

Supportive news flow

Outperform maintained, TP set at EUR17.8

We reiterate Outperform recommendation for Inpost Group with a new TP at EUR17.8 (34% upside) after the recent supportive news flow (better than expected trading update and new APM openings guidance in Poland). We are increasing our estimates of adj. EBITDA by 11.0% and 3.6% for 4Q23E and 2023E, respectively, while leaving 2024-25E forecasts nearly unchanged. Recent trading update indicated at 7% higher volume growth comparing to our estimates embedded in early look on 4Q23E. Besides we increased our expectations of APMs openings in Poland in 2024E by 5% to 2,000. We expect Inpost Group 2023-26E sales/adj. EBITDA CAGR at 21%/25%, driven mainly by the UK (3Y CAGR at 57% and break-even in 2024E). This implies an increase of growth-implied target EV/EBITDA multiple by 8% to 12.3x vs. previous 11.4x. It offers 30% upside to Inpost Group's 2024E EV/EBITDA at 9.5x, based on our calculations.

Recent developments. In a recent interview, a board member indicated that Inpost plans to open at least 2k APMs in Poland and over 3k in France as well as in UK. Openings in Poland are 7% above our forecast at 1.6k, while in line for France (SANE 3.0k) and UK (3.4k). Besides, Inpost's trading update on volume growth came in 7% above our early view (+21% y/y vs. +13% y/y) thanks to strong Christmas season on all markets. UK (+179% y/y vs. SANE +113% y/y) and France (+9% vs. SANE +2% y/y) were most surprising. Based on this we are increasing our forecast of sales and adj. EBITDA by 7.1%/11.0% in 4Q23 and by 1.4%/3.6% 2023E, respectively. We now expect Inpost to report sales of PLN2,928mn (+36% y/y) and adj. EBITDA of PLN899mn (+61% y/y) vs. previous SANE PLN2,734mn and PLN819mn in 4Q23E. Also we are leaving 2024-25E sales and adj. EBITDA forecast nearly unchanged as higher APMs number growth and volume growth forecasts were covered by more conservative assumption on margins in Poland and mainly France.

New growth implied target multiple. We are increasing multiple valuation by 33% to PLN17.4 mainly on the back of new higher NTM EBITDA forecast, which was rolled onto 2024E or PLN3,502mn (+14% vs. previous PLN3,082). We have also increased growth implied EV/EBITDA target multiple by 8% to 12.3x from 11.4x taking into account the new timeframe – peers' 2024/26E EBITDA CAGR (vs. previous 2023/25E) and 2024E EV/EBITDA. We found our estimated Inpost's growth at 24.6% much higher comparing to peers' median of 9.5% yet also underestimated with Inpost's 2024E EV/EBITDA of 9.5x. We are using lower 2023E net debt at PLN4,777mn.

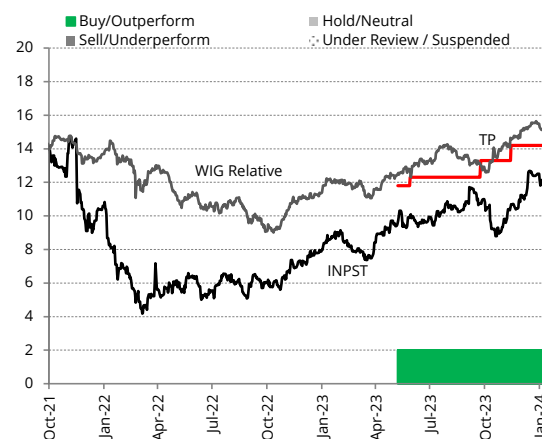
Valuation and risks. We value Inpost's share price at EUR17.8 based on multiple valuation (EUR17.4; 70% weight) and DCF (EUR18.6; 30% weight). The main risks are: (1) end of e-commerce growth story, (2) risk of rising competition on the APMs market, (3) high concentration of clients in Poland and (4) risk of slower changes in customer preferences in Western markets.

