

R22

BUY

Updated forecasts after Q4 2018/19 results

4Q18/19 results were close to expectations, which is why we do not find it justified to change the forecast significantly. In our update of the model and R22's valuation, we maintain our 'BUY' recommendation at the target price of PLN 28.0 (+41% upside). The growth in the valuation results mainly from a technical change in RFR to 2.3% (2.7% previously).

TP: PLN 28
Upside: +41%

PLN m	4Q17/18	1Q18/19	2Q18/19	3Q18/19	4Q18/19	y/y	q/q	4Q18/19E
Sales	30,6	31,0	37,2	37,3	40,1	31%	8%	38,6
EBITDA	6,2	7,9	8,4	10,0	10,4	68%	4%	10,8
EBIT	4,1	5,3	5,5	7,1	7,3	78%	3%	7,9
Net profit	1,9	2,7	2,1	3,4	3,3	70%	-3%	3,7
P/E12M trailing	54,2	35,4	32,8	27,5	24,3			
EV/EBITDA 12M trailing	13,6	13,0	12,6	11,1	9,9			

Source: company data, Trigon DM

Comment on the results. 4Q18/19 results were in line with expectations, although their structure is slightly different. The omnichannel communication segment stood out, with EBITDA margin exceeding 20% for the second straight quarter (23.3% in 4Q18/19; +6.7pp y/y, +2.1pp q/q). In our opinion, this results from higher margins on such products such as push notifications, which was one of the theses presented in our report. The TTM EBITDA margin of the segment has already reached 19.8% (+1.8pp q/q). Eventually, EBITDA of the omnichannel segment reached PLN 4.5m (+80% y/y; +35% q/q) vs expected PLN 3.4m. In the hosting segment, revenues (we expected PLN 18.4m vs PLN 17.8m) and EBITDA margin of 29% (+5.7pp y/y; -3pp q/q) fell slightly short of our forecasts. KPIs in hosting did not deviate significantly from the expectations. EBITDA in the hosting segment was PLN 5.2m vs expected PLN 6m. ND adjusted for minorities stood at PLN 81.6m: adj. ND/EBITDA TTM 2.2 x.

Dividend policy. As announced, the Company published its dividend policy, providing for allocation of at least 30% of the Group's consolidated net profit attributed to owners of the parent for dividend for 5 years, at the same time increasing the nominal value of dividend per share. The MB recommended paying out PLN 0.30 of dividend per share from the profit from the 2018/2019 financial year (DPR=37%; DY=1.5%).

Own share buyback at Vercom. R22 launched an own share buyback (PLN ~14.9m) for redemption in its subsidiary Vercom, following which R22's share will reach 71.65%. The aim of the transaction is to settle the first payment tranche for the shares of subsidiary H88 (7.12% of H88's stock bought by Vercom and 7.12% by R22; Current Report No 19/2019), which will be repurchased from the 3TS fund (two tranches for 28.48% of shares for PLN ~58m; EV/EBITDA 1Y FWD pro forma 10.1x). R22 seeks to repurchase H88's shares from Vercom and consolidate the hosting segment in 100%. The implemented structure of the possible transaction was flagged in our initiating report and is not relevant for R22's valuation.

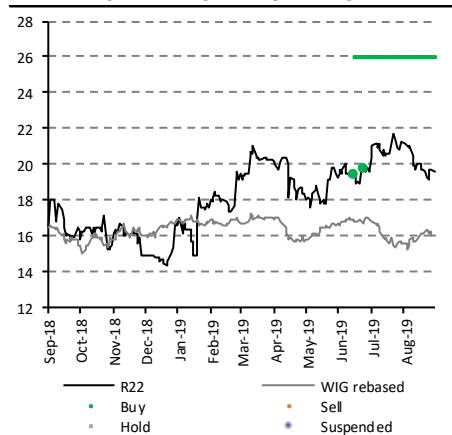
Summary of the conference / outlook. (1) R22 intends to double its business scale in hosting over 2-3 years; (2) ARPU and churn in hosting on the CEE market is similar to the Polish market; (3) R22 does not plan an own share buyback in the nearest future; (4) Higher results in omnichannel are driven by such factors as the implementation of Redlink Push platform; (5) R22 plans to introduce Blugento platform on the PL market in September.

