

Rating	Buy
Price target	EUR 49.00
Potential	36%
Share data	
Share price (last close price in EUR)	35,90
Number of shares (in m)	18.1
Market cap. (in EUR m)	650.0
Trading vol. (Ø 3 months; in K shares)	1.6
Enterprise Value (in EUR m)	621.5
Ticker	BUL:SLYG
Guidance 2024	
Sales (in EUR m)	105
EBIT (in EUR m)	26



Shareholder	
Free float	40.3%
Dimitar Dimitrov	30.3%
Svetlin Todorov	29.4%
-	-
-	-

Calendar	
Hamburger Investorentage	August 21, 2024
Q3 results	November 14, 2024

Changes in estimates			
	2024e	2025e	2026e
Sales (old)	109.4	156.4	219.0
Δ	-	-	-
EBIT (old)	28.0	39.5	54.8
Δ	-	-	-
EPS (old)	1.27	1.77	2.42
Δ	-	-	-

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Publication	
Comment	August 14, 2024

H1: Shelly continues growth story with EBIT above target margin – Guidance appears conservative

The Shelly Group today has published its results for the business performance in H1. In addition to the continuing high top-line momentum, the complete figures also revealed the yoy increase in margin which we had expected. Having confirmed the guidance, the management holds out the prospect of a continued strong performance in H2.

DACH region as main driver of the positive development: Shelly has generated outstanding top-line growth of 49.0% to EUR 41.8m in H1/24, with momentum accelerating even more in Q2 (+52.7% vs. Q2/23). The German-speaking area, which meanwhile accounts for more than half of group revenue, has developed particularly positive with clearly disproportionate growth (+62.8% vs. H1/23). Firstly, this was driven by the further expansion of the distributor network (in Germany e.g. Shelly is listed at Hornbach and Bauhaus) and the professional market so that the products are made available for additional customer groups. Secondly, the product range has been broadened further by introducing 11 updates as well as 19 new products in H1/24. The product portfolio is expected to amount to some 110 products (+57% yoy) by the end of this year and to be further expanded in 2025.

Further increase in profitability at a high level: The EBIT margin has remained above the target value of 25% as we had expected (cf. Comment on 10 July 2024). At a margin 25.8% in H1, Shelly has increased the level once again (H1/24: 24.9%; +0.9pp yoy). Higher selling expenses driven by trade fair visits and advertising (+186.4% yoy) were more than compensated for by a disproportionately low growth in administration costs (+12.8% yoy; G&A cost ratio: 19.6%; -6.4pp yoy). This was due to a slowdown in recruitment after a major part of the necessary team structures had already been built in 2023 in particular. We expect the G&A ratio to be significantly improved in the next years as well, although absolute costs are likely to grow notably because of the further establishment of local sales and marketing teams in Western European countries.

First publication of quantitative results on premium app: Roughly one year after the successful launch of the fee-based “Shelly Smart Control Premium” app, the company has announced its first user and sales figures. The user base stood at c. 13k at mid-year and is planned to be increased to at least 60k by 2026, which should generate recurring revenues of more than EUR 2.5m. Although the share in total revenue would thus be below 2% in the next few years, the group margin benefits from the high gross margin of the app. As a result, revenue would translate into earnings almost entirely. We regard management’s estimates on the number of users in 2026 as conservative and foresee a penetration rate of 3-4% of the cloud users, which would correspond to c. 100k paying customers in 2026.

Continue on the next page ->

FYend: 31.12.	2022	2023	2024e	2025e	2026e
Sales	47.6	74.9	109.4	156.4	219.0
Growth yoy	56.6%	57.3%	46.0%	43.0%	40.0%
EBITDA	10.9	20.1	29.4	41.3	57.2
EBIT	10.4	19.1	28.0	39.5	54.8
Net income	8.9	16.8	22.9	32.0	43.8
Gross profit margin	50.3%	57.1%	55.0%	54.1%	53.1%
EBITDA margin	22.9%	26.8%	26.9%	26.4%	26.1%
EBIT margin	21.9%	25.5%	25.6%	25.3%	25.0%
Net Debt	-12.0	-13.3	-11.5	-19.3	-32.5
Net Debt/EBITDA	-1.1	-0.7	-0.4	-0.5	-0.6
ROCE	43.7%	53.7%	51.9%	52.3%	55.4%
EPS	0.50	0.94	1.27	1.77	2.42
FCF per share	-0.12	0.23	0.03	0.62	1.00
Dividend	0.12	0.13	0.19	0.27	0.48
Dividend yield	0.3%	0.4%	0.5%	0.8%	1.3%
EV/Sales	13.0	8.3	5.7	4.0	2.8
EV/EBITDA	57.0	30.9	21.1	15.0	10.9
EV/EBIT	59.6	32.5	22.2	15.7	11.4
PER	71.8	38.2	28.3	20.3	14.8
P/B	16.1	11.5	8.4	6.2	4.5

