

Rating	Buy
Price target	BGN 95.00
Potential	27%
Share data	
Share price (last close price in BGN)	75,1
Number of shares (in m)	18,0
Market cap. (in BGN m)	1,350.9
Trading vol. (Ø 3 months; in K shares)	1.7
Enterprise Value (in BGN m)	1,322.4
Ticker	BUL:SLYG
Guidance 2024	
Sales (in BGN m)	> 205.4
EBIT (in BGN m)	> 50.9



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

Calendar	
Q2 results	August 14, 2024
Hamburger Investorentage	August 21, 2024

Changes in estimates			
	2024e	2025e	2026e
Sales (old)	214.0	306.0	428.3
Δ	-	-	-
EBIT (old)	54.8	77.3	107.1
Δ	-	-	-
EPS (old)	2.49	3.47	4.76
Δ	-	-	-

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Publication	
Comment	July 18, 2024

Frankfurt roadshow feedback: Investors convinced by attractive margin level and competitive position

Yesterday, we were on a roadshow in Frankfurt with Wolfgang Kirsch and Dimitar Dimitrov, the two co-CEOs of the Shelly Group. In addition to the recent acquisition, discussions primarily focused on the mid-term development of the operating margin.

Sustainable high margins visible: Based on the attractive operating profitability the question came up among investors whether Shelly will be able to maintain the EBIT margin at the current level of roughly 25%. On the one hand, the further development of the local teams outside the DACH region and intensified marketing activities in the form of fair visits and paid search are likely to be a burden in the next few quarters. Furthermore, the steadily growing proportion of professionals in the revenue mix should have an effect which will drive top-line growth through new partnerships with online and offline retailers but should also tend to result in lower gross margins.

On the other hand, Shelly has the possibility to compensate for these negative effects through initiatives aimed at pricing, procurement and user monetization. We therefore continue to expect EBIT margins in excess of 25%. Shelly counters the growing proportion of professionals with disciplined pricing which means that wholesalers also receive only limited volume discounts. Unlike competitors, Shelly has not increased its prices in the last two years. This offers the possibility to generate additional margins with small adjustments and without having to jeopardize its position in competition. Further optimizations in the supply chain as well as economies of scale in procurement and administration cost ratio are other levers of profitability. Monetization of users generated with additional products such as the fee-based app version is still in its infancy but is likely to increase considerably with further improvements and additional functions. Taking a penetration rate of 2% of the current c. 3 million households and a price point of EUR 3.99 per month as an example, this would already result in recurring revenue of just under EUR 2m p.a. (after deduction of VAT and App Store fees), which should translate into earnings almost entirely.

Geopolitical tailwind: The EU's implementing regulation EU 2024/482 for the first time sets out the scheme for the application of the Cyber Security Act which entered into force in 2019 and will be mandatory from February 2025. We believe that this legislative framework will lead to a significant competitive advantage over Chinese suppliers, especially in the ShellyX module business. They will be obliged to adapt the high standards and compliance requirements in the European market and increase their own transparency (e.g. regarding vulnerabilities). Non-conformity, in turn, would significantly restrict their market access in Europe in our view.

Conclusion: The current great interest of investors is reflected in Shelly's positive business development. New products (Gen3, LOQED) and services (premium app) as well as the ShellyX extension are expected to further improve the future prospects. We confirm our buy rating and the price target.

FYend: 31.12.	2022	2023	2024e	2025e	2026e
Sales	93.2	146.5	214.0	306.0	428.3
Growth yoy	56.6%	57.3%	46.0%	43.0%	40.0%
EBITDA	21.3	39.3	57.6	80.8	111.8
EBIT	20.4	37.4	54.8	77.3	107.1
Net income	17.4	32.9	44.9	62.5	85.7
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	-23.5	-25.9	-22.6	-37.6	-63.8
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	0.97	1.83	2.49	3.47	4.76
FCF per share	-0.11	0.39	0.06	1.21	1.98
Dividend	0.23	0.25	0.37	0.52	0.95
Dividend yield	0.3%	0.3%	0.5%	0.7%	1.3%
EV/Sales	14.2	9.0	6.2	4.3	3.1
EV/EBITDA	62.0	33.7	23.0	16.4	11.8
EV/EBIT	64.9	35.4	24.1	17.1	12.3
PER	77.4	41.0	30.1	21.6	15.8
P/B	17.1	12.2	9.0	6.5	4.8

Source: Company data, Montega, Capital IQ

Figures in BGN m, EPS in BGN, Price: 75.05 BGN

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).

