BETA Securities
Member of the Athens Stock Exchange

Company Update
Quest Holdings (QUEST GA)

Monday, July 05, 2021

Technology Sector

The untouchables...

Recommendation	**OVERWEIGHT**
Target Price	**€20.68**

Company Description

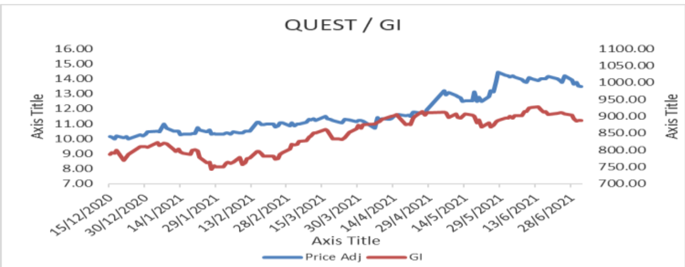
Quest Group is one of the largest, dynamically growing and financially sound, Group of Companies. As a diversified group it includes several companies, all sector leaders with presence in Greece, Southeastern Mediterranean territory and Europe. The group is active in IT products distribution (both wholesale and retail), IT services and solutions (Unisystems), courier and postal services (ACS), financial-electronic transactions and e-payments (Cardlink) and in Renewable Green Energy Sources sector through the development of solar/photovoltaic energy parks. The group employs more than 1,700 skilled professionals serving the full range of the market, from large private and public corporations to the final consumer. Each subsidiary enjoys strong financial base, high expertise and positive prospects, in its field. The company was founded in 1981 and has been listed on the ASE since 1998.

Stock Data

30wk Price range (low-high) :	10 - 14.42
Outstanding No of shares :	35,740,629
Avg daily shares traded :	15,370
Market cap in Euro m :	482.50
Market Cap in Usd m :	572.14
Reuters / Bloomberg :	IQTr.AT / QUEST.GA
Main Shareholders :	75.27%
Free Float :	24.73%
Out/under performance GI in '20:	44.4%
Out/under performance GI in '21:	19.6%
Contact name/position/tel :	M.Bitsakos/CFO
Web site :	www.quest.gr

Stock chart (30 weeks) Price and Volumes

Relative Performance to GI (30 weeks)



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We update our model for Quest Group to account for ongoing superior business performance despite pandemic altering our TP to €20.68/share (from €8.7/share) and reiterating our OVERWEIGHT Recommendation.

Resilient performance both during FY:20 and Q1:21, despite pandemic economic domestic downturn. QUEST beat our expectations across all lines both in Fy:20 and Q1:21 results. Outperforming Energy, IT retail, IT services sectors, escalating E-sales (YOU) and market share gains in courier segment (despite temporally profitability margin pressure) boost profitability despite one-off €11.2mn taxation burden on reserves capitalization (to facilitate further shareholders' remuneration) during FY:20. New ACS hub operational by Q1:21 to further strengthen lucrative courier business top line and profits. Our combined 50% equally weighted DCF/SoTP valuation (with base year 2021), generates a TP of €20.68/share, leaving a hefty 53.2% upside from current levels.

Diversified business operations coupled with operational excellence preserve profitability.

Despite obstacles especially in retail and electronic transactions operations in 2020 due to COVID 19, outstanding performance across all other business sectors outweighed lagging courier and e-transactions profitability and positive non repeated €1.4mn one–off gain recorded in 2019. Energy, IT Retail and IT services continue improving their top line performance and profitability margins.

Hidden value unlocked by recent e-payments (CARDLINK) subsidiary sale. Further potential provided by the courier business, other operating businesses, new air conditioning business engagement and potential new acquisitions (energy/retail sectors).

Recent sale transaction of electronic payments subsidiary to French Worldline for €93mn unlocks hidden value on initial investment (€6.2mn equity in 2015) and leaves ample space for further potential returns to shareholders either though capital returns or increased dividends. Further value accretion to Quest shareholders' feasible though ACS either with a minority stake disposal or listing on the ASE. Energy (new solar park acquisitions) to follow. We think potential new investment areas lies ahead in energy segment and new IT brand names representation in the technology sector. Further WC optimization leaves enhances CF generation leaving room for further remunerations.

IT services, Energy and courier operations to drive future growth and profitability. Apple brand success, XIAOMI rising domestic market share, new air-condition (retail) activity and further retail opportunities exploitation to add value.

Healthy backlog in excess of €300mn in Unisystems accompanied with digitalization processes both on the public and private sector and the absence of past years' loss making private projects are expected to drive sales and profitability with a '20-'23 CAGR of 13.9% in top line, 15.6% in EBITDA and 40.4% in EAT assisted by domestic corporate tax reduction to 22%.

Valuation multiples		2019	2020e	2021e	2022e	2023e
PE	(x)	113.1	30.2	14.2	13.0	10.9
PEG	(x)	-1.5	0.1	0.1	1.4	0.6
EV/EBITDA	(x)	5.4	6.6	7.2	6.0	4.8
Net Debt/EBITDA	(x)	0.0	0.2	0.2	0.0	-0.5
ROE	(%)	5.6%	11.2%	22.4%	21.7%	22.8%
ROIC	(%)	5.4%	9.9%	16.0%	17.5%	22.1%
ROCE	(%)	4.9%	8.0%	14.4%	15.9%	17.3%
Cash Flow yield	(%)	4.9%	9.1%	12.4%	13.8%	15.7%
Dividend yield	(%)	1.9%	5.7%	3.0%	3.5%	4.4%

Q1 2021 review

Q1:21 marked the best ever performing quarter in terms of actual numbers and growth rates for Quest Group. All segments recorded substantial growth, with operating profitability margin improvements, registering double digit growth rates with the exception only of the energy sector.

The company also benefited from an extraordinary non-recurrent capital gain of €0.9mn from the sale of its 25% stake in TEKA in Q1:21. Another similar amount of €0.9mn is expected to be recorded during Q2:21 from the sale of the remaining 25% stake further enhancing this year's net profit figure by a total of €1.8mn. Cash flow wise the sale of the 50% sale in TEKA will provide a €2.5mn financial cash flow positive impact.

In specific:

In the IT products segment sales grew by 64.1% to €132.9mn, followed by a doubling on the EBITDA line (+100.1% to €5.1mn), further 14bps EBITDA margin enhancement to 3.84% (vs FY:20 3.7%) on further cost containment, economies of scale, superior Apple brand capitalization and market share gains in IT products (through Apple and Xiaomi), 138.22% growth on the EBIT line (€4.63mn) whereas EBT tripled to €3.78mn vs €1.24mn in Q1:20.

Digitalization across the board both in the private and the public sector due to the pandemic, with remote distance working constituting the major working way and lack of past years' loss making primarily private projects in the IT Services business resulted in a superior performance for the sector. Sales accelerated to €37.2mn, up 24.3% y-o-y, EBITDA was up 112% to €2.73mn, EBITDA margin picked record 7.33% level and EBT skyrocketed 137.7% to €2.13mn. Hefty backlog in excess of €310mn of projects, both domestically and internationally (45% EU originated), great portion (85%) of revenues deriving from higher margin services activities, cost optimization and recovery of Greek projects make up for a prosperous performance in the years to come alongside 2021.

Boom of e-sales and internet purchases guided for yet another quarter ACS superior performance on the top line. Sales advanced 24.5% to €33.2mn, EBITDA clinched a 29.4% boost to €4.96mn, EBITDA margin recovered to the area of 15% following a negative impact in 2020 due to increased demand and one-off negative items (network expansion, further logistics upgrades, extra personnel cost) to cope with increased mainly courier services demand and EBT landed 41.1% higher to €4.2mn. ACS managed to streamline the extraordinary expenses driven by the steep increase in e-commerce volumes recorded in 2020 (owing to pandemic) and restored profitability at normal repeated levels. Investment in the new sorting hub in Athens area, expected to be operation by Q1:22, will further enhance profitability margins.

Substantial improvement was recorded on the electronic payment division where growing penetration of e – payments took its toll. It is estimated that the impact will be more evident during the coming months, following the lift of mobility restrictions, resurge of retail networks operation, physical retail opening, restaurants kick in and recovery in tourism, all anticipated higher compared to FY:20. As such, sales in the segment during Q1:21, advanced by 34.6% to €10.96mn, EBITDA landed 29.3% higher to €4.1mn on EBITDA margin acceleration to 37.3% (vs 35% in FY:20) as CARDLINK is no more burdened by extraordinary expenses (earnout ratio attributed to previous owners of the company ie the banks) as imposed by the agreement in place since beginning 2021. EBT in e-payments also advanced by an impressive 165.5% to €2.4mn.

On a final but equally important (in terms of profitability) segment, the renewable energy division, sales came in softer than FY:20 recorded growth rates (-3.95% vs FY:20 of 36.34%) due to lower sunlight levels y-o-y, which is expected to be reversed in the remainder quarters and lead to low to mid-single digit growth rates (3% on our estimates). Also unfavorable y-o-y comparison (as 2020 was the 1st year of full consolidation of the 12MW solar park acquired in late 2019 in Southern Greece) vs only a 1.5MW in late 2020 rendered y-o-y comparison unfavorable. On the contrary, worries alleviated over EBITDA margin pressure that was recorded in FY:20 segment's results owing to the extra €0.5mn burden that was provisioned to deal with domestic renewable energy operator deficit. As such, EBITDA margin resurged to the above 80% threshold in Q1:21 (80.71%) vs a 75% figure in FY:20.

