PLAISIO

2022: Difficult but not dire

2021: Top line record, impressive profit and cash flow generation – 2021 proved to be a stellar year for Plaisio, with the group delivering record sales (+23% yoy growth) and the highest EBITDA since 2014 (up almost 50% yoy at €20m). The results reaffirmed the resilience of the business model and Plaisio's leading value proposition. Its multi-channel, multi product and strong route-to market capabilities following past investments differentiate the group vis-à-vis competitors and constitute distinguishing factors for long-term growth.

2022: tough comps, slowing sales, rising costs – Although the bar was set higher in 2021, this year is far more challenging. From a revenue perspective, several of last year's tailwinds are actually turning into headwinds (e.g. Plaisio lapping strongest annual sales growth since 2007, shift in spending from durables into services) while the squeeze in disposable income from the rampant inflation will put pressure on discretionary spending. On the positive side though, Plaisio is over-indexed towards mid and high-income consumers and, on that basis, its main customer base will not be as severely affected as low-income individuals. On the cost side, energy/freight inflation will pull margins lower, although freight rates ought to become less of a headwind in H2 as comps get easier. Against this background, we have lowered our 2022-24e EBITDA by 3-10% envisaging: 1) sales +0.7% in 2022 accelerating to +4% in 2023 on account of additional capacity (2 new stores); 2) 30bps gross margin erosion in 2022e, with flat margins in 2023; 3) a 70bps increase in opex/sales in 2022e due to higher occupancy/transport costs. We end up with EBITDA of €16m in 2022, lower than 2021 levels but a bit higher than the profitability in 2019-20.

Medium term case intact – Assuming the cyclical drag will gradually fade post 2023, we expect that a mid-single digit organic top line growth over the mid-term could translate into low double-digit EBITDA growth, driving EBIT margins back towards the 3% level (similar to 2017). Given the cash conversion track record, validated once again by the €12m FCF delivered in 2021, we see scope for substantial cash generation post 2023, especially as the new leg of growth is likely to be associated with relatively low capex given the completion of a significant investment cycle in previous years. With Plaisio enjoying a healthy balance sheet (€47m net cash in 2021), we see scope for cash returns to ramp up to levels in excess of the €1.2-1.4m incorporated into our 2023-24 numbers. We remind that 2021 returns were markedly higher bolstered by the €0.17/share capital return.

Valuation – Plaisio is trading significantly lower than its historic average (in terms of EV/EBITDA), as is the case with its foreign peers, reflecting the more challenging earnings momentum ahead. That said, we estimate that the current price discounts medium-term EBIT of just c€11m, some 30% below the levels we see feasible by 2027e. Our indicative DCF yields a valuation range between €101m and €121m, with our baseline valuation indicating an intrinsic value near €5.0 per share.

Estimates					
€ mn	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Revenues	354.6	436.9	440.1	457.4	478.7
EBITDA	13.3	19.9	15.6	16.7	18.1
Net Profit	3.1	8.5	5.0	5.5	6.5
EPS (EUR)	0.14	0.38	0.22	0.25	0.29
DPS (EUR)	0.05	0.27	0.06	0.06	0.07

Valuation					
	2020	**2021**	**2022e**	**2023e**	**2024e**
P/E	21.6x	10.3x	16.9x	15.4x	12.9x
EV/EBITDA	6.1x	4.8x	6.1x	5.7x	5.0x
EBIT/Interest Expense	2.9x	7.5x	4.7x	5.2x	5.8x
Dividend Yield	1.6%	6.8%	1.5%	1.6%	1.9%
ROE	3.3%	8.5%	4.8%	5.0%	5.7%

Market Cap (€mn)	**83.9**
Closing Price (02/06)	**€3.80**

Stock Data

Reuters RIC	PLAr.AT
Bloomberg Code	PLAIS GA
52 Week High (adj.)	€4.68
52 Week Low (adj.)	€3.43
Abs. performance (1m)	-3.3%
Abs. performance (YTD)	-4.5%
Number of shares	22.1mn
Avg Trading Volume (qrt)	€24k
Est. 3yr EPS CAGR	-8.5%
Free Float	18%

Plaisio Share Price

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See Appendix for Analyst Certification and important disclosures.

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Investment case

Plaisio well placed to weather the challenging backdrop

Plaisio is one of Greece's largest retailers of PC, digital technology, and office products, operating through 25 physical stores, a well-built e-platform for customers and businesses and a supportive in-house call centre (omni-channel approach). Plaisio offers competitive pricing, among branded and own label products, with premium service and experience and after-sales support. One of Plaisio's key merits lies in its e-commerce platform and sophisticated logistics infrastructure, which have provided underpinning to its strong route-to-market capabilities and eventually supported share gains through COVID evolution (lockdown, click-away, click-inside). We believe, Plaisio is well placed to weather the inflationary challenges in 2022-23 in the face of slowing sales and margin pressure, thanks to the aforementioned competitive advantages and the very solid balance sheet, which in fact got stronger in 2020-21 (net cash €47m).

2021: record sales, big jump in profitability

Given its solid business model and infrastructure, Plaisio was among the winners in the marketplace in 2021 delivering record top line corresponding to an impressive 23% yoy growth. This was the result of the group's continued focus on customer satisfaction, investments towards its infrastructure and the general wallet shift towards goods due to the COVID-induced restrictions. On the profitability front, despite the erosion of gross margins (by 0.4pps), Plaisio delivered an almost 50% yoy increase in EBITDA, its strongest operating profit level since 2014.

2022: tough comps, slowing sales, rising costs

Looking ahead to 2022, Plaisio is certainly faced with a much more challenging 2022 backdrop relating to both the top line and the cost side. Revenue growth is poised to decelerate markedly, especially as Plaisio is cycling the toughest comparison since 2007 while also lapping a "watered down" Digital care state subsidy scheme, which further exacerbates the base effect. The shift in spending from durables to services in the light of the re-opening will also act as a drag, as will the squeeze in disposable income from energy inflation. On the cost side, Plaisio will need to grapple with increased product costs and elevated freight rates, with the latter starting to become less of a headwind in H2 (given the base effect). All these coalesce into sales growth of 0.7% in 2022 rising to 4% in 2023e, thanks to the contribution from 2 new stores (assumed to contribute meaningfully from H1 2023). We model a 30bps gross margin erosion and c0.7pps higher opex/sales due to higher occupancy/distribution costs, thus coming up with EBITDA of €16m (from €20m in 2021) with the respective margin down to 3.6% in 2022. We assume a slightly positive operating leverage effect in 2022 driving EBITDA margins c10bps higher in 2023. These translate into a 3-10% downward revision to our EBITDA estimates over 2022-24e.

