

November 25<sup>th</sup>, 2020

Europe | Hungary | Machinery

DR. KALLIWODA  
RESEARCH GmbH**Initiating Coverage****BUY**

Target price: HUF 76.23

Industry: Construction and Agricultural Machines  
 Country: Hungary  
 ISIN: HU0000176722  
 Website: www.dmker.hu

Last price: 60.00  
 High Low  
 Price 52 W: - -  
 Market cap. (HUF '000) 7,574,699  
 Number of shares (thousands) 126,245

**Shareholders**

Bátor Ferenc 36.83%  
 Sándor Megyeri 36.83%  
 Nemzeti Tőzsdefejlesztési A 14.55%  
 Flee Float 11.97%

**Chart: 1 Year**

Source: bse.hu

DR. KALLIWODA RESEARCH on Bloomberg  
 Page: KALL

**Analyst**

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**DM-KER Nyrt.****An evolving machinery dealer in Hungary.**

- DM-KER is one of the leading distributors in the construction machinery market in Hungary.
- 2019 marked as an important milestone in the development of DM-KER as the company successfully went public. Its shares are listed on Hungarian stock exchange on the BSE X-Tend market.
- In July 2020, DM-KER Plc. successfully acquired the ELITE Certificate. This is a momentous event in the life of the company. ELITE Program provides aid in external financing, offering the development of financial culture and shaping the approach for leaders of participating companies. By training the BSE-ELITE Program, company managers can acquire a knowledge base and experience that can contribute to crisis-proof and solid corporate construction
- Regarding the ownership structure of the company where more than 70% of the shares belong to board and management, minority shareholders can expect a long-term sustainable strategy and ownership-oriented management.
- DM-KER has the average current ratio at 1.7 (2018 - 2020) which indicates a sufficient level of liquidity. This also indicates the potential to invest and grow in the future.

**Key Figures**

in '000 HUF	2018	2019	2020E	2021E	2022E
<b>Net sales</b>	<b>8,054,701</b>	<b>10,068,133</b>	<b>9,848,313</b>	<b>11,098,848</b>	<b>13,663,375</b>
<b>EBITDA</b>	<b>671,036</b>	<b>617,329</b>	<b>662,262</b>	<b>755,949</b>	<b>942,294</b>
<b>EBIT</b>	<b>513,455</b>	<b>406,338</b>	<b>349,682</b>	<b>408,265</b>	<b>592,739</b>
<b>Net income</b>	<b>383,698</b>	<b>276,627</b>	<b>185,289</b>	<b>258,448</b>	<b>434,104</b>
<b>EPS</b>	<b>N/A</b>	<b>2.19</b>	<b>1.47</b>	<b>2.05</b>	<b>3.44</b>
<b>BVPS</b>	<b>N/A</b>	<b>19.26</b>	<b>22.48</b>	<b>23.48</b>	<b>25.29</b>
<b>RoE</b>	<b>28.26%</b>	<b>11.38%</b>	<b>6.53%</b>	<b>8.72%</b>	<b>13.59%</b>
<b>EBIT margin</b>	<b>6.37%</b>	<b>4.04%</b>	<b>3.55%</b>	<b>3.68%</b>	<b>4.34%</b>
<b>P/E</b>	<b>N/A</b>	<b>34.79</b>	<b>51.94</b>	<b>37.23</b>	<b>22.17</b>
<b>P/BVPS</b>	<b>N/A</b>	<b>3.96x</b>	<b>3.39x</b>	<b>3.25x</b>	<b>3.01x</b>
<b>EV/EBITDA</b>	<b>19.74x</b>	<b>23.34x</b>	<b>21.70x</b>	<b>20.23x</b>	<b>17.03x</b>

Source: Dr. Kalliwoda Research GmbH © 2020 &amp; DM-KER Nyrt.

## Content

<b>1</b>	<b>Company Profile.....</b>	<b>3</b>
<b>2</b>	<b>The industry overview. ....</b>	<b>7</b>
2.1.	The construction machinery market.....	7
2.2.	The agricultural machinery market. ....	8
<b>3.</b>	<b>SWOT Analysis .....</b>	<b>9</b>
<b>4.</b>	<b>Market Position .....</b>	<b>11</b>
<b>5.</b>	<b>Shareholder Structure .....</b>	<b>13</b>
<b>6.</b>	<b>Valuation.....</b>	<b>14</b>
<b>7.</b>	<b>Profit and Loss Statement .....</b>	<b>15</b>
<b>8.</b>	<b>Balance Sheet.....</b>	<b>16</b>
<b>9.</b>	<b>Cash Flow Statement .....</b>	<b>17</b>
	<b>Contacts .....</b>	<b>18</b>
	<b>Disclaimer .....</b>	<b>19</b>
	<b>Essential information, disclosures and disclaimer .....</b>	<b>19</b>

## 1 Company Profile

DM-KER is a Hungarian based company which was established in 2008. It's business focuses on the sale constructional and agricultural machines. Their products are almost distributed in the domestic market. In addition to sales activity, the company also offers the repair and maintenance of machines sold service. The company has headquarters in Szigetszentmiklós, and 3 other locations in Hungary in Vámoszabadi, Bátaszék, and a new site in Tiszafüred. DM-KER also has ad-hoc sale of new machines to Slovakian and Romanian companies and are planning to expand its business to Slovakia.