The following table summarizes Quest Holdings Q1:21 financial performance vs our estimates:

Q1 2021 review

Quest P&L (€mn)	Q1 '20 (A)	Q1 '21 (A)	% chng y-o-y	Q1 '21 Est	Act vs Est
Retail Products	**80.98**	**132.88**	***64.09%***	**95.50**	***39.14%***
% of consolidated sales	*54.86%*	*61.51%*		*56.70%*	
IT Services	**29.93**	**37.19**	***24.27%***	**33.02**	***12.61%***
% of consolidated sales	*20.27%*	*17.21%*		*19.60%*	
Courrier/Postal Services	**26.65**	**33.17**	***24.48%***	**29.28**	***13.31%***
% of consolidated sales	*18.06%*	*15.36%*		*17.38%*	
Electronic Transactions	**8.15**	**10.96**	***34.59%***	**8.62**	***27.11%***
% of consolidated sales	*5.52%*	*5.07%*		*5.12%*	
Solar Energy	**1.90**	**1.83**	***-3.95%***	**2.01**	***-9.41%***
% of consolidated sales	*1.29%*	*0.84%*		*1.20%*	
Total Consolidated Sales	**147.60**	**216.03**	***46.36%***	**168.44**	***28.25%***
IT Products EBITDA	**2.55**	**5.10**	***100.08%***	**3.25**	***57.00%***
% of consolidated EBITDA	*20.29%*	*27.75%*		*23.61%*	
EBITDA margin	*3.15%*	*3.84%*	*+69 bps*	*3.40%*	*+44 bps*
IT Services EBITDA	**1.29**	**2.73**	***111.98%***	**1.82**	***50.09%***

% of consolidated EBITDA	*10.24%*	*14.84%*		*13.20%*	
EBITDA margin	*4.30%*	*7.33%*	*+303 bps*	*5.50%*	*+183 bps*
Courrier EBITDA	**3.84**	**4.96**	***29.38%***	**3.81**	***30.41%***
% of consolidated EBITDA	*30.55%*	*27.02%*		*27.67%*	
EBITDA margin	*14.39%*	*14.96%*	*+57 bps*	*13.00%*	*+196 bps*
Electronic Payments EBITDA	**3.16**	**4.09**	***29.30%***	**3.10**	***31.61%***
% of consolidated EBITDA	*25.17%*	*22.25%*		*22.57%*	
EBITDA margin	*38.80%*	*37.27%*	*-152 bps*	*36.00%*	*+127 bps*
Solar Energy EBITDA	**1.56**	**1.47**	***-5.52%***	**1.61**	***-8.60%***
% of consolidated EBITDA	*12.42%*	*8.02%*		*11.72%*	
EBITDA margin	*82.05%*	*80.71%*	*-134 bps*	*80.00%*	*+71 bps*
Other EBITDA	**0.17**	**0.02**	***-86.90%***	**0.17**	***-87.06%***
% of consolidated EBITDA	*1.34%*	*0.12%*		*1.24%*	
Total EBITDA	**12.56**	**18.37**	***46.28%***	**13.76**	***33.53%***
EBITDA margin	*8.51%*	*8.50%*	*-0 bps*	*8.17%*	*+34 bps*
D&A	4.28	2.75	*-35.75%*	5.05	*-45.54%*
% over sales	*2.90%*	*1.27%*	*-163 bps*	*3.00%*	*-173 bps*
EBIT	**8.27**	**15.62**	***88.74%***	**8.70**	***79.45%***
EBIT margin	*5.61%*	*7.23%*	*+162 bps*	*5.17%*	*+206 bps*
Net Financials	-1.52	-1.69	*11.13%*	-0.28	*502.15%*
% on sales	*-1.03%*	*-0.78%*	*+25 bps*	*-0.17%*	*-61 bps*
EBT	**6.76**	**13.93**	***106.19%***	**8.42**	***65.38%***
EBT margin	*4.58%*	*6.45%*	*+187 bps*	*5.00%*	*+145 bps*
Taxes	2.40	3.08	*28.29%*	2.02	*52.65%*
Tax Rate	*35.53%*	*22.11%*	*-1,342 bps*	*23.95%*	*-184 bps*
NET INCOME AM	**4.36**	**10.85**	***149.12%***	**6.40**	***69.39%***
Net Margin	*2.95%*	*5.02%*	*+207 bps*	*3.80%*	*+122 bps*

source: Company, BETA Securities Research estimates

Business Segments Analysis, Forecasts and Valuation

IT Products segment

Superior performance both in FY:20 and Q1:21 dictates a persistent and accelerated demand in IT products capitalizing on the acceptance and recognition of APPLE products, escalating XIAOMI products recognition and demand on rising market share gains, PC and tablet increasing demand, elevated e-commerce sales both from own network and other resellers (i-Storm retail chain and all major retails sellers in Greece) and expansion in new profitable sectors (air-conditioning with TOUOTOMI through DIMITRIOU acquisition and GREE representation in Greece) that enhance profitability margins. Further EBITDA margin expansion will derive from economies of scale and further cost-containment initiatives.

The segment accounted for 58.2% of consolidated sales in FY:20 and 61.51% in Q1:21 results but only for 26% and 27.8% of EBITDA respectively due to its low business profitability margin. IT retail switched to a net debt position of €24.9mn in Q1:21 vs net cash of €9.6mn in FY:20 as Q1 operations are always WC intensive due to stock pile up, which normalizes during the course of the year to return to cash positive by year end.

Going forward, for the remaining 2021, the post pandemic environment and prevailing conditions will continue boosting demand for tech equipment and e-commerce who are the segment's growth drivers, albeit at a slower pace than the one recorded in Q1:21 results (Sales + 64.1%, EBITDA +100.1%) with EBITDA margin stabilizing at the 4% area (FY:21 4.03% vs 3.84% in Q1:21), before escalating to 4.25% in FY:22 and 4.4% in FY:23 due to the addition of the climate (air conditioning) business in the segment (Quest Clima) and economies of scale across all other areas. Recall that the company, during Q1:21 results presentation, guided for high double-digit growth in sales, driven by increase in market shares, launch of new product categories and e-commerce growth.

We factor in a 16.2% sales CAGR growth over the 2020-2023 period driven by a 15% CAGR growth mainly attributed to wholesale (i-Square) activity (2020-2023 CAGR 17.7%) and to a lesser extent all other 3 activities, i-Storm 3 year ('20-'22) sales CAGR 15.5%, You (Quest On Line) 3 year CAGR 15.6% and Infoquest Technologies 3 year sales CAGR of 15% (including XIAOMI retail network exploitation and newly launched Quest Clima activity). Operating leverage and new margin aggregating activities (air-conditioning) is expected to lead EBITDA margin expansion, as mentioned earlier, to 4.4% by 2023 with '20-'23 EBITDA CAGR of 23.2%.

On a per company elaboration:

Infoquest Technologies

Looking into our explicit sales forecast period (2021-2023) we expect an annual top line growth of 15%, led by a CAGR EBITDA growth of 26.83% on circa 100bps EBTDA margin expansion (2.61% in 2020 to 3.50% in 2023) assisted by new business inauguration (Clima Quest – air condition – GREE/TOYTOMI distribution agreements), further MI retail stores network expansion (currently 2 selling points), market share gains in IT products distribution (currently at 40%) and economies of scale (operating leverage effect). We forecast EBITDA to settle at €12.5mn in FY:23 (compared to €6.14mn in FY:20) presenting a CAGR 3-year growth of 26.83%. MI XIAOMI) sales have almost doubled to €80mn compared to €40mn in 2019. Exclusive services rendered as the largest certified service center for APLLE and XIAOMI also adds on EBITDA margin expansion. Bottom line profitability will be also enhanced by corporate taxation rate decrease to 22% from 24%.

Our updated estimates over the IQT business are depicted in the following table:

Beta IQT Estimates €mn		**2018**	**2019**	**2020**	**2021e**	**2022e**	**2023e**
Revenues	(€ mn)	155.78	188.86	235.42	270.73	311.34	358.04
Revenues chng	*(%)*	*24.9%*	*21.2%*	*24.7%*	*15.0%*	*15.0%*	*15.0%*
EBITDA	(€ mn)	2.42	4.75	6.07	8.12	9.96	12.53
EBITDA chng	*(%)*	*3.0%*	*96.0%*	*27.6%*	*33.9%*	*22.7%*	*25.8%*
EBITDA margin	*(%)*	*1.6%*	*2.5%*	*2.6%*	*3.0%*	*3.2%*	*3.5%*
EBIT	*(€ mn)*	1.81	3.37	4.73	7.15	8.84	11.26
EBIT margin	*(%)*	*1.2%*	*1.8%*	*2.0%*	*2.6%*	*2.8%*	*3.1%*
EBT	(€ mn)	0.88	2.29	3.68	6.33	7.96	10.39
EBT chng	*(%)*	*-38.5%*	*160.9%*	*60.7%*	*71.8%*	*25.7%*	*30.6%*
Net income	(€ mn)	0.49	1.73	2.74	4.94	6.21	8.11
Net income chng	*(%)*	*23.5%*	*250.2%*	*58.3%*	*80.3%*	*25.7%*	*30.6%*

We value Infoquest Technologies through a 3-stage DCF model with RFR at 3%, Market Risk Premium at 6%, Beta = 1, a 70% Equity /30% Debt capital structure and terminal growth rate standing at 1% on an EBITDA margin peaking at 3.5% (in 2023) and fading away to 2.5% in terminal period. We assume a WC/sales ratio of 20%. We reach an EV of €83.07mn.

Infoquest Technologies 3-stages DCF	**1st stage**			**2nd stage**							**3rd stage**
	1	2	3	4	5	6	7	8	9	10	Perpetuity
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**Terminal**
Risk Free rate (Rf)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Risk premium (Rm-Rf)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Market return (Rm)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Ke = Rf+B(Rm-Rf)	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**
Rate on Debt	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
kd = Rate on Debt * (1-t)	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**
Equity / (Debt+Equity)	56%	60%	65%	70%	70%	70%	70%	70%	70%	70%	80%
Debt / (Debt+Equity)	44%	40%	35%	30%	30%	30%	30%	30%	30%	30%	20%
WACC	**6.39%**	**6.65%**	**6.93%**	**7.24%**	**7.24%**	**7.24%**	**7.24%**	**7.24%**	**7.24%**	**7.24%**	**7.82%**
Discount Factor	1.03	0.97	0.90	0.84	0.79	0.73	0.68	0.64	0.59	0.55	0.55
Revenues	270.7	311.3	358.0	368.8	379.8	391.2	403.0	415.1	427.5	440.3	444.7
EBIT	7.15	8.84	11.26	11.23	11.19	11.13	11.06	11.01	10.94	10.85	9.63
less Tax	1.57	1.94	2.48	2.47	2.46	2.45	2.43	2.42	2.41	2.39	2.12
EBIT-Tax	5.58	6.89	8.78	8.76	8.72	8.68	8.63	8.58	8.53	8.47	7.51
plus Depreciation	0.97	1.12	1.27	1.31	1.35	1.39	1.43	1.44	1.46	1.47	1.49
less Cap Ex	3.00	3.00	3.00	3.09	3.18	3.28	3.38	3.41	3.44	3.48	1.36
less Chg in Working Capital	**2.23**	**1.62**	**4.62**	**2.15**	**2.21**	**2.28**	**2.35**	**2.42**	**2.49**	**2.57**	**0.88**
Free Cash Flow	**1.32**	**3.39**	**2.43**	**4.83**	**4.68**	**4.51**	**4.33**	**4.20**	**4.06**	**3.90**	**6.76**
Discounted Free Cash Flows	**1.36**	**3.28**	**2.20**	**4.07**	**3.68**	**3.31**	**2.96**	**2.68**	**2.41**	**2.16**	
Terminal Phase Value											**54.91**

DCF Valuation	**2019**
PV of 2021-2023 cash flows (stage 1 explicit forecasts)	6.84
PV of 2024-2030 cash flows (stage 2 implicit forecasts)	21.26
PV of Terminal cash flows (stage 3 terminal growth 1%)	54.91
Enterprise Value (EV) €mn	**83.07**

Quest On Line (You.gr e-platform internet sales)

The company's exposure in e-sales through you.gr platform seems to be one of the beneficiaries of new consumer trends in the post COVID era. Demand in IT products and sales through internet channels, you included, accelerated during the lockdowns in 2020 and early 2021 demand remains strong and on an upward trend/path channel, albeit at slower growth rates.

