ALLTERCO JSCO

montega

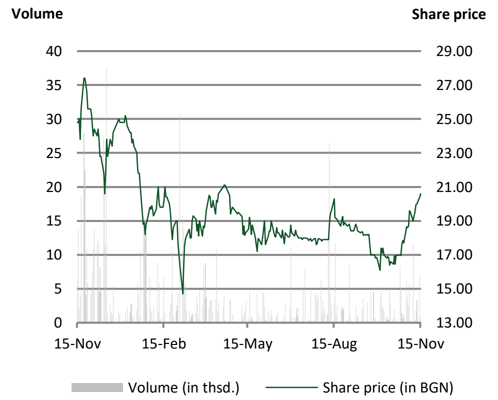
Recommendation:	**Buy**
Price target:	**31.00 BGN** (previous: 28,00 BGN)
Upside potential:	**+50 percent**

Share data

Share price	20.60 BGN
Number of shares (in m)	18.00
Market cap. (in BGN m)	370.8
Enterprise Value (in BGN m)	348.3
Code	BUL:A4L
ISIN	BG1100003166

Performance

52 week-high (in BGN)	28.80
52 week-low (in BGN)	14.00
3 M relative to CDAX	+4.3%
6 M relative to CDAX	+13.1%



Quelle: Capital IQ

Shareholder

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

Calendar

Annual Report 2022	March 2023

Changes in estimates

	2022e	2023e	2024e
Sales (old)	**83.0**	**112.0**	**150.0**
Δ in %	*8,4%*	*11,6%*	*6,7%*
EBIT (old)	**19.0**	**26.5**	**36.8**
Δ in %	*8,4%*	*15,4%*	*6,7%*
EPS (old)	**0.88**	**1.22**	**1.67**
Δ in %	*9,1%*	*15,6%*	*6,6%*

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Strong EBIT development in Q3 – Increase in guidance and estimates

Allterco released strong final Q3 results on Monday evening after the markets closed and hosted a conference call yesterday. In the run-up to the event, the company had posted its top-line development and increased the guidance for the current year.

Sales development in line with preliminary publication: Q3 sales revenues increased by 116.6% yoy to BGN 22.1m (MONe: BGN 20.2m). Alongside a strong performance in B2B, the high-price energy management products (EM) were particularly high in demand in Q3. They increased by a factor of 10 over the prior year, triggered by the energy crisis. The company has planned various campaigns in Q4 for the traditionally strong business around Christmas, which are likely to support a continuing positive development in Q4.

Boost in earnings despite increase in structural costs – Cash flow driven by supply chain-related expansion of working capital: At 52.9%, the Q3 gross profit margin was up 45.1% yoy and 42.9% qoq. Upon our request, the company confirmed that the migration of the ERP system in Q2 led to some advance effects in relation to the recognition of material costs and currency effects, which distorted gross profit in Q2 and Q3. We have assumed a normalised gross profit margin of approx. 50%, which also corresponds to our expectation for the fourth quarter. Despite the significant increase in structural costs (OPEX: Q3/22: BGN 6.6m vs. Q3/21: BGN 2.8m), EBIT rose significantly to BGN 6.2m (PY: BGN 3.4m) and thus exceeded our expectation (BGN 5.1m). The negative free cash flow (9M/22: BGN -3.6m vs. PY: BGN 3.9m) does not come as a surprise, in our view, given the stronger growth (9M/22: 50.1% yoy vs. 9M/21: 31.2% yoy) and the expanded inventory range to ensure deliverability. Additionally, net cash of BGN 22.5m suggests that the company has more than sufficient funds for further organic growth.

Guidance and estimates raised – 2023 now reflects acquisition of QUBINO: Based on the strong sales and earnings development in the current year, management has raised its guidance for 2022. Sales expectations now span from BGN 88m to BGN 90m and EBIT from BGN 19.5m to BGN 20.5m (previously: sales of BGN 85m and EBIT of BGN 18.7m). We have also raised our estimates due to the stronger than expected development in Q3 and the positive implications for Q4. Beside the stronger organic performance, the years from 2023 now also reflect the acquisition of QUBINO (MONe: sales of BGN 6m in 2023), which is scheduled to be concluded in December.

