Unrelenting vision through heritage and technological innovation: A possible merger of Fielmann AG & Mister Spex SE

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Abstract

The eyewear industry is undergoing significant change, driven by technological advances and evolving consumer preferences. Eyewear has moved beyond its traditional medical function to become an important fashion statement, driving a dynamic and complex market environment, supported by demographic trends. As a result, companies must adapt quickly to remain competitive, and mergers and acquisitions (M&A) have emerged as a key strategy to achieve this.

This dissertation investigates the strategic implications and economic benefits of a potential merger between Fielmann AG and Mister Spex SE. The focus is on the valuation of both companies and critically evaluates the associated risks and synergies. By employing Discounted Cash Flow (DCF) and Comparable Company Analysis (CCA) methodologies, the offer price for Mister Spex is determined to be EUR 9.42 per share, implying an Enterprise Value of EUR 296m. This valuation suggests a substantial upside potential compared to the current market price, justifying a significant acquisition premium.

The analysis identifies key synergies, including an expanded product range and cross-selling opportunities, which collectively add a net value of EUR 157.5m. Together with the stand-alone value of the merged entity, the value of the combined firm amounts to EUR 6,388.7m.

The merger, primarily financed through a combination of cash and senior-secured debt, is projected to be dilutive initially but accretive from 2026 onwards, promising a solid generation of shareholder value.

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Resumo

A indústria óptica está a passar por mudanças significativas, impulsionadas pelos avanços tecnológicos e pela evolução das preferências dos consumidores. Os óculos deixaram de ter apenas uma função médica tradicional para se tornarem uma importante declaração de moda, impulsionando um mercado dinâmico e complexo, apoiado por tendências demográficas. Como resultado, as empresas têm vindo a adaptar-se rapidamente para se manterem competitivas, e as operações de fusão e aquisição (M&A) emergiram como uma estratégia chave para alcançar esse objetivo.

Esta dissertação investiga as implicações estratégicas e os benefícios económicos de uma potencial fusão entre a Fielmann AG e a Mister Spex SE. O foco está na avaliação de ambas as empresas e na análise dos riscos e sinergias associadas. Utilizando as metodologias de Fluxo de Caixa Descontado (DCF) e Análise de Empresas Comparáveis (CCA), o preço de oferta para a Mister Spex SE é de EUR 9,42 por ação, implicando uma avaliação de EUR 296m. Esta avaliação sugere um potencial de valorização substancial em comparação com o preço de mercado atual, justificando um prémio de aquisição significativo.

A análise identifica sinergias chave, incluindo uma gama de produtos ampliada e oportunidades de venda cruzada, que em conjunto adicionam um valor líquido de EUR 157,5m. Juntamente com o valor independente da entidade resultante da fusão, o valor da empresa combinada totaliza EUR 6.388,7m.

A fusão, financiada principalmente através de uma combinação de dinheiro em espécie e dívida garantida sénior, promete uma sólida criação de valor para os accionistas.

Título: Visão implacável através da herança e inovação tecnológica: Uma possível fusão entre a Fielmann AG e a Mister Spex SE
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AG	Aktiengesellschaft (public corporation)
APV	Adjusted Present Value
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditures
CAPM	Capital Asset Pricing Model
CC&E	Cash & Cash Equivalents
COGS	Cost of Goods Sold
DACH	Germany, Austria, and Switzerland
DAX	Deutscher Aktienindex
DCF	Discounted Cash Flow
D/E	Debt to Equity
EBIT	Earnings Before Interest and Taxes
EBTDA	Earnings Before Taxes, Depreciation, and Amortization
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EUR	Euro
EV	Enterprise Value
FCFF	Free Cash Flow to the Firm
IPO	Initial Public Offering
m	Million
M&A	Mergers and Acquisitions
NOPAT	Net Operating Profit After Tax
OPEX	Operational Expenditures
OWC	Operating Working Capital
p.a.	per annum
PPE	Property, Plant & Equipment
PV	Present Value
SDAX	German Small and Medium Cap Index
SE	Societas Europaea
SG&A	Sales, General &Administrative
TEV	Total Enterprise Value
TV	Terminal Value
WACC	Weighted Average Cost of Capital
ZVA	(German) Zentralverband der Augenoptiker und Optometriker

1. Introduction

The eyewear industry is currently undergoing profound change, characterized by technological innovations and constantly changing customer needs. Eyewear is no longer just worn for medical reasons, it has become a fashion accessory where people define themselves through their eyewear.

"My glasses say a lot about me" – Victoria Beckham

As a result of this trend, the market is becoming more dynamic and complex. Continuous market growth is supported by rising demand due to an aging population and the increased use of digital devices (Murmura et al., 2021).

The global eyewear market is at the intersection of fashion, technology, and health, offering a diverse range of products to meet the changing needs of consumers. As the market continues to grow, companies must remain agile and adapt to dynamic trends, emerging technologies, and changing consumer preferences to ensure a successful future in this visionary industry. Market players can transform through organic growth, however, they can also develop through inorganic growth.

Mergers and Acquisitions (M&A) are an important tool for maintaining competitiveness, especially in a rapidly changing environment like the eyewear industry. Achieving synergies to increase overall efficiency and reduce general costs as well as strengthening market power while gaining the ability to influence prices expands the primary incentive for companies to acquire competitors (Bain & Company, 2018).

This master thesis analyses a possible merger between the German companies Fielmann AG and Mister Spex SE. Given the rapid development in the eyewear industry, it is crucial to analyze the strategic implications and economic benefits of such a merger. The focus is primarily on the firm's valuation, while also evaluating the associated pre- and post-merger risks critically and offering suggestions for reducing any obstacles to optimize the merger's value-creation potential.

2. Mergers and Acquisitions

2.1. Definition and Motivation

Mergers and Acquisitions (M&A) is, broadly speaking the consolidation of businesses through different kinds of takeovers or corporate integrations. When two independent businesses decide to combine into a single corporation, a merger takes place. On the contrary, an acquisition is the takeover of a target by purchasing the majority stake (Brealey et al., 2023). Both mechanisms, which are defined as a merger or acquisition, have one thing in common, which is that the target's stock or other assets must be acquired by the acquiring business either for cash or for something of equivalent value (e.g. shares in the acquiring or newly merged corporation) (Berk & DeMarzo, 2019)

According to Berk & DeMarzo (2019), there are several motives for a merger or an acquisition. All motives lead to the same goal - the acquirer hopes to create economic value that an individual investor cannot.

