

Recommendation: Buy

Price target: 52.00 BGN

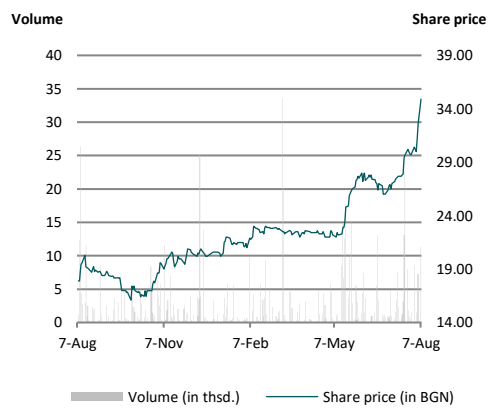
Upside potential: +49 percent

Share data

Share price	34.90 BGN
Number of shares (in m)	18.00
Market cap. (in BGN m)	628.2
Enterprise Value (in BGN m)	602.2
Code	BUL:SLYG
ISIN	BG1100003166

Performance

52 week-high (in BGN)	34.90
52 week-low (in BGN)	15.80
3 M relative to CDAX	+53.9%
6 M relative to CDAX	+57.8%



Source: Capital IQ

Shareholder

Free float	35.0%
Dimitar Dimitrov	32.5%
Svetlin Todorov	32.5%

Calendar

Q2 Report	16. August 2023
Q3 Report	13. November 2023

Changes in estimates

	2023e	2024e	2025e
Sales (old)	140.8	198.5	279.9
Δ in %	-	-	-
EBIT (old)	33.2	48.6	70.0
Δ in %	-	-	-
EPS (old)	1.53	2.21	3.15
Δ in %	-	-	-

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Comment 8. August 2023

Company visit illustrates competitive edge – Successful launch of Shelly app premium version

We had the possibility to visit Shelly Group AD in Sofia together with some investors and to exchange information about the company’s present and future development. The Shelly Group recently has reported preliminary H1 revenues of BGN 54.8m or EUR 28.0m, corresponding to a growth rate of 53.3% yoy. This is still well above the overall market and should be attributable to a combination of several factors.

Impressive combination of competitive advantages: We believe that the technologically sophisticated product, which offers extremely flexible applications because of its open system architecture, is the basis of the success. The attractive price tag of the end products adds to this. It is approx. 50% below those of direct competitors such as Fibaro or Plejd. What is more, Shelly does not need a hub unlike many other smart home systems. This again reduces the initial hurdles for an investment. These features have not been created by accident but were designed with purpose and are based on the experience and market observations of the founder. At that time, he wanted to install a smart home system in his own home and noticed the deficiencies of the available systems. This was exactly five years ago – the birth of the first Shelly. The enormous technical passion and drive for innovation in combination with the consistent focus on the customers’ requirements is entrenched in the DNA of the group and actively exemplified by founder and co-CEO Dimitar Dimitrov. He spends several hours per day in the relevant Shelly communities (e.g. [Facebook Support Group](#)) to share and exchange solutions as well a technical inspiration with the customers.

Highly attractive new market perspectives – Continuous pursuit of innovation: Ongoing market observation and the persistent will to drive innovation also led to the decision to open the own platform to OEM manufacturers. The company’s own chip, which is likely to be implemented into the first Shelly products in the fourth quarter, in combination with the Shelly-OS (operating system) will enable OEM such as manufacturers of household appliances to integrate the Shelly platform into their devices. Accordingly, the Shelly system will be more flexible and technologically advanced than the solutions available on the market so far, but it will not lose its attractiveness in terms of pricing. The company has already acquired first partners for pilot projects and will start the test phase in the course of this year. Having in mind the existing market volume and the usual batch sizes, we believe that this business has the potential to play a significant role within the group very quickly.