Conclusion: The statements made during the conference call underline our expectations of a strong final quarter and continuing momentum in 2023. We therefore confirm our buy rating with a slightly higher price target of BGN 31.00 (previously: BGN 28.00).

FYend: 31.12.	2020	2021	2022e	2023e	2024e
Sales	46.3	59.5	90.0	125.0	160.0
Growth yoy	39.1%	28.4%	51.2%	38.9%	28.0%
EBITDA	13.4	19.8	22.4	33.4	43.0
EBIT	12.4	18.7	20.6	30.6	39.2
Net income	13.4	16.0	17.2	25.4	32.1
Gross profit margin	46.8%	55.1%	50.0%	49.0%	48.0%
EBITDA margin	28.9%	33.2%	24.9%	26.7%	26.9%
EBIT margin	26.7%	31.4%	22.9%	24.5%	24.5%
Net Debt	-21.9	-28.0	-23.2	-34.1	-48.5
Net Debt/EBITDA	-1.6	-1.4	-1.0	-1.0	-1.1
ROCE	43.0%	51.5%	44.0%	49.8%	53.5%
EPS	0.90	0.89	0.96	1.41	1.78
FCF per share	0.08	0.36	-0.06	0.79	1.08
Dividend	0.10	0.20	0.19	0.28	0.36
Dividend yield	0.5%	1.0%	0.9%	1.4%	1.7%
EV/Sales	7.5	5.9	3.9	2.8	2.2
EV/EBITDA	26.0	17.6	15.5	10.4	8.1
EV/EBIT	28.2	18.6	16.9	11.4	8.9
PER	22.9	23.1	21.5	14.6	11.6
P/B	6.5	5.7	4.7	3.7	2.9

Source: Company data, Montega, CapitalIQ   Figures in Lev (BGN) m, EPS in BGN / 1 BGN = 0.51129 EUR Price: 20.60 BGN

COMPANY BACKGROUND

Allterco is a joint stock company under Bulgarian law (JSCo) 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%).

Allterco's 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.

Allterco's 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. Allterco 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, Allterco's 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**	59.5 BGN m / 30.4 EUR m
Sector	Technology	**EBIT**	18.7 BGN m / 9.6 EUR m
Employees	90	**EBIT margin**	31.4%
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 (42%), Southern Europe (28%), Northern Europe (11%), Rest of Europe (9%), RoW (6%)		

Source: Company Status: 31.12.2021

Organizational structure

Allterco JSCo, 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 Allterco JSCo. The companies are in Bulgaria, Germany, and the USA. Overall, Allterco has c. 90 employees (at the end of FY 2021), 45% of which are working in the technology area, 20% in sales & support, 15% in logistics and 20% in the remaining areas.

Source: Company

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
2013	Development of "Shelly", the first home automation device
2015	Reorganization of the company and focus on IoT sector
2016	IPO at the Bulgarian BWB 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
2022	LOI for the acquisition of Slovenian IoT provider GOAP d.o.o.

Products

Allterco'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 Allterco's revenues and thus are at the center of the company's equity story.

Selection of smart home products from the shelly brand

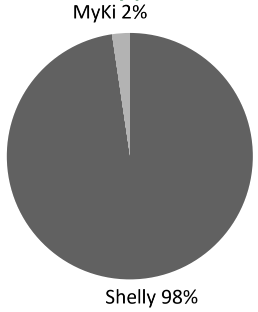
Source: Company

Allterco's 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). Allterco's **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, Allterco 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

Smartwatch and tracking products from Allterco

Source: Company

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.