You generated €29.3mn sales in FY:20, up by 40% on a yearly basis. EBITDA reached €1.13mn, up by 74.7% and doubled its EBT profitability to €0.8mn vs €0.38mn in FY:19. It also recorded and EBITDA margin expansion by 77bps to 3.87% compared to 3.1% in FY:19. Average daily users escalated to 15.343K users in FY;20 compared to 14.5K in FY:19 and 14.575K in FY:18. Living revenues proportion climbed to 18.95 of total sales vs 17% in FY:19 whereas technology related revenues accounted for 81.1% (83% in FY:19 and 83.8% in FY:18).

Strong demand, albeit at lower growth rates, following the return to normalization is expected to be delivered in 2021. We opt for sales growth of 20% in 2021, followed by a further 13bps EBITDA margin expansion to 3.9%. For the 2020-2023 period we expect sales CAGR of 15.62% bringing FY:23 sales figure to 45.25mn with a marginal further improvement on the EBITDA line with 10bps further margin expansion to 4% resulting to a '20-'23 EBITDA CAGR of 16.94% with FY:23 EBITDA settling at €1.8mn.

In the table below we present our updated estimates for YOU performance to 2023:

BETA YOU Estimates €mn		**2018**	**2019**	**2020**	**2021e**	**2022e**	**2023e**
Revenues	(€ mn)	18.29	20.91	29.28	35.13	40.41	45.25
Revenues chng	*(%)*	*27.4%*	*14.3%*	*40.0%*	*20.0%*	*15.0%*	*12.0%*
EBITDA	(€ mn)	0.66	0.65	1.13	1.37	1.63	1.81

EBITDA chng	*(%)*	*58.4%*	*-2.6%*	*74.9%*	*20.7%*	*19.4%*	*11.0%*
EBITDA margin	*(%)*	*3.6%*	*3.1%*	*3.9%*	*3.9%*	*4.0%*	*4.0%*
EBIT	*(€ mn)*	0.65	0.55	1.03	1.23	1.49	1.67
EBIT margin	*(%)*	*3.6%*	*2.6%*	*3.5%*	*3.5%*	*3.7%*	*3.7%*
EBT	(€ mn)	0.52	0.38	0.80	1.26	1.53	1.72
EBT chng	*(%)*	*72.7%*	*-28.0%*	*113.3%*	*56.7%*	*21.8%*	*12.1%*
Net income	(€ mn)	0.52	0.38	0.83	0.98	1.19	1.34
Net income chng	*(%)*	*77.5%*	*-27.9%*	*120.1%*	*18.2%*	*21.8%*	*12.1%*

We evaluate Quest On Line (YOU), through a 3 stage DCF model with 3-year explicit forecasts Sales and EBITDA predictions followed by a fading 7-year period and ending with a terminal value. In our model we assume RFR at 3%, Market Risk Premium at 6%, Beta = 1, an 85% Equity /15% Debt capital structure and terminal growth rate standing at 1%. We estimate EBITDA margin to peak on 2023 at 4%, dropping to 3.3% in 2030 97-year implicit estimates period) and remaining to that level in perpetuity. WC/Sales at 5% on an EBITDA margin peaking at 3.5% (in 2023) and fading away to 2.5% in terminal period. We assume a WC/sales ratio of 20%. We end up with an EV of €23.96mn for You.gr.

YOU 3-stages DCF	**1st stage** 1	2	3	**2nd stage** 4	5	6	7	8	9	10	**3rd stage** Perpetuity
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**Terminal**
Risk Free rate (Rf)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Risk premium (Rm-Rf)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Market return (Rm)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Ke = Rf+B(Rm-Rf)	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**
Rate on Debt	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
kd = Rate on Debt * (1-t)	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**
Equity / (Debt+Equity)	31%	77%	87%	85%	85%	85%	85%	85%	85%	85%	90%
Debt / (Debt+Equity)	69%	23%	13%	15%	15%	15%	15%	15%	15%	15%	10%
WACC	**4.94%**	**7.66%**	**8.24%**	**8.12%**	**8.12%**	**8.12%**	**8.12%**	**8.12%**	**8.12%**	**8.12%**	**8.41%**
Discount Factor	1.02	0.95	0.88	0.81	0.75	0.70	0.64	0.59	0.55	0.51	0.51
Revenues	35.1	40.4	45.3	50.2	55.3	60.2	65.0	69.6	73.8	77.5	78.2
EBIT	1.23	1.49	1.67	1.81	1.94	2.06	2.17	2.26	2.33	2.38	2.40
less Tax	0.27	0.33	0.37	0.40	0.43	0.45	0.48	0.50	0.51	0.52	0.53
EBIT-Tax	0.96	1.17	1.31	1.41	1.52	1.61	1.69	1.76	1.82	1.85	1.87
plus Depreciation	0.14	0.14	0.14	0.15	0.16	0.17	0.18	0.18	0.18	0.18	0.18
less Cap Ex	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.33
less Chg in Working Capital	**-0.72**	**-0.01**	**-0.93**	**0.25**	**0.25**	**0.25**	**0.24**	**0.23**	**0.21**	**0.18**	**0.04**
Free Cash Flow	**1.82**	**1.31**	**2.38**	**1.31**	**1.42**	**1.53**	**1.63**	**1.71**	**1.79**	**1.85**	**1.69**
Discounted Free Cash Flows	**1.86**	**1.25**	**2.09**	**1.07**	**1.07**	**1.06**	**1.05**	**1.02**	**0.98**	**0.94**	
Terminal Phase Value											**11.57**

DCF Valuation	**2021**
PV of 2021-2023 cash flows (stage 1 explicit forecasts)	5.19
PV of 2024-2030 cash flows (stage 2 implicit forecasts)	7.19
PV of Terminal cash flows (stage 3 terminal growth 1%)	11.57
Enterprise Value (EV) €mn	**23.96**

iStorm

As an Apple premium reseller iStorm generated €34.7mn sales in 2020, up by 17.95 on a yearly basis through the 9 stores (7 based in Greece and 2 in Cyprus) retail network and the internet sales channel. Domestic smartphone market is polarized towards strong brand names (ie Apple, Samsung, Xiaomi, Huawei) with iStorm's performance attributed to Apple products popularity, awareness and acceptance coupled with new technologies introduced in every new edition. iStorm managed to overcome the 4-month lockdown period in 2020 mainly through the e-channel sales and despite Apple's late new i-phone 12 launch and delivery.

As consumers switch to upper scale more expensive devices, smartphone penetration rises and digitalization accelerates we expect i-Storm to be one of the main beneficiaries of the market's expansion. Thus we pencil in, with the addition of 1 new store in Greece both in 2022 and 2023, a CAGR sales growth ('20-'23) of 13.26% bringing FY:23 sales figure to €50.43mn compared to €34.71mn in FY:20 and projection for €36.71mn sales in FY:21. For Cyprus we do not incorporate any new stores opening.

At the EBITDA front we factor in, mainly due to investments on CRM and cost optimization, EBITDA margin improvements by 50bps per annum in the 2020-2023 period bringing EBITDA margin to 9% in FY:23 compared to 7.7% in FY:20 and recording an EBITDA figure of €4.54mn in FY:23 vs €2.68mn in FY:20.

The following table depicts our estimates for i-Storm main financials:

BetaSec iStorm Estimates €mn		**2018**	**2019**	**2020**	**2021e**	**2022e**	**2023e**
Revenues	(€ mn)	21.65	29.45	34.71	36.71	43.28	50.43
Revenues chng	*(%)*	*16.4%*	*36.0%*	*17.9%*	*5.8%*	*17.9%*	*16.5%*
EBITDA	(€ mn)	0.88	2.42	2.62	2.82	3.19	2.90
EBITDA chng	*(%)*	*70.5%*	*175.6%*	*8.2%*	*7.8%*	*13.1%*	*-9.2%*
EBITDA margin	*(%)*	*4.1%*	*8.2%*	*7.5%*	*7.7%*	*7.4%*	*5.7%*
EBIT	*(€ mn)*	0.69	1.38	1.39	1.54	1.86	2.17

EBIT margin	*(%)*	*3.2%*	*4.7%*	*4.0%*	*4.2%*	*4.3%*	*4.3%*
EBT	(€ mn)	0.23	0.75	1.24	1.40	1.75	2.05
EBT chng	*(%)*	*182.2%*	*226.2%*	*64.3%*	*13.3%*	*24.7%*	*17.6%*
Net income	(€ mn)	0.36	0.60	0.94	1.09	1.36	1.60
Net income chng	*(%)*	*345.9%*	*63.5%*	*57.7%*	*16.3%*	*24.7%*	*17.6%*

To value iStorm business we apply a 3-stage DCF model based on a RF rate of 3%, risk Premium of 6%, Beta 1, terminal growth rate of 1%, 90%/10% Equity/Debt Ratio. We end up with an EV of €29.87mn, which is 100% attributed to Quest Holdings.

iStorm 3-stages DCF	**1st stage**			**2nd stage**							**3rd stage**
	1	2	3	4	5	6	7	8	9	10	**Perpetuity**
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**Terminal**
Risk Free rate (Rf)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Risk premium (Rm-Rf)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Market return (Rm)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Ke = Rf+B(Rm-Rf)	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**
Rate on Debt	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
kd = Rate on Debt * (1-t)	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**
Equity / (Debt+Equity)	59%	65%	71%	80%	80%	80%	80%	80%	80%	80%	90%
Debt / (Debt+Equity)	41%	35%	29%	20%	20%	20%	20%	20%	20%	20%	10%
WACC	**6.56%**	**6.97%**	**7.30%**	**7.82%**	**7.82%**	**7.82%**	**7.82%**	**7.82%**	**7.82%**	**7.82%**	**8.41%**
Discount Factor	1.03	0.97	0.90	0.83	0.77	0.72	0.67	0.62	0.57	0.53	0.53
Revenues	36.7	43.3	50.4	57.7	65.0	71.8	77.9	83.0	86.7	88.9	89.8
EBIT	1.54	1.86	2.17	2.41	2.63	2.81	2.95	3.03	3.02	2.93	2.65
less Tax	0.34	0.41	0.48	0.53	0.58	0.62	0.65	0.67	0.66	0.65	0.58
EBIT-Tax	1.20	1.45	1.69	1.88	2.05	2.19	2.30	2.36	2.36	2.29	2.07
plus Depreciation	1.28	1.33	0.73	0.79	0.84	0.88	0.90	0.91	0.92	0.93	0.94
less Cap Ex	0.50	0.50	0.50	0.54	0.58	0.60	0.62	0.63	0.63	0.64	1.06
less Chg in Working Capital	**-1.70**	**1.78**	**-1.83**	**0.73**	**0.72**	**0.68**	**0.61**	**0.51**	**0.37**	**0.22**	**0.09**
Free Cash Flow	**3.68**	**0.50**	**3.75**	**1.40**	**1.59**	**1.79**	**1.97**	**2.14**	**2.27**	**2.36**	**1.86**
Discounted Free Cash Flows	**3.80**	**0.48**	**3.38**	**1.17**	**1.23**	**1.28**	**1.31**	**1.32**	**1.30**	**1.25**	
Terminal Phase Value											**13.33**

DCF Valuation	**2021**
PV of 2021-2023 cash flows (stage 1 explicit forecasts)	7.66
PV of 2024-2030 cash flows (stage 2 implicit forecasts)	8.88
PV of Terminal cash flows (stage 3 terminal growth 1%)	13.33
Enterprise Value (EV) €mn	**29.87**

iSquare

The group's subsidiary in wholesale derives all of its growth potential from the distribution of Apple system products in Greece and Cyprus. Replacement cycle of IT products, innovation, new launches and increased technology penetration led sales in FY:20 up by 23.93% to €173.78mn vs €140.22mn in FY:19. 3-year CAGR growth ('17-'20) stood at 27.4% while projected '20-'23 sales GAGR stands at a milder 17.65% based on our estimates. We project minor improvements on the EBITDA margin settling at 3.5% in FY:23 compared to 3.25% in FY:20 leading to an EBITDA '20-'23 CAGR 20.23% vs 33% in the '17-'20 period.