One of the main motives for M&A is the creation of synergies. In general, a synergy occurs when the whole of the combined company (V_{AB}) will be worth more than the sum of its parts (V_A, V_B), which can be described as follows: $V_{AB} > (V_A + V_B)$ (Sirower, 1997). This definition of synergies is closely related to neoclassical corporate theory, which assumes that a company maximizes its profit or value. However, increasing shareholder value or profit is a goal that is too broad for a merger or acquisition. With this general definition, there is unclarity in how the transaction should result in a rise in profit or value (Ali-Yrkkö, 2002). Therefore, certain factors that lead to economic performance gains are responsible for the creation of synergies.

Revenue synergies, in that manner, are one of the most occurring synergies resulting from a merger or acquisition. Cross-selling of products, an expanded market share, or higher prices arising from reduced competition can be outcomes of revenue synergies (Devos et al., 2009). Another example of synergies resulting from a merger or acquisition is cost reductions. Cost synergies may arise from lowered expenses as a result of increased efficiencies of the two merged companies. The savings in operating costs can take many forms, such as administration costs or IT expenditures. Moreover, if production processes require a tightly integrated production chain, lower production costs may be achieved. Economies of scale in research and development can also help to reach cost synergies (Damodaran, 2005). A further categorization of synergies can be made in financial synergies. Through higher stability and predictability of cash flows, lower cost of capital and a higher debt capacity can occur. Moreover, tax benefits

may result from using net operating losses to conceal profits or from the purchase taking use of tax legislation to write up the target company's assets (Damodaran, 2005).

However, synergies are not the only motive for a merger or acquisition. Mergers can provide the acquiring firm with an opportunity to increase its market share or market power without having to do much of the heavy lifting. In general, market power is the ability to set a price above marginal cost. Merging firms may be able to achieve a monopoly-like position due to their increased profits. If there are large economies of scale, a large firm can set its price above marginal cost but below the level that would lead to entry. Thus, in some cases, large mergers create a barrier to entry for potential competitors. Increased market power can lead to an increased bargaining power with suppliers to reduce costs (reduces marginal cost) and an increased bargaining power with clients to increase revenue (increases price) (Blonigen & Pierce, 2016).

Next to resulting synergies or the increase in market power through a merger or acquisition, there are further reasons to acquire or merge with another firm. Expertise can be another motive for an acquiring company. Firms frequently require specialized knowledge to compete more successfully. When this happens, a company might go out on the job market and try to find employees who have the necessary abilities. However, with new and unfamiliar technology, it could be challenging to find experienced people with the necessary talent. Acquiring an established company and buying the talent as a fully operational unit could prove to be a more effective course of action (Berk & DeMarzo, 2019).

2.2. Types of Mergers and Acquisitions

2.2.1. Horizontal Diversification

Horizontal Diversification is a common type of M&A and refers to a merger or acquisition that occurs between firms that operate in the same industry. Usually, the main aim of a horizontal merger is the pursuit of economies of scale, and exploit cost-based / revenue-based synergies. Another common reason for horizontal mergers is to increase the market power of the acquiring company because the merger results in a reduction in the number of industry competitors and an increase in the size of the acquiring company.

Generally, it should gain an advantage over the industry competitors operating in the same field of business (Berk & DeMarzo, 2019). These general advantages can have many different facets. The offerings of the newly merged firm may be enhanced by a broader product portfolio. This is the case if one company produces products that are complementary to the other, whereas a horizontal merger can result in a wider range of products. In addition, the business may be able

to sell to different geographic areas if one of the pre-merger entities has distribution facilities or customers in areas not covered by the other entity. More general advantages of a horizontal merger between two firms could be procurement effects, such as buying more in bulk or an improved negotiation power (Hovenkamp & Shapiro, 2017).

Next to arguments in favor of a horizontal merger, there are also some potential drawbacks of horizontal mergers. The level of market competitiveness may be significantly impacted by horizontal mergers. The combined company may obtain more market power via fewer competitors in the market, which could result in higher prices, less product differentiation, and fewer options for consumers (Christensen et al., 2011).

2.2.2. Vertical Diversification

The second common type of a M&A transaction is the vertical merger which refers to firms at different levels in the production stage. The merging firms provide different supply chain functions for a common good or service (Brealey et al., 2023). In other words, a vertical merger might help businesses maintain control over the earliest phases of their supply chain, such as when a supplier provides raw materials to a manufacturing company. More precisely, the two companies involved in a vertical merger each provide a different product or service but are at different stages of the production process. However, to produce the final good, both businesses are required (U.S. Department of Justice & The Federal Trade Commission, 2020).

A further separation of the vertical merger can be achieved through backward integration and forward integration. Forward integration refers to the integration of a business at a higher level in the value chain, whereas backward integration occurs when the acquirer buys a target that is ahead of it in the value chain (such as a supplier) (Unknown, 2015). Vertical mergers can have several benefits, such as operational improvements through the elimination of the need for delays and the reduction of costs within the supplier-producer relationship. Furthermore, management efficiencies can occur through the reduction of the management board of the combined companies (Steigenberger, 2016).

2.2.3. Conglomerate Merger

Disparate to the merger types previously discussed, a conglomerate merger involves companies in unrelated lines of business. Firms pursuing a conglomerate merger to reduce the risk of loss through diversification. However, if a conglomerate becomes too large from acquisitions, the firm's performance can suffer. According to Berk & De Marzo, conglomerate mergers have typically lost favor with investors due to the challenge of generating value from the combination of two unrelated businesses (Berk & DeMarzo, 2019).

2.3. Payment Method

To complete a merger or acquisition, a payment must be made to complete the transfer of control of the company. According to Faccio, a merger or acquisition can be paid either by cash, equity, or a combination of the two, with equity being the most common (Faccio & Masulis, 2005).

The method of payment for a merger or acquisition is revealing and depends on several factors, such as the potential presence of other bidders, the target's willingness to sell and payment preference, tax implications, transaction costs if shares are issued, and the impact on the capital structure. The most popular type of acquisition is the purchase of shares, but the more confident management is about the acquisition, the more they will want to pay in cash for the shares. This is because management believes that the shares will eventually be worth more if the synergies of the merger are realized (Dutta et al., 2013).