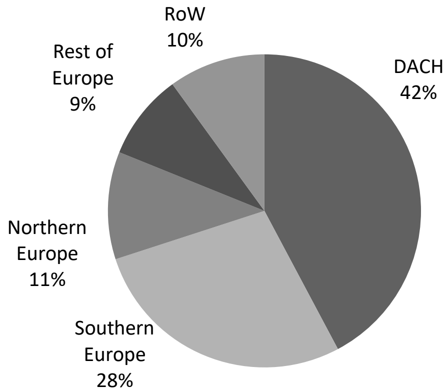
Most of Allterco's products are developed in Sofia. The key parts of the raw materials – most notably chips – are procured by Allterco itself and made available to the suppliers in Asia. Procurement is almost exclusively done in China among a couple of core suppliers (Top 5 suppliers > 90% of material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

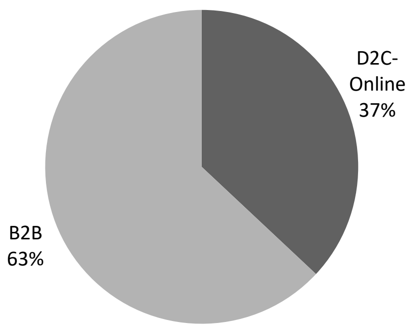
The company does not provide segment reporting pursuant to IFRS 8 so far. The 2022 Annual Report is based on a regional segment analysis as primary segment.

Allterco generates the largest portion of revenues in the DACH region (42%) and in South Europe (28%). The North European market ranks third with only 11% 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 9% and 10% respectively. Allterco 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.

Sales by region



Sales by distribution channel



Source: Company

Just under 40% 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, Allterco also pushes ahead the backend processes for faster delivery times as well as the SEO and SEA optimization.

The 2B2 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. Allterco assumes that only some 20% of B2B revenue and 10% of total revenues are currently generated with electricians. Professional providers likewise hold significant growth potential. For instance, Allterco is currently negotiating with a major electrical wholesaler for a listing of the Shelly products.

ESG positioning

In line with Allterco's 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, Allterco 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 of Allterco.

ESG objective of Allterco

Source: Company

Management

Allterco JSCo 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.

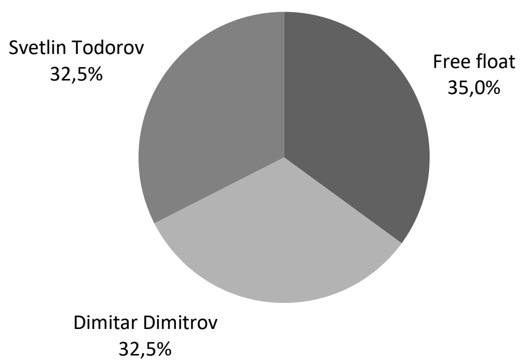
Dimitar Dimitrov is the founder of Allterco, CEO of the Bulgarian holding company, and one of the biggest individual shareholders with a stake of some 33%. In addition to administrative topics at group level, Mr. Dimitrov is primarily responsible for R&D. Mr. Dimitrov had already established other IT 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 Allterco JSCo 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%).