BetaSec iSquare Estimates €mn		**2018**	**2019**	**2020**	**2021e**	**2022e**	**2023e**
Revenues	(€ mn)	106.54	140.22	173.78	208.54	246.07	282.98
Revenues chng	*(%)*	*26.7%*	*31.6%*	*23.9%*	*20.0%*	*18.0%*	*15.0%*
EBITDA	(€ mn)	2.27	5.17	5.48	7.59	8.94	10.27
EBITDA chng	*(%)*	*7.5%*	*128.3%*	*5.9%*	*38.5%*	*17.8%*	*14.9%*
EBITDA margin	*(%)*	*2.1%*	*3.7%*	*3.2%*	*3.6%*	*3.6%*	*3.6%*
EBIT	*(€ mn)*	2.23	4.93	5.29	7.51	8.86	10.19
EBIT margin	*(%)*	*2.1%*	*3.5%*	*3.0%*	*3.6%*	*3.6%*	*3.6%*
EBT	(€ mn)	2.19	4.77	5.15	7.58	8.98	10.33
EBT chng	*(%)*	*9.2%*	*118.1%*	*8.0%*	*47.3%*	*18.4%*	*15.0%*
Net income	(€ mn)	1.45	3.50	3.83	5.92	7.00	8.06
Net income chng	*(%)*	*12.6%*	*140.6%*	*9.3%*	*54.7%*	*18.4%*	*15.0%*

Valuation of iSquare is done through a 3-stage DCF model with a RF rate of 3%, risk Premium of 6%, Beta 1, terminal growth rate of 1%, 90%/10% Equity/Debt Ratio. We end up with an EV of €124.62mn, 100% for Quest Group.

iSquare 3-stages DCF	**1st stage**			**2nd stage**							**3rd stage**
	1	2	3	4	5	6	7	8	9	10	Perpetuity
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**Terminal**
Risk Free rate (Rf)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Risk premium (Rm-Rf)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Market return (Rm)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Ke = Rf+B(Rm-Rf)	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**

Rate on Debt	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
kd = Rate on Debt * (1-t)	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**
Equity / (Debt+Equity)	96%	97%	98%	90%	90%	90%	90%	90%	90%	90%	90%
Debt / (Debt+Equity)	4%	3%	2%	10%	10%	10%	10%	10%	10%	10%	10%
WACC	**8.79%**	**8.85%**	**8.88%**	**8.41%**	**8.41%**	**8.41%**	**8.41%**	**8.41%**	**8.41%**	**8.41%**	**8.41%**
Discount Factor	1.04	0.96	0.88	0.81	0.75	0.69	0.64	0.59	0.54	0.50	0.50
Revenues	208.5	246.1	283.0	321.2	359.7	397.5	433.3	465.8	493.7	515.9	521.1
EBIT	7.51	8.86	10.19	11.25	12.24	13.13	13.88	14.47	14.84	15.00	15.01
less Tax	1.65	1.95	2.24	2.47	2.69	2.89	3.05	3.18	3.27	3.30	3.30
EBIT-Tax	5.86	6.91	7.95	8.77	9.55	10.24	10.83	11.28	11.58	11.70	11.70
plus Depreciation	0.08	0.08	0.08	0.09	0.09	0.10	0.10	0.10	0.10	0.11	0.11
less Cap Ex	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.76
less Chg in Working Capital	**-1.08**	**1.06**	**-1.59**	**3.82**	**3.85**	**3.78**	**3.58**	**3.25**	**2.79**	**2.22**	**0.52**
Free Cash Flow	**7.02**	**5.93**	**9.61**	**5.04**	**5.78**	**6.56**	**7.35**	**8.14**	**8.89**	**9.58**	**10.53**
Discounted Free Cash Flows	**7.32**	**5.68**	**8.46**	**4.09**	**4.33**	**4.54**	**4.69**	**4.78**	**4.82**	**4.79**	
Terminal Phase Value											**71.10**

DCF Valuation	**2021**
PV of 2021-2023 cash flows (stage 1 explicit forecasts)	21.47
PV of 2024-2030 cash flows (stage 2 implicit forecasts)	32.05
PV of Terminal cash flows (stage 3 terminal growth 1%)	71.10
Enterprise Value (EV) €mn	**124.62**

IT Services segment

Lower increase in operational costs compared to sales, lower travel expenses due to the pandemic, the reduction of financial costs and more efficient operations in general both in FY:20 and Q1:21 secured an extraordinary performance for Unisystems. With 45% of sales deriving from EU related projects, 85% related with higher margin services provision and a hefty backlog in excess of €310mn coupled with the fact the Unisystems business is positively affected by the high demand in IT services points to an outstanding performance for 2021. Lack of previous years' loss making projects in the domestic private sector further drive EBITDA margin higher in the tune of 7%. Digital transformation projects both in the private and public sector (which are accelerated by the pandemic environment) and further financial and other costs containment make up for a booming top and EBITDA growth in the years to come.

Thus we forecast sales to advance by a '20-'23 CAGR of 12.5% marking a €190.85mn sales figure for 2023 vs €134.15mn in FY:20. EBITDA margin is expected to stabilize above the 6% threshold (FY:20) climbing from 6.14% in 2020 to 6.3% in 2021 and 7% in 2023. In that contect, EBITDA will augment by a '20-'23 CAGR of 17.45% (vs (42.43% CAGR in '17-'20).

Beta Unisystems Estimates €mn		**2018**	**2019**	**2020**	**2021e**	**2022e**	**2023e**
Revenues	(€ mn)	90.21	116.24	134.15	151.13	168.88	187.99
Revenues chng	*(%)*	*7.4%*	*28.9%*	*15.4%*	*12.7%*	*11.7%*	*11.3%*
EBITDA	(€ mn)	1.91	4.88	7.32	8.30	10.03	11.08
EBITDA chng	*(%)*	*10.3%*	*155.4%*	*49.9%*	*13.4%*	*20.8%*	*10.4%*
EBITDA margin	*(%)*	*2.1%*	*4.2%*	*5.5%*	*5.5%*	*5.9%*	*5.9%*
EBIT	*(€ mn)*	0.83	3.04	5.43	7.10	8.78	9.78
EBIT margin	*(%)*	*0.9%*	*2.6%*	*4.0%*	*4.7%*	*5.2%*	*5.2%*
EBT	(€ mn)	0.55	2.41	4.47	6.92	8.71	9.70
EBT chng	*(%)*	*18.5%*	*341.8%*	*85.8%*	*54.7%*	*25.8%*	*11.4%*
Net income	(€ mn)	-0.15	0.89	2.84	5.40	6.79	7.57
Net income chng	*(%)*	*-82.2%*	*-698.0%*	*219.2%*	*89.8%*	*25.8%*	*11.4%*

Again we value UniSystems through a 3-stage DCF model with explicit forecasts up to 2023, implicit forecast up to 2030 and 1% perpetuity top line growth. We use a 3% risk free rate, market risk premium 6% and 90%/10% Equity/Debt ratio. We end up with an implied EV for the 100% stake of Quest Holdings to UniSystems of €90.95mn.

Unisystems 3-stages DCF	**1st stage**			**2nd stage**							**3rd stage**
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2028	Perpetuity
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**Terminal**
Risk Free rate (Rf)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Risk premium (Rm-Rf)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Market return (Rm)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Ke = Rf+B(Rm-Rf)	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**
Rate on Debt	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
kd = Rate on Debt * (1-t)	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**
Equity / (Debt+Equity)	89%	89%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Debt / (Debt+Equity)	11%	11%	10%	10%	10%	10%	10%	10%	10%	10%	10%
WACC	**8.33%**	**8.37%**	**8.41%**	**8.41%**	**8.41%**	**8.41%**	**8.41%**	**8.41%**	**8.41%**	**8.41%**	**8.41%**
Discount Factor	1.04	0.96	0.89	0.82	0.75	0.70	0.64	0.59	0.55	0.50	0.50
Revenues	151.1	168.9	188.0	208.3	229.8	252.4	274.6	296.0	316.2	334.6	337.9
EBIT	7.10	8.78	9.78	10.34	10.86	11.35	12.39	13.48	14.50	15.43	6.66
less Tax	1.56	1.93	2.15	2.27	2.39	2.50	2.73	2.97	3.19	3.39	1.46
EBIT-Tax	5.54	6.85	7.62	8.06	8.47	8.85	9.67	10.51	11.31	12.03	5.19
plus Depreciation	1.20	1.25	1.30	1.41	1.52	1.63	1.72	1.74	1.76	1.78	1.79

less Cap Ex	1.00	1.00	1.00	1.09	1.17	1.25	1.33	1.34	1.35	1.37	1.64
less Chg in Working Capital	**-11.59**	**11.18**	**-13.20**	**4.07**	**4.30**	**4.51**	**4.45**	**4.29**	**4.03**	**3.68**	**0.67**
Free Cash Flow	**17.33**	**-4.08**	**21.13**	**4.32**	**4.53**	**4.71**	**5.62**	**6.63**	**7.68**	**8.77**	**4.67**
Discounted Free Cash Flows	**18.04**	**-3.92**	**18.73**	**3.53**	**3.42**	**3.28**	**3.60**	**3.92**	**4.19**	**4.41**	
Terminal Phase Value											**31.74**

DCF Valuation	**2021**
PV of 2021-2023 cash flows (stage 1 explicit forecasts)	32.85
PV of 2024-2030 cash flows (stage 2 implicit forecasts)	26.36
PV of Terminal cash flows (stage 3 terminal growth 1%)	31.74
Enterprise Value (EV) €mn	**90.95**

Postal and Courier Services segment

Covid 19 effects boosts e-commerce demand and accelerates courier services revenues. Quest guided for double digit revenue growth in the segment for FY:21 vs high single digit growth guided in FY:20 results announcement (early April 2021). This was the case for FY:20 and Q1:21 and we expect the trend to remain intact for the remainder of 2021. Revenue growth going forward will be mainly driven by e-commerce courier shipments rising demand. The postal revenues will continue dropping by mid-single digit rates driven by lower demand and falling prices.