Long-term view intact

Looking further out, as the cyclical drag fades, we expect that 3-5% top line growth is feasible and can translate into low double digit EBITDA growth, and EBIT margins eventually nudging higher to c3% (similar to 2017 levels). With the macroeconomic backdrop being the overriding factor of the retail market performance, Plaisio's positioning and merits place it among the likely winners in the marketplace in the long-run. Though competitive dynamics are likely to stay challenging, we expect share gains at the expense of smaller players will drive a positive LFL trajectory, further propelled by potential additional store openings (not included in our numbers).

Valuation discounting a rather conservative setup

Plaisio shares are a bit above their pre-pandemic levels, after peaking at +30% in November 2021 vs the pre-covid price (Feb 2020). Since the COVID outbreak, the share price has performed largely in sync with the broader Greek non-financials universe but better than our Greek Gaming, Retail & Consumer (G.RE.CO.) index on the back of the solid FY'20 and FY'21 operational execution. On our estimates the current share price discounts medium-term EBIT of just c€11m, some 30% below the levels we see feasible by 2027e. Our DCF-based valuation (now predicated on a 10.5% WACC, edged 50bps vs our prior valuation) yields a valuation range between c€101m and c€121m, with our baseline indicative scenario pointing to a 12-month intrinsic value of €5.0/share (down from vs €5.4/share previously).

Share price performance and valuation

Share price near pre-pandemic levels on solid execution and market share gains

Plaisio is a bit above its pre-pandemic levels having recouped all the covid-19 induced losses since March 2021, backed by its solid market execution and share gains, before trending lower again post the Russian military actions in Ukraine and the relevant further spike in energy/transport and commodity costs. The share price has performed broadly in sync with the broader Greek non-financials universe, while it has outperformed our Greek Gaming, Retail & Consumer (G.RE.CO.) index since the period prior to the COVID outbreak.

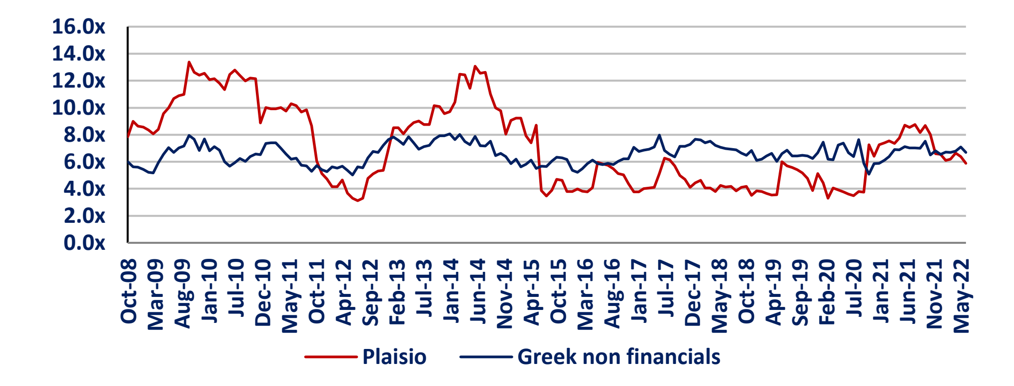
Performance (rebased) – Plaisio vs GRECO index and Greek non-financials.

Source: Eurobank Equities Research, Bloomberg.
GRECO index includes OPAP, OTE, CCH, Jumbo, Fourlis, Aegean, Plaisio, Sarantis.

EV/EBITDA valuation significantly below the long-term average

From a valuation perspective, historically Plaisio has traded within a wide valuation range, reflecting the fact that it belongs to a highly cyclical sector. In specific, the stock tends to trade at high forward-looking earnings multiples during recessionary periods (when short-term earnings are depressed) on the expectation that profits will recover fast from their trough. The long-term valuation has been near 8x 1 year forward EV/EBITDA, namely a small premium to the average valuation of Greek non-financials. Against this background, currently the stock is trading at quite a substantial discount vs its long-run average.

12m forward EV/EBITDA valuation



Source: Eurobank Equities Research, Bloomberg.

In the table below, we cross-check Plaisio's current valuation against a selected group of peers. This includes Fnac Darty, Dixons, Kingfisher, B&M, Ceconomy and the US-listed Best Buy. Most of the aforementioned companies are general merchandise retailers (primarily discounters) selling a wide range of products including electronic goods, hardware, housewares, health and beauty and general merchandise items. Some of these have also developed private label products (e.g. B&M).

As shown in the table that follows, Plaisio's valuation – in terms of EV/EBITDA – is in broad sync with the median stock in the peer group. We note that the sector has been in de-rating mode in the last few months in view of a backdrop of slowing sales and contracting margins. The same has been the case for Plaisio, especially since the start of the war in Ukraine and the resulting accelerated inflationary pressures. Within a historic context, the deceleration in the top line and the P&L challenges seem to be already reflected in the share price of Plaisio in our view, but the low sector valuations certainly act as a cap on the extent of potential individual stock re-rating, we reckon.