Inpost: Financial summary

PLNmn, year to Dec	2021	2022	2023E	2024E	2025E	2026E
Sales	4,602	7,079	9,131	11,382	13,806	16,253
Adj. EBITDA	1,627	1,961	2,786	3,502	4,406	5,389
Adj. net profit	623	488	966	1,353	1,873	2,466
Adj. P/E (x)	47.7	33.2	30.2	21.5	15.6	11.8
Adj. EV/EBITDA (x)	20.9	10.6	12.2	9.5	7.2	5.7
FCF Yield	-0.6%	-1.9%	0.3%	2.5%	4.4%	6.7%
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data, Santander Brokerage Poland estimates, adj. by fx diff. and one-offs

Recommendation	Outperform
Target price (EUR, Dec'24)	17.8
Previous report issued on Nov 30, 2023 with:	
Recommendation	Outperform
Target price (EUR, Dec'24)	14.2
Price (EUR, 17 January 2024)	13.2
Market cap. (PLNmn)	29,162
Free float (%)	41.5
Number of shares (mn shrs)	500
Average daily turnover (mn)	4.4
EURPLN	4.39



The chart measures performance against the WIG20 index.

Main shareholders	% of votes
Advent Intl.	25.0
PPF Group	21.8
A&R Invest.	12.5
Capital Group	6.3
GIC Private	5.0

Source: stooq.pl, PPF has a buy option for 10% stake from Advent I

Company description

Inpost is a dominating logistic player on B2C parcel market in Poland.

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Valuation

Fig. 1. Inpost: Valuation summary

EUR/shr	New	Previous	Change
DCF	18.6	16.8	11%
Multiple valuation	17.4	13.1	33%
Target price	17.8	14.2	25%

Source: Santander Brokerage Poland estimates, DCF/multiple valuation weight at 30%/70%; we assign more weight to multiple valuation to focus more on mid-term perspectives and market valuation multiples, which we see fair for the company

Multiple valuation

Fig. 2. Inpost: Multiple valuation

PLNm	
Target EV/EBITDA multiple	12.3x
NTM adj. EBITDA	3,502
Implied value	43,078
Enterprise value	43,078
(-) net debt (cash)	4,777
(-) minorities (-)	0
Equity Value (PLNm)	38,302
no. of shares	500
Target Price (PLN)	76.6
EURPLN	4.39
Target Price (EUR)	17.4

Source: Santander Brokerage Poland estimates

Fig. 3. Inpost: Peer group selection – P/E and EV/EBITDA ratios

Name	Price	mkt. cap. (USD)	2023E	P/E (x) 2024E	2025E	2023E	EV/EBITDA 2024E	2025E
DHL Group	44.5	59,903	14.1	13.2	11.6	6.8	6.6	6.1
UNITED PARCEL	155.3	132,330	17.7	16.4	14.5	11.1	10.3	9.4
FEDEX	245.0	61,234	13.9	11.3	10.0	7.2	6.4	6.0
SF HOLDING	39.3	26,765	22.0	17.7	14.2	8.0	6.9	6.3
ZTO EXPRESS	18.0	14,623	11.8	10.1	8.7	7.8	6.7	5.8
OESTERREICH POST	31.9	2,341	16.8	16.4	14.8	6.6	6.5	6.2
BPOST	3.9	853	6.1	5.5	5.1	2.5	2.4	2.2
YAMATO	2581.5	6,658	18.4	16.6	14.3	8.1	7.0	6.3
ID LOGISTICS GRO	310.0	2,079	34.4	28.0	24.2	7.2	6.5	5.9
GXO LOGISTIC	57.5	6,841	22.3	20.0	17.3	10.9	10.0	9.1
XPO INC	85.5	9,917	30.9	25.2	18.6	12.4	10.1	8.6
Median			17.7	16.4	14.3	7.8	6.7	6.2
Average			18.9	16.4	13.9	8.1	7.2	6.5