As expected, the target will demand payment in shares. The target gains an ownership stake in the acquirer and benefits from expected synergies if payment is made in shares. Conversely, the less certain a buyer is about the relative valuation of the target, the more it will want to share some of the risks with the seller. As a result, the buyer will prefer to pay in shares (Faccio & Masulis, 2005).

2.4. Valuation

Valuation is the analytical process of determining the current or projected worth of a company. In the following, the most common methods for a valuation will be discussed. According to Brotherson et al. (2014), absolute and relative valuation models or the most used ones. Absolute valuation models attempt to find the intrinsic value of an investment based only on fundamental financial data, e.g. future earnings. Using and discounting future earnings as a basis for a valuation is generally viewed as one of the most reliable methods in literature and practice, which is also known as the Discounted Cash Flow method (Brotherson et al., 2014). This is supported by Damodaran (2012), who mainly distinguishes between two methods of standardized valuation. The first two are the adjusted present value and discounted cash flow. The third is relative valuation, which determines an asset's value by comparing it to similar ratios like sales, profits, or earnings.

2.4.1. Discounted Cash Flow (DCF) Method

The most popular and only logically sound approaches for valuing corporations are cash flow discounting methods (Fernandez, 2002). When employing this kind of model, the company is viewed as a source of cash flow. Hence, each financial item that affects cash flow must be predicted separately and discounted at a rate that accurately represents the risk of the business

(Fernandez, 2002). The present value of the anticipated future cash flows on the company represents the value of the company. This section of the thesis concentrates on the traditional DCF method, which uses the free cash flow to the firm (FCFF), even though there are other forms of cash flows as well (Debt, Equity, and Capital Cash Flow) (Damodaran, 2012).
Since the DCF requires the use of both the FCFF and the cost of capital for the entire firm to be calculated, the result is the enterprise value (EV), which represents the value of the entire firm. To get the equity value, excess cash must be added and the market value of debt must be deducted from the enterprise value.

2.4.1.1. Free Cash Flow to the Firm (FCFF)

The free cash flow to the firm, the fundament for the valuation, is calculated using the formula below:

$$FCFF = EBIT * (1 - Tax\ Rate) + Depreciation\ \&\ Amortization + \Delta Provision - Capital\ Expenditures - \Delta Operating\ Working\ Capital$$

Within the defined period, which is the amount of time until the business reaches a "steady" condition of continuous, unceasing growth, this cash flow and its constituent parts are projected for each year.

2.4.1.2. Terminal Value (TV)

It is assumed that the company will either be sold or continue to expand steadily for all time after it reaches a steady state. To calculate the enterprise value, the present value of the cash flows is added to the terminal value, which is the present value of the perpetuity.
The terminal value formula, assuming applying an EV/EBITDA multiple, is as follows when assuming the company will be sold:

$$TV = EBITDA * Multiple$$

If it is assumed that the company won't be sold, the terminal value is calculated using a growth rate g and a perpetual growth equation:

$$TV = \frac{FCFF * (1 + g)}{WACC - g}$$

The terminal value must be discounted to the present value, just like the cash flows, because it is only discounted to the last period of the defined period, regardless of the computing method employed. The section that follows provides an explanation of the suitable discount rate for this.

2.4.1.3. Weighted Average Cost of Capital (WACC)

When a company is valued as a whole through using FCFF, the weighted average cost of capital (WACC) can be calculated using the cost of debt (k_d) and the cost of equity (k_e). In that case, the discount rate accounts for both the risk of debt and equity, which is accurate when valuing the company as a whole.

$$WACC = \frac{Equity}{Total\ Capital} * k_e + \frac{Debt}{Total\ Capital} * k_d * (1 - Tax\ Rate)$$

If present, mezzanine financing, which is considered neither debt nor equity, must also be taken into account when calculating the WACC. When calculating the WACC, Net Debt may be substituted for Gross Debt if the company has a substantial cash position.

2.4.1.4. Cost of Equity

The cost of equity is a significant factor in the WACC methodology. This figure is the reasonable rate of return that equity holders require given the riskiness of the company. William Sharpe developed the Capital Asset Pricing Model (CAPM) as a basic formula for the cost of equity in the 1960s. It is founded on the idea that two investments with the same risk should yield returns that are equal to one price:

$$CAPM = r_f + \beta * (r_M - r_f)$$

where: r_f = Risk-free rate of return;

and r_M = Return of the market

Using government bonds with maturities ranging from 10 to 15 years, the risk-free rate and market return can be easily observed, either through historical data or implied market returns. However, according to some researchers, to account for country-specific risk, the equity risk premium should also include a country risk premium (Damodaran, 2013). The β (Beta) factor measures a stock's volatility about the overall market and is computed from historical returns:

$$\beta_i = \frac{Cov\,(r_i, r_M)}{Var(r_M)}$$

where: r_i = Return of company i

Either a peer group or the company's past returns can be used directly for computing the Beta factor. Several variables, such as how frequently the shares are exchanged and how big or small the free float is, affect whether the company's direct beta is a reliable estimate of the market risk factor.

The CAPM is the most popular technique for estimating a company's cost of equity for valuation purposes, although it is predicated on strong assumptions that may not always hold in practice.

2.4.1.5. Cost of Debt

The second main component of the WACC is the cost of debt. The cost of debt represents the current costs of the firms' interest-bearing debt obligations and can be calculated in many ways (Damodaran, 2012). One way is the average yield to maturity of the bonds issued by corporations. However, this only works for frequently traded bonds.

The second method is to use the credit rating to estimate k_d. This method is applicable if the bonds issued by the company are not frequently traded. Each credit rating is assigned with a specific default spread, that is added to the risk-free rate. Lastly, the sum of both is the estimated cost of debt.

For companies that do not issue debt and are not assessed by a credit rating agency, the last method for estimating k_d is employed. For those companies, a synthetic rating can be estimated using the associated interest coverage ratio. Every interest coverage ratio is assigned a rating and a default spread according to the often-updated rating tables issued by Damodaran. Once more, the risk-free rate plus the spread equals the cost of debt.

2.4.2. Adjusted Present Value (APV) Method

The Adjusted Present Value (APV) approach and the traditional DCF are, in the manner of computation, relatively comparable. Nevertheless, the goal is to value the company as though it were unlevered, which means that there is no debt on the balance sheet of the company. The APV method distinguishes between the firm's worth and the financial effects caused by the firm's debt. In case a company's debt and equity fluctuate regularly, the APV method is very useful, as the benefits and costs of debt are not considered through the cash flows directly. The

APV approach uses the cost of equity as a substitute for utilizing the WACC to discount the free cash flows (Berk & DeMarzo, 2019).