Peer group valuation

		PE		EV/EBITDA		Dividend yield		Net debt/EBITDA
Stock	**Mkt Cap**	**2022e**	**2023e**	**2022e**	**2023e**	**2022e**	**2023e**	**2022e**
PLAISIO COMPUTERS SA	**84**	**16.9x**	**15.4x**	**6.1x**	**5.7x**	**1.5%**	**1.6%**	**-0.4x**
CURYS PLC	1,113	7.2x	6.0x	3.3x	3.1x	4.2%	5.0%	0.6x
CECONOMY AG	1,138	NA	5.5x	2.7x	2.4x	2.6%	4.8%	0.9x
FNAC DARTY SA	1,226	8.4x	7.9x	3.6x	3.5x	4.3%	4.6%	0.6x
MOBILEZONE HOLDING AG-REG	686	12.1x	11.2x	9.2x	8.5x	6.0%	6.4%	0.9x
KID ASA	366	10.2x	9.5x	5.7x	5.3x	9.2%	9.8%	1.0x
CARD FACTORY PLC	255	9.2x	6.1x	4.6x	3.8x	0.0%	3.6%	2.6x
B&M EUROPEAN VALUE RETAIL SA	4,493	10.1x	10.3x	7.5x	7.1x	5.9%	6.4%	1.2x
KINGFISHER PLC	6,127	8.9x	8.8x	4.8x	4.8x	4.6%	4.7%	0.6x
BEST BUY CO INC	17,024	9.4x	8.1x	5.4x	5.0x	4.2%	4.7%	-0.4x
Median		**9.3x**	**8.1x**	**4.8x**	**4.8x**	**4.3%**	**4.8%**	**0.9x**

Source: Eurobank Equities Research, Bloomberg.

DCF-based valuation yields a €101-121m intrinsic value range

As the macro environment has altered significantly, following the military actions of Russia in Ukraine, the rising rates aiming to tackle rampant inflation and the heightened macro risks, we have trimmed our near term outlook for consumer-related companies while also having raised our WACC assumptions.

In Plaisio's case, we recalibrate our DCF valuation – which yields a base value of c€110m – now assuming:

- Sales CAGR of 2.3% over 2021-2023e, namely in the two years mostly affected by the inflation crisis, while inputing 3.6% CAGR in the medium term.
- A debasement of profitability in 2022-23 to levels similar to 2020, reflecting the elevated cost environment. We continue to assume that medium-term EBIT margins remain just near 3%, significantly below the median c6% of Plaisio's international peers.
- We use a LT growth rate of 1%, implying reinvestment rate near 40% and incremental ROIC of just c3%, justifiable in our view by the competitive intensity in the industry.
- The implied FCF conversion (FCF/EBITDA) in the medium term, namely post 2023, stands at c52%-60%, a level we consider feasible.
- WACC raised to 10.5% (from 10% previously) in order to capture the relative risk profile of the business vis-à-vis the rest of our coverage universe.

A summary of our baseline DCF can be seen below:

Plaisio DCF Valuation

	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Cash NOPAT	6.7	7.1	8.0	9.6	11.4	12.8	12.8	13.1	11.5
Depreciation (pre IFRS 16)	2.8	2.9	2.9	2.9	2.8	2.8	2.6	2.5	2.5
Working Capital/other	(0.8)	(3.0)	(3.3)	(3.1)	(3.0)	(3.1)	(3.5)	(3.8)	(4.8)
Capex	(10.2)	(3.9)	(1.0)	(1.0)	(1.0)	(1.0)	(1.2)	(1.4)	(2.3)
Unlevered Free Cash Flow	**(1.5)**	**3.2**	**6.6**	**8.4**	**10.2**	**11.5**	**10.8**	**10.4**	**6.9**
PV	(1.5)	2.9	5.4	6.2	6.9	7.0	5.9	5.2	3.1
PV of terminal value	32.9								
Enterprise Value	**73.9**								
Net cash (adj.)	31.8								
Equity value (year-end)	**105.6**								
no. of shares	22.1								
Per share	4.8 €								
12-month fair value per share	**5.0 €**								

Source: Eurobank Equities Research

We present below our basic sensitivity on a combination of WACC and terminal growth rates. Flexing our WACC and perpetuity growth inputs by 1% and 0.5%, respectively, we come up with a fair value range between €101m and €121m (namely €4.6 and €5.5 per share).

DCF – sensitivity of 12-month intrinsic value of Equity to perpetuity growth and WACC assumptions

		WACC				
		11.5%	11.0%	10.5%	10.0%	9.5%
Perpetuity growth	2.0%	105.8	109.7	114.0	118.8	124.3
	1.5%	104.1	107.7	111.7	116.1	121.1
	1.0%	102.5	105.9	**109.6**	113.8	118.4
	0.5%	101.0	104.2	107.8	111.6	115.9
	0.0%	99.7	102.8	106.1	109.7	113.7

Source: Eurobank Equities Research

2022-23 outlook: slowing growth, cost inflation but still healthy profitability

2021 raised the bar higher…

2021 was an impressive year for Plaisio, marking a record high from a top line perspective, as the group solidified its leading position in the market place capitalizing on past investments in logistics (delivery/route-to-market), on product enrichment and its highly sophisticated e-commerce channel. 2021 also saw Plaisio deliver its best operating performance since 2014, as positive operating leverage cushioned the impact of gross margin pressures.

Following the stellar 2021 results, Plaisio is certainly faced with a much more challenging 2022 backdrop relating to both the top line and the cost side. In more detail:

- **Sales**

  Sales growth to slow given tough comp and demand reversion from durables to services

  Revenue growth looks poised to decelerate markedly, especially as Plaisio is cycling the toughest comparison since 2007. We also remind that sales of consumer electronics had been boosted in H1 2021 by the “Digital care” state subsidy scheme, something which further exacerbates the base effect. In addition, consumer spending will be weighed down by the squeeze in disposable income from cost inflation. We also believe it is natural to expect a shift in spending from durables to services, given the re-opening effect and the pent-up demand for services after 2 years of severe limitations/lockdowns.

  Limited room for pricing given intense competition

  Given that Plaisio is operating in a highly competitve environment, we see limited room for price increases in most of its product categories (IT, telecom and white appliances), which account for c75% of group revenues, with room for pricing potentially in the office product category.

  Plaisio’s competitive advantages are likely to insulate it from the squeeze in disposable income

  On the other hand, the main elements that drove Plaisio’s performance in 2020-21 will remain in place, namely the logistics infrastructure, the route-to-market capabilities, the private-label offering, the in-house call center and the after-sales support. In addition, given Plaisio is over-indexed towards mid and high-income consumers, it is well-placed to navigate the challenging backdrop, as it is low-income consumers that are more severely affected by the inflationary pressures. Further underpinning the top line resilience in 2022 will be the quite lean inventory level, which we believe will limit the need for discounts.