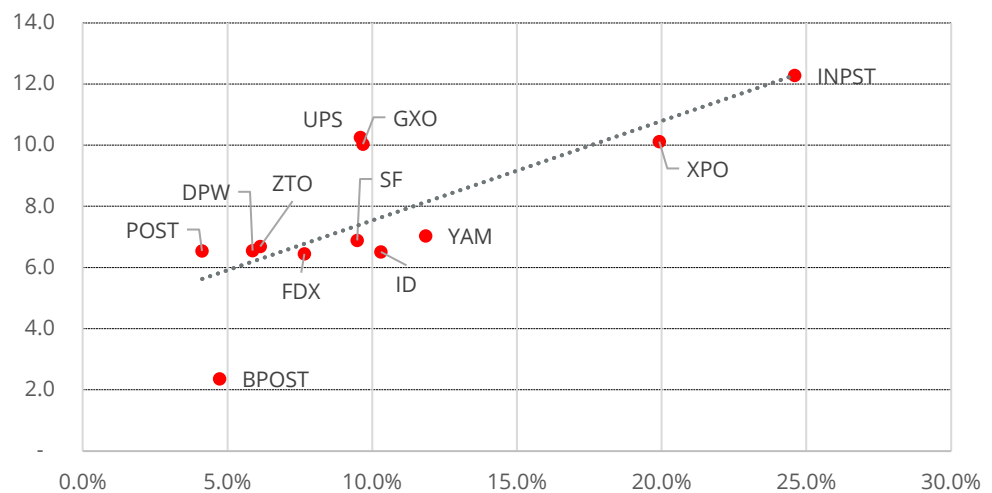
Source: Bloomberg

Fig. 4. Inpost: Peers' growth comparison

	EBITDA CAGR'23/26E	Net profit CAGR'23/26E
DHL GROUP	5.9%	7.5%
UNITED PARCEL-B	9.6%	-7.0%
FEDEX CORP	7.7%	15.8%
S F HOLDING CO-A	9.5%	26.8%
ZTO EXPRESS -ADR	6.1%	22.0%
OESTERREICH.POST	4.1%	4.5%
BPOST SA	4.7%	-4.9%
YAMATO HOLDINGS	11.8%	10.7%
ID LOGISTICS GRO	10.3%	10.0%
GXO LOGISTIC	9.7%	8.1%
XPO INC	19.9%	10.4%
Median	9.5%	10.0%
Average	9.0%	9.5%

Source: Bloomberg

Fig. 5. Growth implied target EV/EBITDA ratio equals to 12.3x based on 23/26 EBITDA CAGR and 2024E peers' EV/EBITDA



Source: Bloomberg, Santander Brokerage Poland estimates

Fig. 6. Inpost: DCF analysis

Poland (PLN)	2023E	2024E	2025E	2026E	2027E	2028E	TV
Adj. EBITDA	2,567	3,114	3,667	4,223	4,769	5,206	
RoU amortization	405	442	479	517	554	591	
Adj. EBITDA* (after tax)	1,621	2,004	2,390	2,780	3,161	3,461	
Depreciation * tax	102	128	156	180	198	206	
Capex	-706	-550	-583	-579	-642	-700	
WC	-26	-28	-30	-31	-31	-29	
FCFF	991	1,554	1,933	2,350	2,687	2,938	3,026
WACC	10.9%			10.0%			10.0%
PV FCF (FY23-FY28E)	10,136						
Terminal growth (%)	3.0%						
Terminal Value (TV)	43,236						
PV TV	24,407						
Total EV	34,542						
France (PLN)	2023E	2024E	2025E	2026E	2027E	2028E	TV
Adj. EBITDA	301	311	364	523	704	918	
RoU amortization	126	137	149	160	172	183	
Adj. EBITDA* (after tax)	131	130	161	272	399	551	
Depreciation * tax	32	40	48	56	61	64	
Capex	-355	-384	-447	-510	-520	-584	
WC	-26	-28	-30	-31	-31	-29	
FCFF	-217	-242	-268	-213	-91	2	2
WACC	9.0%			8.1%			8.1%
PV FCF (FY23-FY28E)	-883						
Terminal growth (%)	3.0%						
Terminal Value (TV)	39						
PV TV	24						
Total EV	-859						
UK (PLN)	2023E	2024E	2025E	2026E	2027E	2028E	TV
Adj. EBITDA	-82	77	376	643	823	963	
RoU amortization	44	48	52	56	60	63	
Adj. EBITDA* (after tax)	-94	22	243	441	573	675	
Depreciation * tax	11	14	17	19	21	22	
Capex	-482	-339	-355	-1,037	-292	-208	
WC	-26	-28	-30	-31	-31	-29	
FCFF	-591	-332	-125	-607	271	460	474
WACC	9.0%			8.1%			8.1%
PV FCF (FY23-FY28E)	-884						
Terminal growth (%)	3.0%						
Terminal Value (TV)	9,334						
PV TV	5,857						
Total EV	4,973						
Total Group's EV	38,657						
Net debt	4,620						
Equity value	34,036						
Equity Value (Dec24)	40,896						
Number of shares (mn)	500						
YE target price (PLN, Dec'24)	81.8						
DPS	0.0						
YE TP (ex-div, PLN)	81.8						
EURPLN	4.4						
YE TP (ex-div, EUR)	18.6						