2019 marked as an important milestone in the development of DM-KER as the company successfully went public. Its shares are listed on Hungarian stock exchange on the BSE X-Tend market.

DM-KER's mission is to provide the constructional, agricultural and industrial sectors with high-quality machines, equipments and services by its professionals support via the nationwide service and representative network.

In the autumn of 2016, the international ELITE Program was launched in Hungary after the Budapest Stock Exchange signed a cooperation agreement with ELITE SpA, a subsidiary of the London Stock Exchange Group. ELITE Program provides aid in external financing, offering the development of financial culture and shaping the approach for leaders of participating companies. In July 2020, DM-KER Plc. successfully acquired the ELITE CERTIFICATE. This is a momentous event in the life of the company. By training the BSE-ELITE Program, company managers can acquire a knowledge base and experience that can contribute to crisis-proof and solid corporate construction.



Source: [dmker.hu/rolunk](http://dmker.hu/rolunk)

### DM-KER history

Year	Events
2008	DM-KER was founded in April 2008 by 4 individuals who are not the members of the Company.
2010	Ferenc Bátor and Sándor Megyeri became the owners of the Company.
2011	The Company bought its first size at Szigetszentmiklós. From 2011 DM-KER is the official distributor of Bobcat and Doosan brands in Hungary. The annual revenue of DM-KER exceeded HUF 1 billion.

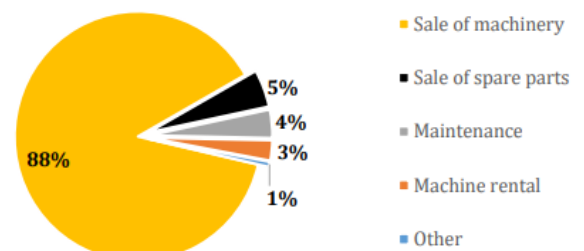
2014	The cooperation between DM-KER and Doosan Group was strengthened by a 5-year distributor contract signed.
2019	DM-Ker successfully went public, its shares are traded on BET-Xtend. The Company became the exclusive distributor of Bobcat and Doosan brands in Hungary.

Source: DM-KER

## Products

There are three main activities of the company's business namely selling and servicing of agricultural and construction machinery, selling of spare parts, and rental machine service. Among those sectors, the sale of machinery contributes the most to revenue of the company which accounted for 88% of 2019 Sales. The proportion of the sale of spare parts, maintenance and machine rental is smaller but they are as the balancing function because they bring stable income during the recession.

Revenue Streams (2019)



Source: DM-KER

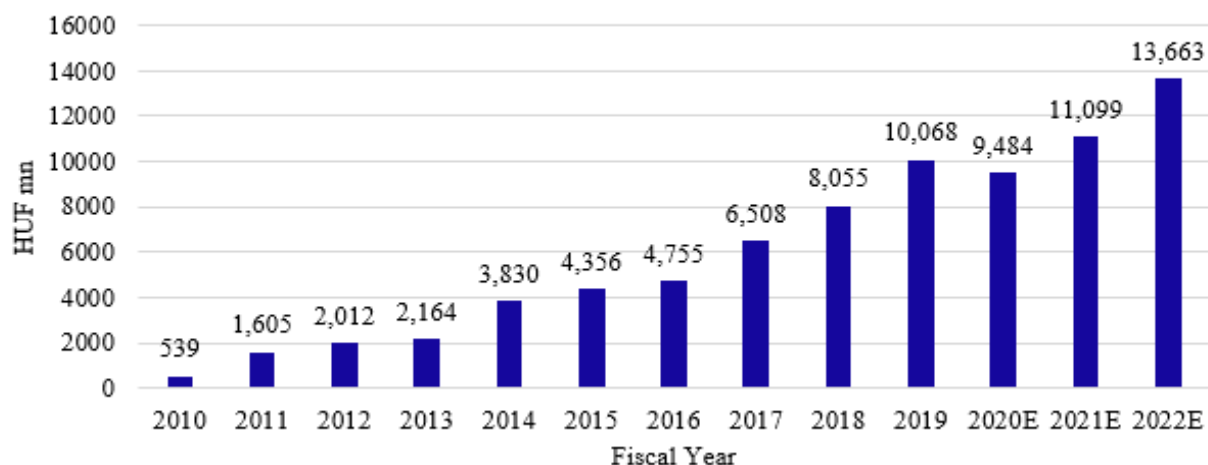
DM-KER sells both brand-new and used machine. The constructional and agricultural machines accounted for 73% and 24% of the products sold at DM-KER in 2019 respectively.

DM-KER is a partner and an exclusive distributor of products of Doosan and Bobcat in Hungary from 2019 to 2023. In 2019, the sales of Bobcat and Doosan products contribute to 53% and 29% of revenue of the company respectively. Moreover, Doosan Group is also a leading supplier of DM-KER which accounted for 62% of the products sold.