Shareholder structure



Source: Company

APPENDIX

DCF Model

Figures (in Lev m)	2022e	2023e	2024e	2025e	2026e	2027e	2028e	Terminal Value
Sales	**90.0**	**125.0**	**160.0**	**210.0**	**262.5**	**301.9**	**332.1**	**340.4**
Change yoy	*51.2%*	*38.9%*	*28.0%*	*31.3%*	*25.0%*	*15.0%*	*10.0%*	*2.5%*
EBIT	**20.6**	**30.6**	**39.2**	**52.5**	**65.6**	**70.9**	**73.1**	**68.1**
EBIT margin	*22.9%*	*24.5%*	*24.5%*	*25.0%*	*25.0%*	*23.5%*	*22.0%*	*20.0%*
NOPAT	**17.3**	**25.4**	**32.1**	**42.5**	**53.2**	**57.5**	**59.2**	**55.8**
Depreciation	**1.8**	**2.8**	**3.8**	**6.3**	**7.9**	**8.2**	**8.1**	**8.3**
in % of Sales	*2.0%*	*2.2%*	*2.4%*	*3.0%*	*3.0%*	*2.7%*	*2.4%*	*2.4%*
Change in Liquidity from								
- Working Capital	-13.9	-6.3	-8.4	-17.3	-13.5	-10.0	-3.0	-0.8
- Capex	-6.3	-7.5	-8.0	-8.4	-10.5	-9.1	-8.3	-8.5
Capex in % of Sales	7.0%	6.0%	5.0%	4.0%	4.0%	3.0%	2.5%	2.5%
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC model)	**1,1**	**-1.0**	**14.4**	**19.6**	**23.1**	**37.1**	**46.6**	**55.9**
WACC	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%
Present value	-1.0	13.0	16.2	17.4	25.4	29.2	31.9	399.3
Total present value	**-1.0**	**12.0**	**28.1**	**45.5**	**71.0**	**100.1**	**132.1**	**531.3**

Valuation

Total present value (Tpv)	531.3
Terminal Value	399.3
Share of TV on Tpv	75%
Liabilities	2.6
Liquidity	30.5
Equity value	**559.3**
Number of shares (mln)	18.00
Value per share (EUR)	**31.07**
+Upside / -Downside	**51%**
Share price	20.60

Model parameter

Debt ratio	25.0%
Costs of Debt	7.0%
Market return	9.0%
Risk free rate	2.50%
Beta	1.30
WACC	9.65%
Terminal Growth	2.5%

Growth: sales and margin

Short term: Sales growth	2022-2025	32.9%
Mid term: Sales growth	2022-2028	24.3%
Long term: Sales growth	from 2029	2.5%
EBIT-margin	2022-2025	24.2%
EBIT-margin	2022-2028	23.9%
Long term: EBIT margin	from 2029	20.0%

Sensitivity Value per Share (Lev) — Terminal Growth

WACC	1.75%	2.25%	**2.50%**	2.75%	3.25%
10.15%	27.04	28.19	28.83	29.51	31.01
9.90%	27.97	29.22	29.91	30.65	32.29
9.65%	28.97	30.32	**31.07**	31.88	33.67
9.40%	30.03	31.51	32.32	33.20	35.17
9.15%	31.17	32.77	33.67	34.63	36.80

Sensitivity Value per Share (Lev) — EBIT-margin from 2029e

WACC	19.50%	19.75%	**20.00%**	20.25%	20.50%
10.15%	28.32	28.57	28.83	29.08	29.34
9.90%	29.37	29.64	29.91	30.18	30.45
9.65%	30.51	30.79	**31.07**	31.36	31.64
9.40%	31.73	32.02	32.32	32.62	32.92
9.15%	33.04	33.35	33.67	33.98	34.29

Source: Montega

P&L (in Lev m) Allterco JSCo	2019	2020	2021	2022e	2023e	2024e
Sales	**33.3**	**46.3**	**59.5**	**90.0**	**125.0**	**160.0**
Cost of sales	19.6	24.6	26.7	45.0	63.8	83.2
Gross profit	**13.7**	**21.7**	**32.8**	**45.0**	**61.3**	**76.8**
Research and development	0.0	0.0	0.0	0.0	0.0	0.0
Sales and marketing	0.4	0.5	2.7	4.1	5.6	7.2
General and administration	7.8	8.7	12.2	20.1	25.0	30.4
Other operating expenses	5.6	1.1	0.7	1.2	1.3	1.6
Other operating income	0.2	1.0	1.5	0.9	1.3	1.6
EBITDA	**1.1**	**13.4**	**19.8**	**22.4**	**33.4**	**43.0**
Depreciation on fixed assets	0.5	0.6	0.5	0.9	1.3	1.9
EBITA	**0.5**	**12.8**	**19.2**	**21.5**	**32.1**	**41.1**
Amortisation of intangible assets	0.4	0.5	0.5	0.9	1.5	1.9
Impairment charges and Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**0.1**	**12.4**	**18.7**	**20.6**	**30.6**	**39.2**
Financial result	8.2	2.6	0.0	-0.1	-0.1	-0.1
Result from ordinary operations	**8.3**	**14.9**	**18.7**	**20.5**	**30.5**	**39.1**
Extraordinary result	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**8.3**	**14.9**	**18.7**	**20.5**	**30.5**	**39.1**
Taxes	1.0	1.5	2.8	3.3	5.2	7.0
Net Profit of continued operations	7.3	13.4	16.0	17.2	25.4	32.1
Net Profit of discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	**7.3**	**13.4**	**16.0**	**17.2**	**25.4**	**32.1**
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	**7.3**	**13.4**	**16.0**	**17.2**	**25.4**	**32.1**

