84.3 110.4
Applied multiples: Peer group average				9.8 9.6
Enterprise value (derived)		-	-	827.3 1,060.2
- Financial net Cash (incl. expected cash flow from recent transfers)		86.7		
Market capitalisation (derived)		-	-	914.1 -
Average		914.1		
Premium (discount) vs. Peer Group		0%		
Fair market capitalisation		914.1		
Number of shares (m)		92.0		
Fair value per share (EUR)		9.94		

Source: Factset, Oddo Seydler Bank AG

Based on a pure peer group valuation, we derive a fair value per share of € 9.94 (EV/EBITDA 2017e). This fair value of € 9.94/share based on peer multiples



(Manchester United, Olympique Lyonnais, Celtic Glasgow) supports our SOTP valuation level of € 9.91/share. As we had mentioned in our last few updates, the trading multiples of BVB are still lower than the sector average, but are starting to catch-up.

BVB's closest peer, Manchester United, is currently trading at an EV/EBITDA multiple for 2017e of 13.8x vs. BVB's 5.6x. Applying this multiple (13.8x) to BVB as fair, we would derive a fair share price of € 13.58 for BVB. Compared to yesterday's closing price of € 5.09, the stock trades at a discount of 63% (discount vs. our current TP of 56% and 27% vs. our FVpS (€ 9.91)).

Valuation based on Manchester United multiples

EURm, except EPS (EUR)	EPS		EBITDA	
	2017E	2018E	2017E	2018E
Borussia Dortmund GmbH & Co. KGaA: Financial estimates by Oddo Seydler	0.18	0.35	84.3	110.4
Reverse multiples:				
Based on current stock price	5.09		5.6	4.2
Based on our PT	6.00		6.5	5.0
Based on our FvpS	9.91		10.8	8.3
Manchester United multiples:			13.8	11.7
Fair value per share based on Manchester United multiples:			13.58	14.93
Discount vs stock price			-63%	-66%
Discount vs PT			-56%	-60%
Discount vs FvpS			-27%	-34%

Source: Factset, Oddo Seydler

Analysing Manchester United's key fundamentals, the magnitude of the gap vs Borussia Dortmund is not justifiable in our view. While we accept that BVB should merit a small discount to Manchester given Manchester United's advantages in terms of size and brand awareness and also its slightly better EBITDA margin, BVB exhibits superior net profit margins, stronger top line growth (CAGR 2015-2018e of 21% vs. 8% at Manchester) and currently stronger momentum on the pitch. Hence, we would consider a discount of no more than 30% as reasonable (= current discount of Olympique Lyonnais vs. Manchester United). Applying a 30% discount would put BVB's FVpS at € ~10. This target will probably not be reached within the next 1-2 years, but we do expect this target price (on current parameters) to be reached in the long term.

In the tables on the next page we show BVB shares' MoM performance over the last 11 years based on month-averages. This analysis shows the shares have performed stronger in the second half of the calendar year than in the first-half. One reason for this is that the stock tends to gather momentum going into the AGM in November. In the second table we highlight the stock jump in 2010 between September and November, which was based on the team's strong improvement on the pitch. In that year BVB ended up winning the Bundesliga title for the second year in a row, and reaching the Champions League final in 2012-13 season.

The stock now seems to be showing positive upside tendency similar to 6 years ago, but this time it is not driven purely by success on the pitch, but rather by the club's improved key financial fundamentals (including expectations that a new TV-deal will lift revenues by € 60m per season starting in the 2017-18 season). The stock has appreciated 24% since we lifted our TP up to € 6.00 on 18 August. Going forward, newsflow should remain positive. As noted above, we expect the company's Q1 to be very positive. The customary upside momentum prior to the AGM in November is also supporting the stock. Hence, we believe the current upswing should continue. We stick to our current 12-month TP of € 6.00, but also strongly highlight our long-term fair value per share of BVB of € 9.91 which suggests ~100% upside.