## Revenue Development



## Revenue Development



Source: Dr. Kalliwoda Research GmbH © 2020 and DM-KER

The revenue of DM-KER increased every year during the period 2010 – 2019. Nevertheless, it is expected to experience a slight drop in 2020 due to the impact of the Covid-19. In 2021 and 2022 the revenue of DM-KER is forecasted to rise again with the growth rate of 17% and 23% respectively.

### Diversification

The company is selling and offering service to a wide range of customer and it is no customer dependency. The Nr.1. customer represents only 5.7% of the company's Sales. The revenue of the Top 10 customers represents 19% in 2018 and 24% in 2019 respectively. In addition, the company has a lot of minor customers (below HUF 1m annual turnover on average) in spare parts revenue stream.

In the purchase process at DM-KER, the usual customers pay the purchase price with the help of a leasing company. The involvement of leasing companies improves the cash conversion cycle of DM-KER and mitigate credit risk.



Source: DM-KER

DM-KER also has diversified supplier base. The biggest suppliers of DM-KER are the manufacturers of well-known brands such as Doosan Group. DM-KER signed a new 4-year distributor agreement with Doosan in 2019. In other word, DM-KER will be the exclusive distributor of Doosan and Bobcat products in Hungary from 2019 to 2023. Moreover, there are other suppliers in Italy, Poland and Germany such as Goldoni S.p.A, Dynapac Sp. z o.o., Atlas Weyhausen GmbH respectively. In special situations, DM-KER cooperates with competitors to fulfill complex orders (e.g.. procurements by public sector). In these cases, competitors could be the supplier or the customer of DM-KER. With the planned distribution of a new,

strong brand in the agricultural market, the supplier concentration of DM-KER could improve in the future.

### Business plan assumptions

Covid-19	Sales revenue of DM-KER remained stable during the Corona pandemic, however its financial result was affected due to the significant moves of FX rates (EURHUF).
Liquidity	DM-KER keeps HUF 250 million unsecured overdraft as liquidity buffer
Capital increase	To create liquidity of the shares and to diversify the investor base by involving min. 200 small/ private investors, DM-KER plans to conservatively increase capital by HUF 300-500 million in 2021. Capital increase is a pre-requisite of the bond issuance.
Dividend	Dividends are paid only to the extent not to exceed 4.0 x ND/EBITDA ratio.
Acquisition	DM-KER has potential acquisition targets in the range from HUF 1.5 billion to 2 billion in terms of sales revenue in both domestic and foreign (SK) markets. The due diligence process is in progress and no indicative offer has been made yet. Hence, business plan conservatively does not include increased sales revenue resulting from acquisitions.
Off Balance Sheet items	Bank guarantee facility decreases from HUF 250 million to HUF 200 million in 2020. Bank guarantees are not included in Adjusted Debt because they do not represent financial but performance obligation. Management considers the obligations to be met without risks, no such guarantee has been drawn in the past.
Advances from Customers	Not included to Adjusted Debt due to its nature in the financing structure (no reason for funding but for collateral). Customer places irrevocable order and pays advances for the machines that are typically already in stock (no cash outflow in the future). Although the machine is at the site, DM-KER does not pass machines to customers without having proper technical examinations (longer process at the year-end). DM-KER never had to repay the advances received. Advances from customers show outstanding stock at the end of year because the orders of machines increase in that period due to expiration of subsidies of the given year.



## 2 The industry overview.

### 2.1. The construction machinery market.

#### The market trend.

According to Mordor Intelligence report, the construction equipment market in Europe is expected to exhibit a growth rate of over 6% during the forecast period 2020-2025.

The sales of construction machines are growing across the world because of 2 factors. The first one is that developing countries are now investing in infrastructure development to cope with the problems of traffic jam, population explosion and old transportation infrastructure. The second one is that developed economies are also focusing on investing in technologies such as hyperloop or earthquake proof buildings to improve their current infrastructure.

In Western Europe, the proportion of multifunctional and compact construction machines is much higher, which will be an expected trend in Hungary. This trend will further increase the sales of compact machines. The revenue of spare parts rises in proportion to the number of machines sold.

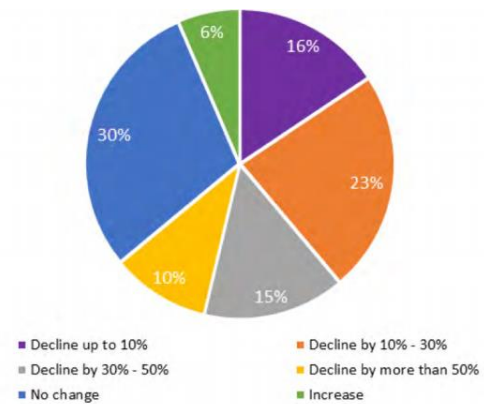
To comply with the environmental regulation of the authorities across Europe, construction equipment manufacturers are focusing on electric and hybrid machines rather than the traditional hydraulic and mechanical ones. Electric construction machines are not only zero emission equipments but also produces very less heat, noise and vibrations.

Together with the development of technology, digitalization, connectivity, and automation are driving the development of the construction industry. For instance, Tech company Iotic, construction company BAM Nutall of UK and researchers from Cranfield University have developed an AI based twin technology system that gives live updates of the progress at construction site. This helps to increases on site productivity and operational efficiency.

