



## Company: Hellenic Telecommunications Organisation (HTO) Reason: Upgrade

### Investment Thesis

HTO is offering repeatable and predictable earnings, projected EBITDA margins well above 35%, and a clear payout policy.

We are upgrading the target price of HTO from €13,80 to €16,08 (a substantial 16,5% revision) following the 9months convincing results.

Earlier in the year, the ICT projects and TV subscriptions were presented as the main drivers for top line growth. Indeed the ICT projects are growing +19% in 2021, from +14% in 2020 and +6% in 2019, favoring optimistic scenarios for growth. The TV subscriptions are growing steadily as sports content has been confirmed. The UEFA Champions League and the Europa League rights have been renewed for 2021-2024, the broadcasting rights agreements of the 8 out of the 14 Greek Superleague football teams have been reached, and the rights for the Italian Lega Serie A have been secured.

HTO is leading the fiber optics infrastructure and 5G coverage in Greece. The way the group manages its healthy balance sheet, with the described remuneration policy of 100% distributions of free cash flows, and the convincing ESG scores are reassuring.

The actual earnings results are in line with our older cash flow projections, increasing our confidence in our model and the visibility for the future.

### Valuation

The company is valued at €16.08 per share (+16,5% revision) through a FCF exercise with an applied WACC of 9.11% (unchanged since March).

<b>Date</b>	<b>18/11/2021</b>
<b>Fair Estimated Price (€)</b>	<b>16,08 €</b>
Investment Thesis	UV
Bloomberg Ticker	HTO:GA
Reuters Ticker	HTOr.AT
Closing Price (17/11/21)	15,06
Low/High price 52w	16.74/11.97
Market Cap (€mn)	6.878
EPS (2021 projected)	0,78
DPS (2021)	0,93



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*For important disclosure information, please refer to the disclaimer page of this report.*

*All N. Chrysochoidis Stock Brokerage I.S.S.A. research is available on the company website and FactSet.*



Summary Financials				
(€mn)	2020A	2021F	2022F	2023F
<b>Profit &amp; Loss Items</b>				
Total Net Revenues	3.258,9	3.346,0	3.384,1	3.370,6
EBITDA	1.164,6	1.347,4	1.333,1	1.313,5
EBIT	331,4	506,3	496,4	484,6
Net Income	237,2	357,5	351,6	338,4
<b>Balance Sheet Items</b>				
Non Current Assets	4.105,0	4.255,9	4.304,4	4.287,2
Receivables+Inventories	488,7	526,7	532,7	530,5
Payables	433,1	435,0	439,9	438,2
Long Term Debt	1.265,4	1.265,4	1.265,4	1.265,4
Short Term Debt	290,2	290,2	290,2	290,2
<b>Cash Flow Items</b>				
Free Cash Flow (FCFF)	545,4	710,6	694,2	666,8
CAPEX	550,0	550,0	566,2	573,5
<b>Key Metrics</b>				
Revenue Growth	-16,6%	2,7%	1,1%	-0,4%
EBITDA Margin	35,7%	40,3%	39,4%	39,0%
EPS	0,50	0,78	0,77	0,74
DPS	0,55	0,93	0,55	0,55
Opex/Revenue	64,6%	60,0%	60,9%	61,3%
Capex/EBITDA	47,2%	40,8%	42,5%	43,7%
WACC	9,10%	9,10%	9,10%	9,10%
Debt/Equity	59,1%	59,1%	59,1%	59,1%
Total Debt / EBITDA (x)	1,34	1,15	1,17	1,18

#### Ρήτρα Περιορισμού Ευθύνης:

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#### Σημειώσεις/Notes

P:	Τρέχουσα Τιμή	Market Price
MCAP:	Κεφαλαιοποίηση	Capitalization
EPS:	Καθαρά Κέρδη Ανά Μετοχή	Earnings per Share
P/E:	Λόγος Τιμής προς Κέρδη	Price/Earnings Ratio
P/S:	Λόγος Τιμής προς Πωλήσεις	Price/Sales Ratio
D/A:	Συνολικός Δανεισμός προς Παθητικό	Total Debt/Assets Ratio
DY:	Απόδοση Μερισματος	Dividend Yield
ROE:	Απόδοση Ίδιων Κεφαλαίων	Return on Equity
FV:	Τιμή Σωστής Αποτίμησης	Fair Value Price

#### Οδηγός Συστάσεων/Ratings

UV	Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος	Underpriced/ Small Risk Stock Price < 20% of Fair
UV1	Χαμηλή Αποτίμηση/ Κίνδυνος	Underpriced/ Risk Stock Price < 10% of Fair
FV	Σωστή Αποτίμηση/ Χαμηλός Κίνδυνος	Fairly Priced/ Small Risk 10% < Stock Price < 10%
OV1	Σωστή Αποτίμηση/ Κίνδυνος	Fairly Priced/ Risk Stock Price > 10% of Fair
OV	Υπερτιμημένη Μετοχή	Overvalued Stock Price > 20% of Fair
N/R	Μη Αποτιμημένη Μετοχή	Not Rated