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QUEST HOLDINGS

Balancing dynamics underpin near-term growth

Balanced model driving 6.5% 3-yr sales CAGR… – Quest is active in 4 operating segments, with quite a balanced portfolio in services and products sectors, enabling it to weather the challenging backdrop. The near-term outlook is characterized by many moving parts, namely 1) decelerating consumption trends, albeit with demand for Apple products remaining solid, 2) more tepid trends in e-commerce, thus affecting both commercial activities (Quest online) and courier services, 3) sustained inflation in energy and transport costs, 4) high demand for ICT propelled by the "EU digital push" and 5) improving cost structure in IT services. With these in mind, we have lowered our top line 2022-23e by c3-4% but are still eyeing quite healthy growth in 2022 (+4% yoy), accelerating to +7-8% in FY'23-24e.

… on slightly improving margins, thus leading to 8% EBIT CAGR – Although we see slight margin erosion in 2022 (-10bps yoy) mainly as a result of the moderately lowered margin in courier services, we anticipate a slight enhancement from 2023, owing to a recovery in ACS and the gradual improvement we see in the IT services' cost structure. Additionally, the upgrade in the clima business (stemming from the acquisition of G.E. Dimitriou) will gradually filter through to commercial product margins. All the above amalgamate into a mild downward revision to our FY22e EBITDA (at €65.7m), which still corresponds to mild growth yoy (+2.5%). We see accelerating performance in 2023 with EBITDA up 12% yoy. Overall, we estimate a c8% CAGR in group operating profits (EBIT) in the next 3 years driven by the digitization push (IT services), recovering demand for IT products and rising e-Commerce penetration.

Solid start to 2022 – The group reported Q1 EBITDA growth of 18% on 16% higher sales, quite a solid start aided by strong demand early in 2022 and cost management. As such, our forecast conservatively implies just 1% yoy revenue growth and a -2% EBITDA decline for the remainder of the year. Across the segments, we expect low to mid-single digit sales growth in commercial products, negative low to mid-single digit decline in ACS but double-digit growth in IT services revenues.

Balance sheet optionality – Quest enjoys a healthy liquidity position (c€120m gross cash), even after the Cardlink-related special dividend. The company has thus enough war chest to fund potential M&A and/or return value to shareholders. Following the payment of a €0.15 DPS in 2022 (ordinary), our numbers pencil in accelerating returns in the future.

Valuation – Our valuation is based on a SOTP of Quest's 4 core segments to which we apply a 10% holding discount, with our indicative baseline fair value near €7.0/share, indicating c11.5x 12-mth forward EV/EBITDA. We reiterate our view that the current valuation constitutes a compelling risk-reward proposition, underpinned by the solid underlying outlook and the value we expect will crystalize over time by rising shareholder returns and/or M&A.

Estimates					
€ mn	**2020**	**2021 ***	**2022e ***	**2023e ***	**2024e ***
Sales	721.4	915.9	956.0	1,037.0	1,106.9
EBITDA - reported	59.9	64.1	65.7	73.5	78.6
Net profit - reported	16.0	42.7	39.8	44.8	49.4
EPS - adj. (EUR)	0.24	0.35	0.37	0.42	0.46
DPS (EUR)	0.15	0.10	0.57	0.16	0.22
Valuation					
Year to end December	**2020**	**2021 ***	**2022e ***	**2023e ***	**2024e ***
P/E	18.3x	11.5x	12.2x	10.8x	9.8x
EV/EBITDA	5.1x	6.7x	7.5x	6.6x	6.1x
EBIT/Interest Expense	6.4x	8.6x	8.7x	9.1x	11.5x
Dividend Yield	5.6%	2.2%	12.5%	3.5%	4.8%
ROE	10.7%	16.5%	16.7%	16.8%	16.9%

Market Cap (€mn)	**€484.6**
Closing Price (18/07)	**€4.52**

Stock Data

Reuters RIC	IQTr.AT
Bloomberg Code	QUEST GA
52 Week High (adj.)	€6.67
52 Week Low (adj.)	€4.00
Abs. performance (1m)	3.8%
Abs. performance (YTD)	-27.6%
Number of shares	107.2mn
Avg Trading Volume (qrt)	€255k
Est. 3yr EPS CAGR	9.6%
Free Float	25%

Quest Share Price

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See Appendix for Analyst Certification and important disclosures

** Only continuing operations, namely ex-Cardlink*

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Investment Case

A more challenging backdrop, albeit with Quest poised to deliver healthy growth rates

Quest is a holding group active in 4 distinctive segments, namely courier services, commercial IT product trading, implementation of ICT projects and operation of renewable parks (RES), following the sale of its electronic transactions business (in Q3'21). It enjoys a quite balanced profit mix within markets primed to benefit from the EU's digital/"green" push. After a stellar set of years, comparatives are getting harder this year, especially as current market dynamics – inflation, slowing economic growth, supply chain disruptions and ongoing geopolitical tensions –seem to have 'put pressure' on growth dynamics. This is more so the case for non-essential consumer products and e-commerce, while demand for IT and integration services remaining buoyant. With these in mind, we have incorporated the aforementioned conflicting dynamics into our forecasts, fine tunning our divisional estimates. Overall, we see revenue CAGR of 6.5% in 2021-2024 (following >20% in 2016-21), slightly lower than c7% envisaged before, but still quite healthy underpinned by high single-digit growth for IT services (digitalization, share gains) and mid-to-high single-digit growth for courier services (pricing/volume mix) and IT products (share gains).

…aided by improved costs structure, thus leading to 7% 2021-23e EBITDA CAGR within a challenging backdrop

The current challenging backdrop, propelled by the ongoing geopolitical tensions, is directly impacting the oil/energy market and reinforcing supply chain issues, thus further bolstering inflationary projections for raw materials, energy and transporation costs. However, as we have already accounted for hikes in transport and energy costs among Quest group of companies in our 2022-23 forecasts, we see no significant further drag on our margin estimates, which are aided by the sustained improvement in IT services costs. We forecast a c7% group EBITDA CAGR over 2021-23, with the EBITDA margin slightly down to 6.9% in 2022 and up to 7.1% in 2023 (+10bps in 2-yrs).

Solid start to the year with double digit Q1 EBITDA growth, provides support to FY'22; our forecasts indicate -2% yoy EBITDA growth in Apr-Dec'22 period

Quest reported a strong start to 2022, with Q1 continuing revenues rising by 16% yoy (and (reaching €238m) and EBITDA increasing to €16.9m, up 18% yoy, with the respective margin at 7.1% (+10bps yoy). Results were supported by stronger than expected commercial activities sales during the first months of the year (pre-war) and strong double-digit growth in profitability generated by the IT services segment, owing to the improved cost structure and the add-on benefit from Intelli Solution's better margins (since Q4'21). Looking into the underlying forces, the solid Q1 seems to back FY'22 performance, with our updated forecasts implying just +1% yoy rise in revenues for the remainder of the year and a -2% yoy drop in EBITDA. Looking ahead, we see add-on growth stemming from investments in clima and IT services, as well as energy, thus providing further underpinning to our estimates.

Balance sheet optionality amid strong liquidity

Quest Group continues to enjoy a healthy liquidity position, with gross cash at c€120m in end-March 2022, even after the special dividend (c€45m) related to the partial distribution of the profits from the Cardlink sale proceeds. As such, there is plenty of balance sheet optionality for M&A and/or heftier returns to shareholders. It is worth noting that Quest reported positive FCF in Q1'22, driven by improved working capital on top of the better operating figures, while investments amounted to just c€5m (out of a c€60m capex enveloppe for FY'22).

Valuation even more compelling

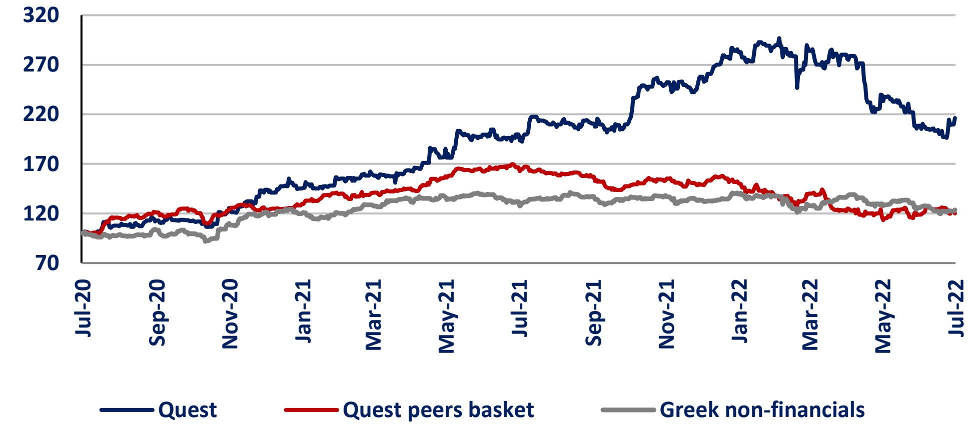
Quest's share price is trading near its one-year low, with the stock down 20% year-to-date. That said, in the last 2 years the stock remains a substantial outperformer vs both still substantially outperforming the ASE Index and foreign peers. From a valuation perspective, we believe the current 12-mth forward valuation of 11.4x PE and 7.0x EV/EBITDA constitutes a compelling risk-reward proposition for long-term returns, as we argue there is substantial latent value to be crystallized over time by rising shareholder returns and/or acquisitions or disposals of stakes in subsidiaries. Our valuation is based on a sum-of-the-parts (SOTP) of the 4 core segments comprising the group to which we apply a 10% holding discount, coming up with an indicative baseline fair value near €7.0 per share. This effectively values the group at c11.5x 12mth forward EV/EBITDA. Flexing our WACC and perpetuity growth inputs for the non-RES businesses by 0.5% yields a fair value range between €6.8 and €7.1 per share.

