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PLAISIO

"Future-ready"

Top line bar set higher, omnichannel prowess affirmed – Plaisio greeted in 2020 the fruits of its past investments in digital technology and logistics infrastructure, managing to not only retain a meaningful portion of its sales during the lockdown but also to reset the top line bar higher by gaining market share. The epidemic not only validated the growing prevalence of online shopping, but it also accelerated the onset of the "Amazon effect" in Greece, namely speed of delivery becoming an overriding factor dictating consumers' purchase decision. We believe Plaisio's superior delivery, logistics and route-to-market capabilities are distinguishing factors for long-term growth, and, on that basis, we see Plaisio as "future-ready" and one of the winners in the marketplace.

Solid 2020… – Plaisio posted 12% top line growth in 2020 and a c20% growth in PBT, despite a closed store network for c100 days in the year. The positive operating leverage was diluted by a 180bps gross margin erosion (product mix, transport costs), partly offset by cost curtailment, both on account of the company's self-help actions and support measures (e.g. rent subsidies). Overall, Plaisio ended the year with little-changed operating profits, quite an achievement given the circumstances.

… and robust start to this year; high single digit EBITDA growth in 2021e – Q1 2021 has started on a solid footing (2-digit growth). Although we do believe that part of this strength is the result of a pull-forward in demand and the March 2020 base effect, we expect healthy trends throughout the year given Plaisio's competitive advantages and the general digitization push. On the cost side, we expect a slight further gross margin erosion (20bps yoy) in FY21e in the face of rising input costs, and an anticipated increase in operating costs given the re-opening. On the other hand, we expect the tight cost monitoring will keep opex/sales flattish vs 2020. As such, our EBITDA forecast for FY21 is at €14.6m (unchanged vs our earlier forecast), on 16% higher revenues (at €387m) than envisaged before.

Pendulum of operating leverage to be strongly positive post 2022e – Looking beyond 2021, we expect mid-single digit top line growth (c4.5% through to 2024). Although we anticipate operating costs to re-emerge in a more normal environment of fully opened stores, we see operating leverage gradually building on a margin turnaround as the macro backdrop improves, thereby penciling in c80bps higher EBIT margins by 2024e vs 2021e. Overall, we see c20% operating profit CAGR in 2020-24e.

Valuation – From a valuation perspective, the stock has fully retraced its COVID-induced losses but still trades at <7.5x 2021e EV/EBITDA, namely a small discount vs its long-run average but on still relatively depressed earnings. Our indicative DCF yields a valuation range between €105m and €129m, with our baseline indicative scenario pointing to a 12m intrinsic value of c€115m, translating to €5.2 per share. We estimate that the current price level discounts a flat earnings profile in the long-term.

Estimates					
€ mn	2019	2020	2021e	2022e	2023e
Revenues	317.1	354.6	387.5	404.9	423.0
EBITDA	13.6	13.3	14.6	16.2	18.1
Net Profit	1.9	3.1	3.6	4.7	6.3
EPS (EUR)	0.09	0.14	0.16	0.22	0.28
DPS (EUR)	0.02	0.05	0.05	0.07	0.09

Valuation					
	2019	2020	2021e	2022e	2023e
P/E	39.4x	25.9x	25.4x	19.1x	14.4x
EV/EBITDA	7.5x	7.3x	7.3x	6.5x	5.6x
EBIT/Interest Expense	2.1x	2.9x	2.9x	3.7x	5.0x
Dividend Yield	0.6%	1.4%	1.3%	1.7%	2.2%
ROE	2.1%	3.3%	3.7%	4.7%	6.0%

Market Cap (€mn)	90.7
Closing Price (16/06)	€4.11

Stock Data

Reuters RIC	PLAr.AT
Bloomberg Code	PLAIS GA
52 Week High (adj.)	€4.33
52 Week Low (adj.)	€2.55
Abs. performance (1m)	-2.9%
Abs. performance (YTD)	12.4%
Number of shares	22.1mn
Avg Trading Volume (qrt)	€26k
Est. 3yr EPS CAGR	26.4%
Free Float	18%

Plaisio Share Price

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See Appendix for Analyst Certification and important disclosures.

Contents

Investment Summary

Competitive moat affirmed during 2020; omnichannel prowess

Plaisio is one of Greece's largest retailers of PC, digital technology and office products, with a highly sophisticated e-commerce channel and advanced delivery/route-to-market capabilities, which helped it successfully navigate the pandemic. Testament to the solidity of the business model was the c12% top line growth and the 20% PBT growth in a period during which the store network stayed closed for almost 1/3 of the year. Underpinning this solid execution through secondary distribution channels was provided by Plaisio's state-of-the-art e-commerce platform (52m visitors on the web site from 7.8m pre-covid), customer service capabilities (6.5m call center calls from 1m pre-covid) and route-to-market (own fleet of c90 trucks), which enabled fast delivery (1.5m deliveries).