Source: Company data, Montega, Capital IQ

Figures in EUR m, EPS in EUR, Price: 35.90 EUR

Currency adjustment in the model: In July, Shelly changed the stock exchange segment from Premium Equities to the EuroBridge market in Bulgaria. This step was made to enable dual listing at the Bulgarian stock exchange and on the German XETRA platform, where Shelly has been listed since April. Consequently, the Shelly shares will be traded in euros both in Germany and in Bulgaria, and we have taken this as an opportunity to convert our model to euros. This applies to the price target and the historical business data as well as our forecasts. According to Bulgarian law, the currency pair is fixed at a rate of 1 lev = 0.51129 euro. Additionally, Shelly will host an extraordinary AGM in Q4/24, to take the legal form of a European Societas Europaea (SE), which enjoys a higher reputation among investors and is an international legal form with simplified organization for multinational companies.

Conclusion: Shelly has again delivered outstanding top- and bottom-line results in Q2. The ongoing growth with a >25% EBIT margin paves the way towards achieving the 2026 goals, which are expected to be confirmed on the announced Capital Markets Day in November. The insights into the long-term strategy and the product updates (incl. ShellyX) are likely to further strengthen the equity story. In view of the structural growth trajectory and the still moderate valuation (EV/EBIT 2025e: 16.8) we confirm our buy rating and the price target of EUR 49.00.

Company Background

Shelly Group is a joint stock company under Bulgarian law (AD) headquartered in Sofia, which is specialized in the development and distribution of products from the smart home sector. The company also distributes tracking products, but they rather play a minor financial role (revenue share: < 5%).

The reporting currency is lev (BGN). Bulgaria has planned to join the euro with effect of 1 January 2024. As the lev was tied to the Deutsche Mark for historical reasons (at a ratio of 1:1 since 1999), the lev to euro conversion rate corresponds to the DM at that time, namely 1 lev = 0.51129 euros and 1 euro = 1.95583 lev. This rate has been fixed by Bulgarian law and does not change.

The smart home products are sold under the „Shelly” brand. Alongside plug-and-play solutions and sensors, the portfolio mainly includes relays which are installed hidden behind the socket or switch, and which can be directly controlled via a Wi-Fi connection or Bluetooth. The company differs essentially from many other providers (Philips Hue, Tado or Fibaro amongst others), whose product often can only be controlled via a hub/bridge within their own ecosystem. Furthermore, the products can be combined with other smart home applications and are in the entry-level price segment with a starting price of less than EUR 20. In addition to smart home products, the product portfolio also includes smartwatches specifically for children as well as tracking devices, for instance for baggage, pets, or health care data.

Key Facts

Sector	Technology
Code	SLYG
Employees	160
Revenue	BGN 146.5 m/ EUR 74.9 m
EBIT	BGN 37.4 m/ EUR 19.1 m
EBIT margin	25.5%
Core Competence	Development, production as well as marketing of high-quality IoT products, especially in the field of Smart Home
Locations	Headquarters Sofia (Bulgaria), other locations are in Munich (Germany) and Las Vegas (USA)
Regions	DACH (49.0%), Rest of Europe (43.7%), RoW (7.3%)

Source: Company data

Status: 31.12.2023

Organizational structure

Shelly Group Plc, which is based in Sofia, is the group's parent company. The holding includes five subsidiaries which are all fully consolidated and fully owned by the parent company. The companies are in Bulgaria, Germany, and the USA. Overall, the group has c. 160 employees (at the end of FY 2023), 45% of which are working in the technology area, 20% in sales & support, 15% in logistics and 20% in the remaining areas.