PLN m	2016/17	2017/18	2018/19	2019/20E	2020/21E	2021/22E
Sales	74,1	110,6	145,6	168,8	184,6	198,8
EBITDA	18,6	25,0	36,6	47,2	53,4	58,4
EBIT	13,9	16,8	25,1	35,2	40,9	45,4
Net profit	4,3	6,8	11,6	19,4	25,3	28,5
EPS (PLN)	0,3	0,5	0,8	1,4	1,8	2,0
P/E (x)	66,0	41,4	24,3	14,4	11,1	9,8
EV/EBITDA (x)	17,8	13,6	9,9	8,5	7,1	6,2
P/BV (x)	8,7	3,0	3,5	3,0	2,6	2,2
DY (%)	0,0%	0,0%	0,0%	1,5%	3,5%	4,5%

Source: company data, Trigon DM; fiscal year 2018/2019 ends 06.30.2019

FACT SHEET

Ticker	R22		
Sector	TMT		
Price (PLN)	19,8		
52wk Range (PLN)	14,22 / 22		
Number of share (m)	14,2		
Market Cap (mPLN)	280		
Free-float	36,7%		
Avg Vol 3M (mPLN)	0,1		
Price performance	1M	3M	1Y
	-7,3%	1,5%	24,2%

RELATIVE SHARE PRICE PERFORMANCE


Recommendation history	Date	Price
Buy	18.07.2019	26
Buy	10.07.2019	26

Shareholders	Share %
Jacek Duch	31%
Jakub Dwernicki	18%
Robert Dwernicki	13%
Rockbridge TFI	5%
Others	34%

Important dates

1Q 2019/20 results	18.11.2019
2Q 2019/20 results	25.02.2020
3Q 2019/20 results	19.05.2020
4Q 2019/20 results	18.08.2020

Analyst

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Valuation

Income-based valuation. For R22 we use the DCF Sum-of-the-Parts method. The SOTP method consists of individual valuations of each of the three segments. In our approach to valuation we assume that R22 holds 100% of H88 shares, 71.7% of Vercom shares (change in capital structure from 98.2% in H88 and 74.9% in Vercom - effect of buying shares for redemption in Vercom) and 98.7% of Oxyllion shares. Our target price of R22 shares is 100% based on the DCF SOTP valuation, which implies a 12-month target price at **PLN 28.0 per share (+41% upside)**.

Main assumptions of DCF SOTP valuation:

- 10-year forecast period until 2028/29
- Market premium – 6.0% (Trigon DM methodology: 6.0% for sWIG80)
- Unlevered beta – 1.0
- RFR – 2.3% (**2.7% previously**)
- Debt cost after tax – 4.9%
- Residual growth rate: (1) Hosting: $g=2\%$; (2) Omnichannel Communication: $g=1\%$; (3) Telecommunication: $g=0\%$
- CAPEX/Sales: Hosting – 8%; Omnichannel Communication – 4% Telecommunication – 14%
- Hosting: CAPEX in 2019/20 burdened with the EUR 5m payment for recent acquisitions in Romania and Croatia (EUR 2m will be incurred already in 2018/19) + in 2023/24 with the payment for the remaining 40% of NetDesign shares, whose PV for 2Q18/19 was valued in the balance sheet at PLN 11.5m, which – assuming our WACC – implies FV of PLN 17.7m
- Omnichannel: CAPEX in 2019/20 and 2020/21 burdened with payments for UserEngage shares of PLN 4m and PLN 1.5m, respectively

WACC calculation

	2019/20E	2020/21E	2021/22E	2022/23E	2023/24E	2024/25E	2025/26E	2026/27E	2027/28E	2028/29E
D/(E+D)	33%	24%	20%	18%	16%	14%	12%	11%	9%	8%
10Y bond yield	2,3%	2,3%	2,3%	2,3%	2,3%	2,3%	2,3%	2,3%	2,3%	2,3%
Levered beta	1,4	1,3	1,2	1,2	1,2	1,1	1,1	1,1	1,1	1,1
Market premium	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
Cost of debt after tax	4,9%	4,9%	4,9%	4,9%	4,9%	4,9%	4,9%	4,9%	4,9%	4,9%
Cost of Equity	10,7%	9,9%	9,5%	9,4%	9,2%	9,1%	9,0%	8,9%	8,8%	8,7%
WACC	8,8%	8,6%	8,6%	8,6%	8,5%	8,5%	8,5%	8,5%	8,4%	8,4%