Performance and Valuation

Geopolitical instability and waning consumption trends weigh on share price performance

Since our last report (April 2022), Quest's performance has been weighed by the ongoing economic pressures stemming from geopolitical tension and concerns about decelerating consumption trends (already communicated by the group). As a result, Quest's share price is trading near its one-year low, down by nearly 20% since April. In the chart below we contrast Quest's performance against that of other Greek non-financials and a basket of peers within the group's segments of operation (namely, IT products, IT services and courier). As can be seen, despite the recent retracement lower, Quest remains an outperformer vis-à-vis both groups.

24m performance (rebased) – Quest vs Greek non-financials and peer basket



Source: Eurobank Equities Research, Bloomberg.

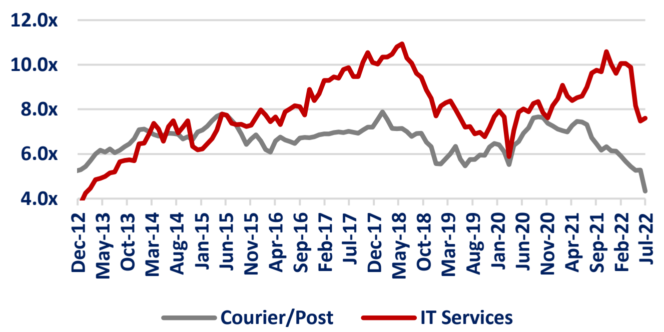
Limited history of valuation reference points due to the lack of coverage

From a valuation perspective, there is very limited forward-looking track record since the stock has not been widely covered in the past. On reported pro-forma EBITDA figures from continuing operations, the stock has traded within a 5x-7x EV/EBITDA range over 2019-2021, indicative of the information gap created by the lack of coverage. The stock re-rated last year but valuation has fallen again closer to 7x EV/EBITDA on 2022e.

By comparison, Quest's peers have historically traded at c7x EV/EBITDA, peaking in 2018 while on a de-rating mode since year end 2021, initially as a result of the drop witnessed in e-commerce (affecting the courier business) and then due to the decelerating consumption trends.

Peer group 12m-fwd EV/EBITDA

Peer group 12m-fwd EV/EBITDA by activity



Source: Eurobank Equities Research, Bloomberg

In the table below, we cross-check Quest's current valuation against the aforementioned selected group of peers, namely companies with some degree of product overlap. We caveat once again that these are not direct peers, but our analysis is mainly aimed at providing some background on the valuation of a broad set of comparable companies, notwithstanding the differences in the product mix (e.g. courier vs postal companies). As can be seen, Quest's valuation from continuing operations only (i.e. ex electronic payment peers) is similar to the blended group's EV/EBITDA metrics, driven by majority-weighed IT products. Quest also enjoys an equally strong balance sheet while offering similar dividend yield.

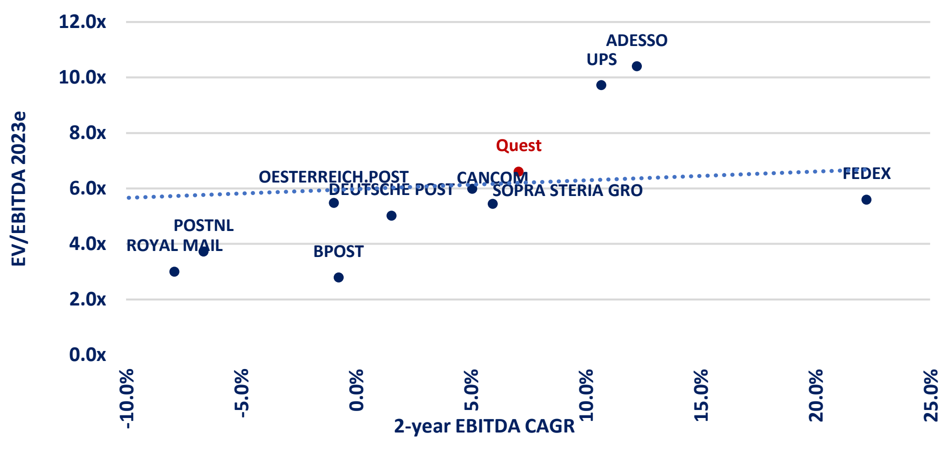
Peer group valuation

Stock	Mkt Cap	PE 2022e	PE 2023e	EV/EBITDA 2022e	EV/EBITDA 2023e	DPS yield 2022e	DPS yield 2023e	Net debt/EBITDA 2022e
DEUTSCHE POST-RG	45,418	8.9x	9.2x	4.9x	5.0x	5%	5%	1.2x
BPOST SA	1,145	6.2x	5.7x	2.9x	2.8x	6%	7%	0.6x
OESTERREICH.POST	1,851	14.8x	14.1x	5.7x	5.5x	6%	6%	1.1x
POSTNL NV	1,312	9.9x	7.8x	4.2x	3.7x	10%	11%	0.7x
ROYAL MAIL	3,129	7.3x	6.2x	3.3x	3.0x	7%	8%	0.8x
UNITED PARCEL-B	157,252	14.3x	13.9x	9.9x	9.7x	3%	3%	0.5x
FEDEX CORP	56,346	9.7x	8.8x	6.0x	5.6x	2%	2%	1.3x
Postal peers		**10.2x**	**9.4x**	**5.3x**	**5.0x**	**6%**	**6%**	**0.9x**
SOPRA STERIA GRO	3,045	11.2x	9.8x	6.5x	6.0x	2%	3%	0.3x
ADESSO SE	981	27.5x	22.7x	11.9x	10.4x	0%	1%	0.8x
CANCOM AG	1,169	19.6x	16.7x	6.2x	5.4x	3%	3%	-4.4x
NNIT A/S	242	25.9x	14.8x	6.3x	8.8x	0%	3%	1.7x
IT peers		**21.0x**	**16.0x**	**7.7x**	**7.6x**	**2%**	**2%**	**-0.4x**
Blended peer group		**17.8x**	**14.0x**	**7.0x**	**6.8x**	**3%**	**4%**	**0.0x**
Quest	**485**	**12.2x**	**10.8x**	**7.5x**	**6.6x**	**13%**	**3%**	**0.1x**

Source: Eurobank Equities Research, Bloomberg. * Incl. capitalized op. leases

We cross check the current valuation of the broad peer group in conjunction with the 2-year profit outlook (average growth 2022-23). Quest's growth profile remains quite appealing, with EBITDA growth expected in the mid-to-high single digits vs strong 2021 performance. Overall, we still see plenty of scope for Quest to move up the valuation spectrum as the growth story plays out.

Quest and broad peer group – 2023e valuation vs 2-year expected growth



Source: Eurobank Equities Research, Bloomberg.

SOTP valuation range between c€725-760m

Valuation post stock split maintained at €6.8-€7.1 per share

We maintain our sum-of-the-parts (SOTP) valuation on Quest group as we try to capture the dynamics of each segment comprising the holding company. Our SOTP is detailed in the table below. We continue to apply a 10% holding discount and come up with an indicative fair value of €6.9/share ex dividend (from €7.3 previously) reflecting the adjustments per division. As a reminder Quest's outstanding shares are 107.2m (following the 3-for-1 stock split completed in March 2022).

Sum of the parts valuation – proforma for Cardlink disposal		
EURm unless otherwise stated		**2022e EBITDA**
ACS	286.0	14.8x
RES	66.0	8.9x
IT Services	230.5	15.1x
IT products	196.0	8.3x
Other	0.4	4.0x
Consolidated EV	**778.9**	**11.9x**
Net cash (net debt) - post Cardlink sale and special dividend	44.6	
- other claims (operating leases etc.)	-22.7	
Total Equity value	**800.8**	
Number of shares (mn)	107.2	
12m fair value - ex div	**7.7 €**	
Assumed holding discount	**10%**	
Fair value - ex div	**6.9 €**	
Source: Eurobank Equities Research		

1. Non-RES (IT services, Commercial activities, Courier)

Our DCF per segment are predicated on the following assumptions:

- **For the non-RES segments** (Courier, IT Services and Commercial activities) we assume**:**
  - a blended 8.8% WACC which we believe captures the relative risk profile of the business vis-à-vis the rest of our coverage universe;
  - Sales CAGR of c6% over 2021-2025e, driven by secular drivers (e-Commerce penetration, digitalization) and other factors (share gains in IT segments, cyclical recovery), fading to 3.8% in the medium term.
  - EBIT CAGR of c8% over 2021-2025e driven by the robust top line growth, operating leverage and the rolling-off of one-off COVID-related expenses, with further underpinning being provided by cyclical acceleration. This would imply c50bps margin expansion vs 2021 levels on a continuing basis. We assume medium-term EBIT growth fades to 5.5%, just a tad above top line growth.
  - We use a LT growth rate of 1%, implying reinvestment rate near 18% and incremental ROIC of 5%, justifiable in our view by the technology-dependent nature of most segments.
  - The implied FCF conversion (FCF/EBITDA) in the medium term stands at c46%, a level we consider feasible.