Continued next page →

FYend: 31.12.	2021	2022	2023e	2024e	2025e
Sales	59.5	93.2	140.8	198.5	279.9
Growth yoy	28.4%	56.7%	51.0%	41.0%	41.0%
EBITDA	19.8	21.3	36.3	53.4	78.4
EBIT	18.7	20.4	33.2	48.6	70.0
Net income	16.0	17.4	27.5	39.8	56.6
Gross profit margin	55.1%	50.2%	49.0%	48.0%	47.0%
EBITDA margin	33.2%	22.9%	25.8%	26.9%	28.0%
EBIT margin	31.4%	21.9%	23.6%	24.5%	25.0%
Net Debt	-28.0	-24.0	-31.2	-47.8	-72.5
Net Debt/EBITDA	-1.4	-1.1	-0.9	-0.9	-0.9
ROCE	51.5%	44.1%	52.7%	60.8%	69.4%
EPS	0.89	0.97	1.53	2.21	3.15
FCF per share	0.36	-0.12	0.63	1.23	1.82
Dividend	0.20	0.23	0.31	0.44	0.63
Dividend yield	0.6%	0.7%	0.9%	1.3%	1.8%
EV/Sales	10.1	6.5	4.3	3.0	2.2
EV/EBITDA	30.5	28.2	16.6	11.3	7.7
EV/EBIT	32.2	29.5	18.1	12.4	8.6
PER	39.2	36.0	22.8	15.8	11.1
P/B	9.6	7.9	6.1	4.6	3.4

Source: Company data, Montega, Capital IQ

Figures in BGN m, EPS in BGN / 1 BGN = 0.51129 Euro, Price: 34.90 BGN

This also holds true to the fee-based premium version of the Shelly app, which has been introduced only recently. With an installed customer base of some 1 million Shelly cloud users by now and continuous double-digit growth rates, this product is likely to generate significant recurring revenues in the midterm in our view. Whilst the basis version is still available for free, the premium subscription provides attractive additional services (exclusive customizing functions for the individualized dashboards, minute-by-minute energy consumption and thus even more precise measured values, detailed device protocol) at a price which we believe to be affordable (EUR 3.99 p.m. after a three-month trial period or EUR 35.99 for annual payment cycles). Following the start-up development this year, the company anticipates clearly visible sales and earnings contributions from 2024, which are expected to reach a significant scale in the subsequent year. We will include the additional revenue streams into our model as soon as the company publishes first news about the trend in premium user numbers. Nevertheless, we consider this move to be extremely attractive from an earnings perspective and are convinced that the premium version will be well received in the large community. This should also be reflected in conversions from basis to premium memberships.

Conclusion: Once again, the company visit has emphasized the attractiveness of the investment case. The Shelly Group has a strong track record and is well positioned in our view to continue its growth path in the existing business and to gain momentum due to further market prospects. In view of a long-term EBIT margin of well above 20% in combination with an EV/sales multiple of 4.3x for 2023e and of 3.0x for 2024e, we consider the stock to be favorably priced despite the strong price development in the past (outperformance vs. CDAX larger than 50%). We therefore confirm our buy rating with an unchanged price target of BGN 52.00.

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

Code	A4L	Revenue	93.2 BGN m/ 47.7 EUR m
Sector	Technology	EBIT	20.2 BGN m/ 10.4 EUR m
Employees	160	EBIT margin	21.9%
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 (35%), Southern Europe (25%), Northern Europe (14%), Rest of Europe (14%), RoW (12%)		

Source: Company data

Status: 31.12.2022

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 2022), 45% of which are working in the technology area, 20% in sales & support, 15% in logistics and 20% in the remaining areas.



Source: Company Data; renaming of subsidiaries pending

Major events in the company's history

- 2003** Foundation of Teracom Ltd. in the field of telecommunications services
- 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
- 2019** 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
- 2021** 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.

Selection of smart home products from the shelly brand



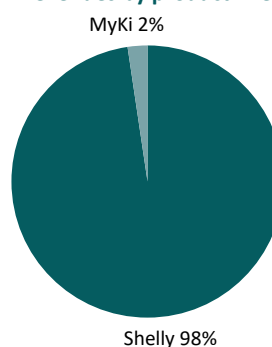
Source: Company data

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, W-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 (WiFi socket), the Shelly Bulb (smart bulb), the Shelly Button (programmable Wi-Fi button) and the Shelly TRV (WiFi 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).