Corporate Structure



Source: Company data

Major events in the company's history

- 2003 Foundation of Teracomm Ltd. in the field of telecommunications services
- 2012 Foundation of today's Allterco JSCo holding company with the intention to bundle the structure

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- 2012 Foundation of today's Allterco JSCo holding company with the intention to bundle the structure
- 2013 Development of "Shelly", the first home automation device
- 2015 Reorganization of the company and focus on IoT sector
- 2016 IPO at the Bulgarian BVB stock exchange
- 2018 Establishment and expansion of Shelly and MyKi products with international distribution
- 2019 Sale of the European telco business and exclusive focus on smart home and tracking products & Expansion in the USA
- 2020 Capital increase for growth financing and increase in trading liquidity (gross emission proceeds: BGN 9.2m)
- 2021 Additional listing at the Frankfurt Stock Exchange & Disposal of non-relevant subsidiaries in Asia from a strategic point of view
- 2023 Acquisition of Slovenian IoT provider GOAP d.o.o. & renaming in "Shelly Group"

Products

The Shelly Group's product portfolio spans from various smart home products and smartwatches specifically for children to monitoring and tracking products. Smart home products account for the lion's share (> 95%) of group's revenues and thus are at the center of the company's equity story.



Source: Company data

The smart home products are sold and distributed under the **"Shelly"** brand. Relays build the basis of these products. They allow for remote control of lights, electric devices, or sensors. These relays are connected to the power supply behind a socket or a switch and can be controlled through Wi-Fi via the Shelly app or one of many different providers from the IoT sector (Amazon Alexa, Google Home, SmartThings, Home Assistant etc.) entirely without additional hub. Besides controlling the devices in case of need, Shelly also allows for establishing routines (e.g. retracting the awning in the event of storm warnings) and monitoring energy consumption. Because of the Wi-Fi standard used, the relays can be combined with other smart home devices with Wi-Fi standard without any problems.

In addition to the traditional relays, which people can easily install in their own home, the Shelly brand also offers products within their **Pro line** for an installation in the fuse box. The Pro products can be controlled both via Wi-Fi and LAN and thus are more secure and reliable. Consequently, the Shelly Pro line is often also installed in office buildings, retail stores or production sites. We believe it is also of major interest for B2B customers (such as electricians). The **Plus line** introduced a new generation of Shelly relays, which are characterized by newer technology (processor, Wi-Fi and Bluetooth module) and a slightly smaller design.

Alongside the relays, which are not visible after their installation, Shelly Group also offers various **plug-and-play** products. The assortment includes the Shelly Plug (Wi-Fi socket), the Shelly Bulb (smart bulb), the Shelly Button (programmable Wi-Fi button) and the Shelly TRV (Wi-Fi heating thermostat). Additionally, the Shelly product portfolio provides various **detectors and sensors** (motion detectors, temperature and humidity sensors, smoke detectors as well as door and window sensors).

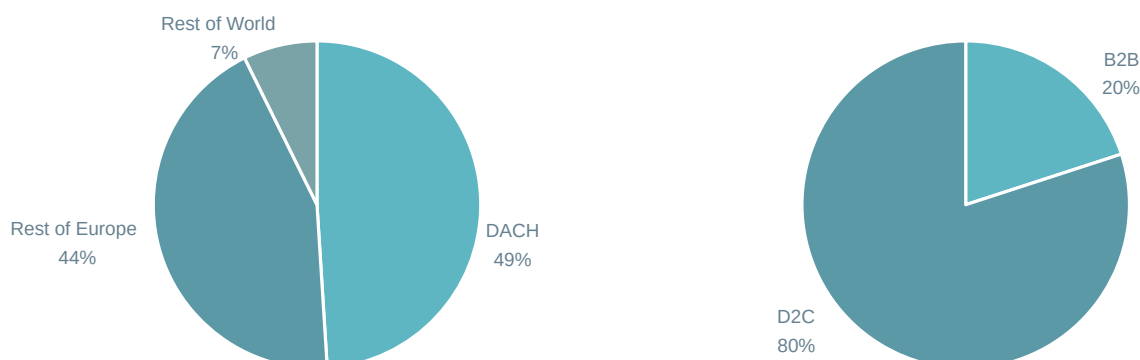
Most of Shelly Group's products are developed in Sofia. The key parts of the raw materials – most notably chips – are procured by the company itself and made available to the suppliers in Asia. Procurement is almost exclusively done in China among a couple of core suppliers (Top 5 suppliers > 90% of material expenses). The group always strives to be the largest customer of every supplier to have a good bargaining position. As the products have a very low pack size, they are shipped by air and sea freight. The share of sea freight is planned to be significantly increased to continue to lower ancillary costs of procurement.