In specific per segment our DCF's are predicated on the following assumptions

For **IT Services** (UniSystems, Intelli Solutions, Candi), we are utilizing:

- an 8.5% WACC;
- sales CAGR of c8% over 2021-2025e, underpinned by double digit growth in international activities and in the domestic public sector (propelled by digitization and EU funds). We still assume this fades to c5% in the medium term.
- EBIT CAGR of c21% over 2021-2025e on the back of positive operating leverage and improved cost structure. The implied FCF conversion (FCF/EBITDA) in the medium term stands between c63-64%.
- a LT growth rate of 1% and reinvestment rate in perpetuity of 11%, implying incremental ROIC of 9%.

IT Services DCF									
EUR m unless otherwise stated	**2022e**	**2023e**	**2024e**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**	**Terminal**
EBITDA	15.3	17.8	20.0	22.4	24.9	26.5	28.2	29.8	30.1
Tax	-2.2	-2.6	-3.8	-4.7	-5.2	-5.6	-5.9	-6.3	-6.4
Investment in the business	-5.2	-5.7	-6.0	-3.6	-3.8	-4.0	-4.2	-4.4	-3.7
UnFCF	**7.8**	**9.5**	**10.2**	**14.1**	**15.8**	**16.9**	**18.0**	**19.1**	**20.1**
PV of Sum of UnFCF	80.6								
PV of terminal value	149.9								
Enterprise value	**230.5**								
- Net debt / + net cash	15.0								
- other claims (non-controlling interests)	0.0								
= Total Equity value	**245.5**								
Number of shares (mn)	107.2								
DCF fair value – year end	**2.3 €**								

Source: Eurobank Equities Research

For **Commercial Activities** (InfoQuest, QuestOnline, iSquare, iStorm, Focus, ClimaQuest), our forecasts are predicated on:

- a WACC of 9.6%;
- Sales CAGR of c5% over 2021-2025e, underpinned by market share gains. We assume this fades to c3% in the medium term.
- EBIT CAGR of c5.6% over 2021-2025e, as we assume that inflation and high competition will eat into operating leverage. The implied FCF conversion (FCF/EBITDA) in the medium term stands at c58%.
- a LT growth rate of c1% and reinvestment rate in perpetuity of 12%, implying a c8% incremental ROIC to reflect rising competitive intensity (and distribution agreement risk).

Commercial activities DCF									
EUR m unless otherwise stated	**2022e**	**2023e**	**2024e**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**	**Terminal**
EBITDA	23.6	25.4	27.3	28.3	29.3	30.3	31.4	32.6	32.9
- Tax	-4.0	-4.4	-5.3	-5.5	-5.7	-5.9	-6.1	-6.3	-6.4
Investment in the business	-26.8	-8.0	-6.3	-6.4	-6.2	-6.4	-6.6	-6.8	-6.4
UnFCF	**-7.2**	**13.1**	**15.7**	**16.4**	**17.3**	**18.0**	**18.7**	**19.5**	**20.0**
PV of Sum of UnFCF	74.5								
PV of terminal value	121.5								
Enterprise value	**196.0**								
- Net debt / + net cash	-14.4								
- other claims (non-controlling interests)	0.0								
= Total Equity value	**181.6**								
Number of shares (mn)	107.2								
DCF fair value – year end	**1.7 €**								

Source: Eurobank Equities Research

For Courier Services (ACS), we:

- maintain our 8.0% WACC;
- lower our near-term sales CAGR to c7% (2021-2025e), weighed by the anticipated decline in volumes amid economic cycle downturn, albeit aided by pricing. We assume sales CAGR is maintained at c4% in the medium term.
- see an EBIT CAGR of 9% over 2021-2025e, as operating leverage is partially offset by rising costs per shipment, and in the medium term we see EBIT CAGR decelerating to c6%. The implied FCF conversion (FCF/EBITDA) in the medium term stands near 70%.
- use a LT growth rate of 1% and reinvestment rate in perpetuity of 6%, implying incremental ROIC of c17%.

Courier business DCF									
EURm unless otherwise stated	**2022e**	**2023e**	**2024e**	**2025e**	**2026e**	**2027e**	**2028e**	**2029e**	**Terminal**
EBITDA	19.3	22.7	23.2	25.4	27.0	28.7	30.4	32.0	32.3
- Tax	-2.7	-3.2	-4.6	-5.1	-5.4	-5.8	-6.1	-6.5	-6.5
Investment in the business	-15.4	-0.9	-0.6	-0.5	-0.6	-0.6	-12.4	-0.6	-3.9
UnFCF	**1.3**	**18.5**	**18.0**	**19.8**	**21.0**	**22.3**	**11.9**	**24.8**	**21.8**
PV of Sum of UnFCF	102.4								
PV of terminal value	183.6								
Enterprise value	**286.0**								
- Net debt / + net cash	19.8								
- other claims (non-controlling interests)	0.0								
= Total Equity value	**305.9**								
Number of shares (mn)	107.2								
DCF fair value – year end	**2.9 €**								

Source: Eurobank Equities Research

A basic sensitivity on a combination of WACC and terminal growth rates for the **non-RES** segments as a whole is presented at the table below. As can be seen, flexing our WACC and perpetuity growth inputs by 0.5% yields a fair value range between €6.8 and €7.1 per share.

Sensitivity of our calculated group fair value per share (pre holding discount) to the WACC and LT growth assumptions of non-RES segments

		WACC				
		9.8%	**9.3%**	**8.8%**	**8.3%**	**7.8%**
Terminal growth	**2.0%**	6.71	6.84	6.99	7.13	7.28
	1.5%	6.69	6.82	6.96	7.11	7.26
	1.0%	6.66	6.80	**6.94**	7.09	7.23
	0.5%	6.64	6.78	6.92	7.06	7.21
	0.0%	6.62	6.76	6.89	7.04	7.19

Source: Eurobank Equities Research

2. RES

For the RES segment, we value a portfolio of 35MW by 2024e (28MW as of end 2021), effectively incorporating 5MW incremental capacity in the coming years (2MW already added in January 2022). We recalibrate our assumptions for the remaining life of Quest's wind and solar portfolio valuing the cash flows generated during a lifespan of 30 years for each installation (no repowering assumed). We use a 5.3% discount rate and come up with an estimated EV of €66m, as per the table below.

RES Valuation											
EURm unless otherwise stated	**2022e**	**2023e**	**2024e**	**2025e**	**2026e**		**2033e**	**2034e**	**2035e**		**2042e**
Sales	9.5	9.7	10.3	10.8	10.9	…	9.2	6.6	2.2	…	
EBITDA	7.4	7.5	8.0	8.4	8.4		7.3	5.2	1.8		
- Capex	-2.3	-1.5	-1.4	0.0	0.0		0.0	0.0	0.0		
- Tax	-1.1	-1.1	-1.2	-1.3	-1.3		-1.2	-0.7	0.0		
Unlevered FCF	4.0	4.9	5.4	7.1	7.1		6.1	4.5	1.8		0.6
Capacity in MW	31	33	35	35	35	…	25	7	7	…	
Sum of PV of UnFCF	66.0										
PV of TV	0.0										
EV	**66.0**										
- Net debt	-21.1										
- other claims (non-controlling interests)	0.0										
= Total Equity value	**44.9**										
Number of shares (mn)	107.2										
DCF fair value	**0.4 €**										

Source: Eurobank Equities Research

Diverse market dynamics in the near term

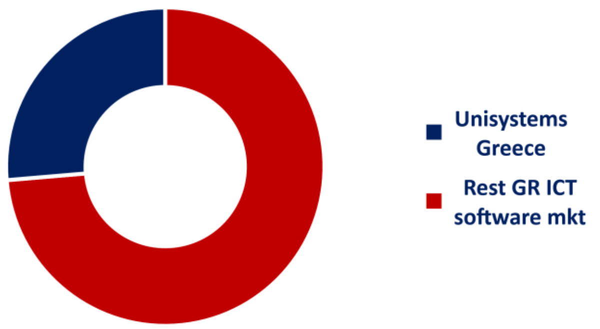
Taking a deep dive in the current market dynamics per segment, as one might expect there are conflicting/balancing trends, with: 1) the IT services segment prone to solid positive growth (in the double digit range) amid the digitization push, 2) consumer-related commercial activities facing a more tepid outlook in the light of the payback in demand after the COVID-related boom, and 3) the courier business facing headwinds from declining e-commerce and decelerating consumption trends.

We look into the dynamics per division in the sections below:

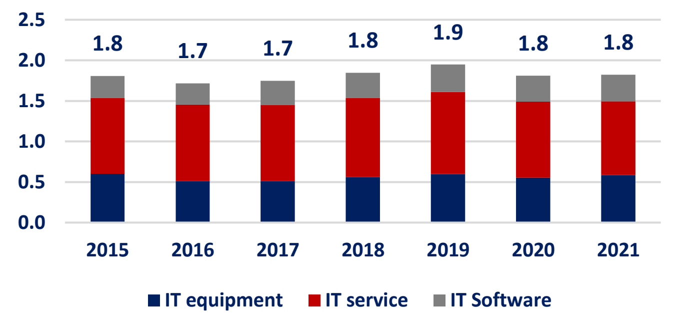
1. IT Services

The IT services division, active through Unisystems, Intelli Solutions (acquired in Q4'21) and team Candi, is operating in the IT software market in Greece and abroad (30 countries of operations, mainly Eurozone). International revenues account for a significant c45% of the division sales, with the majority of the remaining 55% in local revenues mainly coming from banking and finance (c30%). Unisystems is one of the leading IT integrators in the local market with a market share of c25%, as can be seen in the chart below (2021 data). The whole Greek IT market size, as of 2021 data, shaped at c€1.8bn, of which just c€300m dedicated to IT software, while some c€900m concern IT services and c€600m IT equipment.