Source: Trigon DM estimates

Hosting - DCF valuation

DCF PLN m	2019/20E	2020/21E	2021/22E	2022/23E	2023/24E	2024/25E	2025/26E	2026/27E	2027/28E	2028/29E
EBIT	19,9	23,7	26,7	28,8	30,4	31,5	32,6	33,4	34,3	35,0
Tax Rate	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%
NOPLAT	16,1	19,2	21,6	23,3	24,6	25,5	26,4	27,1	27,8	28,4
Amortization	7,3	7,8	8,3	8,8	9,3	9,8	10,3	10,8	11,3	11,8
CAPEX*	-27,7	-7,4	-8,0	-8,5	-26,0	-9,3	-9,6	-9,9	-10,2	-10,5
Working Capital, net	2,1	1,4	0,8	0,6	0,5	0,4	0,3	0,2	0,2	0,2
FCF	-2,0	21,0	22,7	24,3	8,5	26,5	27,4	28,3	29,1	29,9
WACC (%)	8,8%	8,6%	8,6%	8,6%	8,5%	8,5%	8,5%	8,5%	8,4%	8,4%
Present value of FCF	-1,9	18,1	18,1	17,8	5,7	16,5	15,7	14,9	14,2	13,4
Total DCFC	133									
g	2,0%									
TV	197									
PV + RV	330									

Source: Trigon DM

*including: (1) 2019/20E EUR 5m payment related to hosting acquisition and (2) 2023/24 acquisition of the remaining 40% of NetDesign (FV=PLN 17,7m)

Source: Trigon DM estimates

Omnichannel Communication - DCF valuation

DCF PLN m	2019/20E	2020/21E	2021/22E	2022/23E	2023/24E	2024/25E	2025/26E	2026/27E	2027/28E	2028/29E
EBIT	13,6	15,7	17,2	18,8	19,8	20,5	21,0	21,6	22,1	22,6
Tax Rate	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%
NOPLAT	11,0	12,7	14,0	15,2	16,1	16,6	17,0	17,5	17,9	18,3
Amortization	1,8	1,9	2,0	2,1	2,2	2,3	2,4	2,5	2,6	2,7
CAPEX*	-6,9	-4,7	-3,4	-3,7	-3,8	-4,0	-4,0	-4,1	-4,2	-4,3
Working Capital, net	-0,5	-0,3	-0,3	-0,3	-0,2	-0,2	-0,2	-0,2	-0,2	-0,2
FCF	5,3	9,6	12,2	13,4	14,2	14,7	15,2	15,6	16,0	16,5
WACC (%)	8,8%	8,6%	8,6%	8,6%	8,5%	8,5%	8,5%	8,5%	8,4%	8,4%
Present value of FCF	5,0	8,2	9,7	9,8	9,6	9,2	8,7	8,2	7,8	7,4
Total DCFC	84									
g	1,0%									
TV	93									
PV + RV	177									