Markets and sales

The company does not provide segment reporting pursuant to IFRS 8 so far. The 2023 Annual Report is based on a regional segment analysis as primary segment.

Shelly Group generates the largest portion of revenues in the DACH region (49%). In further European countries, the group most recently generated a sales share of around 43.7%. The rest of the world (RoW) accounts for further 7.3%. The company still sees significant growth potential in all the regions. Due to the success of actions made to optimize revenues in the DACH region, local sales teams are also being set up in further markets. The North American market is a key growth region in the RoW sector, which has hardly been developed so far. According to the company, in addition to the progress made recently inorganic growth may also be an option here to accelerate the development of the market.

Sales by region (left) and by distribution channel (right)



Source: Company data

Just under 20% of the products are currently distributed through the Shelly websites (D2C online). The company wants to significantly professionalize D2C sales over the next few quarters. As a start, the web shops will be relaunched in all relevant languages. In parallel, however, the company also pushes ahead the backend processes for faster delivery times as well as the SEO and SEA optimization.

The B2B sector includes all sales to commercial customers. Most of them resell the products via online channels such as Amazon. At present, Amazon Germany is exclusively addressed by partners. The company assumes that only some 10% of B2B revenue are currently generated with electricians. Professional providers likewise hold significant growth potential. For instance, the Shelly Group is currently negotiating with a major electrical wholesaler for a listing of the Shelly products.

ESG positioning

In line with the product portfolio, which includes a broad variety of products for energy metering and energy conservation, the company also pursues ambitious ESG goals. Amongst others, this includes the conversion to 100% renewable energy and the reduction of energy consumption by 70% by 2030 at the latest. Furthermore, the Shelly Group aims to establish more diversity at management level and to provide a concerted work-life balance for the employees. The table below summarizes the ESG goals.

Ecological	Social	Governance
<p><i>Developing a sustainable future</i></p>	<p><i>Connecting communities across the globe</i></p>	<p><i>Guiding the industry through early adoption</i></p>
<p>Enabling On target to reduce company energy consumption latest by 70% by 2030</p> <p>Sustainability On Track to shift Internal Products & Services to sustainable alternatives latest by 2030</p> <p>100% renewables In-line with company commitment to have a net zero carbon footprint latest by 2030</p>	<p>Communities Committed to a sustainable environment for the communities we serve</p> <p>Employees & Neighbors Engaged as employees & neighbors, actively working together to benefit our community</p> <p>Outreach Actively communicating to benefit our community & environment</p>	<p>Diverse Leadership Committed to a diverse leadership & supervisory board</p> <p>Empowering Delivering results while empowering employees to make key decisions</p> <p>Enabling Balance Flexible employee workplaces</p>

Source: Company data

Management

The Shelly Group has a one-tier governance model with an executive and non-executive board structure. Dimitar Dimitrov and Wolfgang Kirsch are executive board members responsible for the company’s operational management.



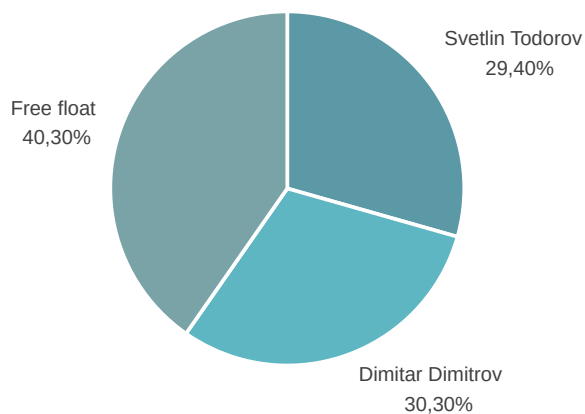
Dimitar Dimitrov is the founder, CEO of the Bulgarian holding company, and one of the biggest individual shareholders with a stake of some 30%. In addition to administrative topics at group level, Mr. Dimitrov is primarily responsible for R&D. Mr. Dimitrov had already established other IT companies before, such as a software company for 8- and 16-bit computers and a television channel (REAL TV) as well as IT magazines such as PC Review, Computers, and GSM Review.