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

P&L (in % of Sales) Allterco JSCo	2019	2020	2021	2022e	2023e	2024e
Sales	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of sales	58.9%	53.2%	44.9%	50.0%	51.0%	52.0%
Gross profit	**41.1%**	**46.8%**	**55.1%**	**50.0%**	**49.0%**	**48.0%**
Research and development	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sales and marketing	1.3%	1.2%	4.5%	4.5%	4.5%	4.5%
General and administration	23.3%	18.8%	20.5%	22.3%	20.0%	19.0%
Other operating expenses	16.8%	2.4%	1.2%	1.3%	1.0%	1.0%
Other operating income	0.5%	2.2%	2.5%	1.0%	1.0%	1.0%
EBITDA	**3.2%**	**28.9%**	**33.2%**	**24.9%**	**26.7%**	**26.9%**
Depreciation on fixed assets	1.6%	1.2%	0.9%	1.0%	1.0%	1.2%
EBITA	**1.6%**	**27.7%**	**32.3%**	**23.9%**	**25.7%**	**25.7%**
Amortisation of intangible assets	1.3%	1.1%	0.9%	1.0%	1.2%	1.2%
Impairment charges and Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT	**0.3%**	**26.7%**	**31.4%**	**22.9%**	**24.5%**	**24.5%**
Financial result	24.7%	5.6%	0.0%	-0.1%	-0.1%	0.0%
Result from ordinary operations	**25.0%**	**32.3%**	**31.5%**	**22.8%**	**24.4%**	**24.5%**
Extraordinary result	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBT	**25.0%**	**32.3%**	**31.5%**	**22.8%**	**24.4%**	**24.5%**
Taxes	3.0%	3.3%	4.6%	3.7%	4.2%	4.4%
Net Profit of continued operations	21.9%	29.0%	26.8%	19.2%	20.3%	20.1%
Net Profit of discontinued operations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit before minorities	**21.9%**	**29.0%**	**26.8%**	**19.2%**	**20.3%**	**20.1%**
Minority interests	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit	**21.9%**	**29.0%**	**26.8%**	**19.2%**	**20.3%**	**20.1%**

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

Balance sheet (in Lev m) Allterco JSCo	2019	2020	2021	2022e	2023e	2024e
ASSETS						
Intangible assets	6.5	6.4	3.4	3.4	3.2	2.8
Property, plant & equipment	4.5	5.1	4.8	9.3	14.3	18.8
Financial assets	3.1	6.6	2.7	2.7	2.7	2.7
Fixed assets	**14.1**	**18.1**	**10.9**	**15.4**	**20.1**	**24.3**
Inventories	1.3	3.7	7.6	12.9	13.9	17.8
Accounts receivable	5.4	13.9	19.2	28.4	34.2	39.5
Liquid assets	10.9	26.1	30.5	25.8	36.7	51.1
Other assets	8.0	3.9	4.3	4.3	4.3	4.3
Current assets	**25.7**	**47.6**	**61.5**	**71.4**	**89.0**	**112.7**
Total assets	**39.8**	**65.6**	**72.4**	**86.8**	**109.2**	**137.0**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity	**30.2**	**57.1**	**65.6**	**79.2**	**101.1**	**128.1**
Minority Interest	**0.1**	**-0.3**	**0.0**	**0.0**	**0.0**	**0.0**
Provisions	0.2	1.2	0.0	0.0	0.0	0.0
Financial liabilities	2.9	3.0	2.6	2.6	2.6	2.6
Accounts payable	1.4	1.5	1.5	2.2	2.7	3.5
Other liabilities	5.0	3.0	2.8	2.8	2.8	2.8
Liabilities	**9.4**	**8.8**	**6.8**	**7.5**	**8.0**	**8.8**
Total liabilities and shareholders' equity	**39.8**	**65.6**	**72.4**	**86.8**	**109.2**	**137.0**

