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Company Comment	Leisure	Sweden	31 October 2022
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Heads up: Q3 results should corroborate ongoing recovery post-Covid

Actic Group, a leading Northern-European gym and fitness club and operator, will report Q3 results on Wednesday 2 November at 07.45 CET (conference call at 10.00 CET). We believe Actic Group's turnaround post the lifting of Covid-19-related restrictions (closed gym clubs) looks set to continue. In the medium-term outlook, health awareness and fitness trends add to fundamentals in the market for gym clubs. We reiterate our SEK 19 mid-point DCF-based equity value.

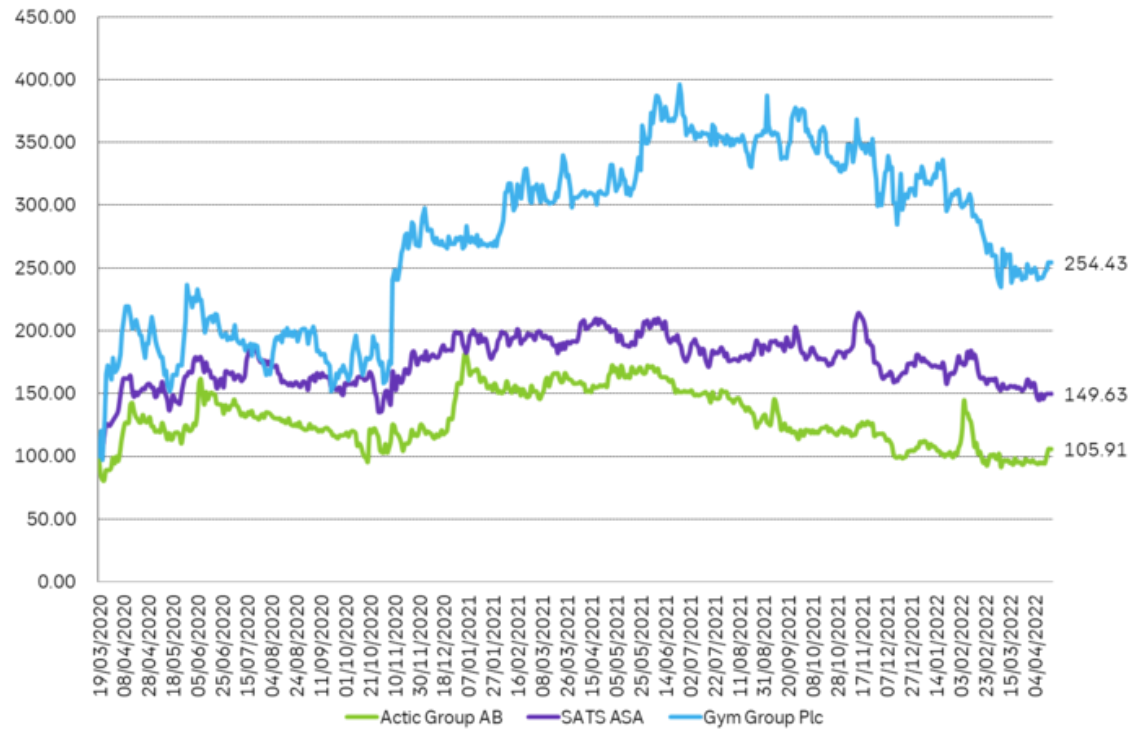
Q3 financial forecasts

Mid-point valuation summary

Valuation summary

Mid-point DCF value (SEK)	19.00		
Share price (SEK)	7.00		
2023E adj. PER (x)	6.8		
2023E adj. EV/EBIT, incl. IFRS 16 debt (x)	23.2		
2022E DPS (2023 payout)	0.00		
	Low	High	Mid-point
DCF valuation range (SEK)	16.00	22.00	19.00
Equity potential (%)	129	214	171
2023E adj. PER at mid-point DCF value (x)	15.6	21.5	18.5
2021E DPS yield (%)	0.0	0.0	0.0
Total return potential	129	214	171

Source: SEB

Selected peer share price performance since Covid-19 market trough, indexed

Source:

Q3 financial forecasts

P & Ls (IFRS16) (SEKm)	Q3/22E	Q3/21		Q2/22	
	SEB	Actual	y/y (%)	Actual	q/q (%)
Group P & L - consolidated					
Sales	183	163	12.4	187	(19)
Other income	6	6	12	9	(25.3)
Revenue	190	170	12.0	196	(2.9)
Goods for resale	(1)	(1)	18.6	(0)	124.8
Other external costs	(58)	(46)	25.0	(66)	(13.4)
Personnel costs	(71)	(65)	9.9	(70)	18
Other costs	(0)	(0)	n.a.	(0)	n.a.
EBITDA	60	58	3.6	59	2.1
Depr. (incl IFRS16 leases)	(50)	(50)	0.5	(49)	2.2
EBITA	9	7	24.6	9	(1.4)
EBITA, adj.	9	7	24.6	9	(1.4)
Amort.	(3)	(2)	60.1	(2)	415
Impairments	0	0	n.a.	0	n.a.
EBIT	6	6	13.5	7	9.9
o/w NRIs, total	0	0	n.a.	0	n.a.
EBIT, adj.	6	6	13.5	7	9.9
Net financials (excl. assoc.)	(11)	(12)	(112)	(7)	59.7
Pre-tax profit	(4)	(6)	33.3	0	n.a.
Total taxes	1	1	n.a.	(0)	(345.4)
Minority interests	0	0	n.a.	0	n.a.
After tax profit, reported	(3)	(5)	32.8	0	n.a.
Total adjustments to ATP	3	2	60.1	2	415
Tax effect of adjustments (at standard rate)	(1)	(0)	60.1	(0)	415
Adjustments, net of tax effect	2	1	n.a.	2	n.a.
Adjusted after tax profit	(1)	(3)	70.9	2	159.7
EPS, reported	(0.17)	(0.30)	45.5	0.00	4,207.8
EPS, adj.	(0.05)	(0.22)	76.4	0.09	159.7
No of shares, f. dil (m)	19,606	15,897	23.3	19,606	0.0
Key operating assumptions					
No of clubs, EOP	159	172	(7.6)	161	(12)
No of members, EOP ('000)	180	173	4.3	184	(18)
Growth in members, y/y (%)	4.3	(12.9)	17.3	(18)	6.2
ARPM, monthly (SEK)	336	320	4.9	333	0.9
Growth in ARPM, y/y (%)	4.9	(2.1)	7.0	0.9	4.0
Growth & margins (%)					
Sales growth	12.4	(16.8)	29.1	35.3	(22.9)
Organic growth, y/y (%)	11.1	(16.7)	27.8	34.5	(23.4)
Underlying EBIT growth	13.5	0.0	13.5	0.0	13.5
Amort/Sales	15	11	0.5	11	0.5
Depr/Sales	27.5	30.8	(3.2)	26.4	11
Opex/Sales (excl. NRIs)	100.0	100.4	(0.4)	100.8	(0.8)
Adj. EBITA margin (excl. NRIs)	5.1	4.6	0.5	4.9	0.2
EBIT margin	3.5	3.5	0.0	3.8	(0.3)
Adj. EBIT margin (excl. NRIs)	3.5	3.5	0.0	3.8	(0.3)
PTP margin	(2.3)	(3.9)	16	0.3	(2.6)
Net margin	(18)	(3.0)	12	0.0	(18)
Tax rate	23.0	23.6	(0.6)	83.3	(60.3)

Source: SEB

Conference call details

For call-in instructions, see: <https://www.acticgroup.se/en/media/press-releases?page=/perma/press/2062425>

Key figures				
(SEKm)	2021	2022E	2023E	2024E
Revenues (m)	660	792	844	889
Adj. EBIT	(53)	13	53	70
PTP (m)	(96)	(42)	11	29
EPS	(5.09)	(2.02)	0.58	1.04
EPS (adjusted)	(4.58)	(1.02)	1.02	1.51
DPS	0.00	0.00	0.20	0.40
Revenue growth (%)	(15.9)	20.9	6.6	5.3
EPS growth (%)	n.a.	n.a.	n.a.	47.1
Operating margin (%)	(8.7)	(0.0)	6.5	8.2
ROCE (%)	(3.8)	0.0	4.1	5.4
Net Debt/EBITDA (x)	7.0	4.8	4.0	3.7
PER (adjusted)	(2.4)	(6.9)	6.8	4.6
Dividend yield (%)	0.0	0.0	2.9	5.7
Free Cash Flow Yield (%)	(41.5)	(29.9)	16.3	28.9
P/BV (x)	0.9	0.8	0.7	0.7
EV/EBIT (x)	(22.8)	(5,606.9)	23.2	17.0
EV/Sales (x)	1.99	1.62	1.51	1.40

Source: SEB

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