The mentioned financial effects caused by a firm's debt are namely a positive effect on taxes and a negative effect on higher bankruptcy costs. The positive effect on taxes comes with the interest tax shield ($Interest\ expense * Tax\ rate$). This tax shield is discounted by the cost of debt to get the present value of the tax shield. On the negative hand side, higher bankruptcy costs occur through a higher debt balance. This is due to the higher risk of equity, which comes with higher debt, as debt holders, in case of bankruptcy, always receive their share in the company first. Therefore, to determine the value of the levered firm (V_L), the present value of bankruptcy costs must be deducted from the unlevered firm value (V_U):

$$V_L = V_U + PV(Interest\ Tax\ Shield) - PV(Financial\ Distress\ Costs)$$

2.4.3. Relative Valuation

Multiples valuation is a popular method for several reasons. Unlike other methods, there is no need for complex assumptions. Because the valuation is faster and simpler, it is much easier to understand. Important examples of the relative valuation approach are the Price to Earnings ratio or the Price to Sales ratio. There are also important examples of enterprise value multiples, namely the EV/Sales or the EV/EBITDA ratio.

Nevertheless, to apply multiples for valuation, one must identify peer or comparable companies that share the same attributes as the company that is being valued. Since this can be difficult, there are various methods for selecting peers. One approach is to choose peers from the same industry (Liu et al., 2002), while other approaches include the selection of the peer group after certain similar factors, e.g. growth, risk, and profitability (Damodaran, 2012).

3. Company and Market Overview

For many people worldwide, wearing eyewear is a daily occurrence. Whether as a piece of fashion or for medical reasons due to impaired eyesight. The anticipated transaction involves Fielmann Group AG ("the acquirer" or "Fielmann") and Mister Spex SE ("the target" or "Mister Spex"). Both companies operate, with a few exceptions, in the European eyewear industry. After analyzing the involved companies, the European eyewear market will be examined in the following sections, together with its trends and driving forces, historical evolution, and prospects for future growth.

3.1. Company Overview

3.1.1. Fielmann Group AG

Fielmann Group AG, founded in 1972 by Guenther Fielmann and headquartered in Hamburg, Germany, is an eyewear and hearing aid company. Fielmann has revolutionized the German eyewear market by offering a wide range of glasses at fair prices, but also by expanding the aesthetic variety of their products. In addition to selling ready-made glasses, sunglasses, and contact lenses, Fielmann also offers comprehensive optical services. These include eye tests, the fitting of glasses, and advice on choosing the right visual aids.

In addition to its stationary sales strategy, which includes 1.078 Stores around Europe, with a focus on the DACH-region, and America, Fielmann also sells through its digital sales channel. The online shop enables customers to order glasses and contact lenses online. In 2023, 5% of the total revenues were made through Fielmann's online business (Fielmann Group AG, 2024). The company is following a consequent expansion strategy that is focused on digitization and building a smooth omnichannel experience. In terms of internationalization, Fielmann wants to further expand the market share in European countries like Spain, where the company sees the potential for another 200 stores. Furthermore, through the acquisition of SVS Vision in the US, Fielmann expands its business beyond European borders.

Fielmann designs, manufactures, and sells its products by itself and covers the whole value chain of eyewear. The company has production facilities in Europe and China and distributes products through its logistics centers, with the biggest one located in Brandenburg, Germany. Fielmann is known for its customer-friendly service policy, which ensures a high level of customer satisfaction and service quality, resulting in a leading position in the market and a high level of customer loyalty. With this strategy, Fielmann reaches around 28m customers.

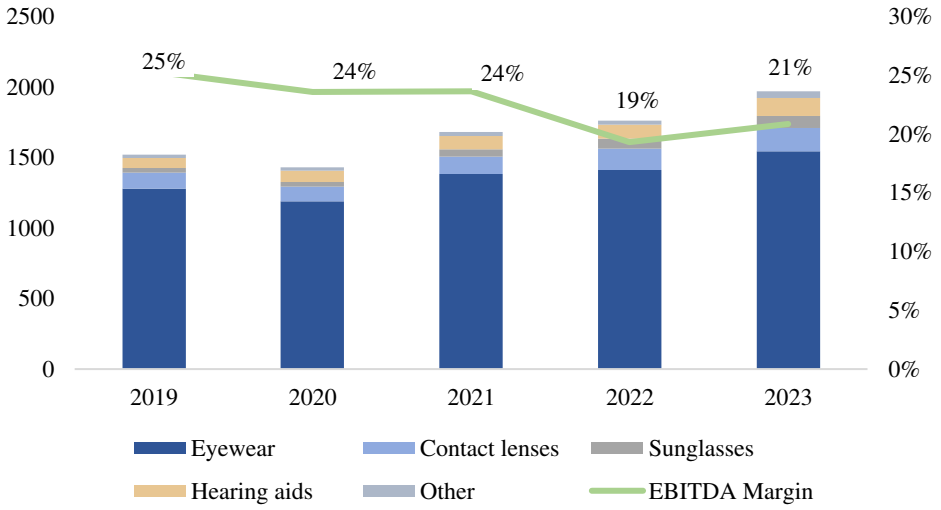
Fielmann has been listed in the German stock index SDax since 1994, although it was included in the MDax between 2009 and 2019. With the Fielmann family controlling 72,91% of the

shares, the family business was transferred from Guenther to his son Marc in 2019. Next to the family Fielmann as a main shareholder, there are also institutional investors (approx. 6%), the remaining part of the share capital is free float. As of March 2024, Fielmann almost had 23.000 employees (Fielmann Group AG, 2024).

3.1.1.1. Financial Perspective

Except for 2020 due to the COVID pandemic, Fielmann's revenues show steady growth over the period from 2019 to 2023 (6.6% CAGR). Fielmann's products can be classified into five categories, that are Eyewear, Cotant lenses, Sunglasses, Hearing aids, and other Products. Figure 1 shows that the sunglasses product segment grew the fastest with a CAGR of 26% in the period from 2019 to 2023. The eyewear segment has the lowest growth with a CAGR of 5% but is by far Fielmann's largest product group with a share of almost 80% of total revenues in 2023 and accounts for EUR 1,543.1m of total revenues of EUR 1,969.1m.