Source: Company data, Santander Brokerage Poland estimates

Fig. 7. Inpost: WACC calculation - Poland

	23/25E fcst.	26/28E + TV
Risk free rate (10Y POGB)	6.0%	5.0%
Unlevered beta	1.0	1.0
Levered beta	1.8	1.8
Equity risk premium	6.0%	6.0%
Cost of equity	16.9%	15.9%
Risk free rate (10Y POGB)	6.0%	5.0%
Debt risk premium	1.0%	1.0%
Tax rate	19.0%	19.0%
After tax cost of Debt	5.7%	4.8%
%D	53%	53%
%E	47%	47%
WACC	10.9%	10.0%

Source: Santander Brokerage Poland estimates

Fig. 8. Inpost: WACC calculation - UK & France

	23/25E fcst.	26/28E + TV
Risk free rate (10Y govt. bond)	4.0%	3.0%
Unlevered beta	1.0	1.0
Levered beta	1.8	1.8
Equity risk premium	5.8%	5.8%
Cost of equity	14.6%	13.6%
Risk free rate (10Y govt. bond)	4.0%	3.0%
Debt risk premium	1.0%	1.0%
Tax rate	19.0%	19.0%
After tax cost of Debt	4.1%	3.2%
%D	53%	53%
%E	47%	47%
WACC	9.0%	8.1%

Source: Santander Brokerage Poland estimates

Financials & forecasts

Fig. 9. Inpost: Forecast change

PLNmnn	2023E			2024E			2025E		
	New	Old	chng.	New	Old	chng.	New	Old	chng.
Revenues	9,131	9,007	1.4%	11,382	11,457	-0.7%	13,806	13,830	-0.2%
Poland	5,488	5,254	4.4%	6,634	6,415	3.4%	7,826	7,523	4.0%
France	2,955	3,127	-5.5%	3,492	3,879	-10.0%	4,060	4,510	-10.0%
UK & Italy	689	626	10.1%	1,257	1,164	8.0%	1,920	1,798	6.8%
Adj. EBITDA	2,786	2,689	3.6%	3,502	3,565	-1.8%	4,406	4,491	-1.9%
% margin	30.5%	29.8%	66	30.8%	31.1%	-35	31.9%	32.5%	-55
Poland	2,567	2,476	3.6%	3,114	3,097	0.5%	3,667	3,679	-0.3%
% margin	46.8%	47.1%	-36	46.9%	48.3%	-134	46.9%	48.9%	-204
France	301	310	-2.8%	311	418	-25.5%	364	486	-25.2%
% margin	10.2%	9.9%	28	8.9%	10.8%	-186	9.0%	10.8%	-182
UK & Italy	-82	-98	n.a.	77	50	54.1%	376	326	15.2%
% margin	-11.9%	-15.6%	n.a.	6.1%	4.3%	183	19.6%	18.1%	143
Adj. EBITDA (ex. IFRS16)	2,211	2,114	4.6%	2,875	2,938	-2.1%	3,726	3,811	-2.2%
% margin	24.2%	23.5%	75	25.3%	25.6%	-38	27.0%	27.6%	-56
Adj. net profit	966	906	6.7%	1,353	1,422	-4.8%	1,873	1,957	-4.3%

Source: Santander Brokerage Poland estimates, EBITDA and net profit adj. by fx diff. and one-offs