  Against this background, we have penciled in group sales growth of just 0.7% yoy in 2022 accelerating to +4% in 2023 thanks to the contribution of two new stores which we assume take place by the end of 2022 (feeding into FY’23 forecasts).

- **Costs**

  Inflation pushing cost curve higher

  Gross margins retreated 0.4pps in 2021 following a 1.8pps contraction in 2020 and are set to retreat further this year in the light of inflationary pressures. With PPI run rates internationally exceeding CPI trends, it becomes clear that retailers will be faced with increased product costs which will be difficult to be passed through to consumers given the squeeze in disposable income. Freight rates will also be a margin headwind, as supply chain bottlenecks continue, with several retailers pointing to a 50-100bps erosion stemming from these bottlenecks.

  The aforementioned translate into Plaisio gross margins receding 30bps in 2022e at 17.8%, settling at levels near the 2010 lows (17.5%). We expect freight costs to become less of a headwind on a yoy basis in H2, given the base effect. For 2023, we expect product costs and freight rates to stay elevated, thereby assuming flat gross margins.

  As far as other opex are concerned, we note that contrary to US retailers, Plaisio is not facing significant wage pressure (no impact from the minimum wage increase) but do anticipate a re-basement higher of costs related to distribution and occupancy (e.g. energy). We also expect marketing costs to stay elevated in the light of a still intense competitive landscape. As such, we model a 70bps uptick in opex/sales translating into a

… but we see healthy profitability in 2022e, above the levels of the period prior to 2020

6% increase in opex (following +13% in 2021). We model slightly positive operating leverage in 2023 (opex/sales -10bps).

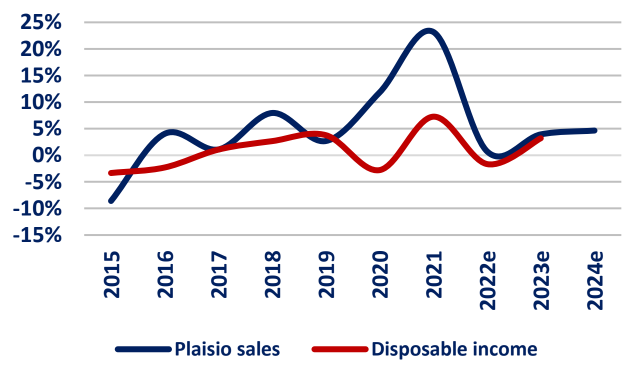
We end up with group EBITDA a bit lower than €16m in 2022 rising to €17m in 2023. This means that profitability will stay below the exceptionally high €20m in 2021, but will still be quite healthy, namely above the “debased” earnings of the 2015-2020 period.

Mid-term outlook positive given Plaisio’s omni-channel model and infrastructure capabilities

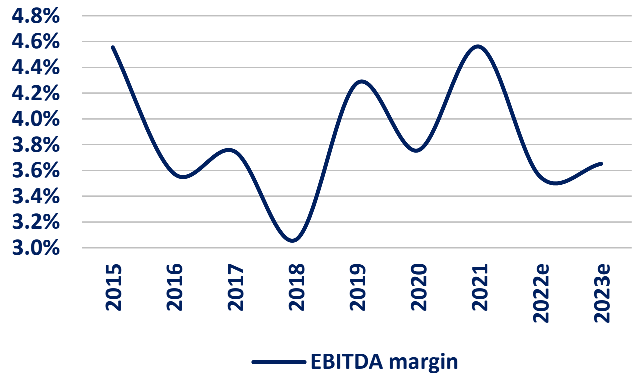
High single digit EBITDA CAGR post 2023e

Looking ahead, we have not changed materially our vision of Plaisio’s profitability. We model 3%-5% annual top line growth, stable to slightly higher gross margins (albeit staying at c18.2%, markedly lower than 2019 levels of 20.3%) and a falling opex/sales ratio as the pendulum of operating leverage swings to positive. This filters through to EBITDA CAGR of c8.4% between 2023 and 2028, quite a compelling proposition.

Plaisio sales evolution and disposable income



EBITDA margin evolution



Source: Eurobank Equities Research, Company data, Ameco database.

Revision of forecasts: Numbers pushed back by a year

We are pushing back our forecasts by a year in the light of the more challenging macro backdrop

In view of the more tepid top line outlook, partly due to the base effect, and ongoing margin pressures, we have made the following changes in our forecasts:

- We have made limited changes in our revenue forecasts, as the lower LFL sales assumption and the drag from the lower digital care subsidy scheme are eventually offset by the contribution from extra capacity (two new stores 1,500 each, contributing from H1 2023).
- The gross margin erosion and the higher-for-longer cost environment drive a 3-10% reduction of our 2022-2024e EBITDA.
- Of note is that our EBITDA estimates are similar to our previous forecasts but with a time lag, i.e. absolute profitability is effectively pushed back a year.

Estimate changes			
EURm	**2022e**	**2023e**	**2024e**
New			
Revenues	440.1	457.4	478.7
EBITDA	15.6	16.7	18.1
EBIT	8.1	8.7	10.0
EPS	0.22	0.25	0.29
Old			
Revenues	442.7	459.4	475.1
EBITDA	16.1	18.2	20.1
EBIT	8.2	10.1	11.9
EPS	0.21	0.29	0.37
% change			
Revenues	-1%	0%	1%
EBITDA	-3%	-8%	-10%
EBIT	-2%	-14%	-16%
EPS	5%	-15%	-21%