Unisystems 2021 share in Greek ICT software maket



Greek IT market (in EUR bn)



Source: Eurobank Equities Research, Company data, SEPE

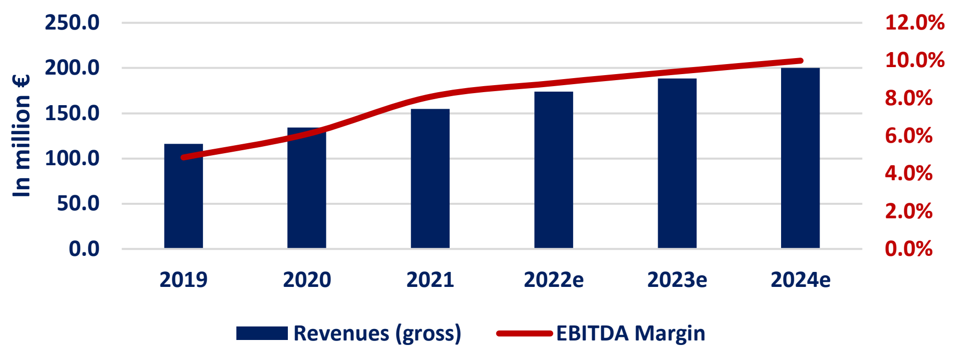
Unisystems, with significant experience in services for banking and telecom sectors, currently enjoys a backlog of more than €400m in future projects. The division's focus is turned to improving its project delivery operations and optimizing the cost structure of the segment.

In the meantime, the significant prospects arising from the RRF IT investments (more than €2bn in digital transformation) provide scope for raising the Greek IT market size, as rising focus on new technologies (mobility, cloud and big data analytics), cybersecurity services, as well as emerging technologies (5G, IoT, VR) are necessary for the "digital future".

With these in mind, we reiterate our estimates for double digit sales growth will continue in 2022 (+12% yoy), driven by the accelerating investments in digital transformation (public and private) and the improving absorption of backlog projects. Looking ahead in 2023-24e, we see a mid-to-high single digit revenue growth rate, mainly stemming from international activities and continuing public/private projects. Overall, we have not changed our revenue forecasts reiterating our expectations for a sanguine top line outlook for this segment.

On the cost side, we have actually trimmed our forecast for costs as % of sales by 0.7pps in FY'22 (on top of the 2pps achieved 2021) as result of the optimization of the division's cost structure, already seen in Q1'22. On top of the already incorporated €1m EBITDA from Intelli acquisition (30% EBITDA margin alone), we come up with a FY'22 EBITDA margin of 8.8%, on gross sales of €174m. Looking ahead we allow for a further improvement of the EBITDA margin filtering through the new projects' operating leverage. This results to a c€1.5-2m increase on our earlier EBITDA forecasts.

Unisystems Revenue and EBITDA margin



Source: Eurobank Equities Research, Company data, SEPE

2. Commercial Activities

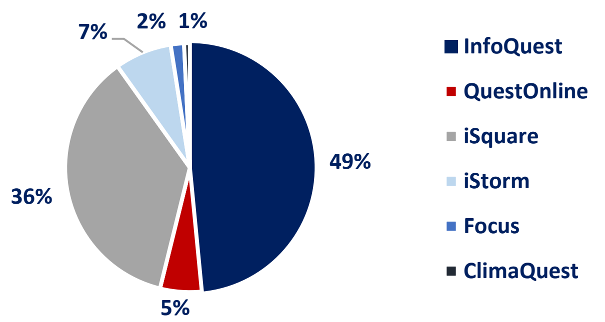
The commercial activities division has numerous moving parts as it is active in information technology and telecommunications (InfoQuest, iSquare, iStorm FoQus), e-commerce (Quest online you.gr) and air condition (ClimaQuest) sectors though the following companies:

InfoQuest	ICT and Mobility/IoT products distribution and cloud services
iSquare	Authorized distributor of all Apple products in Greece and Cyprus
iStorm	Apple Premium Reseller retail store chain in Greece and Cyprus
FoQus	Official distributor of POCO Smartphones
Questonline	Develops and supports the online store www.you.gr..gr
ClimaQuest	Exclusive distributor of GREE in Greece (distribution and support)

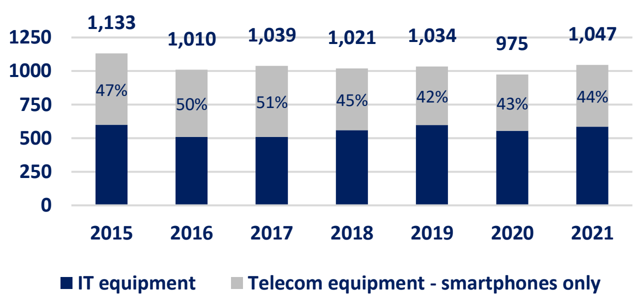
As the geopolitical and inflationary outlook remains challenging, we see weakening demand trends driven by declining volumes across some ICT products and a significant drop in e-commerce (market down -30% yoy on tough comparatives), while on the positive we account for solid momentum in Apple products (as indicated by mgt). The latter is topped by a new Apple store opening. With regards to the clima business, we have deferred the positive impact from the G.E. Dimitriou acquisition into Q3'22 (previously anticipated within Q2). It is worth noting that the group is a distributor of G.E. Dimitriou products, though this comes at a lower margin, while adding the whole business will boost the top line and improve margins.

Looking into the division's revenue breakdown, the most important contributors are InfoQuest accounting for 49% of total and iSquare-iStorm (Apple) both accounting for c43% of total. As we already mentioned we are looking for opposing trends in the two, with our current year forecasts slightly positively inclined, mainly as we see a growing addressable market. Having said that, market data for the Greek ICT market of IT and telecom equipment (specifically smartphone) show revenues of >€1bn, with smartphones share between 42-45% post 2018. We believe this set will grow bolstered by investments in new technologies, such as mobility, IoT, cloud services and smart products, thus leading to a growing addressable market.

Commercial activities 2021 revenue breakdown



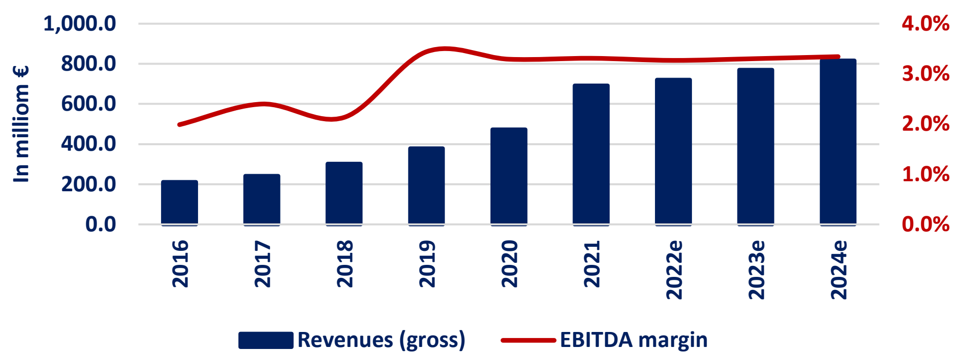
Greek ICT equipment addressable market (EUR m)



Source: Eurobank Equities Research, Company data, SEPE

Overall, we trim our 2022-23e revenue forecasts by some 3.2-3.6%, eyeing a slowing consumption environment on the back of the inflationary trends, as mentioned above. Nonetheless, we maintain our EBITDA margin estimates, arguing that Quest will effectively pass on the cost increases, mainly in transport/employee costs, and at the same time apply cost initiatives, where applicable, while we note that in most products it acts as a distributor with fairly low EBITDA margins (in the range of 2-3%).

Commercial Activities Revenue and EBITDA margin



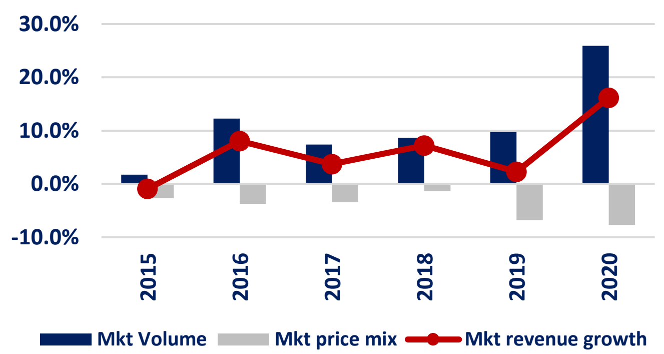
Source: Eurobank Equities Research, Company data

3. Courier Services

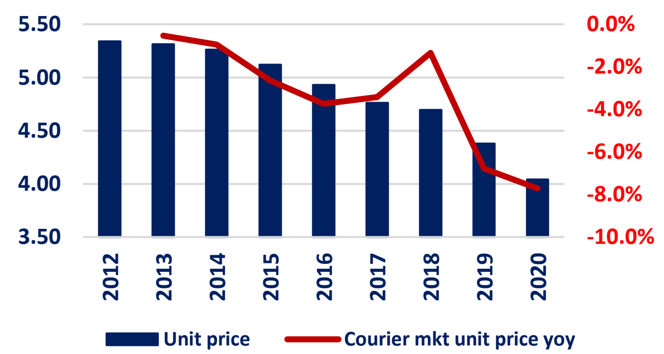
In the courier segment, we see headwind from declining e-commerce and decelerating consumption trends, while cycling two strong years (pandemic driven). In specific, ACS executed >60m shipments in 2020 and 2021, more than half of which from the courier business, with decelerating trends witnessed in the traditional postal services, as anticipated. Volumes were bolstered by the covid-induced lockdowns and the significant rise in e-commerce (parcels), with some pricing seen in 2021 further underpinning revenues.