Future-ready, set to be among the winners in the marketplace in the long-run

Given the aforementioned merits and its solid business model, Plaisio managed to gain market share in a highly competitive environment. We believe the group is well positioned to capitalize in the future on the credibility gained in the aftermath of the pandemic and the expanded customer base. In addition, the group's liquidity position has strengthened further, thereby providing enough war chest for Plaisio to pursue a more aggressive growth strategy when conditions normalize, thus leaving room for even higher top line growth and profitability than incorporated in our estimates. We believe, Plaisio's sophisticated delivery capabilities and lean cost structure will be distinguishing factors in the long-term.

2021e: robust Q1, cyclical momentum to underpin bounce-back in profits

Q1 2021 has started on a solid footing (2-digit growth), partly aided by the easy comps in March. That said, the underlying performance is likely to stay robust, further underpinned by the cash hoarding since the beginning of the epidemic. With digitization providing a further boost to demand (e.g. "Digital Care" scheme in April) and with speedy delivery gaining in importance, we believe that the group is on track for high single digit top line growth in 2021 (EEe 9%). On the other hand, we expect a mild gross margin erosion due to cost inflation and product mix, and increased opex as the COVID situation normalizes as the year progresses. Overall, we see EBIT margin improvement of some 20bps in 2021e, driving a >20% bounce-back in operating profits vs 2020.

Operating leverage and mkt agility to gradually feed in profitability

Looking beyond 2021, although competitive dynamics are likely to stay challenging, Plaisio's share gains and agile business model, in consort with market momentum in digital and tech products, should drive a positive top line trajectory, further propelled by potentially new store openings (not included in our model). On that basis, we expect mid-single digit top line growth post 2021 (c4.5% through to 2024). Although we expect operating costs to re-emerge in a more normal environment of fully opened stores post 2021, we see operating leverage gradually building on a margin turnaround as the macro backdrop improves, thereby penciling in c80bps higher EBIT margins by 2024e vs 2021e. Overall, we see c20% operating profit CAGR in 2020-24e.

Attractive valuation and balance sheet optionality

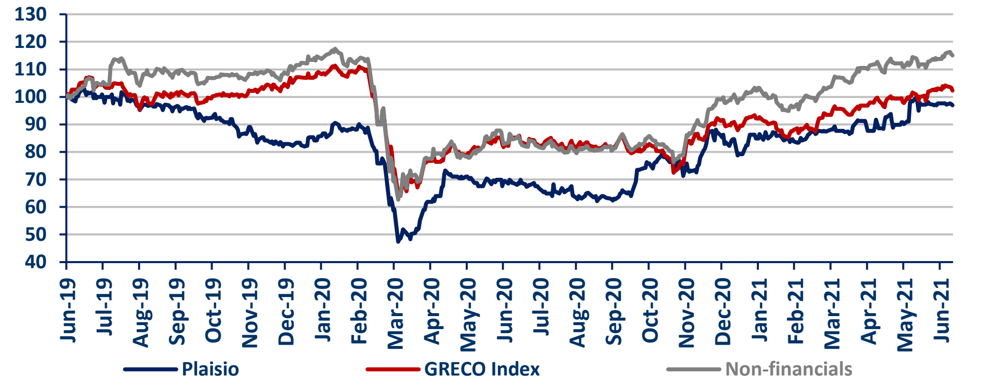
Plaisio has fully retraced its COVID-induced losses having rallied more than 90% since the March 2020 trough. The shares now stand c10% above their pre-crisis levels, but in our view the prospects for the group look far more positive in the aftermath of the pandemic. The latter revealed Plaisio's omnichannel prowess and accelerated the onset of the "Amazon effect" in Greece, namely speed of delivery becoming an overriding factor dictating consumers' purchase decision. With the shares trading at a small discount vs the long-term average on 2021e but with the valuation falling to 6.5x EV/EBITDA in 2022e, we believe the risk-reward balance remains positive, especially taking into account the balance sheet optionality given the €40m net cash position. We estimate that the current price level discounts a flat earnings profile in the long-term, quite a pessimistic scenario in our view.

Share price performance and valuation

Share price has recovered above its pre-pandemic level

In the last 12 months, Plaisio's has recouped all covid-induced losses and is trading c10% higher than its pre-crisis price on an absolute basis. The share price has performed broadly in sync with the Eurobank Equities Greek Gaming, Retail & Consumer (G.RE.CO.) index over the last 2 years (albeit going through periods of significant relative out/under performance). Relative to our broader Greek non-financials universe, Plaisio has been a laggard in the 2 year period, although it has posted a similar performance over the last 12 months. Since April, in the light of the solid FY20 performance Plaisio has outperformed other Greek non-financials.

12m performance (rebased) – Plaisio vs GRECO index and Greek non-financials.