Wolfgang Kirsch has been the CEO of Shelly Europe since end-2021 and is primarily focused on the expansion of the European business. Prior to this, Mr. Kirsch had been active in the retail business for over 25 years. He held the position of Chief Operating Officer (COO) at the MediaMarktSaturn retail group. Following his job at MediaMarktSaturn, Mr. Kirsch worked as an external consultant of McKinsey & Company and of private equity companies and was involved in various projects related to the digital transformation of international conglomerates and midsize companies.

Shareholder structure

The shares of the Shelly Group are traded on the regulated market of the Frankfurt Stock Exchange. The share capital is divided in 17,999,999 ordinary shares. Board member Dimitar Dimitrov and co-founder Svetlin Todorov are the largest individual shareholders with a stake of around 30.3% and 29.4%. The stakes of the other shareholders are below the 3% threshold and are therefore included in the free float (40.3%).

Shareholder structure

Source: Company data

DCF Model

Figures in EUR m

	2024e	2025e	2026e	2027e	2028e	2029e	2030e	Terminal Value
Sales	109.4	156.4	219.0	284.7	341.6	392.9	432.2	443.0
Change yoy	46.0%	43.0%	40.0%	30.0%	20.0%	15.0%	10.0%	2.5%
EBIT	28.0	39.5	54.8	71.2	85.4	98.2	108.0	110.7
EBIT margin	25.6%	25.3%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
NOPAT	23.0	32.0	43.8	56.9	68.3	78.6	86.4	88.6
Depreciation	1.4	1.8	2.4	3.0	3.4	3.9	3.9	4.0
in % of Sales	1.3%	1.2%	1.1%	1.1%	1.0%	1.0%	0.9%	0.9%
Change in Liquidity from								
- Working Capital	-22.2	-20.6	-25.6	-20.2	-10.2	-8.2	-5.5	-3.7
- Capex	-1.5	-2.0	-2.5	-3.3	-3.8	-3.9	-3.9	-4.0
Capex in % of Sales	1.4%	1.3%	1.2%	1.2%	1.1%	1.0%	0.9%	0.9%
Other								
Free Cash Flow (WACC model)	0.6	11.2	18.1	36.5	58.0	70.6	81.1	85.0
WACC	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%
Present value	0.6	10.1	15.0	27.6	40.3	45.0	47.3	685.9
Total present value	0.6	10.7	25.7	53.3	93.7	138.6	186.0	871.9

Valuation (in EUR m)

Total present value (Tpv)	871.9
Terminal Value	685.9
Share of TV on Tpv	79%
Liabilities	2.1
Liquidity	15.7
Equity value	885.6

Number of shares (in m)	18.1
Value per share (EUR)	48.9
+Upside / -Downside	36%
Share price (EUR)	35.90

Model parameter

Debt ratio	25.0%
Costs of Debt	7.0%
Market return	9.0%
Risk free rate	2.5%

Beta	1.2
WACC	9.1%
Terminal Growth	2.5%

Growth: sales and margin

Short term sales growth	2024-2027	37.5%
Mid term sales growth	2024-2030	25.7%
Long term sales growth	from 2031	2.5%
Short term EBIT margin	2024-2027	25.2%
Mid term EBIT margin	2024-2030	25.1%
Long term EBIT margin	from 2031	25.0%

Sensitivity Value per Share (EUR)

WACC	1.75%	2.25%	2.50%	2.75%	3.25%
9.63%	41.67	43.76	44.91	46.15	48.92
9.38%	43.30	45.58	46.84	48.19	51.24
9.13%	45.06	47.53	48.91	50.40	53.75
8.88%	46.94	49.65	51.16	52.79	56.49
8.63%	48.97	51.93	53.59	55.39	59.50

Terminal Growth

Sensitivity Value per Share (EUR)

WACC	24.50%	24.75%	25.00%	25.25%	25.50%
9.63%	44.20	44.56	44.91	45.27	45.62
9.38%	46.09	46.46	46.84	47.21	47.59
9.13%	48.12	48.52	48.91	49.31	49.70
8.88%	50.32	50.74	51.16	51.57	51.99
8.63%	52.70	53.15	53.59	54.03	54.47