Our scenario stands for a CAGR 2020-2023 postal revenue decline of -11.40% on postal shipments falling of 8.34%. On the contrary we expect courier shipments CAGR growth of 13% translating to revenues CAGR of 13%. In specific we factor in a 15% volume growth for courier shipments in 2021 and a 10% decline in postal shipments, in line with trends preserving in FY:20 and Q1:21.

New automated sorting hub center, to be operational by end 2021, will further add to EBITDA margin through cost rationalization, effective management, increased capacity (5x up), all adding to market share gains. Extraordinary expanses that burdened FY:20 EBITDA margin amounted to €2.5mn and will streamline in 2021 due to higher volumes and return to normality where volumes subside and normalize

Our main assumptions for ACS are depicted in the following table:

Beta ACS Estimates €mn		**2018**	**2019**	**2020**	**2021e**	**2022e**	**2023e**
Postal Shipments	(mn)	30.92	35.84	30.21	27.19	25.02	23.27
Revenues chng	*(%)*	*-6.9%*	*15.9%*	*-15.7%*	*-10.0%*	*-8.0%*	*-7.0%*
Postal Revenues	(€ mn)	13.77	14.89	11.74	10.04	8.96	8.16
Revenues chng	*(%)*	*-8.5%*	*8.1%*	*-21.2%*	*-14.5%*	*-10.8%*	*-8.9%*
Courrier Shipments	(mn)	23.06	25.82	33.53	38.56	43.57	48.37
Revenues chng	*(%)*	*10.5%*	*12.0%*	*29.9%*	*15.0%*	*13.0%*	*11.0%*
Courrier Revenues	(€ mn)	87.07	93.43	113.57	130.61	147.59	163.82
Revenues chng	*(%)*	*3.7%*	*7.3%*	*21.6%*	*15.0%*	*13.0%*	*11.0%*
Revenues	(€ mn)	100.84	108.32	125.31	140.64	156.54	171.98
Revenues chng	*(%)*	*3.7%*	*7.3%*	*15.7%*	*10.9%*	*11.3%*	*9.9%*
EBITDA	(€ mn)	13.74	15.76	16.89	20.33	23.88	26.18
EBITDA chng	*(%)*	*11.1%*	*14.7%*	*7.2%*	*20.4%*	*17.5%*	*9.7%*
EBITDA margin	*(%)*	*13.4%*	*14.3%*	*13.3%*	*14.4%*	*15.2%*	*15.2%*
EBIT	*(€ mn)*	12.75	13.74	14.64	18.65	21.86	24.01
EBIT margin	*(%)*	*12.4%*	*12.5%*	*11.5%*	*13.2%*	*13.9%*	*13.9%*
EBT	(€ mn)	12.32	13.20	13.92	18.14	21.33	23.74
EBT chng	*(%)*	*10.0%*	*7.1%*	*5.4%*	*30.3%*	*17.6%*	*11.3%*
Net income	(€ mn)	8.81	9.71	11.73	14.15	16.63	18.52
Net income chng	*(%)*	*13.9%*	*10.1%*	*20.8%*	*20.6%*	*17.6%*	*11.3%*

To value ACS we apply again a 3-stage DCF model with explicit forecasts up to 2023, implicit forecast up to 2030 and 1% perpetuity top line growth. We use a 3% risk free rate, market risk premium 6% and stock beta 1 reaching Ke of 9%. Equity/Debt ratio at 80%/20%. We come up with an implied EV for the 100% stake of Quest Holdings to ACS of €266.61mn. We reckon hidden value in the subsidiary which can be unlocked either through stake disposal (as in the case on Cardlink) or through ASE listing.

ACS 3-stages DCF	**1st stage** 1	2	3	2nd stage 4	5	6	7	8	9	10	**3rd stage** Perpetuity
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2028**
Risk Free rate (Rf)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Risk premium (Rm-Rf)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Market return (Rm)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Ke = Rf+B(Rm-Rf)	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**
Rate on Debt	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
kd = Rate on Debt * (1-t)	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**
Equity / (Debt+Equity)	60%	92%	79%	80%	80%	80%	80%	80%	80%	80%	80%
Debt / (Debt+Equity)	40%	8%	21%	20%	20%	20%	20%	20%	20%	20%	20%
WACC	**6.65%**	**8.53%**	**7.75%**	**7.82%**	**7.82%**	**7.82%**	**7.82%**	**7.82%**	**7.82%**	**7.82%**	**7.82%**
Discount Factor	1.03	0.95	0.88	0.82	0.76	0.70	0.65	0.61	0.56	0.52	0.52
Revenues	141.3	157.3	172.8	188.9	205.7	222.9	240.4	258.2	275.9	293.4	296.4
EBIT	18.65	21.86	24.01	25.73	27.43	29.09	30.70	32.37	33.93	35.37	32.59

less Tax	4.10	4.81	5.28	5.66	6.03	6.40	6.75	7.12	7.47	7.78	7.17
EBIT-Tax	14.55	17.05	18.73	20.07	21.39	22.69	23.95	25.25	26.47	27.59	25.42
plus Depreciation	1.67	2.02	2.17	2.34	2.51	2.69	2.86	2.88	2.91	2.94	2.97
less Cap Ex	18.00	5.00	5.00	5.39	5.79	6.19	6.58	6.65	6.71	6.78	5.37
less Chg in Working Capital	**24.30**	**-27.96**	**27.12**	**0.81**	**0.84**	**0.86**	**0.88**	**0.89**	**0.89**	**0.88**	**0.15**
Free Cash Flow	**-26.08**	**42.03**	**-11.22**	**16.21**	**17.28**	**18.33**	**19.34**	**20.60**	**21.78**	**22.87**	**22.88**
Discounted Free Cash Flows	**-26.94**	**40.01**	**-9.91**	**13.28**	**13.13**	**12.92**	**12.64**	**12.49**	**12.25**	**11.92**	
Terminal Phase Value											**174.83**

DCF Valuation	**2021**
PV of 2019-2021 cash flows (stage 1 explicit forecasts)	3.16
PV of 2022-2028 cash flows (stage 2 implicit forecasts)	88.63
PV of Terminal cash flows (stage 3 terminal growth 1%)	174.83
Enterprise Value (EV) €mn	**266.61**

Electronic Financial Transactions

As Quest already announced, it agreed to sell its 85% subsidiary in electronic payments to French World line for an EV of €155mn corresponding to a multiple of 13x FY:20 EV/EBITDA. The transaction is expected to complete by end 2021, therefor we including Cardlink's figures in our FY:2021 projections and valuation till the sale is completed.

Controversially to FY:20 results, Q1:21 performance marked a new era with no more extraordinary expenses (earnout) imposed by the previous agreement with the customer banks burdening EBITDA line. Positive effect by the growing penetration of e- payments in daily transactions, evident more predominantly in the months to come, coupled with a new perception in consumers' behavior (using e-money rather than cash), tourism recovery and restaurants and physical retail stores reopening is expected to boost daily electronic payment transactions. Increasing services penetration, expanding facilities, expansion of customer base and new clients added (apart from Alpha Bank and Eurobank) pave the way for a superior performance in the coming years.

So why selling the business? For 3 main reasons, and correctly, in our view. 1: Consolidation in the sector in favor of the big international players (NEXI, WORLDLINE) that render competition and profitability a difficult task, 2: Good exit point, in our view, with more than 15x times return on invested capital (Quest injected €6.2mn in equity back in 2015) and received €93mn in cash for the pending sale (87mn capital gain) ie Quest's shareholders profit maximization (consistent with Quest's investment philosophy) at a price that marks an ideal exit point, 3: pending escalating CAPEX ahead to maintain competiveness of the business due to necessity for POS replacements.

For 2021, we expect CARDLINK to record a 5% top line growth to €36mn of sales. Our assumption is based on flat POS terminals installed (231.7K), a 3% growth on monthly fee per terminal (due to new services added on POS), 10% growth on registered POS transactions, flat yearly revenue/transaction and a 5% growth in other revenues. We assume a yearly EBITDA margin of 35%. Our assumptions, based on Q1:21 results, are rather conservative given that sales advanced 34.6% to €11mn and EBITDA rose 30% to €4.1mn on EBITDA margin improvement (vs FY:20) at 37.3% (35% in FY:20). As electronic payments penetration s growing, assisted as mentioned by physical stores and restaurants re-opening and tourism recovery expectations operations are expected to return to normal operations. We expect growth rate to normalize in the coming 2021 quarters, still our estimates for the business are on the safe side and rather conservative.

Beta Cardlink Estimates €mn		**2018**	**2019**	**2020**	**2021e**	**2022e**	**2023e**
Revenues	(€ mn)	33.78	33.10	34.17	36.03	38.01	40.13
Revenues chng	*(%)*	*-12.3%*	*-2.0%*	*3.2%*	*5.4%*	*5.5%*	*5.6%*
EBITDA	(€ mn)	18.34	13.63	10.04	10.50	11.10	11.82
EBITDA chng	*(%)*	*92.7%*	*-25.7%*	*-26.3%*	*4.5%*	*5.8%*	*6.4%*
EBITDA margin	*(%)*	*54.3%*	*41.2%*	*29.4%*	*29.1%*	*29.2%*	*29.4%*
EBIT	*(€ mn)*	9.51	5.21	2.73	2.49	2.39	2.41
EBIT chng	*(%)*	*92.7%*	*-25.7%*	*-26.3%*	*4.5%*	*5.8%*	*6.4%*
EBIT margin	*(%)*	*28.2%*	*15.7%*	*8.0%*	*6.9%*	*6.3%*	*6.0%*
EBT	(€ mn)	7.47	4.26	2.13	2.04	2.17	2.18
EBT chng	*(%)*	*-1261.1%*	*-42.9%*	*-50.1%*	*-4.2%*	*6.3%*	*0.6%*
EBT margin	*(%)*	*22.1%*	*12.9%*	*6.2%*	*5.7%*	*5.7%*	*5.4%*
Net income	(€ mn)	6.50	2.67	1.62	1.59	1.69	1.70
Net income chng	*(%)*	*-321.2%*	*-58.9%*	*-39.4%*	*-1.6%*	*6.3%*	*0.6%*
NET margin	*(%)*	*19.2%*	*8.1%*	*4.7%*	*4.4%*	*4.4%*	*4.2%*

We value Cardlink applying 3-stage DCF model based on a Rf rate of 4%, a market equity risk premium of 6%, a beta=1, 1% perpetuity growth rate and 70/30% Equity/Debt ratio. We end up with an estimated EV €65.1mn, significant lower than the amount offered for the sale (€93mn).