Revenues by product line



Source: Company data

Smartwatch- und tracking products



Source: Company data

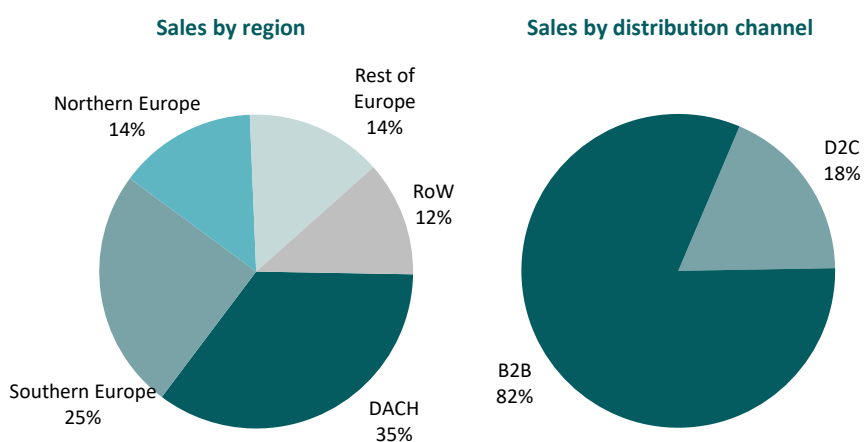
Smartwatch and tracking products of the **MyKi** brand play a subordinate role in our view (revenue share: < 5%). The product portfolio is composed of **smartwatches** specifically designed for children. Primarily, these are watches equipped with a nano sim card and different localization technologies (Wi-Fi, GPS, AGPS, LBS) so that parents can locate and call their children at any time. Children, in turn, can call contacts that were defined by their parents. The **tracking device spot** is another MyKi product. It enables tracking of baggage or pets, for instance, with the help of a micro sim card and the localization technologies above. Additionally, an SOS function (panic button) is programmable here as well.

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 2022 Annual Report is based on a regional segment analysis as primary segment.

Shelly Group generates the largest portion of revenues in the DACH region (35%) and in South Europe (25%). The North European market ranks third with only 14% but the company wants to expand this share over the next few years. The rest of Europe and the rest of the world (RoW) account for another 14% and 12% respectively. The company still sees significant growth potential in all the regions. There are currently no regional sales teams except for the DACH region. It is planned to establish teams in the European core regions over the next few quarters. The North American market is a key growth region in the RoW sector, which has hardly been developed so far. According to the company, inorganic growth may also be an option here to accelerate the development of the market.



Source: Company data

Just under 20% of the products are currently distributed through the Shelly and MyKi 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.

ESG objectives of the Shelly Group

Ecological	Social	Governance
<p><i>Developing a sustainable future</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><i>Connecting communities across the globe</i></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><i>Guiding the industry through early adoption</i></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.



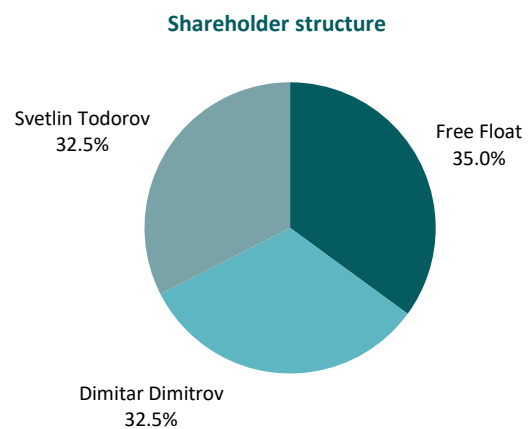
Dimitar Dimitrov is the founder, CEO of the Bulgarian holding company, and one of the biggest individual shareholders with a stake of some 33%. In addition to administrative topics at group level, Mr. Dimitrov is primarily responsible for R&D. Mr. Dimitrov had already established other IT companies before, 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 Allterco 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 33% each. The stakes of the other shareholders are below the 3% threshold and are therefore included in the free float (35%).