EBIT-margin from 2031e

Source: Montega

P&L (in EUR m) Shelly Group AD	2021	2022	2023	2024e	2025e	2026e
Sales	30.4	47.6	74.9	109.4	156.4	219.0
Cost of sales	13.7	23.7	32.1	49.2	71.8	102.7
Gross profit	16.8	24.0	42.8	60.2	84.6	116.3
Research and development	0.0	0.0	0.0	0.0	0.0	0.0
Sales and marketing	1.4	2.0	5.2	7.7	10.6	14.2
General and administration	6.2	10.4	14.0	20.0	28.3	39.0
Other operating expenses	0.4	0.6	3.3	4.9	6.9	9.2
Other operating income	0.8	0.5	0.5	0.4	0.6	0.9
EBITDA	10.1	10.9	20.1	29.4	41.3	57.2
Depreciation on fixed assets	0.3	0.2	0.4	0.5	0.6	0.8
EBITA	9.8	10.7	19.7	28.9	40.7	56.3
Amortisation of intangible assets	0.3	0.3	0.6	0.9	1.2	1.6
Impairment charges and Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	9.6	10.4	19.1	28.0	39.5	54.8
Financial result	0.0	-0.1	0.1	0.0	0.0	0.0
Result from ordinary operations	9.6	10.3	19.2	28.0	39.5	54.8
Extraordinary result	0.0	0.0	0.0	0.0	0.0	0.0
EBT	9.6	10.3	19.2	28.0	39.5	54.8
Taxes	1.4	1.4	2.3	5.0	7.5	11.0
Net Profit of continued operations	8.2	8.9	16.8	22.9	32.0	43.8
Net Profit of discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	8.2	8.9	16.8	22.9	32.0	43.8
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	8.2	8.9	16.8	22.9	32.0	43.8

Source: Company (reported results), Montega (forecast)

P&L (in % of Sales) Shelly Group AD	2021	2022	2023	2024e	2025e	2026e
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	44.9%	49.7%	42.9%	45.0%	45.9%	46.9%
Gross profit	55.1%	50.3%	57.1%	55.0%	54.1%	53.1%
Research and development	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sales and marketing	4.5%	4.3%	6.9%	7.0%	6.8%	6.5%
General and administration	20.5%	21.9%	18.7%	18.3%	18.1%	17.8%
Other operating expenses	1.2%	1.3%	4.4%	4.5%	4.4%	4.2%
Other operating income	2.5%	1.1%	0.6%	0.4%	0.4%	0.4%
EBITDA	33.2%	22.9%	26.8%	26.9%	26.4%	26.1%
Depreciation on fixed assets	0.9%	0.4%	0.5%	0.5%	0.4%	0.4%
EBITA	32.3%	22.5%	26.3%	26.4%	26.0%	25.7%
Amortisation of intangible assets	0.9%	0.7%	0.8%	0.8%	0.8%	0.7%
Impairment charges and Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT	31.4%	21.9%	25.5%	25.6%	25.3%	25.0%
Financial result	0.0%	-0.2%	0.1%	0.0%	0.0%	0.0%
Result from ordinary operations	31.5%	21.7%	25.6%	25.6%	25.2%	25.0%
Extraordinary result	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBT	31.5%	21.7%	25.6%	25.6%	25.2%	25.0%
Taxes	4.6%	3.0%	3.1%	4.6%	4.8%	5.0%
Net Profit of continued operations	26.8%	18.7%	22.5%	21.0%	20.4%	20.0%
Net Profit of discontinued operations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit before minorities	26.8%	18.7%	22.5%	21.0%	20.4%	20.0%
Minority interests	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit	26.8%	18.7%	22.5%	21.0%	20.4%	20.0%

Source: Company (reported results), Montega (forecast)