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

Balance sheet (in %) Allterco JSCo	2019	2020	2021	2022e	2023e	2024e
ASSETS						
Intangible assets	16.4%	9.8%	4.7%	3.9%	2.9%	2.1%
Property, plant & equipment	11.4%	7.7%	6.6%	10.7%	13.1%	13.7%
Financial assets	7.7%	10.0%	3.7%	3.1%	2.5%	2.0%
Fixed assets	**35.5%**	**27.5%**	**15.0%**	**17.7%**	**18.4%**	**17.7%**
Inventories	3.2%	5.6%	10.4%	14.9%	12.7%	13.0%
Accounts receivable	13.6%	21.3%	26.5%	32.7%	31.3%	28.8%
Liquid assets	27.5%	39.7%	42.2%	29.8%	33.6%	37.3%
Other assets	20.2%	6.0%	5.9%	4.9%	3.9%	3.1%
Current assets	**64.5%**	**72.5%**	**85.0%**	**82.3%**	**81.5%**	**82.3%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity	**75.9%**	**87.1%**	**90.6%**	**91.3%**	**92.6%**	**93.5%**
Minority Interest	**0.3%**	**-0.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Provisions	0.4%	1.8%	0.0%	0.0%	0.0%	0.0%
Financial liabilities	7.4%	4.6%	3.6%	3.0%	2.4%	1.9%
Accounts payable	3.5%	2.4%	2.1%	2.5%	2.5%	2.6%
Other liabilities	12.4%	4.6%	3.8%	3.2%	2.5%	2.0%
Total Liabilities	**23.7%**	**13.4%**	**9.4%**	**8.7%**	**7.4%**	**6.5%**
Total Liabilites and Shareholders' Equity	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

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

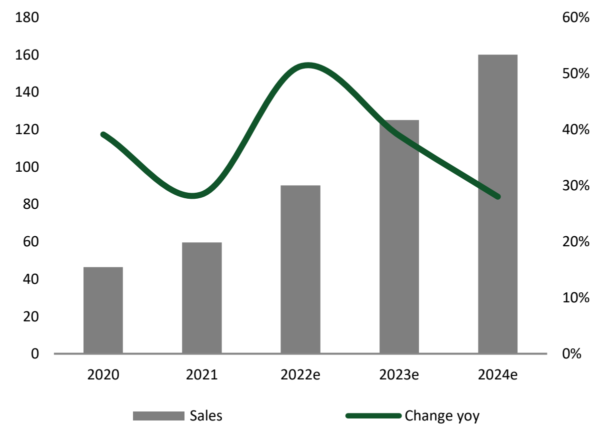
Statement of cash flows (in Lev m) Allterco JSCo	2019	2020	2021	2022e	2023e	2024e
Net income	7.3	13.4	16.0	17.2	25.4	32.1
Depreciation of fixed assets	0.5	0.6	0.5	0.9	1.3	1.9
Amortisation of intangible assets	0.4	0.5	0.5	0.9	1.5	1.9
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash related payments	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow	**8.3**	**14.5**	**17.0**	**19.0**	**28.1**	**35.9**
Increase / decrease in working capital	-1.9	-10.4	-8.9	-13.9	-6.3	-8.4
Cash flow from operating activities	**6.4**	**4.1**	**8.1**	**5.2**	**21.8**	**27.5**
CAPEX	-1.8	-2.9	-1.6	-6.3	-7.5	-8.0
Other	10.1	4.8	2.1	0.0	0.0	0.0
Cash flow from investing activities	**8.3**	**1.9**	**0.5**	**-6.3**	**-7.5**	**-8.0**
Dividends paid	0.0	-0.2	-3.4	-3.6	-3.5	-5.1
Change in financial liabilities	0.0	0.1	-0.5	0.0	0.0	0.0
Other	-3.7	9.3	-0.2	0.0	0.0	0.0
Cash flow from financing activities	**-3.7**	**9.2**	**-4.1**	**-3.6**	**-3.5**	**-5.1**
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Change in liquid funds	**10.9**	**15.2**	**4.5**	**-4.7**	**10.8**	**14.4**
Liquid assets at end of period	**11.4**	**26.1**	**30.5**	**25.8**	**36.7**	**51.1**