Source: Company data

APPENDIX

DCF Modell

Figures in m	2023e	2024e	2025e	2026e	2027e	2028e	2029e	Terminal Value
Sales	140.8	198.5	279.9	391.9	470.3	540.8	594.9	609.8
<i>Change yoy</i>	<i>51.0%</i>	<i>41.0%</i>	<i>41.0%</i>	<i>40.0%</i>	<i>20.0%</i>	<i>15.0%</i>	<i>10.0%</i>	<i>2.5%</i>
EBIT	33.2	48.6	70.0	98.0	117.6	127.1	130.9	122.0
<i>EBIT margin</i>	<i>23.6%</i>	<i>24.5%</i>	<i>25.0%</i>	<i>25.0%</i>	<i>25.0%</i>	<i>23.5%</i>	<i>22.0%</i>	<i>20.0%</i>
NOPAT	27.6	39.9	56.7	78.4	94.1	101.7	104.7	100.0
Depreciation	3.1	4.8	8.4	14.1	14.1	14.6	14.5	14.8
<i>in % of Sales</i>	<i>2.2%</i>	<i>2.4%</i>	<i>3.0%</i>	<i>3.6%</i>	<i>3.0%</i>	<i>2.7%</i>	<i>2.4%</i>	<i>2.4%</i>
Change in Liquidity from								
- Working Capital	-16.0	-17.9	-25.9	-41.5	-9.6	-17.9	-5.4	-1.4
- Capex	-3.2	-4.6	-6.4	-7.1	-18.8	-16.2	-14.9	-15.2
<i>Capex in % of Sales</i>	<i>2.3%</i>	<i>2.3%</i>	<i>2.3%</i>	<i>1.8%</i>	<i>4.0%</i>	<i>3.0%</i>	<i>2.5%</i>	<i>2.5%</i>
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC model)	11.4	22.2	32.7	43.9	80.0	82.5	99.1	98.2
WACC	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%
Present value	10.7	18.9	25.4	31.1	51.7	48.6	53.2	673.1
Total present value	10.7	29.5	55.0	86.1	137.7	186.3	239.6	912.7

Valuation

Total present value (Tpv)	912.7
Terminal Value	673.1
Share of TV on Tpv	74%
Liabilities	4.1
Liquidity	28.2
Equity value	936.8

Growth: sales and margin

Short term: Sales growth	2023-2026	40.6%
Mid term: Sales growth	2023-2029	27.1%
Long term: Sales growth	from 2030	2.5%
Short term: Margin growth	2023-2026	24.5%
Mid term: Margin growth	2023-2029	24.1%
Long term: Margin growth	from 2030	20.0%

Number of shares (mln)	18.00
Value per share (BGN)	52.05
+Upside / -Downside	49%
Share price	34.90
Model parameter	
Debt ratio	25.0%
Costs of Debt	7.0%
Market return	9.0%
Risk free rate	2.50%

Sensitivity Value per Share (Low)

Terminal Growth

WACC	1.75%	2.25%	2.50%	2.75%	3.25%
10.15%	45.10	47.04	48.11	49.25	51.78
9.90%	46.74	48.85	50.01	51.25	54.02
9.65%	48.49	50.78	52.05	53.40	56.43
9.40%	50.37	52.85	54.23	55.72	59.05
9.15%	52.37	55.08	56.59	58.22	61.89

Sensitivity Value per Share (Low)

EBIT margin from 2023e

WACC	19.50%	19.75%	20.00%	20.25%	20.50%
10.15%	47.25	47.68	48.11	48.54	48.97
9.90%	49.11	49.56	50.01	50.46	50.91
9.65%	51.09	51.57	52.05	52.52	53.00
9.40%	53.23	53.73	54.23	54.74	55.24
9.15%	55.53	56.06	56.59	57.12	57.65