3-stages DCF	**1st stage** 1	2	3	**2nd stage** 4	5	6	7	8	9	10	**3rd stage** Perpetuity
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**Terminal**
Risk Free rate (Rf)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Risk premium (Rm-Rf)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Market return (Rm)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Ke = Rf+B(Rm-Rf)	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**
Rate on Debt	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
kd = Rate on Debt * (1-t)	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**
Equity / (Debt+Equity)	86%	49%	88%	70%	70%	70%	70%	70%	70%	70%	70%
Debt / (Debt+Equity)	14%	51%	12%	30%	30%	30%	30%	30%	30%	30%	30%

WACC	8.19%	5.97%	8.27%	7.24%	7.24%	7.24%	7.24%	7.24%	7.24%	7.24%	7.24%
Discount Factor	1.04	0.98	0.91	0.85	0.79	0.74	0.69	0.64	0.60	0.56	0.56
Revenues	36.0	38.0	40.1	42.2	44.1	45.9	47.6	49.1	50.3	51.4	51.9
EBIT	2.49	2.39	2.41	2.46	2.50	2.52	2.53	2.59	2.57	2.49	5.65
less Tax	0.55	0.53	0.53	0.54	0.55	0.56	0.56	0.57	0.57	0.55	1.24
EBIT-Tax	1.94	1.87	1.88	1.92	1.95	1.97	1.97	2.02	2.01	1.94	4.41
plus Depreciation	8.01	8.71	9.41	9.75	10.05	10.31	10.53	10.63	10.74	10.85	10.96
less Cap Ex	5.00	5.00	7.00	7.25	7.48	7.67	7.83	7.91	7.99	8.07	13.67
less Chg in Working Capital	**-13.70**	**12.63**	**-13.70**	**0.20**	**0.19**	**0.18**	**0.17**	**0.15**	**0.13**	**0.11**	**0.05**
Free Cash Flow	**18.65**	**-7.05**	**17.99**	**4.21**	**4.33**	**4.43**	**4.51**	**4.59**	**4.63**	**4.61**	**1.64**
Discounted Free Cash Flows	**19.43**	**-6.93**	**16.33**	**3.57**	**3.42**	**3.26**	**3.09**	**2.94**	**2.76**	**2.57**	
Terminal Phase Value											**14.63**

DCF Valuation	**2021**
PV of 2021-2023 cash flows (stage 1 explicit forecasts)	28.83
PV of 2024-2030 cash flows (stage 2 implicit forecasts)	21.61
PV of Terminal cash flows (stage 3 terminal growth 1%)	14.63
Enterprise Value (EV) €mn	**65.08**

Renewable Energy Segment

Renewable energy operations remained unaffected in 2020 from pandemic burst. There was no disruption in the production and distribution of solar energy, so no negative effect should be expected in this sector for 2021 as well. Company has guided for mild mid-single digit top line growth in FY:21 despite the -4% recorded in Q1 due to lower sunlight levels y-o-y and despite the inclusion of 1.8 additional MW's acquired in late 2020 (which drove FY:20 total capacity installed to 28Mws). Any other potential new acquisitions, under the old FIT regime, will further enhance top line and EBITDA accordingly.

EBITDA margin returned to above the 80% threshold following the absence (as was the case in FY:20) of €0.54mn burden regarding an extraordinary taxation for the balancing of the ELAPE deficit through extraordinary taxes in all RES producers. Q1:21 Energy EBITDA margin shaped at 80.71%. Going forward our estimates on the segment are based on actual capacity (28Mws with no further additions) with an EBITDA margin of 80%. Energy sector remains the most leveraged sector with Q1:21 net debt position at €26.5mn.

We do not include any further solar energy parks acquisitions in our evaluation test for the energy sector. We value the energy division at 9x EV/EBITDA ratio (vs 7 in our previous report). We project FY'21 energy section turnover of €9.72mn. Applying the 80% EBITDA margin we end with FY:21 energy EBITDA projection of €7.54mn. Recall that all of the parks operate under the old regime of FIT (Feed in Tariffs) which enjoy lucrative tariffs compared to the new prevailing regime (auctions). We come up with an estimated EV of the sector (100% to Quest Holdings) of €67.86mn.

	2017	2018	2019	2020	2021	2022	2023	CAGR 20-23
Sales	**0.83**	**2.14**	**6.58**	**8.97**	**9.43**	**9.71**	**10.00**	*3.72%*
% chng y-o-y		*157.07%*	*206.72%*	*36.34%*	*5.17%*	*3.00%*	*3.00%*	
EBITDA	**0.19**	**1.46**	**4.86**	**6.72**	**7.54**	**7.77**	**8.00**	*5.99%*
% chng y-o-y		*666.84%*	*233.22%*	*38.46%*	*12.22%*	*3.00%*	*3.00%*	
EBITDA margin	*22.78%*	*67.96%*	*73.83%*	*74.97%*	*80.00%*	*80.00%*	*80.00%*	

Recent Corporate Developments

The company guided, following Q1:21 results announcement, for a strong double digit growth rate across all main P&L lines, albeit at a milder pace than ones prevailing in Q1. It is apparent that active management made it easy for most of the group's companies to quickly adjust to new prevailing market conditions during and post the COVID19 period. Furthermore, most of the group's sectors (IT, courier, e-commerce) are positively affected by the consumer trends established in the "post Covid-19" era. For 2021 specifically, net profit will be further assisted by TEKA subsidiary disposal registering €1.8mn one-off capital gain below the EBITDA line solely for 2021. Cash flow wise transaction will add €5mn.

Additionally, Quest Holdings announced in May the agreement for the sale of its participation in Cardlink S.A. and Cardlink One S.A, to French company Worldline. The total consideration Quest Holdings is expected to receive amounts to €93m in cash. This results to a fifteen times (15x) return (€87 capital gain) on invested equity (€6.2mn) over a period of less than 7 years (Quest acquired Cardlink back in 2015 from Alpha Bank and Eurobank for €6.2mn regarding its equity portion). Quest Holdings has a long history in value creation for its subsidiaries and at the same time, Quest secures high returns for its shareholders when divesting from subsidiaries. Consolidation in the sector in favor of the leaders (Worlline, Next) and capital intensiveness (big CAPEX going forward regarding POS replacements and upgrades) alongside with recorded gains resulted in the aforementioned asset disposal, 100% justified in our view.

Quest Valuation Update

To value Quest group we enrich, apart from our initial approach with a Some of the Parts (SoTP) valuation method, a 3-stage DCF model, in which we assign an equal (to SoTP) 50% weight.

For our DCF model, we have calculated risk free rate to 3% (current 10-year bond yield at 0.8% currently), our RP (risk premium) assumption to 6%, assigned a Beta = 1, use a terminal growth rate of 1% and long term EBITDA margin at 7% (1% lower than last 5 years average of 8%). We end up with a Targeted Equity Value of €744.5mn or €20.83/share.

As sale transaction of Cardlink is expected to complete by end 2021 we have included the latter's figures in our valuation model regarding P&L and B/S metrics (sales, EBITDA, Debt, Leasing). We have also accounted for Cardlink's EV inclusion in Group's EV calculation in our 2nd valuation approach method (SoTP).

The other 50% weight relates to our previous SoTP valuation method (SoTP). We have calculated the respective EV of each company from the sum of which we deduct FY:21 projected net debt position of €14.50mn (leasing included) and add some non-core real estate assets at 50% discount and other (mother company) participations. Targeted Equity Value stands at €734mn (€20.54/share).

Should we exclude Cardlink's EV contributed in our SoTP approach (€55.32mn for the 85% stake Quest controls or €65.10 for the 100% EV valuation of Cardlink) and adjust FY:21 projected net debt position accordingly (€93mn cash addition for the sale and subtract Cardlink's net debt position in Q1:21 of €7.937mn) TP (SoTP) increases to €21.80/share as €93mn cash injection combined with c.€8mn net debt position reduction surpasses Cardlink's EV by €45.60 (€1.3/share additional value).

We end with a weighted market cap target of **€39.23** or **€20.68/share**, implying a hefty 53.10% upside from current levels. We maintain our **OVERWEIGHT** Recommendation on the stock. On our estimates Quest's trades at a projected FY'21 P/E ratio of 14.2, EV/EBITDA 7.2x. Following a heavy FY:21 CAPEX program in excess of €50mn (€55mn on our calculations) we estimate that Quest will end FY:21 in a net debt position of €14.50mn and will run debt free in 2022 with a projected cash position of €3.8mn.

The following table summarizes our valuation approaches for Quest Group:

SOTP Valuation (EV)	EV (Euro mn)	per share	%
Cardlink (85% stake)	55.32	1.55	7.54%
You (Quest On Line)	23.96	0.67	3.26%
ACS Courrier	266.61	7.46	36.32%
Unisystems	90.95	2.54	12.39%
iStorm	29.87	0.84	4.07%
iSquare	124.62	3.49	16.98%
Infoquest Technologies	83.07	2.32	11.32%
Energy Sector	67.86	1.90	9.25%
Net Debt FY:21 projected	14.46	0.40	1.97%
Participations FY:21	0.09	0.00	0.01%
Other non-operating Real Estate assets@50% disc	6.09	0.17	0.83%
Total Equity Value	733.98	20.54	100.00%

3-stages DCF	1st stage			2nd stage							3rd stage
	1	2	3	4	5	6	7	8	9	10	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Terminal
Risk Free rate (Rf)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Risk premium (Rm-Rf)	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	5.0%
Market return (Rm)	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Beta	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Ke = Rf+B(Rm-Rf)	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**	**9.00%**
Rate on Debt	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.5%
kd = Rate on Debt * (1-t)	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.12%**	**3.83%**
Equity / (Debt+Equity)	67%	69%	72%	85%	85%	85%	85%	85%	85%	85%	90%
Debt / (Debt+Equity)	33%	31%	28%	15%	15%	15%	15%	15%	15%	15%	10%
WACC	**7.03%**	**7.19%**	**7.33%**	**8.12%**	**8.12%**	**8.12%**	**8.12%**	**8.12%**	**8.12%**	**8.12%**	**8.48%**
Discount Factor	1.04	0.97	0.90	0.83	0.77	0.71	0.66	0.61	0.56	0.52	0.53
Revenues	828.4	944.4	1,066.6	1,183.1	1,288.8	1,378.2	1,459.9	1,531.9	1,592.1	1,638.8	588.8
EBIT	45.77	51.66	60.79	66.56	71.19	74.69	77.88	80.35	82.93	86.03	65.69
less Tax	10.07	11.37	13.37	14.64	15.66	16.43	17.13	17.68	18.24	18.93	9.85
EBIT-Tax	35.70	40.29	47.42	51.92	55.53	58.26	60.75	62.67	64.68	67.10	55.83
plus Depreciation	23.50	27.50	29.75	31.52	33.07	34.04	34.38	34.38	34.73	35.07	9.63
less Cap Ex	55.00	25.00	20.00	21.19	22.23	23.11	23.78	24.02	24.26	24.50	12.76
less Chg in Working Capital	**-2.42**	**8.78**	**-6.62**	**17.49**	**15.85**	**13.40**	**12.26**	**10.80**	**9.03**	**7.00**	**7.27**
Free Cash Flow	**6.63**	**34.02**	**63.79**	**44.76**	**50.52**	**55.80**	**59.08**	**62.24**	**66.11**	**70.67**	**45.43**
Discounted Free Cash Flows	**6.86**	**32.88**	**57.44**	**37.28**	**38.91**	**39.75**	**38.93**	**37.93**	**37.27**	**36.85**	
Terminal Phase Value											**397.19**