#### The effect of Covid situation on the construction machinery market in Europe.

According to the Covid Survey 2020 conducted by CECE, ERA and LECTURA in construction machinery market in Europe, there are 38% of European business primarily sell new machines, 32% profit from used machine sales, 14% sell mainly spare parts, 10% focuses on service, 2% offer rental solutions and only 4% of respondents prioritize completely different types of business.

Regarding the impact of Covid crisis on the construction machinery market, 16% of the European dealers estimate a drop in sale up to 10%, 23% of dealers point to an estimated decline by 10% - 30%, 15% of dealers foresee a decrease by 30% - 50%. Moreover, the survey also reveals that Covid situation has the most impact on the new machines sale area with 47%, the second most affected area is used machine sale



Source: CECE, ERA and LECTURA

with 26%, the third affected area is spare parts sale with 10%, service area affected by 7% and rental solution affected by 4%.

## 2.2. The agricultural machinery market.

### **The market trend.**

According to Mordor Intelligence report, the agricultural machinery market in Europe is expected to achieve a Compound annual growth rate (CAGR) of 5.8% during the period of 2020–2025.

The agriculture in the European countries has traditionally intensively depended on seasonal immigrant labors. However, an extreme shortage of farm workers has currently happened in the region. This shortage has led to an increase in labor price. Hence, such situation stimulates farmers to adopt machines for their work including tractors. As a result, there has been an increase in demand for tractors. This is expected to boost the demand for tractor tires as well.

### **The effect of Covid situation on the agricultural machinery market in Europe.**

According to a survey conducted by CLIMMAR to identify the effect of Covid situation to the farm machine dealers, 80% of the respondents have reported to be affected by the pandemic. The majority impact has been on the sales of new machines. The sales of used machines have also been significantly affected but they are not as much as the effect on the sales of new machines. In addition, the impacts on the repair and maintenance service revenue have not been as significant as the total revenue of all products.



### 3. SWOT Analysis

#### Strengths

- **Listed company:** the company was successfully listed the end of 2019. Shares of DM-KER are traded on BÉT-Xtend (multilateral trading platform of Budapest Stock Exchange)
- **High-quality products:** deals with the supply of construction and agricultural machinery which includes the world's largest brands, such as Czech Republic brand- Bobcat and South Korean- Doosan loaders, Weycor, Dynapac rollers and road construction equipment, Viking, and agricultural machineries brands such as Agrifac, Storti, Tifone, Annovi.
- **Professional customer services:** focus on the middleman role (between the manufacturers and customers DM-KER Plc) in the supply of wide range of agricultural and construction machinery with professional services such as financing solutions, leasing or even tender opportunities for customers.
- **Skilled and knowledgeable staff:** team of seasoned experts with decades of experience in the sale, financing, service and supply of spare parts for agricultural, construction and industrial machinery. Employees are constantly being updated with latest information during factory trainings, so they carry out warranty and post-warranty repairs with expertise and efficiency.
- **Location:** The company has already 4 sites in different areas of Hungary. Hence, DM-KER is able to cover the whole country and has now become a recognized player on the local market. Moreover, they also plan to expand their business to Slovakia.

#### Opportunities

- **Barrier for new entry:** entry of new competitors into either the construction or agricultural machinery market is clearly limited by high capital requirements.
- **Competitors:** competitors (with 1-2 exceptions) suffer from a persistent lack of capital. The capital position of DM-KER and subsequent funding opportunities in the pipe clearly to strengthen its competitive position vis-à-vis its competitors.
- **Hing demand of construction and machinery products in the long run:** the focus on infrastructure

#### Weaknesses

- **Sources of revenue:** a significant part of revenue comes from selling construction machines (73%) while the sales of agriculture are small. Especially, the revenue of rental and maintenance services are relatively small compared to the revenue of the sales of machinery. Therefore, the company's revenue might be severely affected during the Corona pandemic because of the decrease in sales of machinery.
- **Sales of agricultural machines:** the market share of DM-KER in agricultural machinery market is quite small compared to other competitors. This might affect the competition strategy of the company in the long run.
- **The dependency on Doosan Group:** 62% of the total products that DM-KER sells are produced by Doosan Group. This dependency might decrease the bargaining power of DM-KER when trading with Doosan.

#### Threats

- **Competition:** although there is barrier for new entry and DM-KER is relatively competitive compared to other companies in this industry. However, is no company, including DM-KER, that is completely protected from existing or new competitors.
- **Corona pandemic impact:** due to the global impact of the Covid-19, the whole economy is severely affected, the company's growth in the short-run might be weak or even negative. However, the long-run outlook does not depend on such temporary events.