Source: Montega

P&L (in Lew m) Shelly Group AD	2020	2021	2022	2023e	2024e	2025e
Sales	46.3	59.5	93.2	140.8	198.5	279.9
Cost of sales	24.6	26.7	46.4	71.8	103.2	148.4
Gross profit	21.7	32.8	46.8	69.0	95.3	131.6
Research and development	0.0	0.0	0.0	0.0	0.0	0.0
Sales and marketing	0.5	2.7	3.9	6.3	8.9	14.0
General and administration	8.7	12.2	20.5	28.9	37.7	47.6
Other operating expenses	1.1	0.7	2.8	2.0	2.0	2.8
Other operating income	1.0	1.5	0.9	1.4	2.0	2.8
EBITDA	13.4	19.8	21.3	36.3	53.4	78.4
Depreciation on fixed assets	0.6	0.5	0.3	1.4	2.4	4.2
EBITA	12.8	19.2	21.0	34.9	51.0	74.2
Amortisation of intangible assets	0.5	0.5	0.6	1.7	2.4	4.2
Impairment charges and Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	12.4	18.7	20.4	33.2	48.6	70.0
Financial result	2.6	0.0	-0.2	-0.1	-0.1	-0.1
Result from ordinary operations	14.9	18.7	20.2	33.2	48.6	69.9
Extraordinary result	0.0	0.0	0.0	0.0	0.0	0.0
EBT	14.9	18.7	20.2	33.2	48.6	69.9
Taxes	1.5	2.8	2.8	5.6	8.7	13.3
Net Profit of continued operations	13.4	16.0	17.4	27.5	39.8	56.6
Net Profit of discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	13.4	16.0	17.4	27.5	39.8	56.6
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	13.4	16.0	17.4	27.5	39.8	56.6

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

P&L (in % of Sales) Shelly Group AD	2020	2021	2022	2023e	2024e	2025e
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	53.2%	44.9%	49.8%	51.0%	52.0%	53.0%
Gross profit	46.8%	55.1%	50.2%	49.0%	48.0%	47.0%
Research and development	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sales and marketing	1.2%	4.5%	4.2%	4.5%	4.5%	5.0%
General and administration	18.8%	20.5%	22.0%	20.5%	19.0%	17.0%
Other operating expenses	2.4%	1.2%	3.1%	1.4%	1.0%	1.0%
Other operating income	2.2%	2.5%	0.9%	1.0%	1.0%	1.0%
EBITDA	28.9%	33.2%	22.9%	25.8%	26.9%	28.0%
Depreciation on fixed assets	1.2%	0.9%	0.4%	1.0%	1.2%	1.5%
EBITA	27.7%	32.3%	22.5%	24.8%	25.7%	26.5%
Amortisation of intangible assets	1.1%	0.9%	0.7%	1.2%	1.2%	1.5%
Impairment charges and Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT	26.7%	31.4%	21.9%	23.6%	24.5%	25.0%
Financial result	5.6%	0.0%	-0.2%	0.0%	0.0%	0.0%
Result from ordinary operations	32.3%	31.5%	21.7%	23.6%	24.5%	25.0%
Extraordinary result	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBT	32.3%	31.5%	21.7%	23.6%	24.5%	25.0%
Taxes	3.3%	4.6%	3.0%	4.0%	4.4%	4.7%
Net Profit of continued operations	29.0%	26.8%	18.7%	19.5%	20.1%	20.2%
Net Profit of discontinued operations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit before minorities	29.0%	26.8%	18.7%	19.5%	20.1%	20.2%
Minority interests	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit	29.0%	26.8%	18.7%	19.5%	20.1%	20.2%