Month-over-month stock performance, the last 11 years

	Jan	Feb	Mar	Apr	May	Jun
11 Year Avg	4.0	0.0	-2.1	-0.2	-2.3	1.7
10 Year Avg	4.6	0.0	-2.5	0.0	-3.2	2.2
2016	-2.0	-0.1	2.3	-2.4	6.1	-3.3
2015	3.1	2.0	-13.2	-2.7	4.1	-5.5
2014	0.4	7.6	-0.2	-4.3	2.4	22.6
2013	12.9	1.2	5.6	0.2	-4.5	-0.8
2012	27.4	9.0	-4.5	-0.9	-12.2	10.8
2011	14.0	2.6	-7.6	12.4	-18.2	-2.3
2010	14.5	-7.6	4.7	0.6	-17.2	8.9
2009	-12.5	-9.5	-9.5	10.5	-1.1	-8.5
2008	-9.2	0.7	11.5	-10.3	17.3	-4.9
2007	0.0	-7.8	-11.5	-1.7	3.4	-3.3
2006	-4.7	2.1	-0.4	-3.7	-5.7	5.5

	Jul	Aug	Sep	Oct	Nov	Dec
11 Year Avg	7.3	3.3	-1.9	-0.4		
10 Year Avg	8.2	2.9	-2.1	-0.7	7.7	-2.7
2016	-1.9	7.2	14.7	2.8		
2015	21.2	2.6	-3.0	-0.6	-0.2	-0.7
2014	3.8	-1.0	-6.5	-5.4	0.2	-8.6
2013	0.1	13.7	6.3	1.4	-1.1	-3.4
2012	1.5	6.9	-3.0	0.1	3.3	2.3
2011	5.7	-3.9	-17.6	4.0	0.0	-12.4
2010	2.4	3.7	25.6	21.2	77.6	-14.2
2009	23.3	-5.7	-6.0	-2.1	3.3	8.4
2008	-6.5	15.9	-13.7	-22.1	-4.4	11.1
2007	25.9	-11.4	-17.5	7.5	-7.0	-5.0
2006	4.3	8.6	-0.4	-11.8	5.1	-4.8

Source: Factset

Q1 PREVIEW: EXPECTING A STRONG START INTO THE YEAR

Borussia Dortmund will publish its Q1 figures on 11 November. In total, we estimate Q1 2016-17e group revenues at € 137.9m (up 53.3% yoy) or € 88.9m excluding transfer income (+21.6% yoy).

We also estimate the following revenue split (excluding transfer income): **Match operations:** ~€ 10.0m; **Advertising:** € 21m; **TV marketing:** € 32.4m, mostly from BVB's participation in the Champions League; **Retail, Catering, Licensing & others:** € 25.5m.

Group EBITDA: We estimate group EBITDA at € 54.7m, up 294% yoy, mostly due to the base effect of higher book profits from transfer income in Q1. Excluding player income, EBITDA is expected to come in at € 12.6m. We expect net income at € 26.5m for Q1 2016-17e, translating to EPS of € 0.29.



Mention of conflicts of interest

• **Valuation method**

Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on Oddo Securities' website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

• **Our stock market recommendations**

Our stock market recommendations reflect the RELATIVE performance expected for each stock on a 12-month timeframe.
 Buy: performance expected to exceed that of the benchmark index, sectoral (large caps) or other (small and mid caps).
 Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).
 Reduce: performance expected to fall short of that of the benchmark index, sectoral (large caps) or other (small and mid caps).

- **The prices of the financial instruments used and mentioned in this document are the closing prices.**
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Recommendation and target price changes history over the last 12 months for the company analysed in this report

Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
18.08.16	Buy	6.00	4.00	Marcus Silbe, CEFA

Recommendation split				
		Buy	Neutral	Reduce
Our whole coverage	(412)	50%	39%	11%
Liquidity providers coverage	(146)	57%	38%	5%
Research service coverage	(64)	67%	30%	3%
Investment banking services	(27)	70%	30%	

Risk of conflict of interest :

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Research contract between Oddo group & the issuer	
Oddo & Cie and the issuer have agreed that Oddo & Cie will produce and disseminate investment recommendations on the said issuer as a service to the issuer	No
Liquidity provider agreement and market-making	
At the date of the distribution of this report, does Oddo Group, or Oddo & Cie, or Oddo Seydler act as a market maker or has Oddo Group or Oddo & Cie, or Oddo Seydler signed a liquidity provider agreement with the subject company/ies?	Yes
Significant equity stake	
Does Oddo Group, or Oddo & Cie, or Oddo Seydler own 5% or more of any class of common equity securities of the subject company/ies?	No
Does the subject company beneficially own 5% or more of any class of common equity of Oddo & Cie or its affiliates?	No
Disclosure to Company	
Has a copy of this report ; with the target price and/or rating removed, been presented to the subject company/ies prior to its distribution, for the sole purpose of verifying the accuracy of factual statements ?	No
Have the conclusions of this report been amended following disclosure to the company/ies and prior its distribution?	No
Additional material conflicts	
Is Oddo Group, or Oddo & Cie, or Oddo Seydler aware of any additional material conflict of interest?	No