Source: Trigon DM

*including UserEngage and Appchance payments in 2019/20 and 2020/21

Source: Trigon DM estimates

Telecommunication - DCF valuation

DCF PLN m	2019/20E	2020/21E	2021/22E	2022/23E	2023/24E	2024/25E	2025/26E	2026/27E	2027/28E	2028/29E
EBIT	1,7	1,6	1,4	1,3	1,3	1,2	1,1	1,1	1,0	1,0
Tax Rate	19%	19%	19%	19%	19%	19%	19%	19%	19%	19%
NOPLAT	1,4	1,3	1,2	1,1	1,0	1,0	0,9	0,9	0,8	0,8
Amortization	2,8	2,7	2,7	2,6	2,5	2,4	2,3	2,3	2,2	2,1
CAPEX	-2,0	-1,9	-1,9	-1,8	-1,8	-1,8	-1,8	-1,7	-1,7	-1,7
Working Capital, net	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
FCF	2,2	2,1	2,0	1,8	1,7	1,6	1,5	1,4	1,3	1,2
WACC (%)	8,8%	8,6%	8,6%	8,6%	8,5%	8,5%	8,5%	8,5%	8,4%	8,4%
Present value of FCF	2,1	1,8	1,6	1,3	1,2	1,0	0,9	0,7	0,6	0,5
Total DCFC	12									
g	0,0%									
TV	6									
PV + RV	18									

Source: Trigon DM

Source: Trigon DM estimates

Sum-of-the-Parts valuation

	Hosting	Omnichannel	Telco
PV + RV (PLN m)	330	177	18
R22 share*	100,0%	71,7%	98,7%
Value attributable to R22 (PLN m)	330	127	17
Net debt (06.20.2019E)		68	
3TS buyout		58	
Investments in affiliates		9	
Equity value (PLN m)		357	
Equity value per share		25,3	
12M TP		28,0	
Upside		41%	

* share of R22 assuming the purchase of the first tranche of 3TS by R22 & Vercom (50:50) and the second tranche in 100% by R22

Source: Trigon DM estimates

Market multiples valuation: In our approach to the market multiples valuation, similarly to the previous method, the components include the individual partial valuations of the R22 Group companies. The peer groups for individual R22 companies differ in their business models, growth profiles and, consequently, also in their multipliers, thus we have decided to value each segment of the Group independently. Given the high leverage of the company and the lack of information on the net profit structure of individual holding companies (R22 does not report net profit broken down by segments), we believe that the best valuation multiplier to base our valuation on is EV/EBITDA. It is worth remembering that R22's financial year is shifted. We address this fact by calculating the valuation based on averaged multipliers of individual peer groups for two consecutive forecast years (e.g. the multiplier for 2019/20 is an arithmetic mean of the peers' multipliers from 2019 and 2020). The market multiples valuation returns the R22 share price of **PLN 26.1** apiece (+32% upside).

EV/EBITDA of comparative companies divided into segments

Company name	MC (USD m)	EV/EBITDA			
		2019E	2020E	2021E	2022E
Hosting & Domains					
GoDaddy Inc	11 893	18,0	15,8	13,7	11,3
United Internet AG	7 328	6,7	6,4	6,2	6,7
Tucows Inc	589	14,6	11,9	10,0	8,7
iomart Group PLC	451	9,1	8,6	8,0	7,9
VeriSign Inc	22 572	26,8	24,3	21,8	-
Median		14,6	11,9	10,0	8,3
Omnichannel Communication					
M&C Saatchi PLC	200	4,5	4,3	-	-
1000mercis	68	8,8	8,5	7,8	-
dotdigital group plc	342	15,2	13,3	13,2	-
HubSpot Inc	6 815	76,7	58,2	38,1	-
MailUp SpA	65	11,3	7,5	5,7	-
WPP PLC	15 892	8,7	8,9	8,3	-
Publicis Groupe SA	12 273	6,0	5,6	5,2	5,0
Omnicom Group Inc	16 939	9,2	9,0	8,7	-
Interpublic Group of Cos Inc/The	8 194	9,4	8,9	8,5	8,6
Syzygy AG	132	13,6	10,1	9,4	-
Median		9,3	8,9	8,5	6,8
Telecommunication					
BT Group PLC	21 950	3,8	3,7	3,6	3,5
Deutsche Telekom AG	80 446	6,4	6,0	5,8	5,7
Orange SA	41 701	6,0	5,8	5,7	5,6
Hellenic Telecommunications Organization SA	6 770	5,6	5,5	5,3	5,1
Koninklijke KPN NV	13 196	8,2	8,0	7,7	7,4
Magyar Telekom Telecommunications PLC	1 497	4,4	4,4	4,4	4,5
Telecom Italia SpA/Milano	12 070	5,5	5,5	5,4	5,3
Telekom Austria AG	5 033	5,5	5,4	5,2	5,1
Turk Telekomunikasyon AS	3 552	3,6	3,2	3,0	2,7
Orange Polska SA	1 899	5,4	5,1	5,0	4,8
PLAY Communications SA	1 753	5,8	5,5	5,3	5,1
Cyfrowy Polsat SA	4 189	6,8	6,7	6,4	6,4
Median		5,5	5,5	5,3	5,1