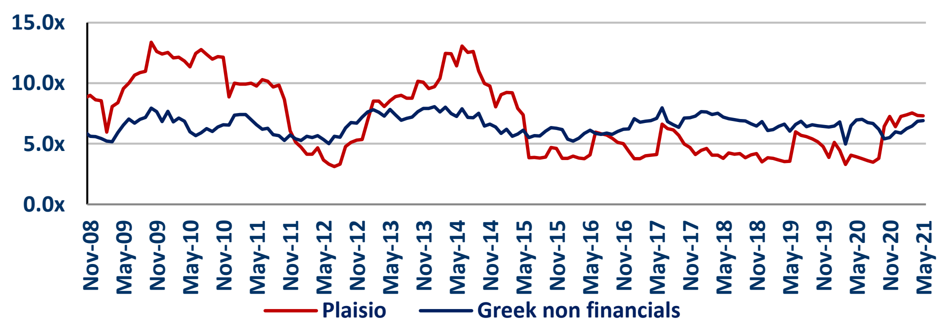


Source: Eurobank Equities Research, Bloomberg.
GRECO index includes OPAP, OTE, CCH, Jumbo, Fourlis, Aegean, Plaisio, Sarantis.

… but valuation remains below the long-term average (on EV/EBITDA)

From a valuation perspective, historically Plaisio has traded within a wide valuation range, reflecting the fact that it belongs to a highly cyclical sector. As such, 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 seems to be trading at a small discount vs its long-run average.

12m forward EV/EBITDA valuation



Source: Eurobank Equities Research, Bloomberg.

DCF-based valuation yields a €105-129m intrinsic value range

In the light of the substantially more robust – from a top line perspective – H2 2020, the solid current trading (2-digit sales growth in Q1) and our anticipation for sustained market share gains given Plaisio's competitive advantages (logistics, route-to-market, distribution, support services) which have become evident in the aftermath of the pandemic, we have recalibrated our DCF valuation, now envisaging higher revenues, and, along with this, somewhat higher medium-term profit estimates (FCF c€3m higher on average).

Our base case DCF now yields a >€110m 12-month fair market cap, translating to a price per share in the €5.2 area, and is predicated on the following assumptions:

- Sales CAGR of c4.5% over 2021-2024e, namely post COVID, fading to 3.6% in the medium term.
- Reported EBIT CAGR of c18% over 2021-2024e as profitability bounces back aided by cyclical acceleration, conservatively implying a c40bps margin expansion vs the 2020 level. We assume that medium-term EBIT margins remain below 3%, in line with the average current EBIT margin of Plaisio's international peers.
- We use a LT growth rate of 1%, implying reinvestment rate near 30% 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 stands at c40%-68%, a level we consider feasible.
- WACC of 10% which we believe captures 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	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Cash NOPAT	7.5	7.4	8.7	9.7	9.7	10.1	10.4	10.7	10.6
Depreciation (pre IFRS 16)	2.9	2.9	2.9	2.8	2.7	2.5	2.4	2.4	2.3
Working Capital/other	(2.3)	(2.5)	(3.4)	(3.6)	(0.9)	(1.0)	(1.0)	(1.0)	(3.7)
Capex	(4.0)	(3.2)	(1.0)	(1.0)	(1.2)	(1.3)	(1.5)	(1.7)	(2.1)
Unlevered Free Cash Flow	**4.1**	**4.6**	**7.2**	**7.9**	**10.3**	**10.3**	**10.3**	**10.3**	**7.2**
PV	4.1	4.2	5.9	5.9	7.0	6.4	5.8	5.3	3.4
PV of terminal value	37.9								
Enterprise Value	**86.0**								
Net cash (adj.)	24.6								
Equity value	**110.6**								
no. of shares	22.1								
Per share	5.0 €								
12-month fair value per share	**5.2 €**								

Source: Eurobank Equities Research

A basic sensitivity on a combination of WACC and terminal growth rates is presented at the table below. As can be seen, flexing our WACC and perpetuity growth inputs by 1% and 0.5% respectively yields a fair value range between €105m and €129m (namely €4.8 and €5.8 per share).

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

		WACC				
		11.0%	**10.5%**	**10.0%**	**9.5%**	**9.0%**
Perpetuity growth	**2.0%**	110.7	115.2	120.2	125.9	132.4
	1.5%	108.6	112.8	117.4	122.6	128.5
	1.0%	106.7	110.6	**114.9**	119.7	125.0
	0.5%	105.0	108.6	112.6	117.1	122.0
	0.0%	103.4	106.8	110.6	114.7	119.3

Source: Eurobank Equities Research

Estimates overview

1. 2021 outlook: more sales, less margin, but on balance a solid outlook with an impressive start to the year (2-digit growth)

Strong top line performance during the lockdowns, on rising market shares and customer base

Updating our 2021 forecasts, we have filtered through the significant top line outperformance in FY'20 vs our expectations, driven mainly by the boom in tech products sales (pandemic-driven) and the strong performance of the new white appliances category in its first full year. We believe that Plaisio will capitalise on the rising brand awareness during 2020 – given its impressive execution and consistent delivery – and will continue to gain market share in FY21. Underpinning this solid outlook has been the impressive execution in Q1'21 (double-digit sales growth), with revenues expected to be further propelled in Q2 by the state-subsidized "Digital Care" project (govt grants coupons to low-income families for the purchase of IT equipment). Having said that, we do expect a high base effect in H2 to drive lower growth rates in the second half of the year, nonetheless we see an overall high single digit growth of 9.3% yoy achievable in 2021.