Balance sheet (in EUR m) Shelly Group AD	2021	2022	2023	2024e	2025e	2026e
ASSETS						
Intangible assets	1.7	2.4	5.9	6.2	6.6	7.0
Property, plant & equipment	2.5	2.4	2.7	2.5	2.3	2.0
Financial assets	1.4	0.6	0.2	0.2	0.2	0.2
Fixed assets	5.6	5.4	8.8	8.9	9.1	9.2
Inventories	3.9	11.8	9.3	16.8	20.9	25.8
Accounts receivable	9.8	11.6	26.9	42.0	60.0	82.8
Liquid assets	15.6	14.4	15.7	14.0	21.7	35.0
Other assets	2.2	2.3	4.5	4.5	4.5	4.5
Current assets	31.5	40.1	56.5	77.3	107.1	148.1
Total assets	37.0	45.4	65.3	86.2	116.2	157.3
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity	33.5	40.4	56.4	77.1	105.6	144.6
Minority Interest	0.0	0.0	-0.4	-0.4	-0.4	-0.4
Provisions	0.0	1.1	1.3	1.3	1.3	1.3
Financial liabilities	1.3	1.3	1.2	1.2	1.2	1.2
Accounts payable	0.8	1.0	2.1	2.4	3.9	6.0
Other liabilities	1.4	1.6	4.7	4.7	4.7	4.7
Liabilities	3.5	5.0	9.2	9.5	11.0	13.1
Total liabilities and shareholders' equity	37.0	45.4	65.3	86.2	116.2	157.3

Source: Company (reported results), Montega (forecast)

Balance sheet (in %) Shelly Group AD	2021	2022	2023	2024e	2025e	2026e
ASSETS						
Intangible assets	4.7%	5.3%	9.0%	7.2%	5.7%	4.4%
Property, plant & equipment	6.6%	5.2%	4.2%	2.9%	2.0%	1.3%
Financial assets	3.7%	1.3%	0.3%	0.2%	0.2%	0.1%
Fixed assets	15.0%	11.8%	13.5%	10.4%	7.8%	5.9%
Inventories	10.4%	25.9%	14.3%	19.5%	18.0%	16.4%
Accounts receivable	26.5%	25.5%	41.2%	48.7%	51.6%	52.6%
Liquid assets	42.2%	31.7%	24.1%	16.3%	18.7%	22.3%
Other assets	5.9%	5.1%	6.8%	5.2%	3.8%	2.8%
Current assets	85.0%	88.2%	86.5%	89.6%	92.2%	94.1%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity	90.6%	89.1%	86.4%	89.4%	90.9%	91.9%
Minority Interest	0.0%	0.0%	-0.6%	-0.5%	-0.3%	-0.3%
Provisions	0.0%	2.4%	2.0%	1.5%	1.1%	0.8%
Financial liabilities	3.6%	2.8%	1.8%	1.3%	1.0%	0.7%
Accounts payable	2.1%	2.1%	3.2%	2.8%	3.4%	3.8%
Other liabilities	3.8%	3.6%	7.1%	5.4%	4.0%	3.0%
Total Liabilities	9.4%	11.0%	14.2%	11.1%	9.5%	8.3%
Total Liabilities and Shareholders' Equity	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company (reported results), Montega (forecast)

Statement of cash flows (in EUR m) Shelly Group AD	2021	2022	2023	2024e	2025e	2026e
Net income	8.2	8.9	16.8	22.9	32.0	43.8
Depreciation of fixed assets	0.3	0.2	0.4	0.5	0.6	0.8
Amortisation of intangible assets	0.3	0.3	0.6	0.9	1.2	1.6
Increase/decrease in long-term provisions	0.0	0.0	0.2	0.0	0.0	0.0
Other non-cash related payments	0.0	0.0	0.9	0.0	0.0	0.0
Cash flow	8.7	9.4	18.9	24.4	33.8	46.2
Increase / decrease in working capital	-4.6	-9.3	-11.2	-22.2	-20.6	-25.6
Cash flow from operating activities	4.2	0.1	7.7	2.1	13.2	20.6
CAPEX	-0.8	-2.3	-0.5	-1.5	-2.0	-2.5
Other	1.1	1.4	-1.6	0.0	0.0	0.0
Cash flow from investing activities	0.2	-0.9	-2.1	-1.5	-2.0	-2.5
Dividends paid	-1.8	-0.9	-2.3	-2.3	-3.4	-4.8
Change in financial liabilities	-0.3	-0.3	-0.1	0.0	0.0	0.0
Other	-0.1	-0.5	0.2	0.0	0.0	0.0
Cash flow from financing activities	-2.1	-1.7	-2.2	-2.3	-3.4	-4.8
Effects of exchange rate changes on cash	0.0	0.1	-0.1	0.0	0.0	0.0
Change in liquid funds	2.3	-2.4	3.5	-1.7	7.7	13.3
Liquid assets at end of period	15.6	13.3	17.8	14.0	21.7	35.0