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PER SHARE DATA (EUR)	06/11	06/12	06/13	06/14	06/15	06/16	06/17e	06/18e
Adjusted EPS	0.09	0.45	0.83	0.19	0.06	0.37	0.18	0.35
Reported EPS	0.09	0.45	0.83	0.19	0.06	0.37	0.18	0.35
Growth in EPS(%)	-	ns	85.4%	-77.1%	-68.3%	ns	-52.0%	ns
Net dividend per share	0.00	0.06	0.10	0.10	0.05	0.06	0.08	0.10
FCF to equity per share	0.21	0.31	0.23	0.29	-0.60	0.11	-0.05	0.38
Book value per share	1.10	1.52	2.28	2.36	3.11	3.36	3.53	3.88
Number of shares market cap	61.43	61.43	61.43	61.43	92.00	92.00	92.00	92.00
Number of diluted shares	61.43	61.43	61.43	61.43	92.00	92.00	92.00	92.00
VALUATION	06/11	06/12	06/13	06/14	06/15	06/16	06/17e	06/18e
12m highest price	3.05	2.80	3.95	5.10	4.21	5.09		
12m lowest price	1.76	1.90	2.64	3.56	3.21	3.61		
(*) Reference price	2.16	2.27	2.80	3.66	4.10	3.97	5.09	5.09
Capitalization	133	140	172	225	378	365	468	468
Restated Net debt	59.6	43.3	34.2	24.8	-51.2	-49.1	-41.9	-70.3
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value	192	183	206	250	326	316	426	398
P/E (x)	25.0	5.1	3.4	19.3	68.3	10.9	29.0	14.4
P/CF (x)								
Net Yield (%)	0.0%	2.6%	3.6%	2.7%	1.2%	1.5%	1.6%	2.0%
FCF yield (%)	9.5%	13.7%	8.3%	7.8%	ns	2.7%	ns	7.4%
P/B incl. GW (x)	1.97	1.50	1.23	1.55	1.32	1.18	1.44	1.31
P/B excl. GW (x)	1.97	1.50	1.23	1.55	1.32	1.18	1.44	1.31
EV/Sales (x)	1.27	0.85	0.68	0.96	1.18	0.83	1.13	0.96
EV/EBITDA (x)	5.9	3.0	2.4	5.1	5.9	3.3	5.1	3.6
EV/EBIT (x)	12.9	4.4	3.2	13.5	24.8	7.1	19.1	9.0
(*) historical average price								
PROFIT AND LOSS (EURm)	06/11	06/12	06/13	06/14	06/15	06/16	06/17e	06/18e
Sales	151	215	305	261	276	380	376	414
EBITDA	32.4	60	88	49.1	56	97	84	110
Depreciations	-17.5	-18.6	-22.4	-30.7	-42.4	-52.3	-62.0	-66.0
Current EBIT	14.9	41.4	65	18.5	13.2	44.3	22.3	44.4
Published EBIT	14.9	41.4	65	18.5	13.2	44.3	22.3	44.4
Net financial income	-5.4	-4.8	-5.1	-3.9	-7.2	-1.0	-0.3	-0.3
Corporate Tax	-4.1	-9.1	-8.8	-2.6	-0.5	-9.6	-5.9	-11.6
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	-0.1	-0.1	-0.4	-0.3	0.0	0.0	0.0	0.0
Attributable net profit	5.3	27.4	51	11.7	5.5	33.7	16.1	32.5
Adjusted attributable net profit	5.3	27.4	51	11.7	5.5	33.7	16.1	32.5
BALANCE SHEET (EURm)	06/11	06/12	06/13	06/14	06/15	06/16	06/17e	06/18e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible assets	18.4	25.7	28.4	61.6	96.3	65.3	84.6	88.1
Tangible fixed assets	171	183	178	185	190	188	185	180