We note that the courier business is highly competitive, with c590 companies in the Greek courier market (companies under general authorization), and as a result pricing tends to be rather subdued (negative growth seen in the past 8 years). This is showcased in the graphs below, where we see that the courier market revenue growth drivers have been volumes, which more than offset the unit price compression. Indicatively, average courier prices were above €5.3 per shipment in 2012 vs €4 in 2020. On the volume side, parcel and small parcel volumes were just 22m pieces in 2012 compared to 72m pieces in 2020.

Greek courier market revenue growth drivers



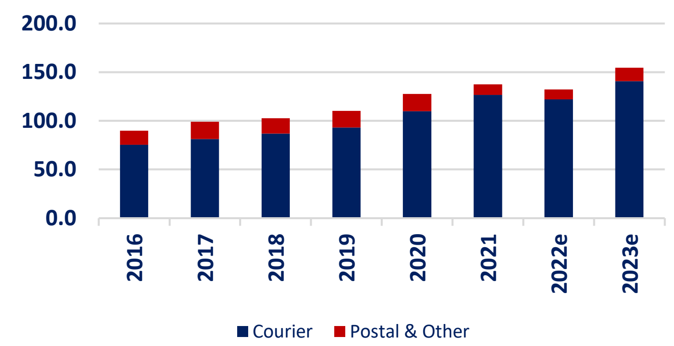
Greek courier market price/piece & growth



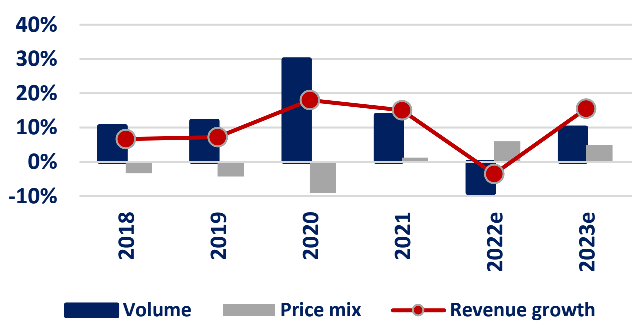
Source: Eurobank Equities Research, EETT

In 2022 the payback in demand drives our forecast for declining volumes, while we expect to see inflation-driven price increases in both 2022 and 2023. In 2021 ACS generated gross revenues of €137.6m, up 8% yoy, executing some 60m shipments (down by -5.8% yoy on very strong 2020 figures), >60% of which from courier services. For FY'22 we assume volumes will drop below 60m (-8% yoy), with our revenue forecast at €132.4m (gross), down by -3.8% yoy (and some €16m below our previous estimate), aided by some +6% in average pricing. Looking ahead we see further pricing (in the low-to-mid-single digits), topping volumes' bounce back, thus leading our forecasts for 10-17% revenue growth in 2023-24e. As a reminder, ACS operates through sorting hubs of c4K sqm, with the new 14K hub about to enter in operation in H1'22, while having developed a strong delivery center network with more than 500 service points.

ACS revenues (EUR mn)



ACS courier business revenue growth breakdown

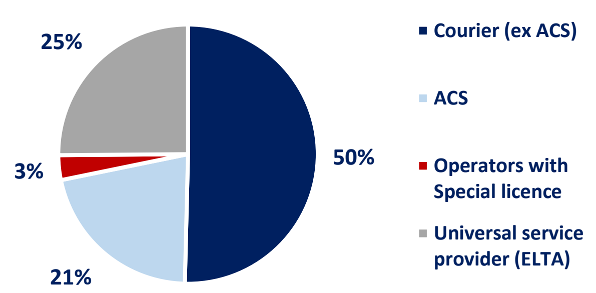


Source: Eurobank Equities Research, Company data.

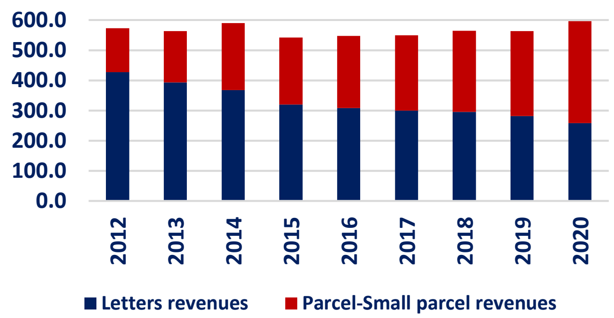
Greek postal market 'covid - induced' structural shift witnessed

Looking into competitive dynamics, ACS remains leader in the Greek courier market, with a market share of c21%, while the second and third operators follow with shares of c16% and 14%. Overall, the first 6 general authorization operators account for >80% of the courier market. On 2020 data, the Greek courier market revenues stood at c€430m, with remaining postal service revenues at c€170m (stemming from ELTA -90%- and individual license providers -10%). That said, the c€600m of Greek postal market revenues correspond to shipment volumes of c330m pieces. According to the latest data, more than 50% of revenues are generated by parcels/small packages, with the rest being accounted for by traditional letter mail. The latter is obviously on a declining trajectory due to the proliferation of e-services and digitization. On the contrary, the former is on secular growth due to the boom in e-commerce (accounting for 30% of 2020 revenues, up from c20% pre 2019), a trend which has been further exacerbated by the COVID-induced lockdowns.

Postal Market Greece | Revenue breakdown by activity (2020 data)



Revenue mix Letters vs Parcels-small packages (EUR mn)



Source: Eurobank Equities Research, EETT.

4. RES

Quest Energy division is active in the sector of Renewable Energy Sources (RES) and especially in the development, construction and operation of RES power plants. The division is in a new phase of development and investment, with Quest aiming to add another 3-5 MW greenfield

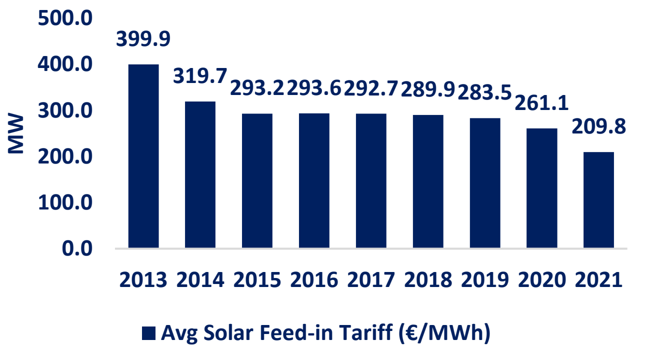
EUROBANK Equities

investments on top of 2MW added in January 2022. Quest Energy currently owns and operates a portfolio of 20 photovoltaic power plants with a total power of 30MW.

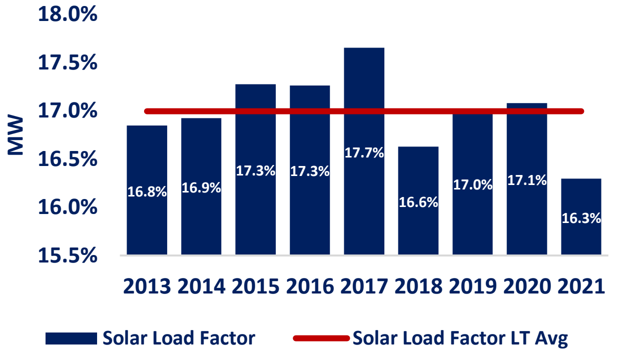
The majority of the parks operate under a Feed-in-Tariff regime, which ensures long-term cash-flow visibility. As a reminder, under this scheme, producers sell electricity to the market operator DAPEEP via a long-term Power Purchase Agreement (PPA) at a guaranteed price (20-27 years, depending on installation date). Reference tariffs reported by relevant authorities (RAE and DAPEEP) imply IRRs in the high-single to low-double-digits for such projects.

In our model, we pencil in a blended sale price of 215 €/MWh, which is broadly in line with tariffs offered to relatively newer solar installations, with the energy market average at c210 €/MWh (2021 figures in the chart below). We have assumed 31MW capacity by year-end 2022, namely a 3MW addition in the year (of which 2MW already installed in January) and another 4MW additions in 2023 and 2024, while we see a 16.4% load factor, i.e. at an average of 2019-21 figures and just below sync with the long-term average for solar installations in the interconnected system in Greece (shown below). We assume no repowering upon the end of the projects' life cycle. We estimate a remaining life between 15 and 24 years for the group's installed parks.