Source: Bloomberg, Trigon DM estimates

Market multiples valuation

R22 - EBITDA (PLN m)	2019/20E	2020/21E	2021/22E
Hosting	27,3	31,5	35,1
Omnichannel	15,4	17,5	19,2
Telco	4,5	4,3	4,1
EV/EBITDA blended	2019/20E	2020/21E	2021/22E
Hosting	13,2	10,9	9,1
Omnichannel	9,1	8,7	7,7
Telco	5,5	5,4	5,2
Implied EV	2019/20E	2020/21E	2021/22E
Hosting	361	344	320
Omnichannel	140	153	147
Telco	25	23	21
EV attributable to R22	2019/20E	2020/21E	2021/22E
Hosting (96,4%)	361	344	320
Omnichannel (74,9%)	100	110	106
Telco (98,7%)	25	23	21
EV total	486	476	447
Net debt (PLN m)	120	100	79
Equity value (PLN m)	366	376	367
Equity value (PLN m)		370	
Equity value per share (PLN)		26,1	

Source: Bloomberg, Trigon DM estimates

Income statement (PLN m)

	2016/17	2017/18	2018/19	2019/20E	2020/21E	2021/22E
Sales	74,1	110,6	145,6	168,8	184,6	198,8
COGS	60,3	93,8	120,5	133,6	143,7	153,4
Gross profit from sales	13,9	16,8	25,1	35,2	40,9	45,4
Cost of sales	0,0	0,0	0,0	0,0	0,0	0,0
General administrative expenses	0,0	0,0	0,0	0,0	0,0	0,0
Profit from sales	0,0	0,0	0,0	0,0	0,0	0,0
Result on other operating activities, net	0,0	0,0	0,0	0,0	0,0	0,0
EBITDA	18,6	25,0	36,6	47,2	53,4	58,4
EBITDA adj.	18,6	25,0	36,6	47,2	53,4	58,4
D&A	5,6	8,3	11,5	11,9	12,5	13,0
EBIT	13,9	16,8	25,1	35,2	40,9	45,4
Results on financial operations, net	-4,4	-3,3	-4,2	-5,2	-5,6	-5,6
Profit before tax	9,5	13,5	20,9	30,0	35,3	39,8
Income tax	2,2	2,8	4,2	5,7	6,7	7,6
Minority interest	2,2	3,7	5,1	4,9	3,3	3,7
Net profit	4,3	6,8	11,6	19,4	25,3	28,5
Net profit adj.	4,3	6,8	11,6	19,4	25,3	28,5

Gross profit from sales margin	18,7%	15,2%	17,2%	20,9%	22,2%	22,8%
EBITDA margin (%)	25,1%	22,6%	25,1%	27,9%	28,9%	29,4%
EBITDA adj. margin (%)	25,1%	22,6%	25,1%	27,9%	28,9%	29,4%
Operating profit margin (%)	18,7%	15,2%	17,2%	20,9%	22,2%	22,8%
Net profit adj. margin (%)	5,7%	6,1%	7,9%	11,5%	13,7%	14,4%

change in sales y/y	75%	49%	32%	16%	9%	8%
change in gross profit from sales y/y	24%	21%	50%	40%	16%	11%
change in EBITDA adj. y/y	26%	35%	46%	29%	13%	9%
change in EBIT y/y	24%	21%	50%	40%	16%	11%
change in net profit adj y/y	-35%	59%	70%	68%	30%	13%