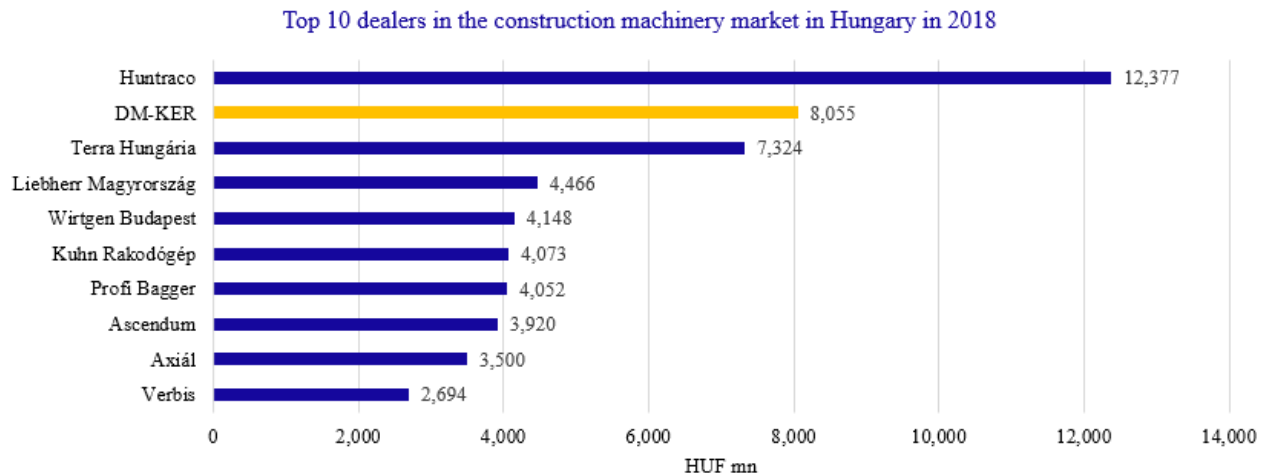
development and the trend of using agri machines in the farms have stimulated the development of the retails of construction and agricultural machines.

- **Bargaining power of supplier:** Although DM-KER has an exclusive contract to distribute products of Doosan and Bobcat for 4 year from 2019 to 2023. However, it is risk for DM-KER in the long run (after the contract ends) because of the high level of dependency on Doosan Group' products. They might utilize the bargaining power of supplier in trading with DM-KER.

Source: Company, Dr. Kalliwoda Research GmbH © Copyright 2020

## 4. Market Position

### The construction machinery market.



Source: Bisnode, public information

In Hungary, the total market of construction machines (including parts) are above HUF 70 billion with about 20 major participants (new machine dealers). Among those companies, DM-KER was the second largest construction machines distributors in 2018 with about 8,055 HUF million of revenue. It has about 4,322 HUF million less than the market leader, Huntraco, and 731 million more than the third biggest firm, Terra Hungaria.

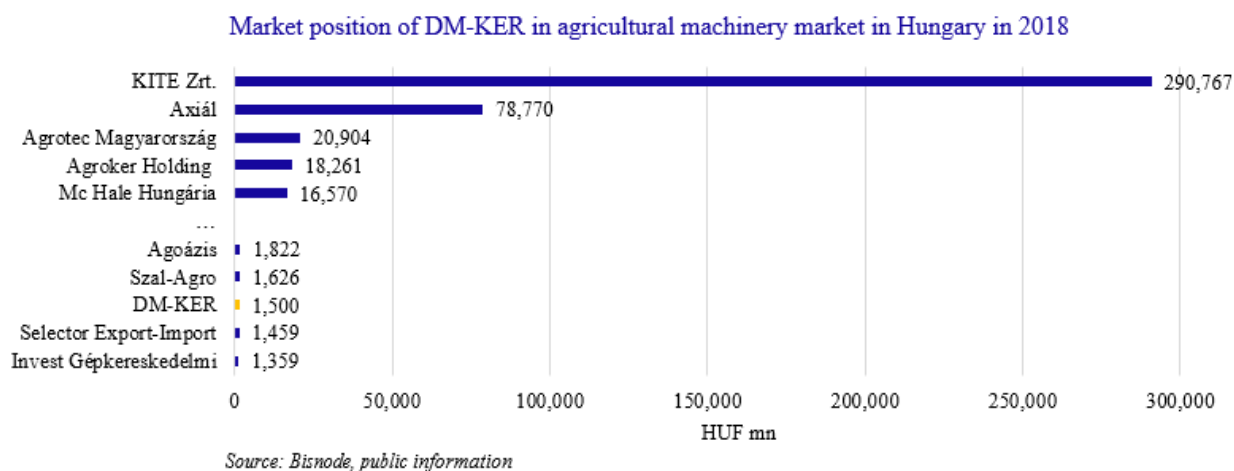
The demand for construction machines is expected to rise in the near future because of the increase in infrastructure works and due to the increased labor cost. Besides, several tenders with EU and purely Hungarian budget funds have also been published, in which construction companies can have 30-50% subsidy for machinery purchases. In Western Europe, the demand of compact and multifunctional construction machines is much higher. This will be an expected trend in Hungary, and further increase the sales of compact machines. Hence, there is huge space for the development of DM-KER and the construction machinery market in general. As we already mentioned, DM-KER is selling products nationwide, exporting to Slovakia and Rumania companies and planning to expand its footprint to Slovakia. Moreover, the plan to acquire potential targets in SME segment also helps DM-KER to achieve a new brand and reaching a wider market. Therefore, we can expect strong development of DM-KER in the future.