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

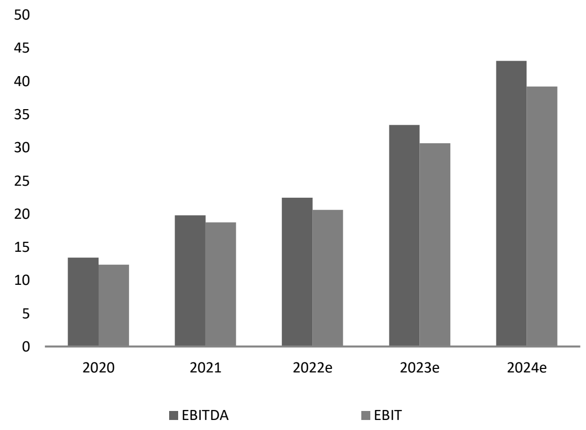
Key figures Allterco JSCo	2019	2020	2021	2022e	2023e	2024e
Earnings margins						
Gross margin (%)	41.1%	46.8%	55.1%	50.0%	49.0%	48.0%
EBITDA margin (%)	3.2%	28.9%	33.2%	24.9%	26.7%	26.9%
EBIT margin (%)	0.3%	26.7%	31.4%	22.9%	24.5%	24.5%
EBT margin (%)	25.0%	32.3%	31.5%	22.8%	24.4%	24.5%
Net income margin (%)	21.9%	29.0%	26.8%	19.2%	20.3%	20.1%
Return on capital						
ROCE (%)	0.3%	43.0%	51.5%	44.0%	49.8%	53.5%
ROE (%)	25.3%	44.3%	28.1%	26.3%	32.0%	31.7%
ROA (%)	18.4%	20.5%	22.0%	19.9%	23.2%	23.4%
Solvency						
YE net debt (in EUR)	-7.8	-21.9	-28.0	-23.2	-34.1	-48.5
Net debt / EBITDA	-7.4	-1.6	-1.4	-1.0	-1.0	-1.1
Net gearing (Net debt/equity)	-0.3	-0.4	-0.4	-0.3	-0.3	-0.4
Cash Flow						
Free cash flow (EUR m)	4.5	1.2	6.5	-1.1	14.3	19.5
Capex / sales (%)	5.4%	6.2%	2.7%	7.0%	6.0%	5.0%
Working capital / sales (%)	22%	26%	36%	38%	35%	32%
Valuation						
EV/Sales	10.5	7.5	5.9	3.9	2.8	2.2
EV/EBITDA	330.8	26.0	17.6	15.5	10.4	8.1
EV/EBIT	3,913.8	28.2	18.6	16.9	11.4	8.9
EV/FCF	76.6	290.9	53.2	-	24.4	17.8
PE	42.0	22.9	23.1	21.5	14.6	11.6
KBV	12.3	6.5	5.7	4.7	3.7	2.9
Dividend yield	0.0%	0.5%	1.0%	0.9%	1.4%	1.7%