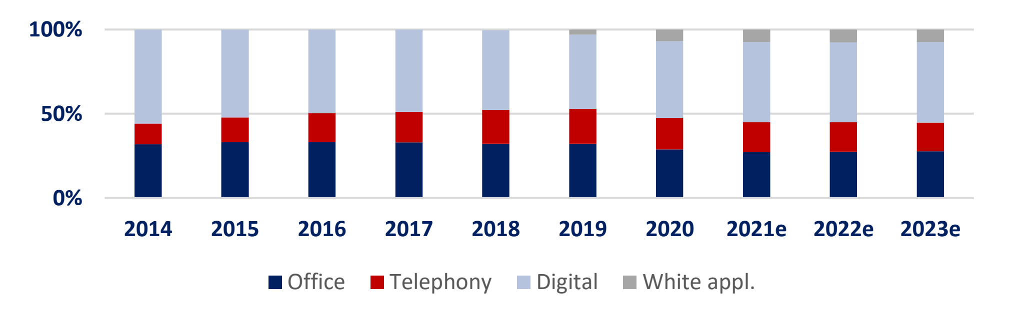
e-commerce channel gaining ground

We reckon that the spike in the e-commerce channel, which flourished during the lockdown period (accounting for over 50% of total sales vs 13% prior to the pandemic), will be only partly cannibalised by the physical stores' reopening, especially in H1'21, as demand for Plaisio's category assortment remains strong, partly underpinned by the significant piling up of deposits. As we return to more normal habits as of 2022, we would naturally expect more tepid performance from e-commerce, however we believe that the increasing focus on the speed of delivery (i.e. the "Amazon effect") is a trend that is here to stay and will propel Plaisio's performance, given its unparalleled infrastructure for fast last-mile delivery.

Expect rising contribution from whites, but digitization to keep IT products' dominance

Per product category, we anticipate that tech products will continue to dominate the mix, given the secular trend towards digitization. We anticipate sales of office products to ramp up again as shops reopen, however we expect that their share to total sales will remain close to 28%-29% (below the 32% pre-covid), as white appliances gain ground in group revenues and raise their contribution in the total mix.

% of total sales per product category



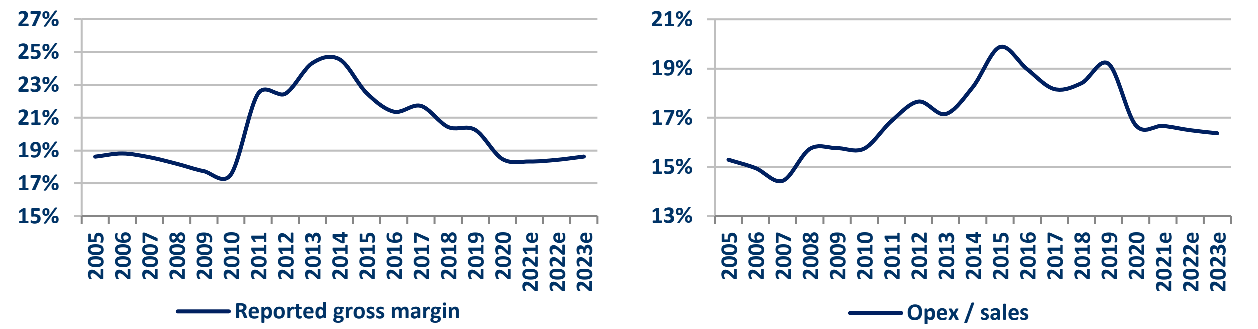
Source: Company, Eurobank Equities Research

Cost inflation amid higher transport costs and product mix changes

As regards the cost base, the COVID-19 outbreak has certainly weighed on Plaisio's gross margins (higher transport costs), though we have been seeing falling operating costs as percentage of sales on the back of efficiencies stemming from the closed store network and rent relief measures. Looking ahead to 2021, we now assume a further small gross margin erosion – following that of 2020 (-180bps) – as we expect continuing pressures on the transport cost side. In specific, we expect that internet-driven revenues, namely sales requiring delivery and burdening Plaisio with related costs, will continue rising in the current year, with closed retail stores at some 75-80 days up until now in 2021 (very close to c100 in 2020). We also expect unfavorable category mix, namely a small erosion driven by the stronger growth in tech products (which are lower-margin).

On the opex side, we assume lower distribution expenses and tight cost monitoring will keep the opex/sales ratio near 2020 levels. On an absolute basis, though, we have penciled in higher opex than in 2019, as rent subsidies unwind.

Gross margin and Opex/sales outlook



Source: Company, Eurobank Equities Research

2. Beyond 2021: still looking for mid-single digit top line growth and 10-11% EBITDA growth in 2022-23

Post 2021 we see c4.5% top line growth and c10-11% EBITDA growth over 2022-23 as feasible, as the pendulum of operating leverage remains positive

Looking ahead to 2022-23e, we have assumed sales growth of 4.5% - purely like-for-like - to an extent driven by sales in the 'new' white goods segment and a bounce-back of sales densities underpinned by the easy comparative (more selling days on no store closure assumptions). With believe this level of growth is hardly overambitious, against the background of a 6% GDP recovery envisaged by the EC in 2022 and a >€20bn cash hoarding by Greek households/corporates since the start of the pandemic.