Source: Eurobank Equities Research

Healthy balance sheet with solid cash flow generation

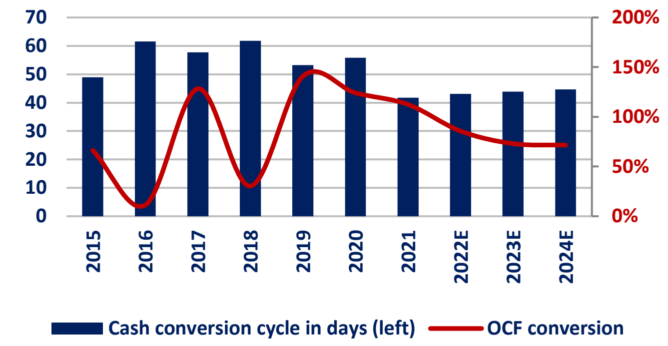
WC key to strong OCF; eyeing 70-80% cash conversion in the coming years

Plaisio has further strengthened its balance sheet, delivering FCF of €12m in 2021, the highest level of FCF generation since 2017. Besides the growth in profitability, working capital was also a key pillar of FCF generation, underpinned by the group's efficient supply chain and strong route-to market. As a result, cash conversion (OCF % of EBITDA) exceeded 100% for 3rd year in a row. Our forecasts ahead are looking for more "normal" levels of cash conversion, namely 70-80%.

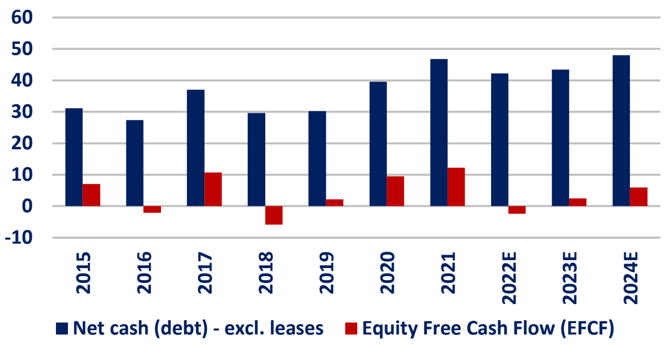
… leading to accelerating equity FCF

FCF was only partly absorbed by shareholder returns (€5m), thus allowing Plaisio to bolster its net cash position to c€47m in end-2021 (ex-leases), despite the higher capex bill (€6m) as the group carried out investments for expanding its logistics premises. Looking ahead, we include the recently announced €10m capex bill in our 2022 estimates and some €4m in 2023e, assumed for the development/expansion of the logistics center and the two new 1,500 sq.m. stores announced. Post 2024, we have penciled in fairly low capex levels for maintenance (€1m). As a result, we are looking for slightly negative EFCF in 2022 bouncing to €3-6m in 2023-24e.

Cash conversion cycle and OCF % of EBITDA



Net cash/ (debt) and FCFE (EUR m)

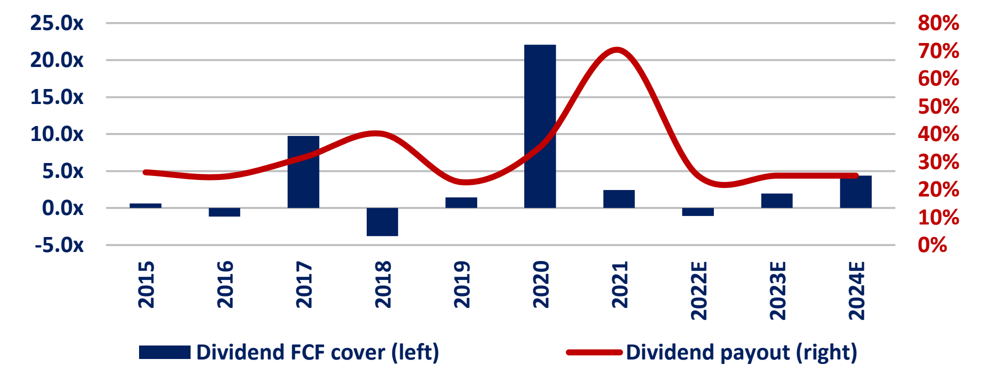


Source: Eurobank Equities Research, Company data.

Shareholder returns hinging on P&L execution; healthy balance sheet offering plenty of scope for rising returns in the long-term

Plaisio paid shareholders an extraordinary capital return of €3.8m (€0.17/share) in November 2021, with mgt also proposing a dividend of €0.10/share out of FY'21 earnings. As a reminder Plaisio has usually returned on average c30-40% of net profits in the past, mostly covered by FCF, with the group balancing its healthy balance sheet position to finance investments and navigate challenging conditions. Looking ahead, we have lowered our payout ratio to 25% in 2022-24 largely hinging on macroeconomic developments, before assuming a return to a mid-term figure of c30%.

Dividend cover and payout ratio



Source: Eurobank Equities Research, Company data.

FY'21 results overview

Solid FY'21 execution, driven by ecommerce and 'digital care'

Plaisio reported strong FY'21 results with EBITDA growing by an impressive c50% yoy at €19.9m, on a 23% yoy rise in sales to €437m. Sales of PC and digital tech increased 24% yoy (€200m), supported by revenues from "digital care" scheme subsidies (c€18m). Telecom equipment revenues increased c33% yoy (€88m) while white appliances saw 91% yoy growth generating €42m sales (accounting for c10% of group). Office products sales remained fairly unchanged at €103m (23.6% of group).

On the profitability front, despite a largely anticipated gross margin dilution of c40bps yoy, EBITDA increased substantially yoy thanks to positive operating leverage (opex at 13.5% of sales vs 14.7% in FY'20). The respective margin settled at 4.6% (+80bps yoy) with the actual EBITDA figure exceeding our estimate of €15m.

FCF underpinned by strong operating cash flow

Cash flow wise, FY'21 recorded net inflows of €7.2m, with the net cash position of the group rising to €46.8m vs net cash of €32.7m in 9M'21, thus indicating €14m inflows in Q4 alone, driven by strong operating cash flows. The record high net cash position facilitates the continuation of the group's investment plans (€10m in FY'22).

Plaisio proposed a gross DPS of €0.10/share, or c€2.2m for the year, on top of the already distributed extraordinary capital return of €0.17/share. The ex-dividend date is set for 21st June.