Figure 1: Key financials Fielmann Group AG



Source: Fielmann AG Annual Report and author's calculation

In 2023, 68% of the revenues were generated in Germany, followed by Switzerland with a share of 11%, Spain (9%), and Austria (4.6%). The remaining part was generated mainly in other parts of Europe and North America.

While revenues increased constantly, EBITDA was more volatile, as well as the EBITDA margin. Especially in FY2022, the EBITDA margin declined strongly. This was mainly due to a significant reluctance to buy in 2022, which harmed sales expectations. Higher up-front costs were also incurred due to the accelerated implementation of the organic growth strategy. Salaries as well as transport and shipping costs also increased. In general, the main cost drivers tend to develop negatively. As a significant cost driver, personnel expenses have risen as a result

of pay raises to meet a shortage of skilled people in fields like hearing acoustics and optics. Furthermore, material costs increased over the last years due to higher purchasing costs across all product groups, although the cost of contact lenses has risen at a lower rate. Nevertheless, Fielmann actively works on efficiency improvements. Examples are a Cost-Leadership-Program, as well as Investments in digitization that aim to streamline core processes and enhance digital sales channels (Fielmann Group AG, 2024). In FY2023, Fielmann generated a net profit of EUR 130.6m. This represents a significant increase of 19.1% compared to the previous year, in which net profit totaled EUR 109.7m.

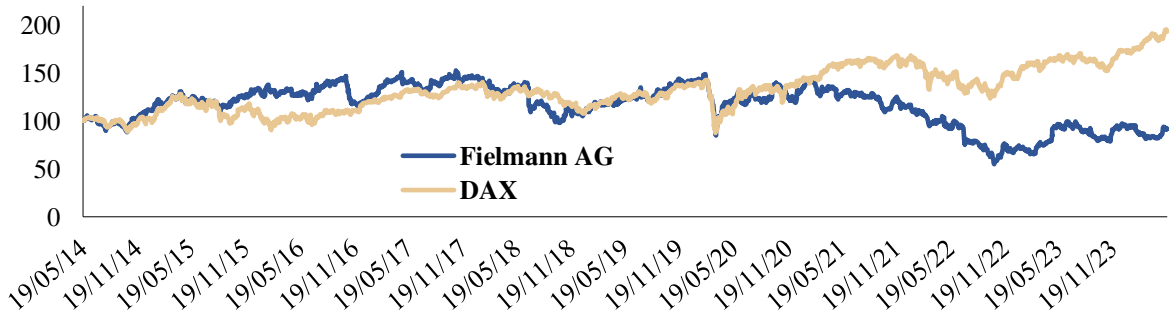
3.1.1.2. Capital Structure, Dividends, and Stock Performance

As of March 2024, Fielmann had a total capital of EUR 1,518.3m with EUR 592.1m debt outstanding (mainly lease liabilities), which amounts to 39% of the total capital. In general, Fielmann's capital structure is stable. Nevertheless, the active investment and expansion strategy results in a slight increase in debt and an adjustment of the capital structure to allow for greater flexibility and growth opportunities. According to Refinitive, Fielmann has a model implied rating score of A-.

Fielmann's dividend was not constant from 2017 until 2024. The year 2020 stands out in particular since there was no dividend paid. This can be attributed to financial difficulties imposed by the COVID-19 pandemic. Apart from this, Fielmann has a relatively steady dividend policy. From 2017 to 2024, dividend amounts ranged from EUR 0.75 to EUR 1.90. For FY2024, a payout of EUR 1 per share is anticipated.

Comparing the recent stock performance of Fielmann to the German benchmark DAX (s. figure 2), the share is underperforming.

Figure 2: Fielmann AG stock returns on a 10y-horizon



Source: S&P Capital IQ and author's calculation

Until the COVID-19 pandemic, Fielmann performed well compared to the DAX. But since then, after a short recovery, the share could not regain its former strength. The main reasons for

the subpar stock performance are the aftermath of the war in Ukraine which had an impact on prices and costs, but also the persistent inflation in bigger parts of Europe during the reviewed period. Overall, Fielmann tends to be undervalued.

3.1.1.3. Competition

Looking at the European market, Fielmann plays a leading role in most of the countries where it operates. Especially in Germany, Fielmann shows a sustained market power with a share of 55%. In addition, in Spain, the company achieved a 42% increase in revenue compared to FY 2022, bringing it closer to its goal of market leadership (Fielmann Group AG, 2024).

Fielmann faces competition from traditional optical retailers as well as online retailers. In the European market, Fielmann is mainly competing against EssilorLuxoticca SA, De Rigio Vision SpA, and LUNOR AG. It is notable that Fielmann also sells brands owned by other companies, such as Ray-Ban (EssilorLuxoticca).

3.1.2. Mister Spex SE

Mister Spex SE is an omnichannel eyewear wholesaler and optician, active in Europe. Mister Spex was founded in 2007 and is headquartered in Berlin, Germany. The company is particularly known for its digitally driven omnichannel strategy. Mister Spex operates online shops in ten countries and over 75 shops in Germany, Austria, Sweden, and Switzerland and has over 7.1m customers. It also works with a network of over 350 partner opticians. The operating business is characterized by an innovative combination of online and offline offers. The product range comprises more than 10,000 models of glasses and sunglasses from over 100 premium and luxury brands, independent labels, and own high-quality brands. Mister Spex's customer-centric approach is shown in its use of technology. The fully digitalized and data-driven omnichannel business model offers, for example, pupil distance measurement via mobile devices, which can be accessed via the company's app. In addition, an online vision test that has been developed for an extended range of single-vision lenses is offered.

Mister Spex aims to expand its store network in Europe. This expansion is part of the omnichannel approach, which offers a seamless connection between online and offline shopping experiences. Still, the technological approach takes center stage. AI and data-based processes are to be integrated to optimize the customer journey.