DCF Valuation	**2021**
PV of 2021-2023 cash flows (stage 1 explicit forecasts)	97.18
PV of 2024-2030 cash flows (stage 2 implicit forecasts)	266.91
PV of Terminal cash flows (stage 3 terminal growth 0,5%)	397.19
Enterprise Value (EV) €mn	**761.28**
plus Particiaptions	0.09
less Net Debt	14.46
less Minorities	2.44
Equity Value € mn	**744.47**
No of shares (mn)	35.74
12mo Target Price €	**20.83**

QUEST Valuation	Equity Value	Equity Value/Share	%
SoTH	733.98	20.54	50.00%
DCF	744.47	20.83	50.00%
TP	**739.23**	**20.68**	
Upside potential		53.21%	

Strategy update – 2021 Projections

Quest Holdings has a long successful track record in value creation for its subsidiaries. The rationalization for the disposal of subsidiaries lies upon maximization of shareholders' returns and profits and accrue substantial excessive value over initial invested capital. In the case of Cardlink, initial equity investment back in 2015 (€6.2mn) yielded more than 15x return through the €93mn cash disposal agreed (for the 65% stake in the company). Furthermore, consolidation in the sector of electronic payments, with two major European players dominating the market (NEXT and WORLDLINE), coupled with increased CAPEX requirements (regarding POS upgrades and substitutes) and amount (€93mn) signalled a good exit level threshold.

At the same time, Quest secures high returns for its shareholders when divesting from subsidiaries. We estimate that out of the €93mn cash received from the disposal of Cardlink circa 2/3 ie €60mn (or €1.7/share) will be returned in due course to shareholders' as additional compensation whereas 1/3 (€33mn) will be directed to new investments.

On the financial front, Quest targets to maintain ROE at the 20% area. FY:20 respective figure shaped at 24.8% (on the EBT level as the company defines it) or 11.2% (on a net income level due to the €11.2mn one off taxation burden from reserves capitalization). ROE in 2021 based on our calculations is expected to grow to 22.4% (including the €2mn extra profit booked due to the sale of 25% TEKA stake). Shareholders' reward will amount to €0.40/share (ordinary dividend) plus any further capital returns following Cardlink's sale in late 2021. Ample cash generation will remain intact with Cash flow yield is seen at 12.4% in FY:21, 13.8% in FY:21 and 15.7% in FY:23.

We expect the company to post FY:21 sales of €828.4mn, rising to €944m.5mn in FY;22 and exceeding the €1bn threshold (€1,066.6mn) in FY:23. Regarding profitability we project an EBITDA margin peak in FY:23 to 8.5% with the respective EBITDA figure settling at €90.6mn whereas FY:21 EBITDA is projected to reach €69.3mn. Bottom line will be positively impacted by domestic corporate tax rate reduction to 22% leaving ample of space (as all activities are generated in Greece) for EAT growth of 26.7% in FY:21 to €34mn escalating to €44.2mn by 2023.

Quest Holdings Financial Data & Estimates

Profit & Loss Statement	2016	2017	2018	2019	2020	2021e	2022e	2023e
Revenues	**388.23**	**436.45**	**497.68**	**600.32**	**721.36**	**828.38**	**944.43**	**1,066.56**
% chng	*9.9%*	*12.4%*	*14.0%*	*20.6%*	*20.2%*	*14.8%*	*14.0%*	*12.9%*
Less: Cost of Goods Sold	323.83	359.50	429.27	501.67	605.55	692.53	790.49	891.64
% chng	*8.9%*	*11.0%*	*19.4%*	*16.9%*	*20.7%*	*14.4%*	*14.1%*	*12.8%*
Gross Profit	**64.40**	**76.95**	**68.41**	**98.65**	**115.81**	**135.85**	**153.94**	**174.92**
% chng	*15.1%*	*19.5%*	*-11.1%*	*44.2%*	*17.4%*	*17.3%*	*13.3%*	*13.6%*
Gross profit margin %	*16.6%*	*17.6%*	*13.7%*	*16.4%*	*16.1%*	*16.4%*	*16.3%*	*16.4%*
Admin Expenses	**25.58**	**30.48**	**30.93**	**33.81**	**37.77**	**49.70**	**56.48**	**63.99**
% of Revenues	*6.6%*	*7.0%*	*6.2%*	*5.6%*	*5.2%*	*6.0%*	*6.0%*	*6.0%*
R & D Expenses	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
% of Revenues	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Selling Expenses	**19.51**	**19.95**	**20.30**	**31.46**	**38.25**	**41.42**	**47.69**	**52.26**
% of Revenues	*5.0%*	*4.6%*	*4.1%*	*5.2%*	*5.3%*	*5.0%*	*5.1%*	*4.9%*
Other Oper. Income	**1.88**	**1.46**	**3.57**	**2.84**	**2.50**	**2.69**	**2.83**	**3.20**
% of Revenues	*0.5%*	*0.3%*	*0.7%*	*0.5%*	*0.3%*	*0.3%*	*0.3%*	*0.3%*
Other Oper. Expense	**-0.11**	**-9.38**	**7.60**	**-0.77**	**-1.15**	**-1.66**	**-0.94**	**-1.07**
% of Revenues	*0.0%*	*-2.1%*	*1.5%*	*-0.1%*	*-0.2%*	*-0.2%*	*-0.1%*	*-0.1%*
EBITDA	**31.54**	**29.87**	**41.37**	**52.62**	**58.67**	**69.27**	**79.16**	**90.55**
% chng	*133.4%*	*-5.3%*	*38.5%*	*27.2%*	*11.5%*	*18.1%*	*14.3%*	*14.4%*
EBITDA margin %	*8.1%*	*6.8%*	*8.3%*	*8.8%*	*8.1%*	*8.4%*	*8.4%*	*8.5%*
Depreciation Expense	10.47	11.27	13.02	17.16	17.51	23.50	27.50	29.75
% of Avg Fixed Assets	*5.8%*	*6.1%*	*6.4%*	*7.5%*	*6.7%*	*7.9%*	*8.2%*	*8.3%*
x CAPEX/Depr & Amort	*-163.1%*	*216.9%*	*81.2%*	*253.8%*	*102.3%*	*234.0%*	*90.9%*	*67.2%*
EBIT	**21.08**	**18.60**	**28.36**	**35.46**	**41.16**	**45.77**	**51.66**	**60.79**
% chng	*285.4%*	*-11.8%*	*52.5%*	*25.1%*	*16.1%*	*11.2%*	*12.9%*	*17.7%*
EBIT margin %	*5.4%*	*4.3%*	*5.7%*	*5.9%*	*5.7%*	*5.5%*	*5.5%*	*5.7%*
Investment Income	0.14	0.01	0.17	0.00	-0.08	0.00	0.00	0.00
% of Avg Investments & Securities	*2.1%*	*0.0%*	*0.8%*	*0.0%*	*-1.3%*	*0.0%*	*0.0%*	*0.0%*
Profit on Financial Operations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
% of Avg Mark Securities	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Interest Income	0.87	0.70	0.46	0.74	0.77	0.75	0.52	0.53
% of Revenues	*0.2%*	*0.2%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*
Interest Expenses+creditcard comission	4.79	4.22	4.93	6.03	6.59	3.84	3.24	3.24
% of Revenues	*1.2%*	*1.0%*	*1.0%*	*1.0%*	*0.9%*	*0.5%*	*0.3%*	*0.3%*
Plus: Extra and Non-Oper items	0.00	0.00	0.00	0.00	0.00	1.99	0.00	0.00
% of Revenues	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.2%*	*0.0%*	*0.0%*
EBT	**17.29**	**15.08**	**24.06**	**30.18**	**35.26**	**44.66**	**48.94**	**58.08**
% chng	*820.4%*	*-12.8%*	*59.6%*	*25.4%*	*16.9%*	*26.7%*	*9.6%*	*18.7%*
EBT margin %	*4.5%*	*3.5%*	*4.8%*	*5.0%*	*4.9%*	*5.4%*	*5.2%*	*5.4%*
Less: Income Taxes	11.01	9.16	4.03	21.88	18.92	9.83	10.77	12.78
% effective tax rate	*63.7%*	*60.8%*	*16.7%*	*72.5%*	*53.7%*	*22.0%*	*22.0%*	*22.0%*
Net Income before minorities	**6.28**	**5.91**	**20.03**	**8.29**	**16.34**	**34.84**	**38.17**	**45.30**
Less: Minority Interest	3.89	-0.45	1.27	0.40	0.38	0.87	0.95	1.13
% of Net Income	*61.8%*	*-7.7%*	*6.3%*	*4.8%*	*2.3%*	*2.5%*	*2.5%*	*2.5%*
Net Income	**2.40**	**6.36**	**18.76**	**7.89**	**15.96**	**33.97**	**37.22**	**44.17**
% chng	*-262.5%*	*165.5%*	*194.8%*	*-57.9%*	*102.2%*	*112.9%*	*9.6%*	*18.7%*
Net margin %	*0.6%*	*1.5%*	*3.8%*	*1.3%*	*2.2%*	*4.1%*	*3.9%*	*4.1%*
EPS (Euro)	**0.20**	**0.18**	**0.53**	**0.12**	**0.45**	**0.95**	**1.04**	**1.24**
% chng	*-262.5%*	*-11.4%*	*194.9%*	*-77.3%*	*273.9%*	*112.9%*	*9.6%*	*18.7%*