Plaisio results overview

EUR mn	H1'20	H2'20	FY'20	H1'21	H2'21	FY'21	FY'21 EEe
Sales	**148.6**	**206.1**	**354.6**	**199.2**	**237.7**	**436.9**	**425.1**
yoy	*8.0%*	*14.7%*	*11.8%*	*34.1%*	*15.3%*	*23.2%*	*19.9%*
COGS	-120.1	-169.0	-289.1	-165.3	-192.7	-358.0	-348.0
Gross profit	**28.4**	**37.1**	**65.5**	**34.0**	**45.0**	**78.9**	**77.1**
Gross margin	19.1%	18.0%	18.5%	17.0%	18.9%	18.1%	18.1%
Operating expenses	-23.1	-29.1	-52.2	-27.3	-31.7	-59.0	-62.0
opex/sales	15.5%	14.1%	14.7%	13.7%	13.3%	13.5%	14.6%
EBITDA	**5.3**	**8.0**	**13.3**	**6.6**	**13.3**	**19.9**	**15.1**
EBITDA margin	3.6%	3.9%	3.8%	3.3%	5.6%	4.6%	3.6%
yoy	*1.6%*	*-4.1%*	*-1.9%*	*24.2%*	*66.9%*	*49.7%*	*13.5%*
Pre-tax Profit	**0.5**	**3.1**	**3.6**	**1.9**	**9.2**	**11.1**	**5.4**
Net Profit	**0.3**	**2.8**	**3.1**	**1.4**	**7.0**	**8.5**	**3.8**
yoy	*8.0%*	*57.0%*	*59.7%*	*332.1%*	*153.2%*	*172.2%*	*23.4%*
DPS			**0.05**			**0.10**	**0.06**
Net cash / (debt)	**29.2**	**39.6**	**39.6**	**21.8**	**46.8**	**46.8**	**32.4**
Cash inflow / (outflow)	-1.1	10.4	9.3	-17.7	24.9	7.2	-14.4

Source: Company, Eurobank Equities Research

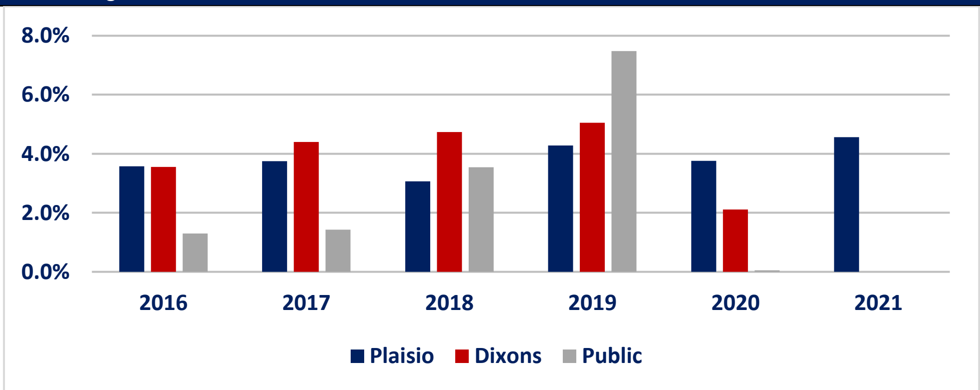
Across the product categories, technology products and telecommunication goods were the drivers of the top line growth, with products from the govt 'digital care' scheme subsidies boosting the first by some €14m. EBITDA margins contracted across telecommunication and white goods segments, with the latter raining its contribution to total sales. Still, the EBITDA margin erosion was limited to just 30bps yoy, as the group continued to mitigate part of the gross margin pressure with tight cost monitoring.

Results breakdown by category							
Sales	**H1'20**	**H2'20**	**FY'20**	**H1'21**	**H2'21**	**FY'21**	**yoy**
Office Products	46.0	56.6	102.7	46.4	56.7	103.2	*0.5%*
Telecommunications	27.0	39.6	66.6	37.8	50.7	88.5	*32.8%*
PCs & Digital Technologies	67.2	93.7	160.9	95.9	103.7	199.6	*24.1%*
White Appliances	8.3	13.8	22.1	17.8	24.5	42.3	*91.2%*
Other		2.4	2.4	1.3	2.0	3.3	*38.4%*
Group Sales	**148.6**	**206.1**	**354.6**	**199.2**	**237.7**	**436.9**	***23.2%***
Sales % of total							
Office Products	31%	27%	29%	23%	24%	24%	
Telecommunications	18%	19%	19%	19%	21%	20%	
PCs & Digital Technologies	45%	45%	45%	48%	44%	46%	
White Appliances	6%	7%	6%	9%	10%	10%	
Other							
EBITDA	**H1'20**	**H2'20**	**FY'20**	**H1'21**	**H2'21**	**FY'21**	**yoy**
Office Products	2.2	3.3	5.5	2.2	4.7	7.0	*27.2%*
Telecommunications	0.8	1.2	2.0	0.9	2.2	3.1	*57.9%*
PCs & Digital Technologies	1.9	3.0	4.9	2.9	4.8	7.7	*57.4%*
White Appliances	0.4	0.1	0.6	0.6	0.8	1.4	*153%*
Other		0.4	0.4		0.8	0.8	*78.3%*
Group	**5.3**	**8.0**	**13.3**	**6.6**	**13.3**	**19.9**	***49.6%***
EBITDA margins							
Office Products	4.8%	5.7%	5.3%	4.8%	8.4%	6.8%	*1.4%*
Telecommunications	3.0%	3.0%	3.0%	2.5%	4.3%	3.5%	*0.6%*
PCs & Digital Technologies	2.8%	3.2%	3.0%	3.0%	4.6%	3.8%	*0.8%*
White Appliances	5.0%	1.0%	2.5%	3.5%	3.2%	3.3%	*0.8%*
Other		18.2%	18.2%		39.1%	23.5%	*5.3%*
Group	**3.6%**	**3.9%**	**3.8%**	**3.3%**	**5.6%**	**4.6%**	***0.8%***

Source: Company, Eurobank Equities Research

Plaisio seems to have been gradually winning in the market in the past couple of years, as can be seen in the chart below, with EBITDA margin turning above that of peers in 2020.