Source: Company,, Trigon DM

	3Q17/18	4Q17/18	1Q18/19	2Q18/19	3Q18/19	4Q18/19
Sales	29,1	30,6	31,0	37,2	37,3	40,1
COGS	-24,9	-26,4	-25,8	-31,7	-30,2	-32,8
Gross profit from sales	4,2	4,2	5,2	5,6	7,1	7,3
Cost of sales	0,0	0,0	0,0	0,0	0,0	0,0
General administrative expenses	0,0	0,0	0,0	0,0	0,0	0,0
Profit from sales	0,0	0,0	0,0	0,0	0,0	0,0
Result on other operating activities, net	-0,2	-0,1	0,1	-0,1	-0,2	-0,2
EBITDA	6,4	6,2	7,9	8,4	10,0	10,4
EBITDA adj.	6,4	6,2	7,9	8,4	10,0	10,4
D&A	-2,3	-2,1	-2,6	-2,9	-2,9	-3,1
EBIT	4,1	4,1	5,3	5,5	7,1	7,3
Results on financial operations, net	-0,8	-0,6	-0,8	-1,1	-0,9	-1,0
Profit before tax	3,3	3,5	4,5	4,3	6,0	6,1
Income tax	-0,7	-0,7	-0,8	-1,1	-1,0	-1,2
Minority interest	0,9	0,8	1,0	1,1	1,5	1,6
Net profit	1,7	1,9	2,7	2,1	3,4	3,3
Net profit adj.	1,7	1,9	2,7	2,1	3,4	3,3

Gross profit from sales margin	14,5%	13,7%	16,7%	15,0%	18,9%	18,1%
EBITDA adj. margin (%)	21,9%	20,2%	25,5%	22,5%	26,8%	25,9%
Operating profit margin (%)	14,0%	13,4%	17,0%	14,7%	18,9%	18,1%
Net profit adj. margin (%)	6,0%	6,4%	8,9%	5,7%	9,1%	8,2%

change in sales y/y	44,5%	34,7%	34,3%	34,1%	28,0%	31,0%
change in gross profit from sales y/y	28,4%	-3,8%	5,3%	53,1%	66,7%	73,0%
change in EBITDA adj. y/y	9,4%	1,8%	17,9%	44,7%	56,7%	67,7%
change in EBIT y/y	14,7%	-7,8%	8,3%	46,8%	73,5%	77,6%
change in net profit adj y/y	84,2%	38,0%	70,8%	42,3%	95,0%	69,7%

Source: Company,, Trigon DM

Balance Sheet (PLN m)

	2016/17	2017/18	2018/19E	2019/20E	2020/21E	2021/22E
Fixed assets	113,9	186,0	224,1	248,7	250,2	250,6
Tangible fixed assets	21,4	24,5	26,5	30,5	30,5	30,7
Intangible assets	57,4	77,2	87,3	93,4	93,4	93,6
Goodwill	32,5	79,6	95,5	106,0	106,0	106,0
Long-term investments	0,0	0,0	0,0	0,0	0,0	0,0
Other	0,0	0,0	0,0	0,0	0,0	0,0
Current assets	2,5	4,8	14,8	18,8	20,3	20,3
Inventory	35,2	31,9	36,7	42,5	66,9	70,2
Inventories	0,0	0,0	0,0	0,0	0,0	0,0
Trade receivables	8,4	12,3	13,9	19,0	21,8	24,2
Other	23,6	3,9	7,2	6,4	7,0	7,5
Cash	3,3	15,8	15,6	17,2	38,1	38,6
Assets	149,1	218,0	260,8	291,2	317,1	320,8
Equity	32,3	94,9	79,3	94,5	110,1	126,0
Share capital	2,3	0,3	0,3	0,3	0,3	0,3
Other	25,7	87,8	67,4	74,8	84,5	97,2
Net profit (loss)	4,3	6,8	11,6	19,4	25,3	28,5
Minority capital	11,2	10,2	15,1	-38,0	-34,6	-31,0
Long-term liabilities	53,8	67,7	84,0	132,0	134,0	126,0
Interest-bearing liabilities	41,3	51,3	67,1	113,1	114,1	105,1
Other	12,5	16,4	17,0	19,0	20,0	21,0
Short-term liabilities	51,8	45,1	82,4	102,6	107,7	99,7
Interest-bearing liabilities	12,5	15,1	15,0	24,0	24,5	13,0
Trade liabilities	9,3	10,2	13,5	16,4	17,9	19,2
Other	30,0	19,8	53,9	62,2	65,2	67,5
Liabilities	149,1	218,0	260,8	291,2	317,1	320,8
Net working capital	-1	2	0	3	4	5
Net debt	50	51	66	120	100	79
Net debt adj.	50	51	66	120	100	79
Net debt /EBITDA adj. (x)	2,7	2,0	1,8	2,5	1,9	1,4
Net debt /equity (x)	1,6	0,5	0,8	1,3	0,9	0,6
ROE (%)	17%	11%	13%	22%	25%	24%
ROA (%)	4%	4%	5%	7%	8%	9%
Cash conversion cycle (days)	-8	-4	-3	-5	-3	-2
Inventory turnover (days)	0	0	0	0	0	0
Receivables turnover ratio (days)	33	34	33	36	40	42
Accounts payable turnover ratio (days)	41	38	36	41	44	44

