

Grigeo AB

Worries about pollution scandal impact

GRG1L.VL

Materials | Lithuania

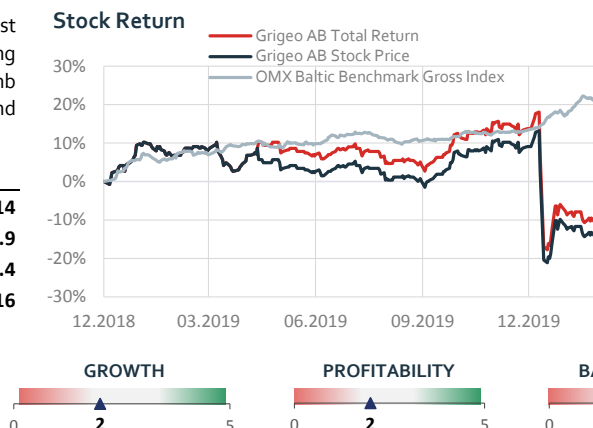
Based in Lithuania, Grigeo is one of the largest companies in Baltic countries manufacturing hygienic paper, packing paper, honeycomb paper core, corrugated cardboard and packaging, hardboard panels etc.

Market data

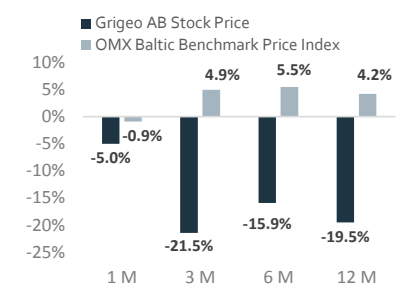
Price (€)	1.14
Market cap (mn €)	74.9
Free float (%)	43.4
Avg. daily volume - 30 days (€)	48016

Alphinox Quantitative score

Score displays Company's financial conditions, growth pace and valuation based on latest results and stock price



Stock Price Performance



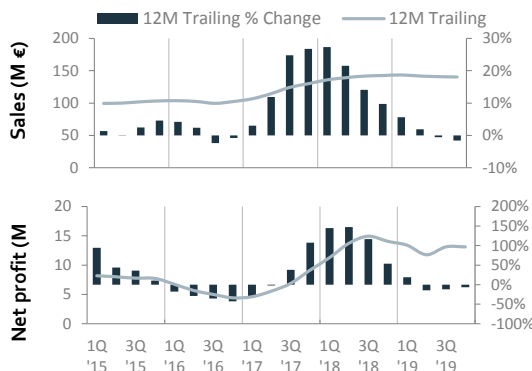
Company Update

On February 25th, Grigeo reported financial results for Q4'19 and full year 2019 - the company which at the moment is blamed for being involved in pollution scandal in Klaipeda, Lithuania. Its overall impact we will be able to evaluate only in upcoming financial quarters after the company and authorities come up with further explanation.

In Q4'19 company achieved lower sales of EUR 33.99 mn, 2% less than in Q4'18, net profit was down only by 0.2% thanks to reduced operating expenses. Full year 2019 result saw decrease both in top line's and bottom line's numbers. Sales for 2019 reached EUR 140.3 mn, which is 1.6% less than in 2018, net profit dropped down to EUR 13.1 mn, being 6.7% lower. Net profit in 2019 was impacted by increase in finance costs in the amount of EUR 901 th., the nature of which is not explained in the Notes. We assume, this amount comes from penalty fee for failed investment deal transaction between Grigeo and Invalda, for which the former needs to pay EUR 1 mn to Invalda for the termination of agreement.

Growth

Sales	last Q	LTM	2018	2017
Company (M €)	34.0	140.3	142.5	129.9
Company	-2%	-1.6%	9.8%	27%
Sector*	-1.9%	4.2%	12.0%	-0.4%
Baltic Market	1.5%	4.5%	7.7%	1.6%

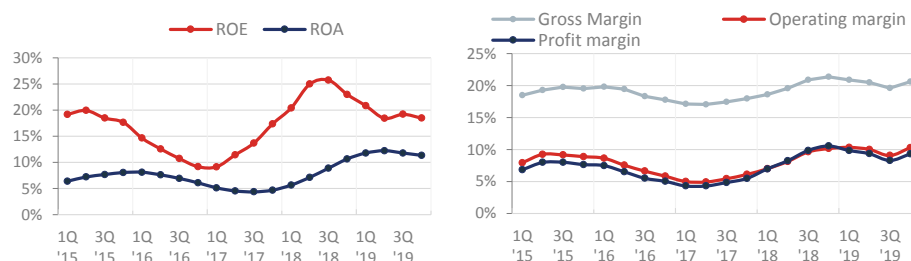


Key performance indicators			
	4Q '19	4Q '18	LTM
Number of employees	869	844	869
	+3%		

Profit	last Q	LTM	2018	2017
Company (M €)	2.6	13.1	14.1	9.2
Company	-0.2%	-6.7%	54%	107%
Sector*	-21%	10%	8%	-23%
Baltic Market	15%	-1%	5%	8%

Profitability

Last 12M	ROE	ROA	GM	OPM	PM
Company	18.5%	11.3%	20.6%	10.3%	9.3%
Sector*	13.4%	6.8%	39.7%	5.0%	1.2%
Baltic Market	4.5%	1.9%	18.7%	2.7%	2.5%
3y average	ROE	ROA	GM	OPM	PM
Company	20.0%	11.6%	20.6%	10.0%	9.5%
Sector*	8.9%	4.8%	47.9%	4.0%	2.1%
Baltic Market	8.6%	4.1%	19.6%	5.2%	4.3%

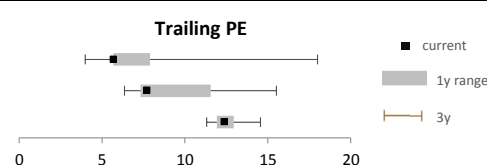


Balance sheet & Cash flow

	last	Q-1	Q-2	Q-3	LTM	2018	2017		last	Q-1	Q-2	Q-3	LTM	2018	2017
Equity / Assets ratio	65%	61%	57%	57%	60%	57%	48%	Cash Flow to Debt	129%	102%	94%	96%	105%	107%	57%
Debt / Equity ratio	25%	31%	41%	39%	34%	36%	64%	CAPEX / Sales	32%	21%	21%	5%	20%	20%	19%
Cash ratio	0.31	0.30	0.23	0.20	0.26	0.14	0.01	FCF/OCF	71%	-38%	77%	78%	47%	78%	33%

Valuation

	Last	1y avg	3y avg		last	1y avg	3y avg	
P/E	5.68	6.86	9.8	P/B	1.04	1.34	1.56	Company
EV/EBITDA	3.09	4.00	5.11	P/CF	3.07	3.61	4.06	Sector
P/S	0.53	0.63	0.68	Dvd yield	0.0%	4.0%	3.8%	Market



*Sector: average of respective GICS sector companies from NASDAQ OMX Baltic and NASDAQ OMX Nordic small cap indices, Market: NASDAQ OMX Baltic median

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