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

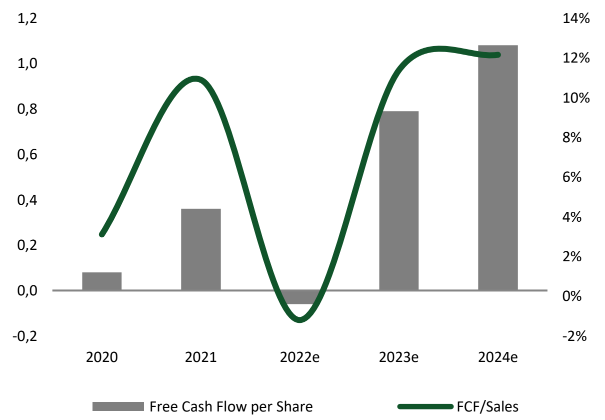
Sales development



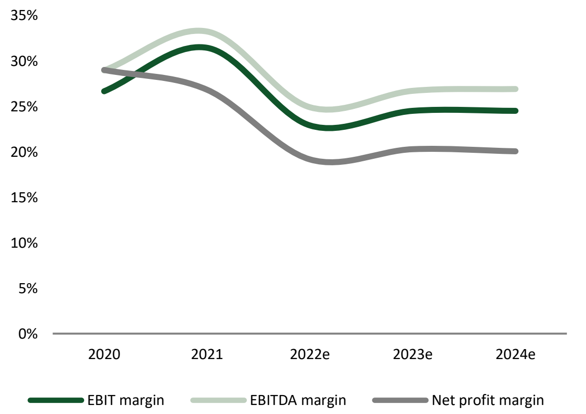
Earnings development



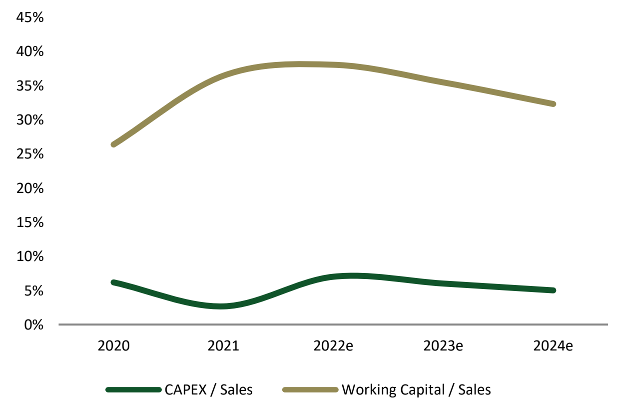
Free-Cash-Flow development



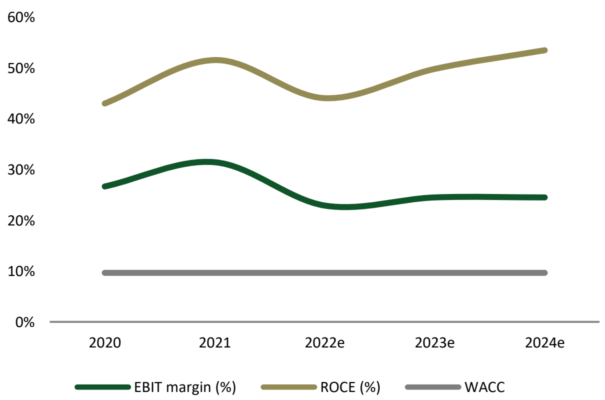
Margin development



CAPEX / Working Capital



EBIT-Yield / ROCE



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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.
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Share price and recommendation history

Recommendation	Date	Price (BGN)	Price target (BGN)	Potential
Buy (Initiation)	21 July 2022	17.90	28.00	+56%
Buy	17 August 2022	19.20	28.00	+46%
Buy	10 October 2022	17.00	28.00	+65%
Buy	16 November 2022	20.60	31.00	+50%