Fig. 10. Inpost: 4Q23E results preview

PLNmnn	4Q22	1Q23	2Q23	3Q23	4Q23E	y/y
Revenue	2,150	1,996	2,141	2,067	2,928	36%
o/w Poland	1,267	1,175	1,295	1,262	1,799	42%
o/w UK	71	103	131	169	270	281%
o/w France	812	717	715	637	859	6%
Adj. EBITDA	586	557	690	639	899	54%
margin	27%	28%	32%	31%	31%	347
Poland	545	532	619	586	830	52%
margin	43.0%	45.3%	47.8%	46.4%	46.1%	318
UK	-49	-46	-24	-7	-4	-91%
margin	n.a	n.a	n.a	n.a	n.a	
France	90	72	95	61	73	-19%
margin	11%	10%	13%	10%	8.5%	-257
Non-recurring items	25	12	14	31	0	-100%
Reported EBITDA	560	546	676	608	899	61%
margin	26.0%	27.3%	31.6%	29.4%	30.7%	466
EBIT	287	268	386	332	590	106%
margin	13.4%	13.4%	18.0%	16.0%	20.2%	681
D&A	273	278	290	277	309	13%
Net financial cost	-182	-94	-177	-10	-146	-20%
Profit before taxes	105	174	208	321	444	324%
Income tax	77	58	80	71	85	11%
Net profit	28	116	128	250	359	1191%
margin	1.3%	5.8%	6.0%	12.1%	12.3%	1096
UNITS	4Q22	1Q23	2Q23	3Q23	4Q23E	y/y
Out-of-home points	54,059	57,135	59,640	61,873	66,064	22%
APMs	27,939	29,765	31,443	32,943	35,449	27%
of which Poland	19,306	20,025	20,652	21,227	21,969	14%
of which France	2,564	3,326	4,029	4,550	5,317	107%
of which UK	4,835	5,137	5,403	5,710	8,163	69%
of which other markets	1,234	1,277	1,359	1,456		
of which PUDO	26,120	27,370	28,197	28,930	30,615	17%
MILLION	4Q22	1Q23	2Q23	3Q23	4Q23E	y/y
Parcel volume	222	199	215	210	268	21%
of which Poland	149	132	142	140	175	17%
of which France	65	56	60	53	71	9%
of which UK	8	10	13	17	22	179%

Source: Santander Brokerage Poland estimates

Fig. 11. Inpost: Main assumptions

	2020	2021	2022	2023E	2024E	2025E	2026E
No. of APMs (#)	12,254	20,367	27,939	35,422	43,702	51,682	58,862
Poland	10,776	16,445	19,306	21,969	23,969	25,569	26,369
International	1,478	3,922	8,633	13,453	19,733	26,113	32,493
- Mondial Relay	0	313	2,564	5,317	8,317	11,317	14,317
- UK + Italy	1,478	3,609	6,069	8,136	11,416	14,796	18,176
Growth y/y - APMs	47%	66%	37%	27%	23%	18%	14%
Poland	50%	53%	17%	14%	9%	7%	3%
International	27%	165%	120%	56%	47%	32%	24%
- Mondial Relay			719%	107%	56%	36%	27%
- UK + Italy	27%	144%	68%	34%	40%	30%	23%
No. of lockers (000s)	1,554	2,630	3,557	4,472	5,482	6,530	7,562
Poland	1,477	2,410	2,906	3,290	3,589	3,829	3,949
International	77	220	651	1,182	1,893	2,702	3,614
- Mondial Relay		38	316	688	1,130	1,615	2,145
- UK + Italy	77	182	335	494	762	1,087	1,469
Growth y/y - lockers	70%	69%	35%	26%	23%	19%	16%
Poland	79%	63%	21%	13%	9%	7%	3%
International	-12%	186%	196%	82%	60%	43%	34%
- Mondial Relay			732%	118%	64%	43%	33%
- UK + Italy	-12%	136%	84%	47%	54%	43%	35%
Poland parcel volumes (mn)	308	424	508	615	710	797	870
APM	247	355	424	522	606	681	741
to-door	61	70	84	93	104	117	128
International parcel volumes (mn)	2	93	237	303	390	479	575
Mondial Relay	0	85	213	240	281	320	358
UK + Italy	2	8	24	63	109	159	216
Total parcel volumes (mn)	310	518	745	918	1,100	1,277	1,444
Growth y/y - Poland	114%	38%	20%	21%	15%	12%	9%
APM	140%	44%	20%	23%	16%	12%	9%
to-door	49%	15%	21%	10%	12%	12%	10%
Growth y/y - International	340%	4141%	154%	28%	29%	23%	20%
Mondial Relay			151%	13%	17%	14%	12%
UK + Italy	340%	282%	180%	167%	75%	46%	36%
Total parcel volumes (mn)	115%	67%	44%	23%	20%	16%	13%