As mentioned, the construction machinery industry will grow, existing firms should also grow and consequently appreciate because entries of new companies are very unlikely. The reason is that the entry barriers are relatively high. To be able to compete with DM-KER and other

companies, a potential market entrant should deal with particularly high investments (about 300 HUF million) since the construction machinery is a very capital intensive.

### The agricultural machinery market.

This sector has been growing steadily since the post-crisis in 2008, then after a small downturn in 2015-2016, it is growing dynamically again. The annual growth rate was 15% - 20% in the last few years.



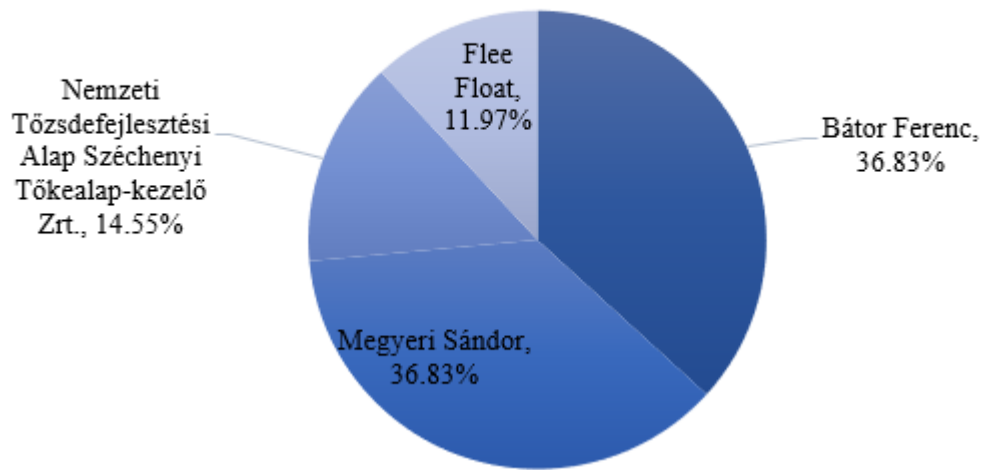
The total market size of the agricultural machinery in Hungary in 2018 was about 170 HUF billion. There are more than 100 companies are active (distributors or manufacturers of new machines or adapters). Among those participants, the top 3 companies dominate the market with about 65% of the total market share. From the above figure, we can see that DM-KER only accounted for a small portion of the total market size. DM-KER was ranked in the middle field of 15-20 companies, however its position and market share is evolving. The market share of DM-KER is still insignificant with about HUF 1.5 billion but it is emerging.

Similar to the construction machinery industry, the agriculture machinery market is also expected to grow because of the lack of seasonal labors in the farms leads to the increase in labor cost. Therefore, the need to use machines as a replacement of labor is increasing. DM-KER already has a certain position in the market and with the potential of the company, there will develop in this market.

Sale of spare part is independent from the sales of new machines due to the high machinery stock. Moreover, it is hard for new entrant to enter this marker because the entry barrier is relatively high, around HUF 500 million. This is an advantage for the existing companies like DM-KER.

## 5. Shareholder Structure

### Shareholder Structure



Source: DM-KER

## 6. Valuation

To value DM-KER Nyrt., we used a traditional DCF model, which derives a 12-months target price for the stock of **HUF 76.23**. Compared to the current market level, this corresponds to an upside of 27%.

WACC assumptions	
<b>Growth assumptions</b>	
Long-term growth rate	2.2%
Assimilation phase (from 2019)	
Sales growth at the beginning	
<b>Equity</b>	
Risk-free rate	2.11%
Market risk premium	7.39%
Beta	1.27
<b>Equity costs</b>	<b>11.50%</b>
<b>Debt costs</b>	
Debt costs (before tax)	4.00%
Tax rate on interest	9.00%
<b>Debt costs (after tax)</b>	<b>3.64%</b>
Equity	30%
Debt	70%
Gearing	
<b>WACC</b>	<b>5.98%</b>

### Discounted Cash Flow Model (2020), calculated on 17 November 2020

in'000 HUF	2020E	2021E	2022E
Net sales	<b>9,848,313.00</b>	<b>11,098,848.00</b>	<b>13,663,375.00</b>
(y-o-y change)	-2.2%	12.7%	23.1%
<b>EBIT</b>	<b>349,682.41</b>	<b>408,264.89</b>	<b>592,739.10</b>
EBIT margin	3.6%	3.7%	4.3%
<b>NOPLAT</b>	<b>330,449.88</b>	<b>385,810.33</b>	<b>560,138.45</b>
+ Depreciation	312,579.59	347,684.16	349,555.35
= Net operating cash flow	643,029.47	733,494.49	909,693.80
- Total investments (Capex and WC)	2,890,429.60	-708,816.93	297,187.90
Capital expenditure	390,993.21	-25,669.46	-173,050.40
Working capital	2,499,436.39	-683,147.47	470,238.30
= Free Cash Flow (FCF)	-2247400.13	1,442,311.41	612,505.90
<b>PV of FCFs</b>	<b>-2247400.13</b>	<b>1,360,949.69</b>	<b>545,351.28</b>