EBITDA margin Plaisio vs. Kotsovolos and vs. Public-Media Markt



Source: Eurobank Equities Research, Company data.

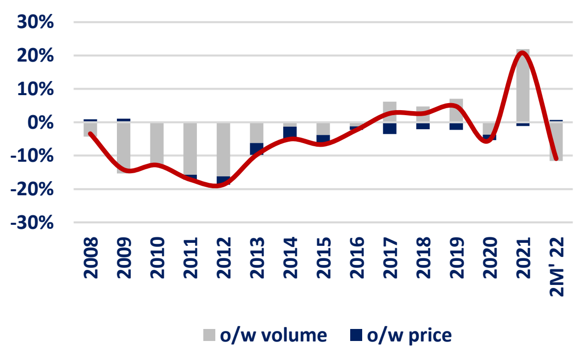
Looking below into detailed reported figures of Plaisio vs competitors in the local market we notice that Plaisio has maintained its good inventory menagement on good EBITDA margins. As a remider Public has been operating in a market place JV with Media Markt as of 2019.

Plaisio vs. competitors						
EUR m unless otherwise stated	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Sales						
Plaisio	283.0	286.1	308.9	317.1	354.6	436.9
Dixons S.E. Europe	407.9	456.9	531.5	546.9	583.3	
Public	234.3	241.0	256.4	268.3	296.5	
Gross margins						
Plaisio	21%	22%	20%	20%	18%	18%
Dixons S.E. Europe	21%	20%	21%	22%	21%	
Public	26%	26%	26%	26%	21%	
opex/sales						
Plaisio	19%	18%	18%	19%	17%	15%
Dixons S.E. Europe	17%	15%	17%	17%	19%	
Public	25%	25%	22%	18%	21%	
Media Markt	20%	14%	23%			
EBITDA						
Plaisio	10.1	10.7	9.5	13.6	13.3	19.9
Dixons S.E. Europe	14.5	20.1	25.2	27.6	12.3	
Public	3.0	3.4	9.1	20.1	0.2	
Days Inventory On Hand						
Plaisio	84	85	78	79	80	68
Dixons S.E. Europe	67	60	65	89	92	
Public	132	127	120	122	146	
Days Sales Outstanding						
Plaisio	21	22	21	25	28	21
Dixons S.E. Europe	49	42	50	44	50	
Public	15	8	6	9	16	

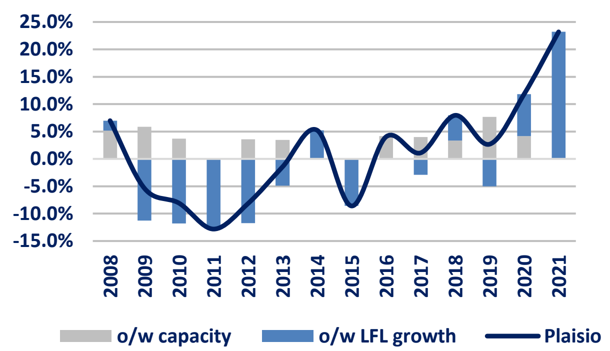
Source: Eurobank Equities Research, Company data

Trying to depict market dynamics in the period we notice in the charts below that Plaisio has followed market trends, with the home furnishing and electrical appliance market index in Greece up by 21% yoy in 2021. This increase was totally volume driven, indicating negative pricing of c1pp in 2021. Taking a closer look, we notice negative pricing has been the case since 2010 (included), with the trends turning positive in the first 2 months of 2022.

Electrical & household equipment retail index growth



Plaisio sales growth



Source: Eurobank Equities Research, Company data.

Group Financial Statements

EUR mn					
Group P&L	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Sales	**354.6**	**436.9**	**440.1**	**457.4**	**478.7**
Gross Profit	65.5	78.9	78.2	81.3	85.0
EBITDA	**13.3**	**19.9**	**15.6**	**16.7**	**18.1**
change	*-1.8%*	*49.6%*	*-21.5%*	*6.8%*	*8.4%*
EBITDA margin	*3.8%*	*4.6%*	*3.6%*	*3.7%*	*3.8%*
EBIT	**5.5**	**12.8**	**8.1**	**8.7**	**10.0**
Financial income (expense)	-1.9	-1.7	-1.7	-1.7	-1.7
Exceptionals/other income	0.0	0.0	0.0	0.0	0.0
PBT - reported	**3.6**	**11.1**	**6.4**	**7.0**	**8.3**
Income tax	-0.5	-2.6	-1.4	-1.5	-1.8
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Net profit - reported	**3.1**	**8.5**	**5.0**	**5.5**	**6.5**
EPS - adjusted (EUR)	**0.14**	**0.38**	**0.22**	**0.25**	**0.29**
DPS (EUR)	**0.05**	**0.27**	**0.06**	**0.06**	**0.07**
Group Cash Flow Statement	**2020**	**2021**	**2022e**	**2023e**	**2024e**
EBITDA	13.3	19.9	15.6	16.7	18.1
Change in Working Capital	1.3	4.6	-0.8	-3.0	-3.3
Net interest	-0.9	-0.9	-0.8	-0.8	-0.9
Tax	2.0	-2.4	-1.4	-1.5	-1.8
Other	-0.1	0.3	0.0	0.0	0.0
Operating Cash Flow	**15.7**	**21.5**	**12.6**	**11.4**	**12.1**
Capex	-1.8	-6.2	-10.2	-3.9	-1.0
Other investing	0.1	0.0	0.0	0.0	0.0
Net Investing Cash Flow	**-1.7**	**-6.2**	**-10.2**	**-3.9**	**-1.0**
Dividends	-0.4	-5.0	-2.2	-1.2	-1.4
Other	-4.2	-3.1	-4.7	-5.1	-5.2
Net Debt (cash)	**-39.6**	**-46.8**	**-42.2**	**-43.5**	**-48.1**
Free Cash Flow (adj.)	**9.8**	**12.2**	**-2.4**	**2.4**	**6.0**
Group Balance Sheet	**2020**	**2021**	**2022e**	**2023e**	**2024e**
Tangible Assets	35.0	38.1	45.4	46.3	44.3
Intangible Assets	2.1	2.1	2.2	2.2	2.2
Other non-current Assets	38.8	38.9	39.7	40.6	41.5
Non-current Assets	**75.9**	**79.1**	**87.3**	**89.1**	**88.0**
Inventories	61.3	65.9	66.4	68.4	70.9
Trade Receivables	27.3	25.0	26.6	29.1	32.1
Other receivables	5.3	7.9	8.2	8.5	8.9
Cash & Equivalents	58.5	62.1	62.1	62.1	62.1
Current Assets	**152.3**	**160.9**	**163.2**	**168.1**	**174.0**
Total Assets	**228.2**	**240.0**	**250.6**	**257.2**	**262.0**
Shareholder funds	97.6	101.0	107.0	111.3	116.4
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Total Equity	**97.6**	**101.0**	**107.0**	**111.3**	**116.4**
Long-term debt	15.4	11.7	11.7	11.7	11.7
Other long-term liabilities	38.1	40.7	38.3	39.1	40.0
Long Term Liabilities	**53.4**	**52.4**	**50.0**	**50.9**	**51.7**
Short-term debt	3.5	3.6	8.2	6.9	2.3
Trade Payables	40.1	45.8	46.0	47.6	49.5
Other current liabilities	33.5	37.2	39.4	40.6	42.1
Current Liabilities	**77.2**	**86.6**	**93.6**	**95.1**	**93.9**
Equity & Liabilities	**228.2**	**240.0**	**250.6**	**257.2**	**262.0**
Key Financial Ratios	**2020**	**2021**	**2022e**	**2023e**	**2024e**
P/E	21.6x	10.3x	16.9x	15.4x	12.9x
P/BV	0.7x	0.9x	0.8x	0.8x	0.7x
EV/EBITDA	6.1x	4.8x	6.1x	5.7x	5.0x
EBIT/Interest expense	2.9x	7.5x	4.7x	5.2x	5.8x
Net Debt (cash)/EBITDA	-0.2x	-0.4x	-0.4x	-0.4x	-0.6x
Dividend Yield	1.6%	6.8%	1.5%	1.6%	1.9%
ROE	3.3%	8.5%	4.8%	5.0%	5.7%
Free Cash Flow yield	14.5%	13.9%	-2.8%	2.9%	7.1%
Payout Ratio	35.4%	70.3%	25.0%	25.0%	25.0%