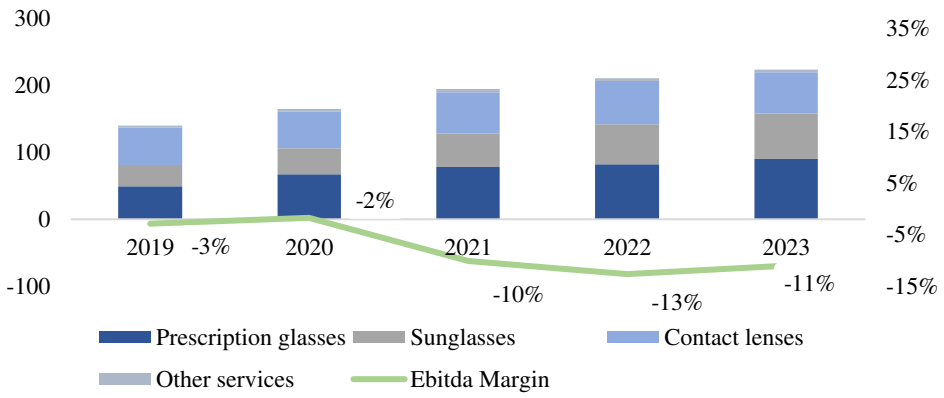
Mister Spex is listed on the exchange in Frankfurt, Germany, and had its IPO back in July 2021. With a share of 50%, the free float makes up the largest part of the share distribution. The second largest shareholder is EssilorLuxottica SA with a share of 11%, followed by the Büll family with a share of 10%. The fourth largest shareholder is the investment firm Scottish

Equity Partners LLP with a share of 8%. The remaining part of the shares is held by institutional investors as well as private persons. Mister Spex employs over 1.300 employees (Mister Spex SE, 2024).

3.1.2.1. Financial Perspective

From a top-line perspective, Mister Spex has shown strong growth in revenues over the last few years, and, compared to Fielmann, the CAGR is almost twice as high at 12.5%. In particular, the sunglasses segment performed very well with a CAGR of 21%, while the segment of Contact lenses almost showed no growth (CAGR of 2%). Compared to Fielmann, the distribution of total revenues of EUR 228.0m in 2023 is more even. While prescription glasses have a share of 40.3%, sunglasses account for 30.2% and contact lenses for 27.4%. Mister Spex generates around 16% of its total revenues through its online channel (Statista, 2024c).

Figure 3: Key financials Mister Spex SE



Source: Mister Spex SE Annual Report and author's calculation

Figure 3 also shows that Mister Spex was not profitable over all its years of business. While revenues are growing, EBITDA is falling continuously, except for FY2022 to FY2023, where EBITDA was EUR -25.2m. The main reasons for the increasing losses despite the growth in revenues are high operating costs, the expansion of the branch network, and general investments, also due to the young age of the company. In FY2023, material costs and marketing/advertising account for the largest share. In 2023, the loss (EBITDA) from the previous year was not exceeded for the first time. To summarise, Mister Spex has not yet managed to achieve strong margins, which is also reflected in negative net profits. Despite a slight improvement in EBITDA from 2022 (EUR -27.4m) to 2023 (EUR -25.2m), net profit for the year fell in 2023. While it was still EUR -45.0m in 2022, it was EUR -48.0m in 2023.

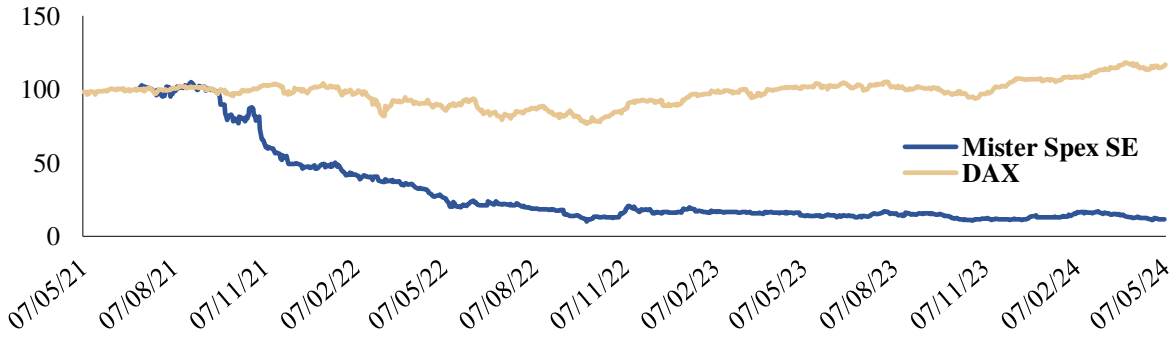
3.1.2.2. Capital Structure, Dividends, and Stock Performance

As of March 2024, Mister Spex had a total capital of EUR 242.1m with EUR 86.6m debt outstanding (mainly lease liabilities), which amounts to 35.7% of the total capital. Due to a significant improvement in operating cash flow, Net Debt improved compared to the previous year. According to Refinitiv, Mister Spex has a model implied rating score of B.

In comparison to Fielmann, Mister Spex does not pay out any dividends to its shareholders. This is because Mister Spex loses money, hence no profits can be paid out to shareholders.

As shown in Figure 4, Mister Spex has had a bad stock performance since its IPO in July 2021. Compared to the German benchmark DAX, the share of Mister Spex cannot benefit from a strong performance of the DAX. The share of Mister Spex also tends to be undervalued, mainly due to the price/book ratio of less than one, but more indicators show evidence.

Figure 4: Mister Spex SE stock returns on a 3y-horizon



Source: S&P Capital IQ and author's calculation

3.1.2.3. Competition

Mister Spex mainly faces competition from other glasses online retailers. Namely, Eyebobs, which operates in the lower price segment, or brillen.de, are examples of main competitors when it comes to the online retail business. In addition, Fielmann is also to be regarded as a competitor of Mister Spex. In general, Mister Spex has a strong position in the key categories of the eyewear market and the opportunity to further expand its market share in these as well as in less established categories (Mister Spex SE, 2024).

3.2. Market Analyses

The business model and corporate strategy of Fielmann and Mister Spex are not the only factors that influence the company's success and therefore its valuation. The following section provides a more detailed explanation of the markets and the macroeconomic factors influencing the companies. Even though Fielmann also operates in the hearing aids business, the focus is on

the eyewear market, due to its large share of revenue, but also due to the target company Mister Spex, which only operates in the eyewear market.