PV of FCFs in explicit period	-341,099.16
PV of terminal period	14,751,297.33
<b>Implied Enterprise value (EV)</b>	<b>14,410,198.17</b>
- Net debt	5,329,818.00
+ Investments / - Minorities	0.00
<b>Shareholder value</b>	<b>9,080,380.17</b>

Number of shares outstanding (thousands) **126,244.98**

WACC	5.98%
Equity costs	11.5%
Debt costs before tax	4.0%
Tax rate	9.0%
Debt costs after tax	3.6%
Equity ratio	29.8%
Debt ratio	70.2%
<b>Fair value per share in HUF today</b>	<b>71.93</b>
<b>Fair value per share in HUF in 12 months</b>	<b>76.23</b>

Source: Dr. Kalliwoda Research GmbH © 2020



## 7. Profit and Loss Statement

Profit and Loss Statement - DM-KER Nyrt.					
<i>all figures in '000 HUF unless otherwise indicated</i>					
	2018	2019	2020E	2021E	2022E
<b>Total Net Revenues</b>	<b>8,054,701</b>	<b>10,068,133</b>	<b>9,848,313</b>	<b>11,098,848</b>	<b>13,663,375</b>
Out of which Domestic Sales	7,952,348	9,833,193	9,552,075	10,752,480	13,285,750
Out of which Export Sales	102,353	234,940	296,238	346,368	377,625
Value of own performance	-	68,192	47,045	-	-
Other Revenues	250,884	562,389	534,052	481,468	502,999
Material Type Expenses	-7,078,281	-9,058,884	-8,742,001	-9,748,813	-12,066,251
Including: Cost of goods sold	-6,476,794	-8,270,285	-7,953,531	-8,866,422	-10,988,652
Personnel Expenses	-311,456	-515,766	-594,137	-675,081	-740,609
Other Expenses	-244,812	-506,735	-431,011	-400,472	-417,220
<b>EBITDA</b>	<b>671,036</b>	<b>617,329</b>	<b>662,262</b>	<b>755,949</b>	<b>942,294</b>
EBITDA margin %	8.3%	6.1%	6.7%	6.8%	6.9%
Depreciation	- 157,581 -	210,991	-312,580	-347,684	-349,555
<b>EBIT</b>	<b>513,455</b>	<b>406,338</b>	<b>349,682</b>	<b>408,265</b>	<b>592,739</b>
Financial Income	43,586	73,651	7	38,217	37,820
Out of which Dividends Receiv	-	-	-	-	-
Out of which Other Interest Re	3,998	150	7	9	10
Other income from financial tra	39,588	73,501	-	38,208	37,810
Financial Expenses	-165,361	-186,417	-153,616	-172,992	-171,190
Interest expenses	-44,454	-42,417	-71,166	-137,760	-136,325
Other expenses from financial tra	-120,907	-144,000	-82,450	-35,232	-34,865
<b>EBT</b>	<b>391,680</b>	<b>293,572</b>	<b>196,073</b>	<b>273,490</b>	<b>459,370</b>
Corporate Income Tax	-7,982	-16,945	-10,784	-15,042	-25,265
<b>NET INCOME</b>	<b>383,698</b>	<b>276,627</b>	<b>185,289</b>	<b>258,448</b>	<b>434,104</b>