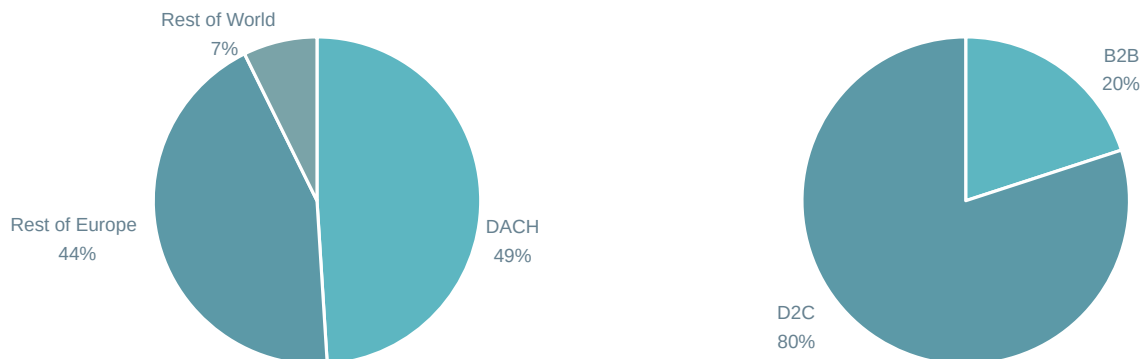
Most of Shelly Group's products are developed in Sofia. The key parts of the raw materials – most notably chips – are procured by the company itself and made available to the suppliers in Asia. Procurement is almost exclusively done in China among a couple of core suppliers (Top 5 suppliers > 90% of 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.

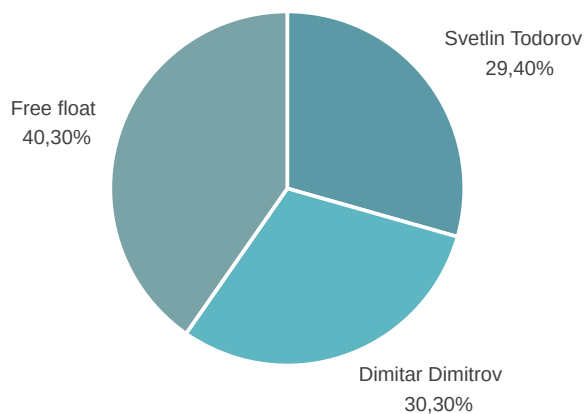


Wolfgang Kirsch has been the CEO of Shelly Europe since end-2021 and is primarily focused on the expansion of the European business. Prior to this, Mr. Kirsch had been active in the retail business for over 25 years. He held the position of Chief Operating Officer (COO) at the MediaMarktSaturn retail 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 BGN m

	2024e	2025e	2026e	2027e	2028e	2029e	2030e	Terminal Value
Sales	214.0	306.0	428.3	556.8	668.2	768.4	845.3	866.4
Change yoy	46.0%	43.0%	40.0%	30.0%	20.0%	15.0%	10.0%	2.5%
EBIT	54.8	77.3	107.1	139.2	167.0	192.1	211.3	216.6
EBIT margin	25.6%	25.3%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
NOPAT	44.9	62.6	85.7	111.4	133.6	153.7	169.1	173.3
Depreciation	2.8	3.5	4.7	5.8	6.7	7.7	7.6	7.8
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	-43.5	-40.4	-49.9	-39.5	-19.9	-16.0	-10.8	-7.2
- Capex	-3.0	-3.9	-4.9	-6.4	-7.4	-7.7	-7.6	-7.8
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)	1.2	21.8	35.6	71.3	113.4	138.1	158.6	166.2
WACC	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%	9.1%
Present value	1.2	19.4	29.0	53.3	77.7	86.7	91.2	1,322.2
Total present value	1.2	20.6	49.6	102.9	180.5	267.2	358.5	1,680.7

Valuation (in BGN m)

Total present value (Tpv)	1,680.7
Terminal Value	1,322.2
Share of TV on Tpv	79%
Liabilities	4.1
Liquidity	30.8
Equity value	1,707.4

Number of shares (in m)	18.0
Value per share (BGN)	94.9
+Upside / -Downside	26%
Share price (BGN)	75.05

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 (BGN)