On the profitability front, we model little-changed gross margins (vs the relatively depressed 2020 levels), assuming that competitive pressures may offset positive product mix (e.g. higher-margin whites and office products). We expect positive operating leverage to drive a small reduction in the opex to sales ratio between 2021 and 2024.

3. Revision of forecasts

Raising top line, but leaving profitability numbers broadly unchanged

The aforementioned changes meld into a better top line and a fairly unchanged profitability outlook vs our earlier forecasts. We lay out our forecasts changes in the table below:

Estimate changes

EURm	2021e	2022e	2023e
New			
Revenues	387.5	404.9	423.0
EBITDA	14.6	16.2	18.1
EBIT	6.9	8.3	10.1
EPS	0.16	0.22	0.28
Old			
Revenues	335.2	350.3	365.9
EBITDA	14.6	16.1	17.9
EBIT	6.9	8.3	10.1
EPS	0.16	0.21	0.27
% change			
Revenues	16%	16%	16%
EBITDA	0%	1%	1%
EBIT	1%	1%	0%
EPS	3%	5%	5%

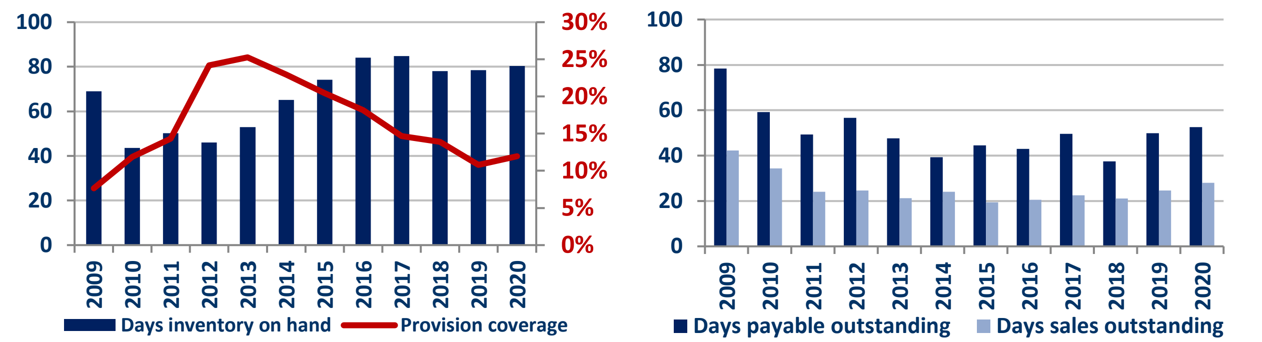
Source: Eurobank Equities Research

Healthy balance sheet and cash flow generation

Efficient working capital management key to solid balance sheet

Working capital management has been a key for Plaisio's success in timely product collection and speedy delivery. The stock replenishment system, which is automated and "live", operating through two logistics centers enabled Plaisio to maintain a good track of inventory, orders and deliveries depending on demand. In fact, as we can see below, the days of "inventory on hand" increased just marginally, despite Plaisio's rising share in the white appliances market and the uninterrupted route to market supply chain in an extraordinary year. Provisioning grew a bit, in an effort to mitigate write-off risks tied to the difficulties faced by the sector. In the meantime, both payables and receivables rose in tandem with the credit risk which has resulted from the pandemic crisis. Net receivables amounted to €27m in 2020, translating to 28 days (up from 25 in 2019) in terms of the period that receivable collection is outstanding. On the payables front, the average number of days that Plaisio pays its suppliers increased to 53 in 2020 (up from 50 in 2019). As such, Plaisio's cash conversion cycle remained robust in 2020 at 56 days, in sync with a range of 50 and 60 days in recent years. This has translated into cash conversion (operating cash flow as % of EBITDA) exceeding 100% in 2020. Our estimates post 2021 continue to incorporate c60% cash conversion, translating to a conversion cycle not deviating significantly from 55-60 days.