Source: Dr. Kalliwoda Research GmbH © 2020

## 8. Balance Sheet

Balance Sheet - DM-KER Nyrt.					
<i>all figures in '000 HUF unless otherwise indicated</i>					
	2018	2019	2020E	2021E	2022E
<b>ASSETS</b>					
<b>Fixed Assets</b>	<b>867,109</b>	<b>2,354,078</b>	<b>3,341,015</b>	<b>4,110,073</b>	<b>3,822,644</b>
Intangible Assets	1,229	204,465	215,370	115,040	16,754
Capitalized start-up and restructuring costs		177,122	136,235	67,624	414
Intellectual Property	1,229	27,343	79,136	47,416	16,340
Tangible Assets	865,880	2,124,718	2,515,711	2,490,042	2,316,991
Land and buildings & related concession rights	242,912	600,593	1,436,143	1,593,730	1,561,686
Technical equipments, machinery and vehicles	493,349	1,216,514	1,007,052	851,494	704,434
Other equipments, fittings and vehicles	21,139	20,173	32,601	44,817	50,871
Assets under Construction	108,480	214,200	-	-	-
Payments on account	-	73,238	39,916	-	-
Financial Investments	-	24,895	609,933	1,504,991	1,488,899
Long-term participations in affiliated			586,850	1,195,200	1,467,750
Other long-term participations		22,262	21,594	21,372	21,149
Other long-term loans		2,633	1,489	420	-
<b>Current Assets</b>	<b>4,791,166</b>	<b>5,643,659</b>	<b>5,918,929</b>	<b>5,603,162</b>	<b>7,117,491</b>
Inventories	3,505,664	3,048,711	2,956,840	3,339,853	4,103,784
Receivables	1,184,129	2,235,568	1,280,084	1,465,154	1,683,709
Accounts Receivable	672,743	1,010,987	847,295	955,680	1,176,502
Other Receivables	511,386	1,224,581	432,789	509,474	507,207
Cash and equivalents	101,373	359,380	1,197,005	606,155	854,998
<b>Prepaid Expenses and Accrued Income</b>	<b>54,697</b>	<b>166,388</b>	<b>183,499</b>	<b>169,152</b>	<b>167,390</b>
<b>TOTAL ASSETS</b>	<b>5,712,972</b>	<b>8,164,125</b>	<b>9,443,442</b>	<b>9,882,387</b>	<b>11,107,525</b>
<b>LIABILITIES</b>					
<b>Shareholders' Equity</b>	<b>1,357,622</b>	<b>2,431,027</b>	<b>2,837,869</b>	<b>2,963,682</b>	<b>3,193,273</b>
Issued Capital	5,000	631,155	660,720	653,909	647,097
Capital Reserve	14,890	880,513	1,174,198	1,162,092	1,149,987
Retained Earnings	844,008	440,910	689,479	853,258	962,084
Fixed Reserve	110,026	201,822	128,184	35,975	0
Profit after Tax	383,698	276,627	185,289	258,448	434,104
Provisions	7,885	11,362	21,195	23,887	29,406
<b>Total Liabilities</b>	<b>4,270,231</b>	<b>5,689,198</b>	<b>6,490,266</b>	<b>6,816,647</b>	<b>7,819,737</b>
Long Term Liabilities	804,282	951,765	3,492,000	3,456,000	3,420,000
Bond for Growth			3,492,000	3,456,000	3,420,000
Long Term Investment Loans	44,541	356,455	-	-	-
Other Long-Term Loans	620,755	322,500	-	-	-
Financial Leases	138,986	272,810	-	-	-
Short Term Liabilities	3,465,949	4,737,433	2,513,266	2,880,647	3,924,737
Short Term Loans	596,863	908,586	-	-	-
Advance payments received from customers	596,926	430,685	562,600	634,039	780,541
Accounts payable	428,991	949,331	668,401	818,294	966,369
Other short term liabilities	1,843,169	2,448,831	1,282,265	1,428,314	2,177,828
<b>Passive Accruals</b>	<b>77,234</b>	<b>32,538</b>	<b>94,110</b>	<b>78,171</b>	<b>65,108</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>5,712,972</b>	<b>8,164,125</b>	<b>9,443,441</b>	<b>9,882,387</b>	<b>11,107,525</b>

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## 9. Cash Flow Statement


### Cash Flow Statement - DM-KER Nyrt.

*all figures in '000 HUF unless otherwise indicated*

	2018	2019	2020E	2021E	2022E
<b>Operating Cash Flow</b>	<b>640,428</b>	<b>451,600</b>	<b>168,099</b>	<b>412,111</b>	<b>846,342</b>
Profit before Tax	391,680	293,572	196,073	273,490	459,370
Correction in Profit Before Tax	-13,551	-	6,639	15,415	19,054
Depreciation	157,581	210,991	312,580	347,684	349,555
Recognized Impairment and Reversal	36,392	110,869	8,730	8,640	8,550
Change in Provision	2,196	3,477	10,174	2,910	5,768
Change in Accounts Payable	-177,234	504,680	-252,450	156,784	156,598
Change in Other short term liabilities & Advance payments from customers	611,825	403,458	-948,265	236,506	917,499
Change in Passive Accruals	-14,052	-33,472	-21,322	-14,969	-12,248
Change in Accounts Receivable	-42,140	-355,420	133,362	-117,120	-230,777
Change in Current Assets (excl. Trade Receivables and Cash)	-328,507	-557,919	755,464	-494,642	-801,762
Change in Active Accruals	24,220	-111,691	-22,102	12,455	-
Tax paid	-7,982	-16,945	-10,784	-15,042	-25,265
<b>Investment Cash Flow</b>	<b>-221,028</b>	<b>-1,556,265</b>	<b>-1,385,518</b>	<b>-1,175,241</b>	<b>-132,544</b>
CAPEX (net)	-195,039	-1,496,241	-1,281,047	-1,094,311	-52,304
Profit from Sale of Fixed Assets (Reclass. from Operating CF)	-22,463	-57,392	-105,536	-81,984	-80,655
Change in long term loans provided	-3,526	-2,632	1,065	1,054	415
<b>Financial Cash Flow</b>	<b>-409,490</b>	<b>1,362,672</b>	<b>2,550,825</b>	<b>-103,379</b>	<b>-173,642</b>
Dividend recieved	-	-	-	-	-
Dividend paid	-100,000	-173,529	-74,116	-103,379	-173,642
Income from issuing shares, raising capital	-	996,778	368,600	-	-
Bond Issuance	-	-	3,977,000	-	-
Borrowings	1,972,553	4,679,555	419,905	-	-
Loan repayment	-2,296,159	-4,180,019	-2,224,435	-	-
Funds recieved	13,551	40,340	83,870	-	-
Revaluation of fx	565	-453	-	-	-
<b>Change in Cash</b>	<b>9,910</b>	<b>258,007</b>	<b>1,333,406</b>	<b>-866,509</b>	<b>540,157</b>

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