WACC	1.75%	2.25%	2.50%	2.75%	3.25%
9.63%	80.74	84.79	87.03	89.44	94.80
9.38%	83.95	88.35	90.80	93.42	99.32
9.13%	87.38	92.18	94.85	97.73	104.23
8.88%	91.07	96.31	99.24	102.41	109.59
8.63%	95.03	100.78	104.00	107.49	115.46

Terminal Growth

Sensitivity Value per Share (BGN)

WACC	24.50%	24.75%	25.00%	25.25%	25.50%
9.63%	85.66	86.35	87.03	87.72	88.41
9.38%	89.35	90.07	90.80	91.52	92.25
9.13%	93.32	94.09	94.85	95.62	96.39
8.88%	97.62	98.43	99.24	100.05	100.86
8.63%	102.28	103.14	104.00	104.85	105.71

EBIT-margin from 2031e

Source: Montega

P&L (in BGN m) Shelly Group AD	2021	2022	2023	2024e	2025e	2026e
Sales	59.5	93.2	146.5	214.0	306.0	428.3
Cost of sales	26.7	46.3	62.9	96.3	140.4	200.9
Gross profit	32.8	46.9	83.7	117.7	165.5	227.4
Research and development	0.0	0.0	0.0	0.0	0.0	0.0
Sales and marketing	2.7	4.0	10.2	15.0	20.7	27.8
General and administration	12.2	20.4	27.3	39.2	55.4	76.2
Other operating expenses	0.7	1.2	6.5	9.6	13.5	18.0
Other operating income	1.5	1.0	0.9	0.9	1.2	1.7
EBITDA	19.8	21.3	39.3	57.6	80.8	111.8
Depreciation on fixed assets	0.5	0.3	0.7	1.1	1.2	1.6
EBITA	19.2	21.0	38.6	56.5	79.5	110.2
Amortisation of intangible assets	0.5	0.6	1.2	1.7	2.3	3.1
Impairment charges and Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	18.7	20.4	37.4	54.8	77.3	107.1
Financial result	0.0	-0.1	0.1	-0.1	-0.1	0.0
Result from ordinary operations	18.7	20.2	37.5	54.7	77.2	107.1
Extraordinary result	0.0	0.0	0.0	0.0	0.0	0.0
EBT	18.7	20.2	37.5	54.7	77.2	107.1
Taxes	2.8	2.8	4.6	9.8	14.7	21.4
Net Profit of continued operations	16.0	17.4	32.9	44.9	62.5	85.7
Net Profit of discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	16.0	17.4	32.9	44.9	62.5	85.7
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	16.0	17.4	32.9	44.9	62.5	85.7

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 BGN m) Shelly Group AD	2021	2022	2023	2024e	2025e	2026e
ASSETS						
Intangible assets	3.4	4.7	11.5	12.1	12.9	13.7
Property, plant & equipment	4.8	4.7	5.4	4.9	4.5	4.0
Financial assets	2.7	1.2	0.4	0.4	0.4	0.4
Fixed assets	10.9	10.5	17.3	17.5	17.8	18.1
Inventories	7.6	23.0	18.3	32.9	40.8	50.4
Accounts receivable	19.2	22.7	52.6	82.1	117.4	161.9
Liquid assets	30.5	28.1	30.8	27.4	42.5	68.6
Other assets	4.3	4.5	8.7	8.7	8.7	8.7
Current assets	61.5	78.3	110.4	151.1	209.4	289.7
Total assets	72.4	88.8	127.7	168.6	227.2	307.7
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity	65.6	79.1	110.4	150.7	206.5	282.8
Minority Interest	0.0	0.0	-0.8	-0.8	-0.8	-0.8
Provisions	0.0	2.2	2.6	2.6	2.6	2.6
Financial liabilities	2.6	2.5	2.3	2.3	2.3	2.3
Accounts payable	1.5	1.9	4.1	4.7	7.5	11.7
Other liabilities	2.8	3.2	9.1	9.1	9.1	9.1
Liabilities	6.8	9.7	18.1	18.7	21.5	25.7
Total liabilities and shareholders' equity	72.4	88.8	127.7	168.6	227.2	307.7