Greek Energy Market | Solar Installations' Avg Feed-in Tariff



Greek Energy market | Solar Installations' Utilization Rates

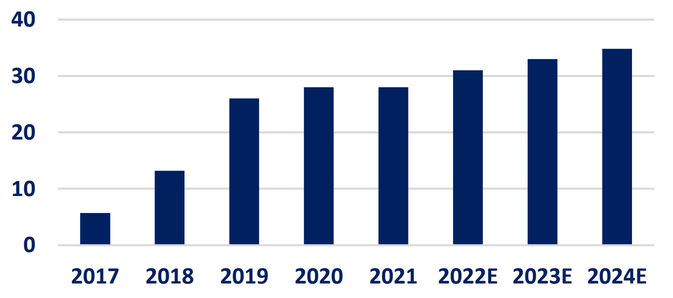


Source: Eurobank Equities Research, DAPEEP (interconnected system)

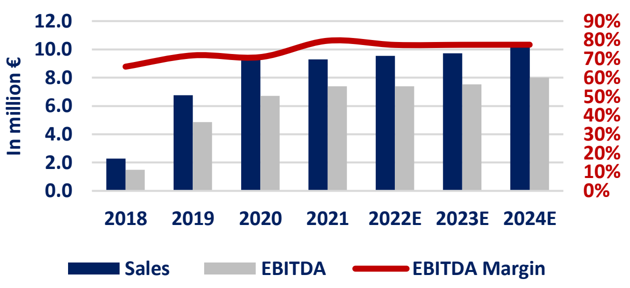
The aforementioned amalgamate to revenues of €9.5m in 2022, while in terms of operating costs, we assume c70k €/MWh cost, thus translating to EBITDA generation near the €240k per MW mark.

Looking ahead, we expect a slight acceleration in 2023 and 2024 on new greenfield investments, while we model no change in peak capacity levels beyond 2024. We must note though that new photovoltaic parks are prone to a lower sale price of c80-90 €/MWh. Our assumptions translate to annual sales and EBITDA in the range of €9.7-10.8m and €7.5-8.4m, respectively going forward (2023e to 2025e). In specific, for the additional investments looking ahead we use 1) installation cost of c€0.8m per MW and 2) gradually increasing utilization rates on account of technological advances such as the installation of trackers and/or bifacial panels (towards 18% on avg).

Quest Energy | Installed capacity in MW



Quest Energy Sales / EBITDA in €m and margin

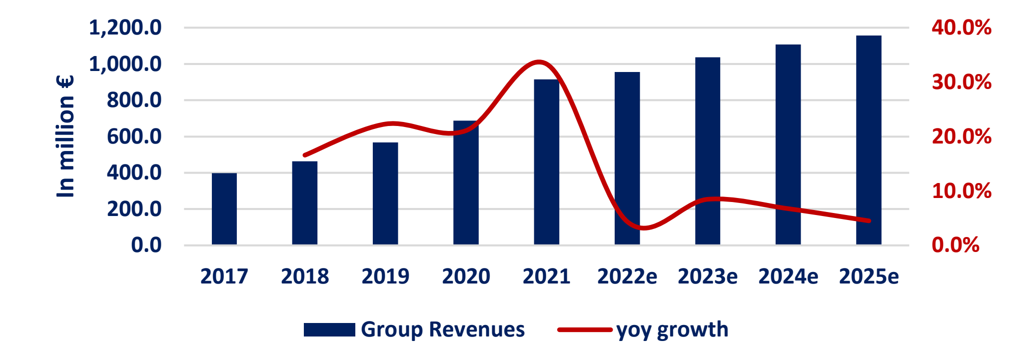


Source: Eurobank Equities Research, Company data

Updated group forecasts

Consolidating all the above factors into group level, we come up with c4% lower revenue forecasts at €956m, which however still represents a healthy 4.4% annual growth in continuing operations (namely ex-Cardlink in 2021). That said, our 2024 revenue estimate is almost unchanged vs our earlier forecasts at €1.1bn, on a strong bounce-back of activities.

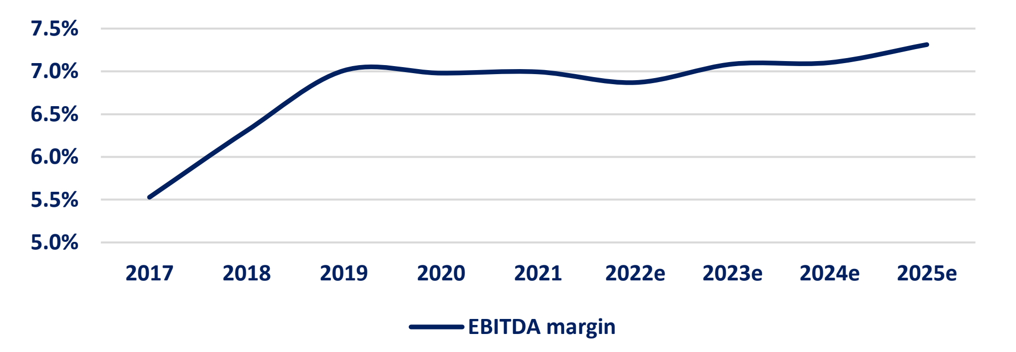
Group sales (€m) and yoy growth (contd ops)



Source: Eurobank Equities Research, Company data

On the profitability front, the positive influence from IT services offsets a big part of the cost hikes in IT products and courier segments, thus translating to a €66m (+2.5% yoy) FY'22 EBITDA from continuing operations, indicating a mere 3% downward revision vs our prior numbers. Similarly, we adjust lower our FY'23 EBITDA to €73.5m, but eyeing a robust +12% yoy growth. We have assumed a group EBITDA margin between 6.9% and 7.1%, in sync with 7% in the past 3-years (adj. for continuing ops).

Quest group EBITDA margin (contd ops)



Source: Eurobank Equities Research, Company data

Summing up forecast changes

In the table below we summarize the changes in our estimates. We have taken into account the factors mentioned in the sections above, namely:

1) Strong base effect from the robust FY'21 revenue growth;
2) Solid growth anticipated in Unisystems, further underpinned by cost improvements;
3) Drag in courier and IT products sales from the e-commerce slump and slowing demand trends, albeit supported by pricing actions;
4) Clima business enhancement through G.E. Dimitriou deal pushed back a bit in Q3'22;
5) EBITDA margin further underpinned by cost initiatives, while adverse inflationary impact is limited mainly to transportation costs (courier/IT products distribution); IT products and integration services are impacted by supply chain disruptions.

Overall, we believe our estimates may err on the conservative side, but we prefer not to be aggressive at the current stage, given inflationary pressures, continued supply chain disruptions and very limited visibility around the evolution of the geopolitical situation.

Estimate changes				
		FY22e	FY23e	FY24e
New reported	**Sales**	956.0	1,037.0	1,106.9
	EBITDA	65.7	73.5	78.6
	PBT	51.0	57.5	63.3
	Net profit adj.	39.8	44.8	49.4
Previous reported	**Sales**	997.1	1,072.1	1,119.0
	EBITDA	67.5	73.9	79.2
	PBT	52.8	58.0	64.0
	Net profit adj.	41.2	45.2	49.9
% change reported	**Sales**	-4%	-3%	-1%
	EBITDA	-3%	-1%	-1%
	PBT	-3%	-1%	-1%
	Net profit adj.	-3%	-1%	-1%

Source: Company, Eurobank Equities Research

Below we present a summary of our sales and EBITDA forecasts for continuing operations only (ex Cardlink) per division:

Divisional Breakdown – proforma for disposal of Cardlink						
EURm	2020	2021	2022e	2023e	2024e	2025e
Group Revenues	**687.0**	**915.9**	**956.0**	**1,037.0**	**1,106.9**	**1,156.8**
- of which						
Commercial Activities	473.2	691.4	720.8	769.8	816.2	844.4
IT Services	134.2	154.9	173.9	188.6	200.3	212.0
Courier	127.6	137.6	132.4	154.7	170.8	183.3
RES	9.5	9.3	9.5	9.7	10.3	10.8
Intragroup	-57.4	-77.2	-80.7	-85.9	-90.7	-93.7
yoy growth						
Group	**21%**	**33%**	**4%**	**8%**	**7%**	**5%**
Commercial Activities	25%	46%	4%	7%	6%	3%
IT Services (Unisystems)	15%	15%	12%	8%	6%	6%
ACS	16%	8%	-4%	17%	10%	7%
RES	40%	-2%	3%	2%	6%	5%
Group EBITDA	**48.0**	**64.1**	**65.7**	**73.5**	**78.6**	**84.6**
- of which						
Commercial Activities	15.6	22.9	23.6	25.4	27.3	28.3
IT Services (Unisystems)	8.2	12.5	15.3	17.8	20.0	22.4
ACS	16.8	21.4	19.3	22.7	23.2	25.4
RES	6.7	7.4	7.4	7.5	8.0	8.4
Other	0.6	-0.1	0.1	0.1	0.1	0.1
EBITDA margin						
Group	**7.0%**	**7.0%**	**6.9%**	**7.1%**	**7.1%**	**7.3%**
Commercial Activities (ex-IT products)	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
IT Services (Unisystems)	6.1%	8.1%	8.8%	9.4%	10.0%	10.6%
ACS	13.2%	15.5%	14.6%	14.6%	13.6%	13.9%
RES	70.9%	79.9%	77.4%	77.4%	77.5%	77.6%

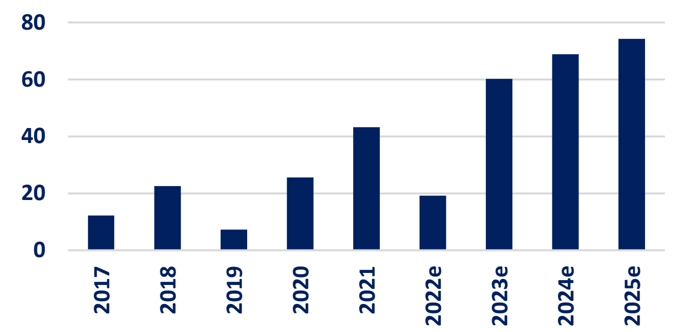
Source: Company, Eurobank Equities Research