Cash flows (PLN m)

	2016/17	2017/18	2018/19E	2019/20E	2020/21E	2021/22E
Cash flows from operating activities	15,2	19,0	34,9	49,1	48,8	52,5
Net profit (loss)	6,5	10,6	16,7	24,3	28,6	32,2
Amortization	5,6	8,3	11,5	11,9	12,5	13,0
Changes in working capital	1,3	-3,0	2,0	1,6	1,0	0,5
Inventory changes	0,1	0,0	0,6	3,8	2,4	1,6
Trade receivables change	-2,7	-3,5	-1,4	-5,1	-2,8	-2,4
Trade liabilities change	3,9	0,5	2,9	2,9	1,5	1,3
Other	1,8	3,1	4,6	11,2	6,7	6,8
Cash flows from investment activities	-56,5	-64,7	-42,1	-35,3	-14,0	-13,3
CAPEX	-44,2	-65,7	-42,9	-36,5	-14,0	-13,3
Other	-12,4	1,0	0,8	1,3	0,0	0,0
Cash flows from financial activities	42,7	58,3	7,0	-12,3	-13,8	-38,7
Interest-bearing liabilities change	8,9	8,7	9,0	49,9	-4,1	-26,1
Revenues from shares emission	37,2	56,7	0,0	0,0	0,0	0,0
Dividend	0,0	0,0	0,0	-4,2	-9,7	-12,6
Other	-3,4	-7,1	-2,0	-57,9	0,0	0,0
Net cash flows	1,3	12,5	-0,2	1,5	21,0	0,5
Cash opening balance	2,0	3,3	15,8	15,6	17,2	38,1
Closing balance of cash	3,3	15,8	15,6	17,2	38,1	38,6

Source: Company, Trigon DM

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Definitions

capitalisation – market price multiplied by the number of a company's shares

free float (%) – a percentage of a company's shares held by shareholders with less than 5% shareholding reduced by treasury shares held by the company

min/max 52 wks – minimum/maximum share price within the last 52 weeks

average turnover – average volume of share trading within the last month

EBIT – operating profit

EBITDA – operating profit increased by depreciation and amortisation

adjusted profit – net profit adjusted for one-off items
CF – cash flow
capex – sum of investment expenditures on fixed assets

ROA – rate of return on assets
ROE – rate of return on equity
gross profit margin – a ratio of gross profit to net revenue
EBITDA margin – a ratio of sum of operating profit and depreciation/amortisation to net revenue
EBIT margin – a ratio of operating profit to net revenue
net margin – a ratio of net profit to net revenue

EPS – earnings per share
DPS – dividends per share
P/E – a ratio of market price to earnings per share
P/BV – a ratio of market price to book value per share
EV/EBITDA – a company's EV to EBITDA ratio
EV – sum of a company's current capitalisation and net debt
DY – dividend yield, dividend paid to share price ratio
ISSUER – R22 S.A.

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BUY – we expect that the rate of return on an investment will be at least 10%
NEUTRAL – we expect the price of an investment to be relatively stable, optionally it will increase no greater than 10%
SELL – we expect that an investment will make a loss greater than 0%
Recommendation prepared by: Kacper Kopron

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