3.2.1. The Eyewear Market

Typically, the eyewear market is divided into three segments: contact lenses, sunglasses, and spectacles. The market for spectacles is by far the largest. The entire global market for eyewear has a value of EUR 142 billion in 2023 and is forecasted to increase at a CAGR of 4.4% through 2027. Given the fact that Fielmann and Mister Spex are mainly operating in Europe, the focus should be on the European eyewear market, which has a value of EUR 44 billion in 2023 and is forecasted to increase at a CAGR of 2.6% through 2027 (Houlihan Lokey, 2024). The European market accounts for more than 80.000 stores, of which 9.000 are located in Germany (Fielmann Group AG, 2024).

With Germany being the main market for both Fielmann and Mister Spex, it is important to take a closer look. With a value of EUR 7.8 billion, Germany is the biggest market for eyewear in Europe. Given that the top three German eyewear chains (Fielmann, Apollo Optik, and Pro Optik) account for 32% of the total German market size, there is still a significant consolidation potential (Houlihan Lokey, 2024).

3.2.2. Market Drivers and Trends

Several significant variables are impacting the eyewear market, with digitization, demographic changes, and structural trends being the main considerations.

3.2.2.1. Digitization

Digitization has become a key market trend in the eyewear industry. For a long time, the industry lagged behind in digital innovation until the COVID-19 pandemic revealed the risks of relying solely on offline sales. The German opticians' association ZVA conducted a survey that provided important insights into German customer behavior. It revealed that 89% of eyewear purchases were made offline, 9% made use of multichannel strategies, and 2% were made exclusively online (German Association of Optometrists, 2024). Compared to multifocal lenses, which frequently need an in-person consultation, the survey found that single-vision lenses were more frequently purchased online. However, given that the majority of the processes in the eyeglass sector have not changed over the past few decades, there is still a lot of digital potential for improvement compared to other industries.

Retailers have recognized the importance of a multi-channel strategy and are adapting. Online platforms, such as Mister Spex, are partnering with or opening stationery stores, while traditional opticians are expanding their online presence - a trend that is likely to lead to a

market consolidation. The pandemic has also accelerated the adoption of digital health technologies in the industry, such as digital try-on tools and online eye tests, which are likely to remain critical to customers.

3.2.2.2. Increasing Demand

Another market trend with a significant impact on the eyewear market is the increasing demand due to demographic dynamics. As a major European eyewear market, Germany is a prime example of the structural-demographic change that is influencing the eyewear market. As of today, 50% of the total German population is older than 45 with a rising trend (German Federal Statistical Office, 2024). With aging being one of the main risk factors for eye problems, the demand for eyewear products will increase strongly.

According to the German opticians' association ZVA, in 2019, 67% of adults needed eyewear products, up from 63% in 2014. Notably, 91% of Germans sixty years of age or above need an eyewear product (German Association of Optometrists, 2024). In the upcoming decades, the German & European eyeglasses sector will see rising demand as this age group continues to grow. In addition, the older age group usually requires multifocal and progressive solutions, which are usually much more expensive than standard eyewear products. At the same time, elderly people are also the group with the highest spending power among developed markets like Germany. Together with the fact that the aging population mostly requires sight correction with corrective multifocal glasses, there is significant potential in the European Eyewear market, particularly in the mentioned growing age group.

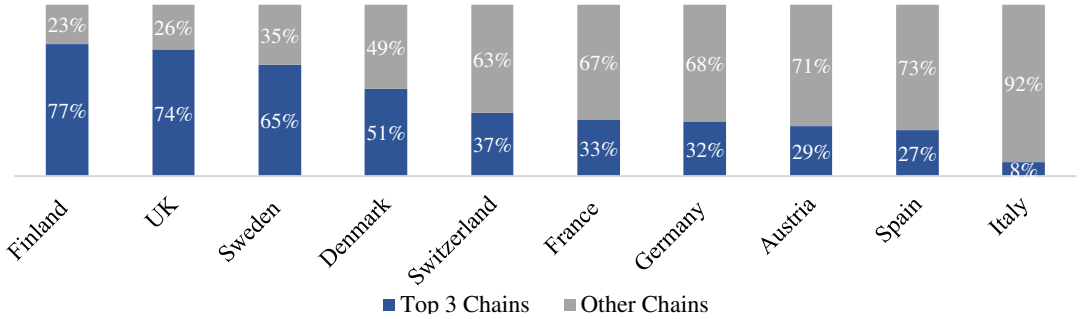
Another driver of the increasing demand in the European eyewear market is the strongly growing share of younger people in need of visual aids due to myopia[1] as a result of exposure to screen displays (Houlihan Lokey, 2024). While only 13% of 20 to 29-year-olds needed glasses in 1952, the share almost tripled, with 36% in 2019 (German Association of Optometrists, 2024). There is evidence that the time spent in front of smartphones and screens is one of the main reasons for this development.

3.2.2.3. Consolidation

As seen in Figure 5, the European eyewear market is highly fragmented. Especially the main countries for Fielmann and Mister Spex (DACH-region, Spain) show that next to the top 3 chains in the country with a share of around 30%, there are many small opticians operating their own stores (Houlihan Lokey, 2024).

[1] Also known as nearsightedness, a vision condition where close objects are seen clearly, but distant objects appear blurred due to light focusing in front of a retina (e.g. smartphone display)

Figure 5: Share of the top 3 eyewear chains in the biggest European markets



Source: Houlihan Lokey (2024) and author's calculation

A closer look at the German market, which is currently more fragmented, shows that consolidation is already underway. Although the top ten companies accounted for 34% of market revenues in 2008, they accounted for 48% in 2019 (German Association of Optometrists, 2024). In terms of stores, the overall number decreased by 2% from 2008 to 2019, while the stores operated by the biggest ten players increased by 35%. Due to the omnichannel strategy, which is pursued by Fielmann and Mister Spex, and the associated expansion, further consolidation of the market is very likely. Beyond that, a company like Fielmann must remain competitive at an international level. The merger of Essilor & Luxoticca and their current add-on acquisition GrandVision shows that companies try to build global champions with a monopoly position, cost, and innovation advantages.