Days inventory on hand – receivable/payable

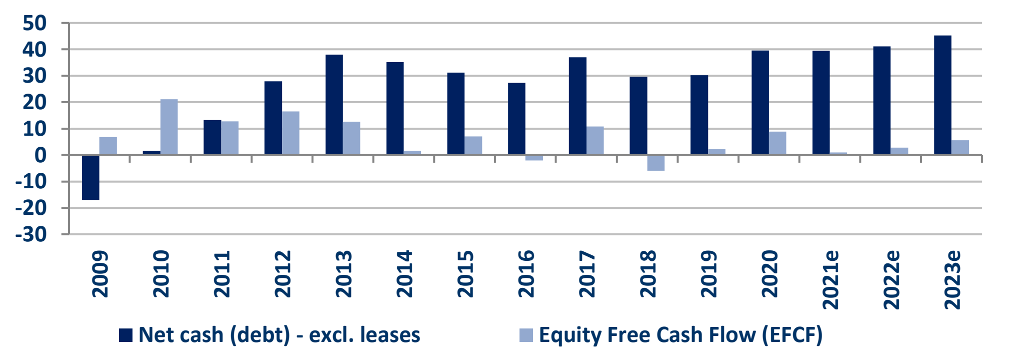


Source: Company, Eurobank Equities Research

Positive cash flow outlook despite challenges

Plaisio continues to enjoy a strong financial and liquidity position. The net cash position of the group grew to c€40m in 2020 (ex-leases), with no major investments carried out (remained close to the usual €1-2m per annum) after a decade-long capex round (new e-commerce platform, new logistics center). Given strong operating cash flow and limited capex, equity free cash flow was quite significant during the year (€9m vs €2m in 2019). Looking ahead, we include the recently announced warehouse premises bought (in Magoula) for €2.9m in our 2021 capex, plus an assumed amount for the development/expansion into a logistics center, while we assume fairly low capex levels post 2022, since there is nothing concrete with regards to the group's store expansion plan. As a result, we are looking for EFCF of c€1-6m per annum in the following 3 years.

Plaisio net debt and Free Cash Flow (EUR mn)



Source: Company, Eurobank Equities Research

FY'20 results overview

Strong set of FY'20 results, driven by robust ecommerce channel

Plaisio reported strong FY'20 results with sales +11.8%, mainly driven by a 16% yoy rise in PC and digital tech products. Notwithstanding the second lockdown in the last two months of the year, Plaisio managed to grow H2 sales at an impressive 14.7% yoy. On the profit side, FY20 EBITDA dropped just 2% yoy shaping at €13.3m, better than our forecast of €12.5m, on the back of the sales beat. Net profit grew 60% yoy, reaching €3.1m.

The particular performance in a year during which physical retail traded almost 1/3 under lockdown is commendable and was largely underpinned by Plaisio's solid e-commerce platform and punctual delivery times. The positive operating leverage was partly diluted by the gross margin erosion (-180bps yoy). On the other hand, lower operating costs as % of sales (-130bps yoy) provided support. As a result, pre-tax profit settled 20% higher yoy, further propelled by lower financial costs and net profit grew 60%, aided by some €0.5m in tax rebates.

From a cash flow perspective, Plaisio grew its net cash position by €9m yoy to €39.6m as of Dec 2020, quite a solid performance, ending the year with gross cash of c€58m.

Given the solid performance in FY'20 and the strong financial position, mgt proposed a higher than we had anticipated dividend distribution of €0.05 per share, above last year's €0.02 per share, which was approved by the AGM. The ex-dividend date is set for June 22nd.

As regards the AGM which took place on the 8th of June, shareholders, also approved, among others, changes in the 6-member BoD, with four members replaced and the President and CEO roles separated, in the context of improving corporate governance practices. New elected non-executive-independent BoD members are Mr. Apostolos Tambakakis, Mr. Alexios Pilavios and Mr. Konstantinos Mitropoulos and executive member Mrs. Aikaterini Vassilaki. Mr. G. Gerardos will hold the President role and Mr. K. Gerardos will assume exclusively the CEO role.

Plaisio results overview

EURmn	H1'19	H2'19	FY'19	H1'20	H2'20	FY'20
Sales	**137.5**	**179.6**	**317.1**	**148.6**	**206.1**	**354.6**
yoy	*0.4%*	*4.5%*	*2.7%*	*8.0%*	*14.7%*	*11.8%*
Gross profit	29.3	35.0	64.2	28.4	37.1	65.5
Gross margin	*21.3%*	*19.5%*	*20.3%*	*19.1%*	*18.0%*	*18.5%*
Operating expenses	-24.0	-26.7	-50.7	-23.1	-29.1	-52.2
opex/sales	*17.4%*	*14.9%*	*16.0%*	*15.5%*	*14.1%*	*14.7%*
EBITDA	**5.3**	**8.3**	**13.6**	**5.3**	**8.0**	**13.3**
yoy				*1.6%*	*-4.1%*	*-1.9%*
Depreciation	-3.4	-4.5	-7.8	-3.8	-4.0	-7.8
EBIT	**1.9**	**3.8**	**5.7**	**1.6**	**4.0**	**5.5**
EBIT margin	*1.4%*	*2.1%*	*1.8%*	*1.0%*	*1.9%*	*1.6%*
Net financials/other	-1.4	-1.3	-2.7	-1.0	-0.8	-1.9
Pre-tax Profit	**0.5**	**2.5**	**3.0**	**0.5**	**3.1**	**3.6**
Tax	-0.3	-0.8	-1.1	-0.2	-0.3	-0.5
Net Profit	**0.2**	**1.8**	**1.9**	**0.3**	**2.8**	**3.1**
Net margin	*0.1%*	*1.0%*	*0.6%*	*0.2%*	*1.3%*	*0.9%*
Operating Cash Flow	-5.0	22.6	17.6	1.3	14.4	15.7
- capex	-7.4	-2.9	-10.3	-0.4	-2.2	-2.7
Capital repayment of leases	-2.5	-2.6	-5.1	-1.9	-2.3	-4.2
Free Cash Flow	**-14.9**	**17.1**	**2.2**	**-1.1**	**9.9**	**8.8**
Net cash / (debt)	**13.1**	**30.3**	**30.3**	**29.2**	**39.6**	**39.6**