Source: Eurobank Equities Research

Company description

Plaisio is one of Greece's largest retailers of digital technology and office products operating 25 stores (including 1 store in Bulgaria). Besides being a retailer, it is also a product assembler importing technology equipment parts from China and assembling those in its facilities under its own brand Turbo-X. Plaisio offers discounter pricing with premium service and experience based on a multi-channel, multi-customer and multi-product approach

Risks and sensitivities

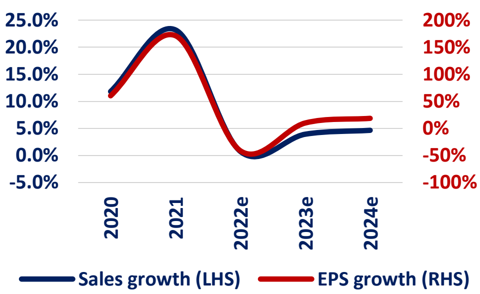
•**Macro:** Given its exposure in Greece (c97% of sales), Plaisio is dependent on the domestic macro environment. Any significant decline in economic activity would thus weigh on Plaisio's performance – especially given the discretionary characteristics of the product offering.

•**Working capital risk:** Plaisio generates c30% of its annual turnover in the last quarter of the year. Any inadequacy to deal with increased demand during these periods would negatively affect the group's results, while overstocking could result in products sitting on the shelf for longer than expected, eventually leading to inventory markdowns.

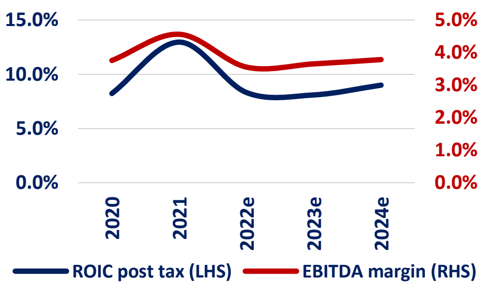
•**Price competition:** The fashion element of the industry along with the presence of entrenched players in the Greek market are factors that might lead to intense competition and higher margin erosion than envisaged by our numbers.

•**Sensitivity:** A significant part of goods are imported from China, resulting to c15% of COGS being USD-based. We estimate that a 5% appreciation of the USD against the EUR would reduce group EBITDA by c€2m ceteris paribus.

Sales and EPS growth



Profitability and returns



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This report has been written by Stamatios Draziotis, CFA (Equity Analyst) and Natalia Svyriadi (Equity Analyst).

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Planned Frequency of Updates:

Eurobank Equities Investment Firm S.A. provides updates on Plaisio based on the terms of the agreement between the two parties and at least but not limited to bi-annually after the publication of financial statements of Plaisio.

12-month Rating History of Plaisio

Date	Rating	Stock price	Target price
03/06/2022	Not Rated	€ 3.80	-
25/01/2022	Not Rated	€ 4.04	-
16/06/2021	Not Rated	€ 4.11	-
14/10/2020	Not Rated	€ 3.20	-

Eurobank Equities Investment Firm S.A. Rating System:

Stock Ratings	Coverage Universe		Investment Banking Clients	
	Count	Total	Count	Total
Buy	14	52%	1	7%
Hold	5	19%	0	0%
Sell	0	0%	0	0%
Restricted	1	4%	0	0%
Under Review	2	7%	0	0%
Not Rated	5	19%	0	0%
Total	**27**	**100%**		

Analyst Stock Ratings:

Buy:	Based on a current 12-month view of total shareholder return (percentage change in share price to projected target price plus projected dividend yield), we recommend that investors buy the stock.
Hold:	We adopt a neutral view on the stock 12-months out and, on this time horizon, do not recommend either Buy or Sell.
Sell:	Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock.
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