FCF generation and healthy balance sheet

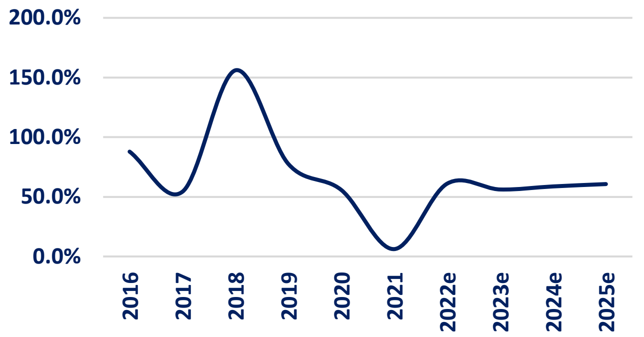
Strong cash flow generation more than covering for investment carried out

Quest operating FCF (EBITDA – capex) remains solid, as showcased in the figure below, with 2021 boosted by the sale of Cardlink (fetched c€80m). As a reminder, all subsidiaries have been generating positive gross OpFCF in the last few years with the exception of RES, due to the significant capacity additions (from <6MW in 2017 to 28MW in 2021), with the same picture maintained also in 2021. In 2022e we see a short-term pressure in cash flow driven by the softer operational environment and elevated investments of c€50m on our estimates (ACS hub completion, G.E. Dimitriou deal closing and Infoquest equipment for the logistics centre). Group operating cash flow conversion has been standing at a quiet solid average of 65%, with our forecast looking ahead at >55%. It is worth noting that 2018 and 2021 were two years of significant divergence, both owing to WC oscillations.

Group gross OpFCF (EBITDA – capex) in EUR m (contd ops)



Group cash conversion (OCF/EBITDA)

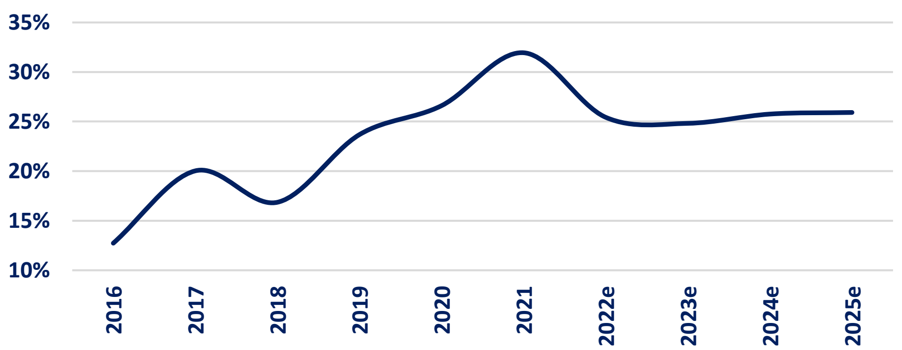


Source: Eurobank Equities Research, Company data

ROIC poised to stay above 25%

The group has not stopped investing on the operations it owns, with nearly €100m in investments since 2016 (ex-Cardlink), with the current capex envelope for 2022 at €60m according to mgt (EEe at c€50m). The return on these investments, namely pre-tax ROIC, has exceeded 30% return since 2017. Looking ahead, we have penciled in a total of €100m investments in 2022-26, with pre-tax ROIC staying in the c25% area. It is worth noting that according to the group 5-year business plan (mentioned in recent reports) 5-year capex is estimated at €300m, which seems to also incorporate in-organic/M&A investments. Given mgt target for a doubling of profit by 2026 (according to its 5-yr plan), we understand that mgt expect the extra €200m capex to generate some extra €30m EBIT (15% return).

Pre-tax ROIC



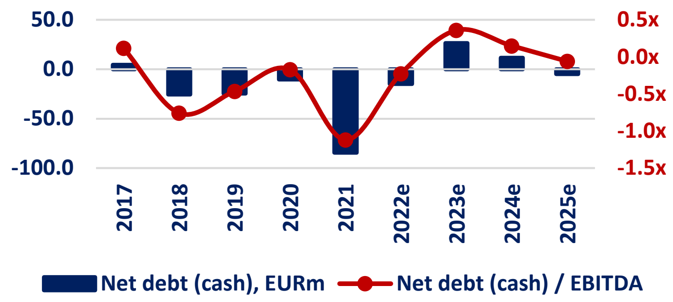
Source: Eurobank Equities Research, Company data.

Balance sheet optionality: room for further investments and/or higher shareholder returns

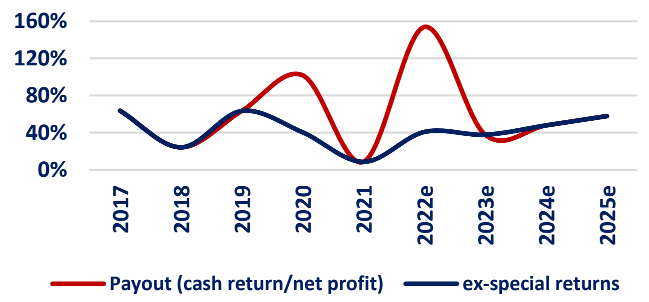
Quest also enjoys a strong financial and liquidity position, with a net cash position (excl. operating leases) at €46m at the end of Q1'22 (after the return of c€45m cash from Cardlink disposal to shareholders in the form of dividend). Gross cash was almost €120m in end-March, while financial gross debt (excl. operating leases) amounted to c€70m. Taking into account available credit lines, the group's available liquidity exceeds €200m.

In the chart below we show the evolution of the group's net cash. As can be seen, Quest has enough war chest to go through the challenging period ahead, while at the same time funding its investment plans and returning value to shareholders. The group has already distributed a special dividend of €0.46/share (relating to the Cardlink disposal mentioned above) while shareholders approved an ordinary dividend of €0.15/share (gross), namely €16m (vs €11m last year). Looking post 2022, we maintain our payout ratio assumption of >35%.

Quest group net debt (cash) and net debt(cash)/EBITDA evolution



Group payout ratio



Source: Eurobank Equities Research, Company data

Q1’22 results: a strong start in a challenging the year

Strong start to the year with double digit sales growth

Quest reported a 16% rise in sales from continuing operations, with EBITDA up 18% yoy. Overall, results stood some 6-7% above our estimates on stronger than expected commercial activities sales and a better profitability generated by the IT services segment than we had expected..

Q1’22 revenues from continuing operations shaped at €238m, up 16% yoy (ex-Cardlinik in Q1’21), above our estimate for €223m, mainly driven by better than we had expected top line trends in commercial activities. On the profitability front, continuing operations EBITDA increased to €16.9m with the respective margin at 7.1% (+0.1pps yoy) aided as we had expected by Intelli acquisition and cost initiatives in the IT services segment, despite an anticipated erosion on the gross margin level. Q1’22 PBT from continuing operations was underpinned reaching €14m (EEe at €12.3m) and net profit rose to €10.3m, above the €8.8m from continuing operations in Q1’21.

Per division, commercial activities Q1’22 sales grew 22% yoy to €162m, on solid demand trends in the first months, with the EBITDA margin at last year levels (3.8%). In IT services sales increased by 13% yoy to €42m with the EBITDA margin rising to 10.5% (+3.1pps yoy) on ongoing cost improvements on top of Intelli acquisition boost. Courier services revenues were down 4% yoy cycling a very strong Q1’21, and EBITDA stood just below last year at €4.9m. Finally, in the RES division revenues shaped at €2m and EBITDA at €1.6m, in sync with our forecast.

On the cash flow front, Q1’22 net cash position dropped to €46m (from c€85m in end-2021), weighed by the €45m payment to shareholders from Cardlink sale proceeds (in the form of dividend in Feb’22) and capex of some €5.5m, thus indicating positive FCF in Q1, probably driven by improved working capital on top of the better operating environment.

Quest Q1’22 results | Continuing ops

EUR m unless otherwise stated	Q1’21	Q1’22	yoy	Q1’22e
Group revenues (cont’d)	**205.1**	**238.1**	**16%**	**222.7**
- of which:				
IT products	*132.9*	*162.0*	22%	*146.2*
IT Services	*37.2*	*42.1*	13%	*41.3*
Courier Services	*33.2*	*31.9*	-4%	*33.2*
RES	*1.8*	*2.0*	8%	*2.0*
EBITDA (cont’d)	**14.3**	**16.9**	**18%**	**16.0**
EBITDA margin	**7.0%**	***7.1%***		**7.2%**
- of which:				
IT products	*5.1*	*6.1*	**19%**	*5.6*
margin	*3.8%*	*3.8%*		*3.8%*
IT Services	*2.7*	*4.4*	**61%**	*4.1*
margin	*7.3%*	*10.5%*	*3.1%*	*9.8%*
Courier Services	*5.0*	*4.9*	**-2%**	*4.6*
margin	*15%*	*15.2%*		*14%*
RES	*1.5*	*1.6*		*1.6*
Pre-tax Profit (cont’d)	**11.5**	**14.0**	**21%**	**12.3**
Net profit (cont’d)	**8.4**	**10.3**	**17%**	**9.6**

Source: Company, Eurobank Equities Research

As far as the feedback from the conference call is concerned, **mgt remained cautious regarding the current consumer backdrop while comparing to a very strong 2021**. Though it is expecting positive revenue growth in 2022 the challenging environment (energy hikes, inflation, war) and signs for decelerating demand trends indicate a cautious **guidance for flat profitability, on the back of slight margin compression**. Nonetheless, we understand that add-on growth stemming from investments in clima and IT services, as well as energy, are only partly reflected in the outlook, thus providing positive underpinning.