Source: Company, Eurobank Equities Research

Across the product categories, technology products and white goods (the latter was included in the product mix as of June 2019) were the drivers of the top line growth. EBITDA margins contracted across all product segments. Still, the EBITDA margin erosion was limited to just 70bps, as the group mitigated part of the gross margin pressure with tight cost monitoring.

Results breakdown by category			
Sales	**FY'19**	**FY'20**	**yoy**
Office Products	102.4	102.7	0.1%
Telecommunications	65.6	66.6	1.2%
PCs & Digital Technologies	139.1	160.9	15.6%
White Appliances/other	9.9	24.5	146.5%
Group	**317.1**	**354.6**	**11.8%**
Sales % of total			
Office Products	32%	29%	-3.4pp
Telecommunications	21%	19%	-1.9pp
PCs & Digital Technologies	44%	45%	1.5pp
White Appliances/other	3%	7%	3.8pp
EBITDA	**FY'19**	**FY'20**	**yoy**
Office Products	6.2	5.5	-12.0%
Telecommunications	2.4	2.0	-18.3%
PCs & Digital Technologies	4.4	4.9	11.7%
White Appliances/other	0.6	1.0	75.9%
Group	**13.6**	**13.3**	**-1.9%**
EBITDA margins			
Office Products	6.1%	5.3%	-0.7pp
Telecommunications	3.7%	3.0%	-0.7pp
PCs & Digital Technologies	3.1%	3.0%	-0.1pp
White Appliances/other	5.6%	4.0%	-1.6pp
Group	**4.3%**	**3.8%**	-0.7pp
Source: Company, Eurobank Equities Research			

Group Financial Statements

EUR mn					
Group P&L	**2019**	**2020**	**2021e**	**2022e**	**2023e**
Sales	**317.1**	**354.6**	**387.5**	**404.9**	**423.0**
Gross Profit	64.2	65.5	71.0	74.6	78.8
EBITDA	**13.6**	**13.3**	**14.6**	**16.2**	**18.1**
change	*43.4%*	*-1.9%*	*10.0%*	*11.0%*	*11.2%*
EBITDA margin	*4.3%*	*3.8%*	*3.8%*	*4.0%*	*4.3%*
EBIT	**5.7**	**5.5**	**6.9**	**8.3**	**10.1**
Financial income (expense)	-2.7	-1.9	-2.4	-2.3	-2.0
Exceptionals/other income	0.0	0.0	0.0	0.0	0.0
PBT - reported	**3.0**	**3.6**	**4.6**	**6.1**	**8.1**
Income tax	-1.1	-0.5	-1.0	-1.3	-1.8
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Net profit - reported	**1.9**	**3.1**	**3.6**	**4.7**	**6.3**
EPS - adjusted (EUR)	**0.09**	**0.14**	**0.16**	**0.22**	**0.28**
DPS (EUR)	**0.02**	**0.05**	**0.05**	**0.07**	**0.09**
Group Cash Flow Statement	**2019**	**2020**	**2021e**	**2022e**	**2023e**
EBITDA	13.6	13.3	14.6	16.2	18.1
Change in Working Capital	6.4	1.3	-2.3	-2.5	-3.4
Net interest	-1.5	-0.9	-1.5	-1.4	-1.2
Tax	-0.8	2.0	-1.0	-1.3	-1.8
Other	-0.1	-0.1	0.0	0.0	0.0
Operating Cash Flow	**17.6**	**15.7**	**9.8**	**11.0**	**11.7**
Capex	-10.3	-1.8	-4.0	-3.2	-1.0
Other investing	0.0	-0.9	0.0	0.0	0.0
Net Investing Cash Flow	**-10.3**	**-2.7**	**-4.0**	**-3.2**	**-1.0**
Dividends	-1.5	-0.4	-1.1	-1.1	-1.5
Other	-5.1	-3.2	-4.9	-5.0	-5.0
Net Debt (cash)	**-30.3**	**-39.6**	**-39.4**	**-41.1**	**-45.3**
Free Cash Flow (adj.)	**2.2**	**8.8**	**1.0**	**2.9**	**5.6**
Group Balance Sheet	**2019**	**2020**	**2021e**	**2022e**	**2023e**
Tangible Assets	36.5	35.0	36.0	36.2	34.2
Intangible Assets	2.0	2.1	2.2	2.3	2.4
Other non-current Assets	39.0	39.4	39.4	39.4	39.4
Non-current Assets	**77.4**	**76.5**	**77.6**	**77.9**	**76.0**
Inventories	53.4	61.3	65.7	67.8	70.9
Trade Receivables	21.4	27.3	27.1	29.7	32.5
Other receivables	7.9	5.3	4.6	4.8	5.0
Cash & Equivalents	39.2	58.5	58.5	58.5	60.6
Current Assets	**121.9**	**152.3**	**155.8**	**160.8**	**169.0**
Total Assets	**199.4**	**228.8**	**233.4**	**238.7**	**244.9**
Shareholder funds	93.4	95.7	98.8	102.9	108.2
Non-controlling interest	0.0	0.0	0.0	0.0	0.0
Total Equity	**93.4**	**95.7**	**98.8**	**102.9**	**108.2**
Long-term debt	6.9	15.4	15.4	15.4	15.4
Other long-term liabilities	38.9	39.7	38.3	38.3	38.3
Long Term Liabilities	**45.8**	**55.1**	**53.6**	**53.6**	**53.6**
Short-term debt	2.0	3.5	3.7	2.0	0.0
Trade Payables	33.9	40.1	41.1	42.7	44.4
Other current liabilities	24.3	34.3	36.2	37.5	38.8
Current Liabilities	**60.2**	**78.0**	**81.0**	**82.1**	**83.2**
Equity & Liabilities	**199.4**	**228.8**	**233.4**	**238.7**	**244.9**
Key Financial Ratios	**2019**	**2020**	**2021e**	**2022e**	**2023e**
P/E	39.4x	25.9x	25.4x	19.1x	14.4x
P/BV	0.8x	0.8x	0.9x	0.9x	0.8x
EV/EBITDA	7.5x	7.3x	7.3x	6.5x	5.6x
EBIT/Interest expense	2.1x	2.9x	2.9x	3.7x	5.0x
Net Debt (cash)/EBITDA	0.4x	-0.2x	-0.3x	-0.4x	-0.6x
Dividend Yield	0.6%	1.4%	1.3%	1.7%	2.2%
ROE	2.1%	3.3%	3.7%	4.7%	6.0%
Free Cash Flow yield	2.9%	10.9%	1.1%	3.2%	6.2%
Payout Ratio	22.7%	35.5%	32.0%	32.0%	32.0%

