

Grigeo AB

Cost pressure translates into weaker margins

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.

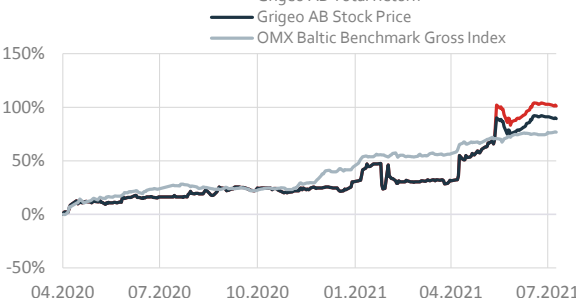
Market data

Price (€)	0.966
Market cap (mn €)	126.6
Free float (%)	38.0
Avg. daily volume - 30 days (mn €)	0.0698

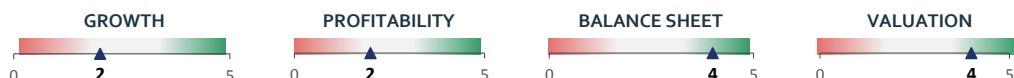
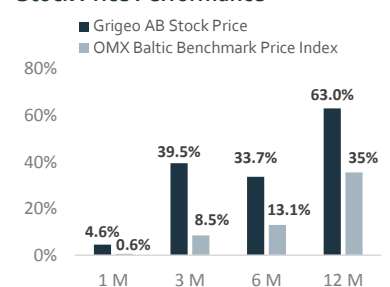
Alphinox Quantitative score

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

Stock Return



Stock Price Performance

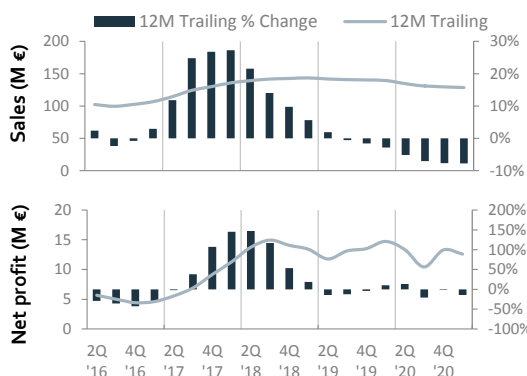


Company Update

Company's sales stalled during 1Q'21, declining by almost 3%. Paper products producer blamed current situation, emphasizing that with HoReCa sector still on hold, demand for the tissue paper products (sales down by 12%, making 41% of total sales) continues to experience downward pressure - and those are the products with highest margins (gross margin 26.5%). Therefore, Gross profit was down by 9.5%, sending margins lower. Grigeo experiences further pricing pressure as both raw material and energy prices continue to surge, while in current situation it is unable to pass rising costs to the customers. Additionally, the company has expanded its employee base and increased salaries. Operating profit of the company was down by 9.5%, and net profit down by 17.5%. Grigeo has doubled its authorised capital to 38mn EUR. The environmental damage case is still ongoing and remains being monitored.

Growth

Sales	last Q	LTM	2020	2019
Company (M €)	35.06	128.5	140.3	142.5
Company	-2.8%	-7.8%	-1.6%	9.8%
Sector*	5.7%	-3.4%	0.9%	14%
Baltic Market	-2.6%	-4.5%	4.4%	2.4%



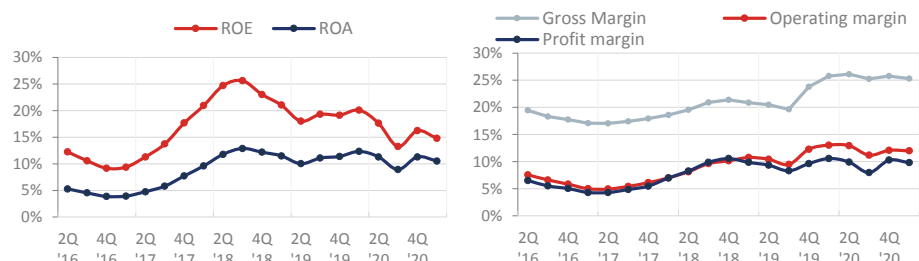
Key performance indicators

	1Q '21	1Q '20	LTM
Number of employees	863	863	864
	+0%		

Profit	last Q	LTM	2020	2019
Company (M €)	3.31	12.6	13.5	14.06
Company	-18%	-14%	-3.9%	54%
Sector*	-48%	-33%	-7.6%	52%
Baltic Market	4.4%	-1.0%	-1.9%	-22%

Profitability

Last 12M	ROE	ROA	GM	OPM	PM
Company	14.8%	10.5%	25.3%	12.0%	9.8%
Sector*	5.8%	3.3%	40%	2.7%	1.9%
Baltic Market	9.0%	3.7%	22%	5.2%	3.5%
3y average	ROE	ROA	GM	OPM	PM
Company	20%	10%	20%	8.9%	8.2%
Sector*	10%	5.6%	36%	5.1%	3.4%
Baltic Market	4.7%	2.1%	21%	3.3%	2.7%

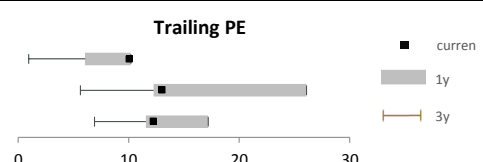


Balance sheet & Cash flow

	last	Q-1	Q-2	Q-3	LTM	2020	2019		last	Q-1	Q-2	Q-3	LTM	2020	2019
Equity / Assets ratio	73%	72%	72%	71%	72%	65%	57%	Cash Flow to Debt	2.52	2.35	1.92	1.77	2.14	1.35	1.10
Debt / Equity ratio	10%	13%	14%	17%	14%	25%	36%	CAPEX / Sales	4%	19%	4%	4%	8%	5%	4%
Cash ratio	0.71	0.67	0.81	0.56	0.69	0.29	0.14	FCF/OCF	61%	70%	71%	67%	67%	61%	75%

Valuation

	Last	1y avg	3y avg		last	1y avg	3y avg		
P/E	10.1	7.82	6.9	P/B	1.46	1.17	1.29	Company	
EV/EBITDA	4.51	3.40	3.64	P/CF	5.26	3.93	3.59	Sector	
P/S	0.99	0.74	0.66	Dvd yield	6.2%	3.7%	3.4%	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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