In more detail:

- **FY'22 Outlook** calls for mild growth in sales and fairly flat profitability with the respective margins flat or a bit lower yoy. Per segment:
  - Commercial activities: sales slightly positive, driven by strong Apple products sales, with the EBITDA weighed by inflation, indicating flat margins
  - IT services segment: double digit growth in sales and profit, with strong demand, underpinned by a significant backlog, while margins will be boosted from Intelli consolidation (30% EBITDA margin vs segment EBITDA margin of c6-8% in the past two years)
  - Courier services: flat to lower sales, on volume drop, with profitability close to 2021 levels (high base effect and rise in transport costs); the new hub which will initiate operations in H1'22, should increases capacity and favor operations
  - RES: mild growth seen coming from added capacities, with some €6m investments for c2-5MW added within 2022 (though delays are not ruled out).

- **Investments in FY'22 estimated at c€60m, with most expected in H2'22**
  - Some €15-20m towards ACS' new hub (H1'22)
  - Some €25-30m for GE Dimitriou clima business
  - Some €6m for RES
  - Maintenance capex c€4-5m
  - Remaining for equipment upgrade (Infoquest new logistics center)

- Net cash position remains strong even after the dividend distribution in February 2022 (relating to Cardlink), with available liquidity (cash and credit) at c€200m.

- No supply chain issues are identified currently, while the group has built up inventory.

Group Financial Statements

EUR mn					
Group P&L	**2020**	**2021 ***	**2022e ***	**2023e ***	**2024e ***
Sales	**721.4**	**915.9**	**956.0**	**1,037.0**	**1,106.9**
Gross Profit	115.8	137.1	141.9	156.9	169.6
EBITDA - reported	**59.9**	**64.1**	**65.7**	**73.5**	**78.6**
change	*12.2%*	*33.7%*	*2.5%*	*11.9%*	*7.0%*
EBITDA margin	*8.3%*	*7.0%*	*6.9%*	*7.1%*	*7.1%*
EBIT - reported	**42.3**	**50.1**	**56.1**	**63.1**	**67.9**
Financial income (expense)	-5.8	-5.3	-5.1	-5.6	-4.6
Exceptionals/other income	-1.3	8.4	0.0	0.0	0.0
PBT - reported	**35.2**	**51.3**	51.0	57.5	63.3
Income tax	-19.0	-8.5	-11.2	-12.6	-13.9
Non-controlling interest	-0.4	-0.1	0.0	0.0	0.0
Net profit - reported	**15.8**	**42.7**	**39.8**	**44.8**	**49.4**
EPS - adjusted (EUR)	**0.24**	**0.35**	**0.37**	**0.42**	**0.46**
DPS (EUR)	**0.15**	**0.10**	**0.57**	**0.16**	**0.22**
Group Cash Flow Statement	**2020**	**2021 ***	**2022e ***	**2023e ***	**2024e ***
EBITDA	59.9	64.1	65.7	73.5	78.6
Change in Working Capital	-9.1	60.7	-4.6	-9.5	-9.6
Net interest	-5.8	-4.6	-4.1	-4.6	-3.7
Tax	-10.3	-8.5	-11.2	-12.6	-13.9
Other	-1.4	0.0	0.0	0.0	0.0
Operating Cash Flow	**33.3**	**9.5**	**45.8**	**46.7**	**51.4**
Capex	-25.1	-21.1	-48.8	-15.4	-13.8
Other investing	2.3	92.1	0.0	0.0	0.0
Net Investing Cash Flow	**-22.8**	**71.1**	**-48.8**	**-15.4**	**-13.8**
Dividends	-16.1	-10.7	-60.7	-16.8	-23.4
Other (incl. capital repayment of leases)	-8.9	-2.0	-5.5	-5.5	-5.5
Net Debt (cash)	**-10.2**	**-84.7**	**-15.4**	**-24.4**	**-33.1**
Free Cash Flow (adj.)	**0.1**	**75.0**	**-8.5**	**25.8**	**32.1**
Group Balance Sheet	**2020**	**2021 ***	**2022e ***	**2023e ***	**2024e ***
Tangible Asset	83.2	90.8	135.7	146.4	155.3
Intangible Assets	54.2	38.9	37.7	36.6	35.5
Other non-current Assets	61.6	56.2	57.3	58.1	58.9
Non-current Assets	**199.0**	**185.9**	**230.7**	**241.2**	**249.7**
Inventories	43.5	56.6	57.0	61.6	65.6
Trade Receivables	109.0	117.5	125.3	141.0	156.0
Other receivables	48.2	64.2	64.3	64.3	64.3
Cash & Equivalents	96.9	163.0	98.8	92.8	101.5
Current Assets	**297.5**	**401.4**	**345.4**	**359.7**	**387.4**
Total Assets	**496.5**	**587.3**	**576.0**	**600.9**	**637.1**
Shareholder funds	145.5	258.5	237.7	265.8	291.9
Non-controlling interest	1.6	0.4	0.4	0.4	0.4
Total Equity	**147.1**	**258.9**	**238.1**	**266.2**	**292.3**
Long-term debt	62.6	44.3	49.3	34.3	34.3
Other long-term liabilities	46.7	52.8	53.8	54.7	55.5
Long Term Liabilities	**109.3**	**97.1**	**103.1**	**89.0**	**89.8**
Short-term debt	24.0	34.2	34.2	34.2	34.2
Trade Payables	97.3	92.2	94.2	101.8	108.4
Other current liabilities	118.8	104.9	106.5	109.7	112.4
Current Liabilities	**240.1**	**231.3**	**234.8**	**245.6**	**255.0**
Equity & Liabilities	**496.5**	**587.3**	**576.0**	**600.9**	**637.1**
Key Financial Ratios	**2020**	**2021 ***	**2022e ***	**2023e ***	**2024e ***
P/E	18.3x	11.5x	12.2x	10.8x	9.8x
P/BV	2.0x	1.9x	2.0x	1.8x	1.7x
EV/EBITDA	5.1x	6.7x	7.5x	6.6x	6.1x
EBIT/Interest expense	6.4x	8.6x	8.7x	9.1x	11.5x
Net Debt (cash)/EBITDA	0.2x	-1.0x	0.1x	0.0x	-0.1x
Dividend Yield	5.6%	2.2%	12.5%	3.5%	4.8%
ROE	10.7%	16.5%	16.7%	16.8%	16.9%
Free Cash Flow yield	0.8%	15.3%	-1.8%	5.3%	6.6%
Payout Ratio	101.9%	25.1%	152.5%	37.5%	47.5%

Source: Eurobank Equities Research

Company description

Quest is a tech-oriented holding group active in 4 core segments via specialized subsidiaries, most of which are among the leaders in their respective sector. Its portfolio spans across segments such as courier services, trade of IT products, implementation of ICT projects and operation of renewable parks. Recently the group sold its electronic transactions division. Its EBITDA mix is relatively balanced across the various segments. Geographically, the group is mainly exposed to Greece (81% of revenues).

Risks and sensitivities

•**Macro:** Given its domestic exposure, Quest is dependent on the Greek macro environment. Any significant decline in economic activity would weigh on performance. More recently, in the aftermath of the pandemic, a new risk has arisen, namely the potential for further lockdowns and new disruptions to the economic activity.

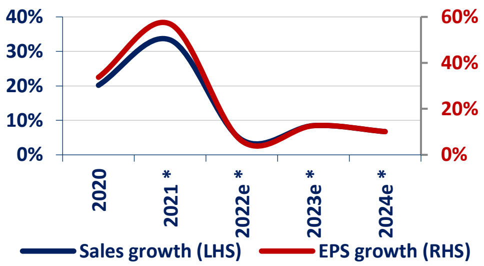
•**Competition:** Competitive intensity can affect pricing/profitability and can be manifested in the guise of last-mile competition from retailers in the courier business, price/changes upon contract renewal in the same segment, market share loss in IT, falling fees in e-payments etc.

•**Structural risks:** Slower penetration of e-payments than our model incorporates and higher customer churn, inability to monetize value added services, tempered e-Commerce growth for courier, customer losses for IT.

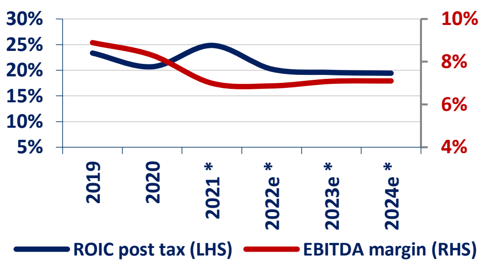
•**Tech-related risks:** Given the technology orientation of the group, there is risk of technology disruption.

•**Sensitivity:** Flexing the WACC utilized in our model by 1% results in a €1.0 per share variation in our calculated fair value.

Sales and EPS growth



Profitability and returns



** Only continuing operations, namely ex Cardlink*

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This report has been written by Natalia Svyriadi (Equity Analyst).

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12-month Rating History of Quest:

Date	Rating	Stock price	Target price
19/07/2022	Not Rated	€4.52	NA
14/04/2022	Not Rated	€5.97	NA
25/01/2021	Not Rated	€ 6.41	NA

Eurobank Equities Investment Firm S.A. Rating System:

Stock Ratings	Coverage Universe		Investment Banking Clients	
	Count	Total	Count	Total
Buy	15	56%	1	7%
Hold	4	15%	0	0%
Sell	0	0%	0	0%
Restricted	1	4%	0	0%
Under Review	2	7%	1	50%
Not Rated	5	19%	0	0%
Total	**27**	**100%**		

Analyst Stock Ratings:

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