Source: Inpost, Santander Brokerage Poland estimates

Fig. 12. Inpost: P&L forecast

PLNmn	2020	2021	2022	2023E	2024E	2025E	2026E
Revenues	2,528	4,602	7,079	9,131	11,382	13,806	16,253
chg.	52%	82%	54%	29%	25%	21%	18%
Poland	2,510	3,453	4,162	5,488	6,634	7,826	8,961
chg.	52%	38%	21%	32%	21%	18%	15%
France	0	1,080	2,671	2,955	3,492	4,060	4,638
chg.	n.a.	n.a.	147%	11%	18%	16%	14%
UK & Italy	18	69	246	689	1,257	1,920	2,654
chg.	153%	289%	258%	180%	82%	53%	38%
Direct costs	1,209	2,439	4,477	5,322	6,557	7,886	9,154
% of sales	47.8%	53.0%	63.2%	58.3%	57.6%	57.1%	56.3%
Gross Profit	1,319	2,163	2,602	3,810	4,826	5,920	7,099
chg.	139%	64%	20%	46%	27%	23%	20%
margin	52.2%	47.0%	36.8%	41.7%	42.4%	42.9%	43.7%
General costs	692	1,337	1,660	2,203	2,677	3,078	3,466
% of sales	27.4%	29.0%	23.4%	24.1%	23.5%	22.3%	21.3%
EBIT	628	826	942	1,607	2,148	2,842	3,633
chg.	388%	32%	14%	71%	34%	32%	28%
margin	24.8%	18.0%	13.3%	17.6%	18.9%	20.6%	22.4%
D&A	152	275	429	579	727	885	1,024
RoU amortization	204	335	544	575	627	680	732
EBITDA	984	1,436	1,914	2,760	3,502	4,406	5,389
chg.	181%	46%	33%	44%	27%	26%	22%
% margin	38.9%	31.2%	27.0%	30.2%	30.8%	31.9%	33.2%
adjustments to EBITDA	11	191	47	26	0	0	0
Adj. EBITDA	994	1,627	1,961	2,786	3,502	4,406	5,389
chg.	183%	64%	21%	42%	26%	26%	22%
% margin	39.3%	35.4%	27.7%	30.5%	30.8%	31.9%	33.2%
Poland	1,038	1,592	1,819	2,567	3,114	3,667	4,223
chg.	175%	53%	14%	41%	21%	18%	15%
% margin	41.3%	46.1%	43.7%	46.8%	46.9%	46.9%	47.1%
France	0	155	331	301	311	364	523
chg.	n.a.	n.a.	114%	-9%	3%	17%	44%
% margin	n.a.	14.3%	12.4%	10.2%	8.9%	9.0%	11.3%
UK & Italy	-43	-120	-189	-82	77	376	643
chg.	n.a.	n.a.	n.a.	n.a.	n.a.	388%	71%
% margin	-244.7%	-173.9%	-76.5%	-11.9%	6.1%	19.6%	24.2%
Adj. EBITDA (ex. IFRS16)	790	1,293	1,418	2,211	2,875	3,726	4,656
chg.	185%	64%	10%	56%	30%	30%	25%
% margin	31.3%	28.1%	20.0%	24.2%	25.3%	27.0%	28.6%
Financials, net	-164	-114	-273	-427	-344	-344	-344
PBT	463	713	669	1,180	1,804	2,498	3,289
Tax (reported)	-112	-222	-212	-295	-451	-624	-822
rate %	24%	31%	32%	25%	25%	25%	25%
Profit from continuing operations	352	491	457	885	1,353	1,873	2,466
Loss from discontinued operations	-1	0	0	0	0	0	0
Net profit	350	492	456	885	1,353	1,873	2,466
chg.	456%	40%	-7%	94%	53%	38%	32%
Weighted avg no of shares adjusted	510	500	500	500	500	500	500
EPS	0.7	1.0	0.9	1.8	2.7	3.7	4.9
chg.	451%	43%	-7%	94%	53%	38%	32%
adjustments (after-tax)		132	32	81	0	0	0
Adj. net profit	350	623	488	966	1,353	1,873	2,466
chg.	456%	78%	-22%	98%	40%	38%	32%