BALANCE SHEET Statement	2016	2017	2018	2019	2020	2021e	2022e	2023e
Cash	65.93	47.94	63.16	75.20	96.87	52.24	51.65	55.00
Marketable Securities	0.26	4.21	4.07	3.23	0.76	14.41	33.26	73.63
Accounts Receivable	106.94	109.89	100.96	141.56	175.82	173.69	214.43	212.20
Inventories	17.08	27.00	26.38	31.50	43.48	40.01	50.95	51.65
Other Current Assets	31.02	3.54	3.25	3.62	5.72	8.28	9.44	10.67
Total Current Assets	**221.23**	**192.57**	**197.81**	**255.09**	**322.64**	**288.63**	**359.73**	**403.14**
Investments in Affiliates	0.84	0.84	0.17	0.17	0.09	0.09	0.09	0.09
Other Long Term Receivables	13.66	1.57	2.96	2.64	2.73	4.14	4.72	5.33
Deferred Tax Assets	6.74	9.97	11.19	11.44	13.98	13.98	13.98	13.98
Other LT Assets	4.38	16.08	17.04	4.15	3.90	3.90	3.90	3.90
Total Non Current Assets	**25.61**	**28.45**	**31.36**	**18.39**	**20.71**	**22.11**	**22.69**	**23.30**
Gross Fixed Assets	172.79	197.24	207.80	251.34	269.26	324.26	349.26	369.26
Less: Accum. Depreciation	81.37	91.65	102.07	101.60	108.90	132.40	159.90	189.66
Net Fixed Assets	**91.42**	**105.58**	**105.73**	**149.74**	**160.36**	**191.86**	**189.36**	**179.60**
TOTAL ASSETS	**338.26**	**326.61**	**334.90**	**423.23**	**503.71**	**502.60**	**571.78**	**606.05**
Accounts Payable	101.39	97.89	111.70	162.81	199.97	209.85	253.61	259.39
Short Term Bank Debt	22.84	34.57	28.21	42.32	24.03	0.00	0.00	0.00
CP of Long Term Debt	0.00	0.00	0.00	8.00	5.65	0.00	0.00	0.00
Taxes Payable	7.53	3.12	0.66	1.20	12.41	1.97	2.15	2.56
Dividends Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Current Liabilities	0.82	0.31	6.12	0.29	0.87	0.83	0.94	1.07
Total Current Liabilities	**132.57**	**135.88**	**146.70**	**214.62**	**242.93**	**212.65**	**256.71**	**263.01**
Provisions	7.46	21.53	9.23	9.78	10.28	12.43	14.17	16.00
Other Long Term Liabilities	6.60	14.48	19.42	8.38	7.40	13.85	15.81	17.83
Deferred tax liabilities	2.44	7.83	9.52	16.70	18.61	18.61	18.61	18.61
Long Term Debt	23.24	17.88	9.23	30.16	81.10	81.10	81.10	81.10
Minority Claims	10.65	-0.45	0.77	1.46	1.57	2.44	3.39	4.53
Total Long Term Liabilities	50.38	61.26	48.16	66.47	118.95	128.43	133.08	138.07
TOTAL LIABILITIES	**182.95**	**197.14**	**194.86**	**281.09**	**361.88**	**341.07**	**389.79**	**401.08**
Share Capital	**39.58**	**8.10**	**3.57**	**1.43**	**47.54**	**47.54**	**47.54**	**47.54**
Share Premium	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investment Grants	0.00	0.29	0.68	0.49	0.75	0.75	0.75	0.75
Retained Earnings	115.76	121.08	135.80	140.32	93.69	113.39	133.86	156.83
Consolidation Adjustments	-0.03	0.00	0.00	0.00	-0.15	-0.15	-0.15	-0.15
SHAREHOLDERS EQUITY	**155.31**	**129.47**	**140.05**	**142.24**	**141.83**	**161.53**	**182.00**	**204.97**
TOTAL LIABILITIES & EQUITY	**338.26**	**326.61**	**334.90**	**423.33**	**503.71**	**502.60**	**571.78**	**606.05**

CASH FLOW Statement	2017	2018	2019	2020	2021e	2022e	2023e
Profit after tax before minorities	5.91	20.03	8.29	16.34	34.84	38.17	45.30
Add-back Depreciation	11.27	13.02	17.16	17.51	23.50	27.50	29.75
Add-back Provisions	14.07	-12.30	0.55	0.50	2.15	1.74	1.83
Add-back Interest Expences	4.22	4.93	6.03	6.59	3.84	3.24	3.24
Gross Cash Flow	**35.48**	**25.67**	**32.03**	**40.94**	**64.33**	**70.66**	**80.13**
Working Capital Changes							
Increase/(Decrease) in Inventories	9.92	-0.62	5.12	11.98	-3.47	10.94	0.70
Increase/(Decrease) in Acc Receivable	2.94	-8.93	40.60	34.26	-2.12	40.73	-2.23
Increase/(Decrease) in Other Curr Assets	-27.48	-0.30	0.38	2.10	2.56	1.16	1.22
Increase/(Decrease) in Acc Payable	-3.50	13.81	51.11	37.16	9.88	43.75	5.78
Increase/(Decrease) in Taxes Payable	-4.41	-2.46	0.54	11.21	-10.45	0.19	0.40
Increase/(Decrease) in Other Curr Liabil	-0.51	5.82	-5.83	0.58	-0.04	0.12	0.12
Increase/(Decrease) in Working Capital	**-6.19**	**-27.02**	**0.27**	**-0.61**	**-2.42**	**8.78**	**-6.62**
Operating Cash Flow	**41.67**	**52.69**	**31.76**	**41.54**	**66.75**	**61.88**	**86.76**
Capital Expenditure							
Purchases of fixed assets	24.45	10.57	43.54	17.92	55.00	25.00	20.00
Increase/(Decrease) in Fin Investments	11.70	0.29	-12.90	-0.32	0.00	0.00	0.00
Investing Cash Flow	**36.15**	**10.86**	**30.65**	**17.59**	**55.00**	**25.00**	**20.00**
Free Cash Flow	**5.52**	**41.83**	**1.11**	**23.95**	**11.75**	**36.88**	**66.76**
Financial Cash Flow							
Dividends Paid	-4.05	-5.00	-5.36	-21.44	-14.27	-16.75	-21.20
Increase/(Decrease) in Equity	-28.47	-3.57	-0.15	4.97	0.00	0.00	0.00
Increase/(Decrease) in Invest. Grants	0.29	0.39	-0.19	0.26	0.00	0.00	0.00
Increase/(Decrease) in Consol Adjustm	0.03	0.00	0.00	-0.15	0.00	0.00	0.00
Increase/(Decrease) in ST&LT Debt	6.37	-15.01	43.04	30.31	-29.68	0.00	0.00
Increase/(Decrease) in Deffered Tax Assets	-3.22	-1.23	-0.25	-2.54	0.00	0.00	0.00
Increase/(Decrease) in Deffered Tax Liabilities	5.38	1.70	7.18	1.91	0.00	0.00	0.00
Increase/(Decrease) in LT Receivables	12.09	-1.39	0.32	-0.10	-1.41	-0.58	-0.61
Increase/(Decrease) in Long Term Liabilities	7.88	4.94	-11.05	-0.98	6.45	1.96	2.02
Interest Expences	-4.22	-4.93	-6.03	-6.59	-3.84	-3.24	-3.24
Adjust for Minority Claims	-10.64	-0.05	0.29	-0.27	0.00	0.00	0.00
Other cash items	-0.99	-2.60	-17.63	-10.22	0.00	0.00	0.00
Net Financial Cash Flow	**-19.56**	**-26.74**	**10.18**	**-4.85**	**-42.74**	**-18.61**	**-23.03**
Change in Cash Position	-14.04	15.09	11.19	19.21	-30.98	18.27	43.72
Financial Cash Flow	**5.52**	**41.83**	**1.01**	**24.05**	**11.75**	**36.88**	**66.76**

FINANCIAL RATIOS	2016	2017	2018	2019	2020	2021e	2022e	2023e
Liquidity Ratios								
Current Ratio (x)	1.7	1.4	1.3	1.2	1.3	1.4	1.4	1.5
Acid Test (x)	1.5	1.2	1.2	1.0	1.1	1.2	1.2	1.3
Profit Margin Ratios								
Gross profit margin	16.6%	17.6%	13.7%	16.4%	16.1%	16.4%	16.3%	16.4%
EBITDA margin	8.1%	6.8%	8.3%	8.8%	8.1%	8.4%	8.4%	8.5%
EBIT Margin	5.4%	4.3%	5.7%	5.9%	5.7%	5.5%	5.5%	5.7%
PRE-Tax Profit Margin	4.5%	3.5%	4.8%	5.0%	4.9%	5.4%	5.2%	5.4%
Net Profit Margin	0.6%	1.5%	3.8%	1.3%	2.2%	4.1%	3.9%	4.1%
Cash FLow margin	3.4%	7.3%	3.9%	4.3%	4.7%	7.2%	7.0%	7.1%
Activity Ratios								
Asset Turnover Ratio (x)	1.1	1.3	1.5	1.6	1.6	1.6	1.8	1.8
Fixed Asset Turnover Ratio (x)	3.7	4.4	4.7	4.7	4.7	4.7	5.0	5.8
Stock days	19.9	22.4	22.7	21.1	22.6	22.0	21.0	21.0
Debtors days	97.9	90.7	77.3	73.7	80.3	77.0	75.0	73.0
Creditors days	103.6	101.2	89.1	99.9	109.3	108.0	107.0	105.0
Cash Conversion Cycle	14.2	11.9	10.9	-5.1	-6.4	-9.0	-11.0	-11.0
Capital Structure Ratios								
Total Debt	46.07	52.45	37.44	80.48	110.78	81.10	81.10	81.10
Net Debt	-20.12	0.30	-29.79	2.06	13.16	14.46	-3.81	-47.53
Debt / Equity (%)	29.7%	40.5%	26.7%	56.6%	78.1%	50.2%	44.6%	39.6%
Debt / (Debt + Equity) (%)	22.9%	28.8%	21.1%	36.1%	43.9%	33.4%	30.8%	28.4%
Debt (inc trade) / (Debt+Equity) (%)	73.2%	82.6%	84.0%	109.2%	123.0%	119.9%	127.2%	119.0%
Profitability Ratios								
ROA (%)	6.1%	5.6%	8.6%	9.4%	8.9%	9.1%	9.6%	10.3%
ROE (%)	1.5%	4.5%	13.9%	5.6%	11.2%	22.4%	21.7%	22.8%
ROIC (%)	4.7%	4.2%	15.8%	5.4%	9.9%	16.0%	17.5%	22.1%
ROCE (%)	3.5%	3.8%	13.1%	4.9%	8.0%	14.4%	15.9%	17.3%
Capital Gearing								
Interest coverage (EBITDA)	6.6	7.1	8.4	8.7	8.9	18.1	24.4	27.9
Interest coverage (EBIT)	1.3	4.4	4.4	5.8	5.9	6.2	11.9	15.9
Net Debt / EBITDA	-0.6	0.0	-0.7	0.0	0.2	0.2	0.0	-0.5
Debt / EBITDA	1.5	1.8	0.9	1.5	1.9	1.2	1.0	0.9

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- Responsible Entity: Beta Securities
- Research Analyst: John Kalogeropoulos Certified Equity Analyst.
- Authority: Hellenic Capital Market Committee.

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- Risk analysis: We evaluate risk based on fundamental analysis share price volatility and past forecasting experience. We distinguish risk into three levels: low risk, medium risk and high risk.

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- Outperform: The stock is expected to perform more than 10.0% relative to the General Index in the next 12 months.
- Neutral: The stock is expected to perform between –10.0% and +10.0% relative to the General Index in the next 12 months.
- Underperform: The stock is expected to perform less than 10.0% relative to the General Index in the next 12 months.

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