Source: Company (reported results), Montega (forecast)

Key figures Shelly Group AD	2021	2022	2023	2024e	2025e	2026e
Earnings margins						
Gross margin (%)	55.1%	50.3%	57.1%	55.0%	54.1%	53.1%
EBITDA margin (%)	33.2%	22.9%	26.8%	26.9%	26.4%	26.1%
EBIT margin (%)	31.4%	21.9%	25.5%	25.6%	25.3%	25.0%
EBT margin (%)	31.5%	21.7%	25.6%	25.6%	25.2%	25.0%
Net income margin (%)	26.8%	18.7%	22.5%	21.0%	20.4%	20.0%
Return on capital						
ROCE (%)	51.5%	43.7%	53.7%	51.9%	52.3%	55.4%
ROE (%)	28.1%	26.6%	41.6%	40.9%	41.7%	41.6%
ROA (%)	22.1%	19.6%	25.8%	26.6%	27.5%	27.8%
Solvency						
YE net debt (in BGN)	-14.3	-12.0	-13.3	-11.5	-19.3	-32.5
Net debt / EBITDA	-1.4	-1.1	-0.7	-0.4	-0.5	-0.6
Net gearing (Net debt/equity)	-0.4	-0.3	-0.2	-0.2	-0.2	-0.2
Cash Flow						
Free cash flow (BGN m)	3.3	-1.1	4.2	0.6	11.2	18.1
Capex / sales (%)	2.7%	4.8%	0.7%	1.4%	1.3%	1.2%
Working capital / sales (%)	36.4%	38.4%	38.1%	41.6%	42.8%	41.1%
Valuation						
EV/Sales	20.4	13.0	8.3	5.7	4.0	2.8
EV/EBITDA	61.5	57.0	30.9	21.1	15.0	10.9
EV/EBIT	65.0	59.6	32.5	22.2	15.7	11.4
EV/FCF	185.8	-	148.4	1,070.4	55.6	34.4
PE	79.8	71.8	38.2	28.3	20.3	14.8
KBV	19.4	16.1	11.5	8.4	6.2	4.5
Dividend yield	0.3%	0.3%	0.4%	0.5%	0.7%	1.3%

Source: Company (reported results), Montega (forecast)

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Company	Disclosure (as of 14.08.2024)
Shelly Group AD	1, 3, 5, 8, 9, 10

Price history

Recommendation	Date	Price (EUR)	Price target (EUR)	Potential
Buy (Initiation)	21.07.2022	9.15	14.00	+53%
Buy	17.08.2022	9.82	14.00	+43%
Buy	10.10.2022	8.69	14.00	+61%
Buy	16.11.2022	10.53	16.00	+52%
Buy	06.12.2022	10.63	16.00	+50%
Buy	18.01.2023	11.04	19.00	+72%
Buy	02.03.2023	11.66	19.00	+63%
Buy	24.03.2023	11.35	19.00	+67%
Buy	11.04.2023	11.56	21.00	+82%
Buy	28.04.2023	11.25	21.00	+87%
Buy	17.05.2023	11.71	27.00	+131%
Buy	22.06.2023	13.80	27.00	+96%
Buy	20.07.2023	14.26	27.00	+89%
Buy	08.08.2023	17.84	27.00	+51%
Buy	18.08.2023	18.15	27.00	+49%
Buy	07.09.2023	21.68	30.00	+38%
Buy	25.09.2023	21.93	30.00	+37%
Buy	20.10.2023	21.68	30.00	+38%
Buy	14.11.2023	21.22	30.00	+41%
Buy	08.12.2023	21.88	32.00	+46%
Buy	12.01.2024	26.08	32.00	+23%
Buy	29.02.2024	30.27	39.00	+29%
Buy	12.04.2024	34.46	39.00	+13%
Buy	15.05.2024	35.28	39.00	+11%
Buy	22.05.2024	37.22	42.00	+13%
Buy	19.06.2024	34.97	42.00	+20%
Buy	01.07.2024	35.69	42.00	+18%
Buy	10.07.2024	36.10	49.00	+36%
Buy	11.07.2024	36.81	49.00	+33%
Buy	18.07.2024	38.37	49.00	+28%
Buy	14.08.2024	35.90	49.00	+36%