Source: Inpost, Santander Brokerage Poland estimates

Fig. 13. Inpost: Balance sheet forecasts

PLNm	2020	2021	2022	2023E	2024E	2025E	2026E
Current assets	655	1,462	1,767	1,976	3,099	4,812	6,519
cash and equivalents	144	493	436	279	1,001	2,283	3,555
accounts receivable	435	927	1,245	1,606	2,002	2,428	2,859
inventories	6	11	14	19	23	28	33
other current assets	71	31	72	72	72	72	72
Fixed assets	1,826	5,871	6,988	8,002	8,598	9,148	10,301
PPE	1,191	2,514	3,681	4,432	4,857	5,247	6,106
right-of-use asset	374	596	546	596	646	696	746
intangibles	142	1,051	1,043	1,256	1,376	1,487	1,730
goodwill	0	1,460	1,488	1,488	1,488	1,488	1,488
deferred tax asset	112	158	166	166	166	166	166
other current assets	7	92	64	64	64	64	64
Total assets	2,481	7,333	8,755	9,978	11,697	13,960	16,819
Current liabilities	737	1,606	2,170	2,474	2,807	3,163	3,523
bank debt	24	194	339	339	339	339	339
lease liability	233	358	552	569	586	603	620
accounts payable	292	786	993	1,281	1,596	1,936	2,279
other financial liabilities	188	268	286	286	286	286	286
provisions	0	0	0	0	0	0	0
Long-term liabilities	1,106	5,698	6,117	6,150	6,183	6,216	6,249
bank debt	743	4,546	4,717	4,717	4,717	4,717	4,717
lease liability	304	835	1,091	1,124	1,158	1,191	1,224
other long-term liabilities	58	317	308	308	308	308	308
provisions	0	0	0	0	0	0	0
Equity	638	29	469	1,354	2,707	4,580	7,047
share capital	0	23	23	23	23	23	23
capital reserves	288	-485	-10	446	1,331	2,684	4,558
net income	350	492	456	885	1,353	1,873	2,466
Total liabilities and equity	2,481	7,333	8,755	9,978	11,697	13,960	16,819
Debt	1,304	5,933	6,700	6,750	6,800	6,850	6,900
Debt (ex. IFRS16)	767	4,740	5,056	5,056	5,056	5,056	5,056
Net debt (ex. IFRS16)	623	4,247	4,620	4,777	4,054	2,773	1,501
Net debt/EBITDA	0.8	3.3	3.3	2.2	1.4	0.7	0.3
Returns							
ROIC	47.8%	25.6%	20.7%	25.6%	28.1%	32.4%	35.7%
ROCE	49.2%	27.8%	21.1%	27.1%	30.2%	32.4%	33.3%
ROE	68.2%	147.4%	183.3%	97.1%	66.7%	51.4%	42.4%

Source: Inpost, Santander Brokerage Poland estimates

Fig. 14. Inpost: Cash flow statement forecasts

PLNmn	2020	2021	2022	2023E	2024E	2025E	2026E
Cash flow from operations	740	1,100	1,346	1,961	2,622	3,346	4,130
Net profit	350	492	456	885	1,353	1,873	2,466
D&A (ex. IFRS16)	152	275	429	579	727	885	1,024
RoU amortization	204	335	544	575	627	680	732
Provisions	26	-2	-26	0	0	0	0
Changes in WC, o/w	-186	-7	-63	-77	-85	-91	-92
inventories	-4	-5	-4	-4	-5	-5	-5
receivables	-228	-166	-304	-361	-396	-426	-430
payables	46	164	244	288	316	340	343
Other, net	194	8	7	0	0	0	0
Cash flow from investment	-527	-3,196	-1,116	-1,543	-1,273	-1,385	-2,126
Additions to PPE	-531	-936	-1,116	-1,543	-1,273	-1,385	-2,126
Other, net	4	-2,261	0	0	0	0	0
Cash flow from financing	-182	2,445	-288	-575	-627	-680	-732
Change in debt	76	1,291	216	0	0	0	0
Change in equity and profit distribution	0	2,715	0	0	0	0	0
Dividends paid	0	0	-12	0	0	0	0
Other, net	-259	-1,561	-492	-575	-627	-680	-732
Net change in cash and equivalents	31	349	-57	-156	722	1,282	1,271
Free Cash Flow	5	-170	-313	97	722	1,282	1,946
FCF (growth adj.)	384	490	374	807	1,268	1,782	2,374