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

Balance sheet (in Lew m) Shelly Group AD	2020	2021	2022	2023e	2024e	2025e
ASSETS						
Intangible assets	6.4	3.4	4.7	5.8	7.4	8.8
Property, plant & equipment	5.1	4.8	4.7	3.7	1.9	-1.5
Financial assets	6.6	2.7	1.2	1.2	1.2	1.2
Fixed assets	18.1	10.9	10.5	10.6	10.4	8.5
Inventories	3.7	7.6	23.0	28.2	33.1	40.0
Accounts receivable	13.9	19.2	22.7	34.7	49.0	69.0
Liquid assets	26.1	30.5	28.2	35.3	51.9	76.7
Other assets	3.9	4.3	4.5	4.5	4.5	4.5
Current assets	47.6	61.5	78.3	102.7	138.5	190.1
Total assets	65.6	72.4	88.8	113.3	148.9	198.6
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity	57.1	65.6	79.0	102.3	136.6	185.3
Minority Interest	-0.3	0.0	0.0	0.0	0.0	0.0
Provisions	1.2	0.0	2.0	2.0	2.0	2.0
Financial liabilities	3.0	2.6	2.2	2.2	2.2	2.2
Accounts payable	1.5	1.5	1.9	3.1	4.4	5.4
Other liabilities	3.0	2.8	3.8	3.8	3.8	3.8
Liabilities	8.8	6.8	9.8	11.0	12.3	13.3
Total liabilities and shareholders' equity	65.6	72.4	88.8	113.3	148.9	198.6

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

Balance sheet (in %) Shelly Group AD	2020	2021	2022	2023e	2024e	2025e
ASSETS						
Intangible assets	9.8%	4.7%	5.3%	5.1%	5.0%	4.4%
Property, plant & equipment	7.7%	6.6%	5.2%	3.2%	1.3%	-0.7%
Financial assets	10.0%	3.7%	1.3%	1.0%	0.8%	0.6%
Fixed assets	27.5%	15.0%	11.8%	9.4%	7.0%	4.3%
Inventories	5.6%	10.4%	25.9%	24.9%	22.2%	20.1%
Accounts receivable	21.3%	26.5%	25.5%	30.6%	32.9%	34.7%
Liquid assets	39.7%	42.2%	31.7%	31.2%	34.9%	38.6%
Other assets	6.0%	5.9%	5.0%	3.9%	3.0%	2.2%
Current assets	72.5%	85.0%	88.2%	90.6%	93.0%	95.7%
Total assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity	87.1%	90.6%	89.0%	90.3%	91.8%	93.3%
Minority Interest	-0.5%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions	1.8%	0.0%	2.2%	1.7%	1.3%	1.0%
Financial liabilities	4.6%	3.6%	2.4%	1.9%	1.4%	1.1%
Accounts payable	2.4%	2.1%	2.1%	2.7%	3.0%	2.7%
Other liabilities	4.6%	3.8%	4.3%	3.3%	2.5%	1.9%
Liabilities	13.4%	9.4%	11.0%	9.7%	8.2%	6.7%
Total liabilities and shareholders' equity	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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

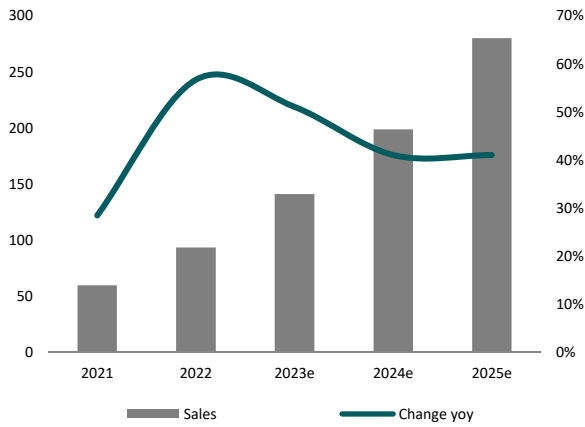
Statement of cash flows (in Lew m) Shelly Group AD	2020	2021	2022	2023e	2024e	2025e
Net income	13.4	16.0	17.4	27.5	39.8	56.6
Depreciation of fixed assets	0.6	0.5	0.3	1.4	2.4	4.2
Amortisation of intangible assets	0.5	0.5	0.6	1.7	2.4	4.2
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash related payments	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow	14.5	17.0	18.4	30.6	44.6	65.0
Increase / decrease in working capital	-10.4	-8.9	-18.2	-16.0	-17.9	-25.9
Cash flow from operating activities	4.1	8.1	0.2	14.6	26.7	39.1
CAPEX	-2.9	-1.6	-2.3	-3.2	-4.6	-6.4
Other	4.8	2.1	2.8	0.0	0.0	0.0
Cash flow from investing activities	1.9	0.5	0.5	-3.2	-4.6	-6.4
Dividends paid	-0.2	-3.4	-1.7	-4.2	-5.5	-8.0
Change in financial liabilities	0.1	-0.5	-0.6	0.0	0.0	0.0
Other	9.3	-0.2	-0.9	0.0	0.0	0.0
Cash flow from financing activities	9.2	-4.1	-3.2	-4.2	-5.5	-8.0
Effects of exchange rate changes on cash	0.0	0.0	0.2	0.0	0.0	0.0
Change in liquid funds	15.2	4.5	-2.6	7.1	16.6	24.7
Liquid assets at end of period	26.1	30.5	28.1	35.3	51.9	76.7