WCR	2.1	2.2	43.7	-13.5	-1.4	36.2	29.9	29.6
Financial assets	7.4	2.1	5.4	3.4	3.7	49.1	47.4	40.8
Ordinary shareholders equity	67.3	93.1	140	145	286	310	325	357
Minority interests	0.3	0.3	0.6	0.3	0.3	0.0	0.0	0.0
Shareholders equity	67.6	93.5	141	145	286	310	325	357
Non-current provisions	71.5	75.9	81.1	65.9	53.3	77.1	63.9	48.9
Net debt	59.6	43.3	34.2	24.8	-51.2	-49.1	-41.9	-70.3
CASH FLOW STATEMENT (EURm)	06/11	06/12	06/13	06/14	06/15	06/16	06/17e	06/18e
EBITDA	32.4	60.0	87.5	49.1	55.6	96.6	84.3	110.4
Change in WCR	5.8	1.1	3.3	-6.7	-20.9	-25.2	-4.4	-3.5
Interests & taxes	-6.4	-6.1	-13.9	-7.5	-7.4	-11.3	-11.2	-11.9
Others	-11.1	-27.0	-48.4	-8.5	-10.4	-0.2	0.0	0.0
Operating Cash flow	20.7	28.0	28.6	26.4	16.9	59.8	68.8	95.0
CAPEX	-8.1	-8.9	-14.3	-8.9	-72.1	-50.1	-73.1	-60.1
Free cash-flow	12.6	19.2	14.3	17.6	-55.1	9.7	-4.3	34.9
Acquisitions / disposals	0.1	0.2	0.1	0.0	-0.4	0.0	0.0	-0.4
Dividends	-0.4	-1.2	-5.1	-8.0	-8.3	-4.6	-3.0	-6.4
Net capital increase	0.0	0.0	0.0	0.0	140.7	0.0	0.0	0.0
Others	-6.5	-11.7	-2.0	-4.3	-41.0	0.0	0.0	-41.0
Change in net debt	10.3	18.1	9.3	9.6	76.9	5.1	-7.4	28.0
GROWTH MARGINS PRODUCTIVITY	06/11	06/12	06/13	06/14	06/15	06/16	06/17e	06/18e
Sales growth	-	42.1%	41.7%	-14.5%	5.9%	37.7%	-1.1%	10.0%
lfi sales growth	-	-	41.7%	-14.5%	5.9%	37.7%	-1.1%	-
Current EBIT growth	-	ns	57.3%	-71.7%	-28.7%	ns	-49.7%	99.3%
Growth in EPS(%)	-	ns	85.4%	-77.1%	-68.3%	ns	-52.0%	ns
Net margin	3.5%	12.7%	16.7%	4.5%	2.0%	8.9%	4.3%	7.9%
EBITDA margin	21.4%	27.9%	28.7%	18.8%	20.1%	25.4%	22.4%	26.7%
Current EBIT margin	9.8%	19.2%	21.3%	7.1%	4.8%	11.7%	5.9%	10.7%
CAPEX / Sales	-7.5%	-13.1%	-9.0%	-23.9%	-28.5%	-13.2%	-19.4%	-14.5%
WCR / Sales	1.4%	1.0%	14.3%	-5.2%	-0.5%	9.5%	8.0%	7.2%
Tax Rate	43.1%	24.8%	14.7%	18.0%	7.8%	22.3%	26.7%	26.4%
Normative tax rate	-70.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Asset Turnover	-	1.1	1.3	1.1	1.1	1.3	1.3	1.4
ROCE post-tax (normative tax rate)	-	14.5%	19.8%	5.3%	3.6%	10.8%	5.3%	10.4%
ROCE post-tax hors GW (normative tax rate)	-	14.5%	19.8%	5.3%	3.6%	10.8%	5.3%	10.4%
ROE	-	34.2%	43.6%	8.2%	2.6%	11.3%	5.1%	9.5%
DEBT RATIOS	06/11	06/12	06/13	06/14	06/15	06/16	06/17e	06/18e
Gearing	88%	46%	24%	17%	-18%	-16%	-13%	-20%
Net Debt / Market Cap	0.45	0.31	0.20	0.11	-0.14	-0.13	-0.09	-0.15
Net debt / EBITDA	1.84	0.72	0.39	0.50	ns	ns	ns	ns
EBITDA / net financial charges	6.0	12.3	17.3	12.6	7.8	92.3	337.3	441.6