Source: Inpost, Santander Brokerage Poland estimates, 2023E and 2026E FCF excl. PLN253mn and PLN675mn investments in Menzies

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The discounted cash flows (DCF) valuation method is based on expected future discounted cash flows. One advantage of the DCF valuation method is that it takes into account all cash streams reaching Issuer and the cost of money over time. Some disadvantages of the DCF valuation method are that a large number of parameters and assumptions need to be estimated; and the valuation is sensitive to changes in those parameters.

The comparative valuation method is based on the economic rule of "one price". Some advantages of the comparative valuation method are that the analyst need only estimate a small number of parameters; the valuation is based on current market conditions; the relatively large accessibility of indicators for companies being compared; and that there is an extensive knowledge of the comparative method among investors. Some disadvantages of valuation by the comparative method are the considerable sensitivity of the results of the valuation on the choice of companies to the comparative group; the method can lead to a simplification of the picture of the company which in turn can lead to omitting certain important factors (e.g. growth dynamics, extra-operational assets, corporate governance, the repeatability of results, differences in applied accounting standards); and the uncertainty of the effectiveness of a market valuation of companies being compared.

The mid-cycle multiple valuation is based on long-term average valuation multiples of a sector or a peer group. The methodology aims to calculate a fair, through the cycle value of the company. Among its shortfalls is that at peaks and/or troughs of the cycle, the implied fair value may deviate substantially from the market's value of an analysed stock as well as the methods' reliance on the quality of external data (we usually use Bloomberg or Damodaran databases). Simplicity and average through-cycle value allowing to capture over- as well as under-valuation of a given stock are the main advantages of this methodology.

The dividend discount model (DDM) valuation is based on the net present value of the future dividends that are expected to be paid out by the company. Some advantages of the DDM valuation method are that it takes into account real cash flows to equity-owners and that the methodology is used in respect to companies with long dividend payout history. Main disadvantage of the DDM valuation method is that dividend payouts are based on a large number of parameters and assumptions, including dividend payout ratio.

Residual income method is conceptually close to the discounted cash flows method (DCF) for non-financial stocks, the difference being that it is based on expected residual income (returns over COE) rather than expected future cash flows. One advantage of this valuation method is that it captures the excess of profit potentially available to shareholders and the cost of money over time. Main disadvantage of the valuation method is that a large number of parameters and assumptions need to be estimated; and the valuation is sensitive to changes in those parameters.

The warranted equity method (WEV) is based on the formula $P/BV = (\text{two year forward ROE less sustainable growth rate}) / (\text{Cost of equity less sustainable growth rate})$ which allows estimating a fair value (FV) of a given stock in two years' time. Subsequently the FV is discounted back to today. The main advantage of the WEV method is that it is a transparent one and based on relatively short term forecasts, hence substantially reducing the margin of forecasting error. The main disadvantage in our view is that the model is based on the principle that stock price should converge towards its fair value implied by company's ROE and COE.

SOTP valuation - different assets of a company are being valued according to different valuation methods, and the sum of these valuations represents the final valuation of the company. SOTP valuation advantages / disadvantages are identical to advantages and disadvantages of the specific valuation methods used.

Liquidation value method - liquidation value is the estimated amount of money that an asset or company could be quickly sold for, such as if it were to go out of business. Then, the estimated assets value is adjusted for liabilities and liquidation expenses. One advantage of this valuation method is its simplicity. This method does not account for intangible assets as goodwill, which is the main disadvantage.

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