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

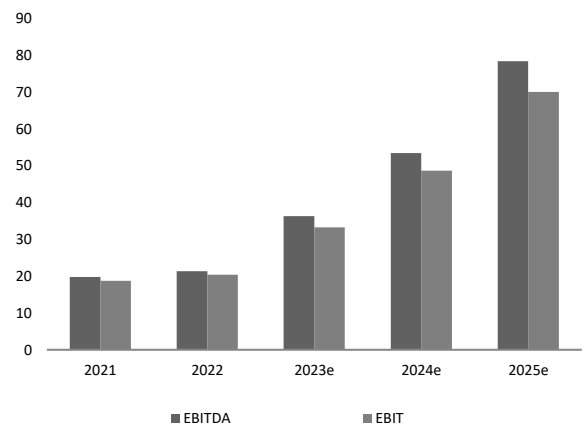
Key figures Shelly Group AD	2020	2021	2022	2023e	2024e	2025e
Earnings margins						
Gross margin (%)	46.8%	55.1%	50.2%	49.0%	48.0%	47.0%
EBITDA margin (%)	28.9%	33.2%	22.9%	25.8%	26.9%	28.0%
EBIT margin (%)	26.7%	31.4%	21.9%	23.6%	24.5%	25.0%
EBT margin (%)	32.3%	31.5%	21.7%	23.6%	24.5%	25.0%
Net income margin (%)	29.0%	26.8%	18.7%	19.5%	20.1%	20.2%
Return on capital						
ROCE (%)	43.0%	51.5%	44.1%	52.7%	60.8%	69.4%
ROE (%)	44.3%	28.1%	26.6%	34.8%	38.9%	41.4%
ROA (%)	20.5%	22.0%	19.6%	24.3%	26.8%	28.5%
Solvency						
YE net debt (in EUR)	-21.9	-28.0	-24.0	-31.2	-47.8	-72.5
Net debt / EBITDA	-1.6	-1.4	-1.1	-0.9	-0.9	-0.9
Net gearing (Net debt/equity)	-0.4	-0.4	-0.3	-0.3	-0.3	-0.4
Cash Flow						
Free cash flow (EUR m)	1.2	6.5	-2.1	11.4	22.1	32.7
Capex / sales (%)	6.2%	2.7%	2.5%	2.3%	2.3%	2.3%
Working capital / sales (%)	26%	36%	38%	37%	35%	33%
Valuation						
EV/Sales	13.0	10.1	6.5	4.3	3.0	2.2
EV/EBITDA	44.9	30.5	28.2	16.6	11.3	7.7
EV/EBIT	48.8	32.2	29.5	18.1	12.4	8.6
EV/FCF	502.9	92.0	-	53.0	27.2	18.4
PE	38.8	39.2	36.0	22.8	15.8	11.1
KBV	11.0	9.6	7.9	6.1	4.6	3.4
Dividend yield	0.3%	0.6%	0.7%	0.9%	1.3%	1.8%