Source: Eurobank Equities Research

Company description

Plaisio is one of Greece's largest retailers of digital technology and office products operating 24 stores (plus 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

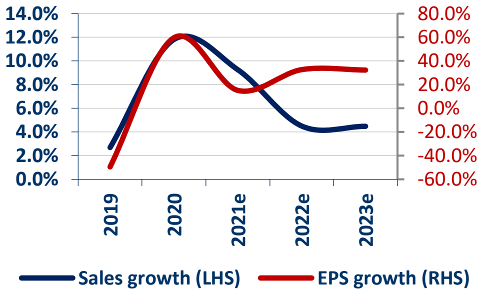
•**Macro:** Given its exposure in Greece (c97% of sales), Plaisio is dependent on the domestic macro environment. Any significant decline in economic activity would thus weigh on Plaisio's performance – especially given the discretionary characteristics of the product offering.

•**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.

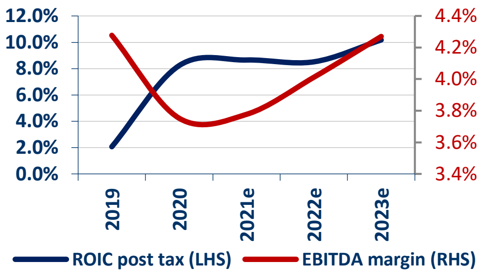
•**Price competition:** The fashion element of the industry along with the presence of entrenched players in the Greek market are factors that might lead to intense competition and higher margin erosion than envisaged by our numbers.

•**Sensitivity:** A significant part of goods are imported from China, resulting to c20% of COGS being USD-based. We estimate that a 5% appreciation of the USD against the EUR would reduce group EBITDA by c€2-3m ceteris paribus.

Sales and EPS growth



Profitability and returns



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Analyst Certification:

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

Analyst Compensation:

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Stamatios Draziotis and Natalia Svyriadi did not receive or purchase the shares of Plaisio prior to a public offering of such shares.

Stamatios Draziotis and Natalia Svyriadi do not have a significant financial interest in one or more of the financial instruments which are the subject of this report or a significant conflict of interest with respect to the subject companies mentioned in this report a) that are accessible or reasonably expected to be accessible to the persons involved in the preparation of this report or b) known to persons who, although not involved in the preparation of this report, had or could reasonably be expected to have access to this report prior to its dissemination to customers or the public.

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
16/06/2020	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	15	58%	1	7%
Hold	4	15%	0	0%
Sell	0	0%	0	0%
Restricted	1	4%	0	0%
Under Review	2	8%	1	50%
Not Rated	4	15%	0	0%
Total	**26**	**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.
Restricted:	Under Eurobank Group policy and / or regulations which do not allow ratings
Under Review:	Our estimates, target price and recommendation are currently under review
Not Rated:	Refers to Sponsored Research reports