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%	7.9%	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%	51.7%	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%	89.0%	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%	3.3%	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%	9.4%	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 BGN m) Shelly Group AD	2021	2022	2023	2024e	2025e	2026e
Net income	16.0	17.4	32.9	44.9	62.5	85.7
Depreciation of fixed assets	0.5	0.3	0.7	1.1	1.2	1.6
Amortisation of intangible assets	0.5	0.6	1.2	1.7	2.3	3.1
Increase/decrease in long-term provisions	0.0	0.0	0.4	0.0	0.0	0.0
Other non-cash related payments	0.0	0.0	1.7	0.0	0.0	0.0
Cash flow	17.0	18.4	37.0	47.6	66.0	90.4
Increase / decrease in working capital	-8.9	-18.1	-22.0	-43.5	-40.4	-49.9
Cash flow from operating activities	8.1	0.3	15.0	4.1	25.6	40.5
CAPEX	-1.6	-2.3	-5.0	-3.0	-3.9	-4.9
Other	2.1	2.8	-3.1	0.0	0.0	0.0
Cash flow from investing activities	0.5	0.5	-8.1	-3.0	-3.9	-4.9
Dividends paid	-3.4	-1.8	-4.5	-4.5	-6.7	-9.4
Change in financial liabilities	-0.5	-0.6	-0.2	0.0	0.0	0.0
Other	-0.2	-0.9	0.5	0.0	0.0	0.0
Cash flow from financing activities	-4.1	-3.3	-4.2	-4.5	-6.7	-9.4
Effects of exchange rate changes on cash	0.0	0.2	-0.1	0.0	0.0	0.0
Change in liquid funds	4.5	-2.6	2.7	-3.4	15.0	26.2
Liquid assets at end of period	30.5	28.1	30.8	27.4	42.5	68.6

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 (%)	22.0%	19.6%	25.8%	26.6%	27.5%	27.8%
Solvency						
YE net debt (in BGN)	-28.0	-23.5	-25.9	-22.6	-37.6	-63.8
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)	6.5	-2.0	7.0	1.1	21.8	35.6
Capex / sales (%)	2.7%	2.5%	3.4%	1.4%	1.3%	1.2%
Working capital / sales (%)	36.4%	38.4%	38.1%	41.6%	42.8%	41.1%
Valuation						
EV/Sales	22.2	14.2	9.0	6.2	4.3	3.1
EV/EBITDA	66.9	62.0	33.7	23.0	16.4	11.8
EV/EBIT	70.7	64.9	35.4	24.1	17.1	12.3
EV/FCF	202.1	-	188.2	1,155.2	60.8	37.2
PE	84.3	77.4	41.0	30.1	21.6	15.8
KBV	20.6	17.1	12.2	9.0	6.5	4.8
Dividend yield	0.3%	0.3%	0.3%	0.5%	0.7%	1.3%

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

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Company	Disclosure (as of 19.07.2024)
Shelly Group AD	1, 3, 5, 8, 9, 10

Price history

Recommendation	Date	Price (BGN)	Price target (BGN)	Potential
Buy (Initiation)	21.07.2022	17.90	28.00	+56%
Buy	17.08.2022	19.20	28.00	+46%
Buy	10.10.2022	17.00	28.00	+65%
Buy	16.11.2022	20.60	31.00	+50%
Buy	06.12.2022	20.80	31.00	+49%
Buy	18.01.2023	21.60	37.00	+71%
Buy	02.03.2023	22.80	38.00	+67%
Buy	24.03.2023	22.20	38.00	+71%
Buy	11.04.2023	22.60	42.00	+86%
Buy	28.04.2023	22.00	42.00	+91%
Buy	17.05.2023	22.90	52.00	+127%
Buy	22.06.2023	27.00	52.00	+93%
Buy	20.07.2023	27.90	52.00	+86%
Buy	08.08.2023	34.90	52.00	+49%
Buy	18.08.2023	35.50	52.00	+46%
Buy	07.09.2023	42.40	58.00	+37%
Buy	25.09.2023	42.90	58.00	+35%
Buy	20.10.2023	42.40	58.00	+37%
Buy	14.11.2023	41.50	58.00	+40%
Buy	08.12.2023	42.80	62.00	+45%
Buy	12.01.2024	51.00	62.00	+22%
Buy	29.02.2024	59.20	77.00	+30%
Buy	12.04.2024	67.40	77.00	+14%
Buy	15.05.2024	69.00	77.00	+12%
Buy	22.05.2024	72.80	82.00	+13%
Buy	19.06.2024	68.40	82.00	+20%
Buy	01.07.2024	69.80	82.00	+17%
Buy	10.07.2024	70.60	95.00	+35%
Buy	11.07.2024	72.00	95.00	+32%