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

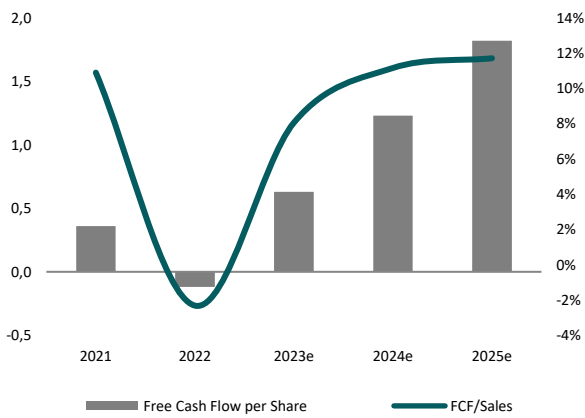
Sales development



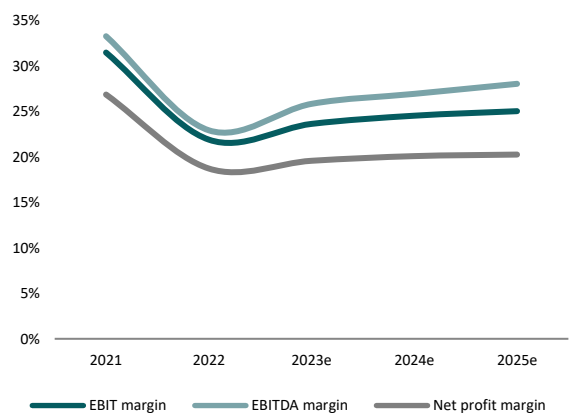
Earnings development



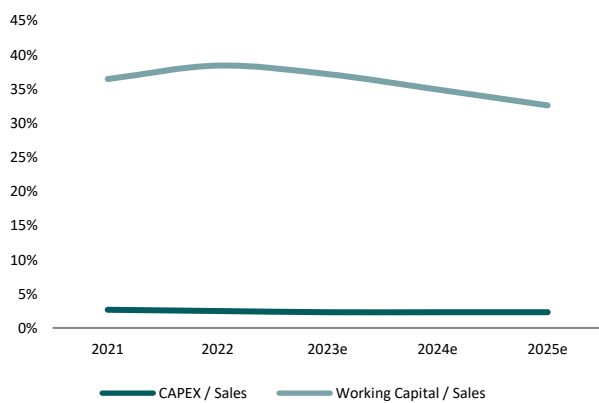
Free Cash Flow development



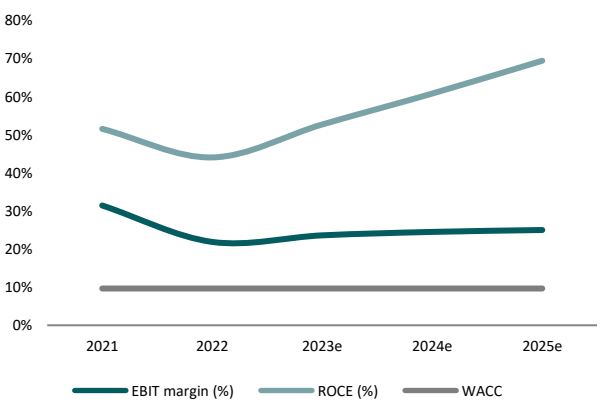
Margin development



CAPEX / Working Capital



EBIT-Yield / ROCE



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Prices of financial instruments mentioned in this analysis are closing prices of the publishing date (respectively the previous day) if not explicitly mentioned otherwise. Any updating of this publication will be made in the case of events that Montega considers to be possibly relevant to the stocks' price performance. The end of regular comments on events in context with the issuer (coverage) will be announced beforehand.

Sources of information: The main sources of information for the preparation of this financial analysis are publications of the issuer as well as publicly available information of national and international media, which Montega regards as reliable. There have also been discussions with members of the management team or the investor relations division of the company concerned when preparing this analysis.

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Buy: The analysts at Montega AG believe the share price will rise during the next twelve months.

Hold: Upside/downside potential limited. No immediate catalyst visible.

Sell: The analysts at Montega AG believe the share price will fall during the next twelve months.

Authority responsible for supervision:

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Share price and recommendation 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	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%