3.2.3. Macroeconomic Environment

The current macroeconomic situation is characterized by careful stabilization, with moderate growth prospects for Europe as well as globally. The global economic growth is forecasted at 3.1% for 2024, rising to 3.2% in 2025. This reflects a slight recovery, driven by the resilience of large emerging markets and financial support in China (International Monetary Fund, 2024). The economic mood in the retail sector is characterized by caution, as retailers have to deal with several challenges at the same time, which affect both the cost structure and consumer behavior. These are primarily rising energy costs and the shortage of raw materials. All factors, that lead to higher operating costs and production costs, which ultimately affect the end consumer. Another point is the disruptions in the supply chain, which have led to a shortage of important goods. All of this has been massively impacted by the war in Ukraine (Politico, 2022). The eurozone's growth rate has slowed from an annual pace of 3.4% in 2022 to just 0.4% in 2023, due to a combination of high inflation rates, increased interest rates, and weak consumer demand. Germany in particular is performing weakly with a slight contraction of its economy, while Spain is growing due to an increase in tourism (Deloitte, 2024).

Overall, In Europe, the economic situation remains fragile, with specific challenges and opportunities in different countries. Despite uncertainties, the outlook for the retail sector is optimistic and depends heavily on the further integration and use of new technologies.

3.2.4. Market Risk Factors

Apart from certain trends impacting the European eyewear market, there are also risks that the market is facing. The main risks are price and sales risks due to economic fluctuations and intense competition in the eyewear market. Changes in consumer demand and declining consumer behavior can lead to a drop in customer frequency. In addition, geopolitical events, such as the war in Ukraine, are hurting consumer behavior. Going further, this is creating challenges in production, the supply chain, and logistics. For companies like Fielmann in particular, which cover the entire value chain of products, this can pose a high risk (Fielmann Group AG, 2024).

A structural potential risk for the eyewear market is the lack of qualified optical specialists, which is a recurring issue that harms the organization and the ability to fill vacancies. The problem is particularly evident in things like the success rate when filling vacancies. Of the companies looking for skilled labor, only just under a third were able to fill their vacancies as desired last year. Particularly in a business where specialist advice is extremely important, the lack of suitable opticians poses a serious threat to the stability and growth of companies and is forcing many companies to make strategic adjustments (German Association of Optometrists, 2024).

3.3. Deal Rationale

The acquisition of Mister Spex by Fielmann could be beneficial for several strategic reasons. One of the main reasons for an acquisition is to strengthen Fielmann's omnichannel strategy. The acquisition of Mister Spex would secure the expansion of its omnichannel strategy and therefore further diversify Fielmann’s sales channels. Mister Spex already has a strong presence and proven capabilities in online retailing, which would help Fielmann optimize its digital sales channels and improve the customer experience through an optimized digital customer journey. Online retail in the eyewear sector is showing strong growth, particularly in Germany, with a CAGR of 14% in the period from 2011 to 2022. While revenues in the e-commerce eyewear sector in Germany amounted to EUR 100.0m in 2011, they rose to EUR 430.0m in 2022 (Statista, 2024b).

By integrating Mister Spex, Fielmann could immediately benefit from its established online platform, which is already well positioned in the core markets of the DACH region. The

acquisition and thus horizontal expansion would allow Fielmann to expand its market presence and secure a larger share of the optical eyewear market in the mentioned geographical areas. Especially in the DACH region, Fielmann's core market, Mister Spex already has a significant presence. This is accurate not only for the online sales channel. Mister Spex also generates the majority of its revenues in stationary retail. The integration would also expand Fielmann’s presence here and allow it to benefit from economies of scale.

Another driver of the acquisition could be the adoption of technological advances and innovation of Mister Spex. As explained, Mister Spex is known for its use of new technologies and digital innovations, including virtual fitting and online vision tests. The integration of these technologies into Fielmann's existing business model would not only improve service offerings, but Mister Spex's specialist staff could also bring valuable technical knowledge and skills to the company.

In addition to synergies in terms of distribution, innovation, market power, and employees, the financial situation also plays a role. Financial difficulties at Mister Spex, such as the stock performance and continuous loss-making, could make a takeover by Fielmann financially attractive. A more favorable valuation in difficult times could allow Fielmann to acquire valuable assets and market share at a reduced price, reducing the risk of the investment and increasing the potential return.

Through the ownership of 11% of the share capital of Mister Spex by EssilorLuxottica, there could be difficulties in the merger due to the competitive relationship between Fielmann and EssilorLuxottica. To convince EssilorLuxottica to sell its shares in Mister Spex, Fielmann could pursue several strategies. Making an attractive purchase offer that includes a premium price above the current market value and flexible payment terms could be an effective method. Second, Fielmann could highlight the strategic advantages of a sale, such as the opportunity for EssilorLuxottica to focus more on its core business and utilize resources more efficiently. Thirdly, negotiate and compromise by offering EssilorLuxottica a strategic partnership. In addition, Fielmann could grant EssilorLuxottica a say in certain business areas to make the best strategic decisions for both parties.

4. Valuation

As the capital structure of both Fielmann and Mister Spex primarily consists of lease liabilities, the APV method is rather unsuitable. The capital structures do not offer any significant tax advantages or complex financing effects that would justify a detailed analysis as with the APV method. Instead, the intrinsic valuation using the DCF method and the comparable company valuation are more accurate and less complex, which is why these traditional methods are used for the valuation of both companies.

4.1. Fielmann Group AG

4.1.1. DCF

4.1.1.1. Forecast and Assumptions

In the first step of the DCF model, assumptions for growth metrics, but also the cost structure in the future are determined. To forecast the operating model of Fielmann, analyst reports as well as macroeconomic data are taken into consideration.

Looking at the top-line growth, Fielmann's total revenue is estimated to grow on average by 4.5% until 2030, which is the end year of the projection period. With an additional strong increase in total revenues in 2024 of 7% compared to almost 12% in 2023, the revenue growth rate will decline to 3.5% in 2030. This forecast is made up of the analysts' report on Fielmann (5.1% average annual growth)(mwb Research AG, 2024a) and the estimated annual growth of around 4% in the global eyewear market report by Statista (Statista, 2024a) (see Figure 8). Due to the large revenue contribution from Germany and the eyewear segment, the revenue projection is not split into a geographical area or product. Therefore, there would be minimal difference in the final anticipated figures when forecasting regions or product categories independently.

Due to its steadiness in the past, COGS remain stable from 2024 to 2030 and represent between 20.3% and 20.5% of the total revenue. After a very cost-efficient year 2023, SG&A will increase to 50% of total revenue, coming from 44% in 2023. Further, SG&A costs will decrease to a stable level of 49% of the total revenue, which will be accompanied by an increase in efficiency compared to the years 2018 to 2023 (see Figure 9).

Since D&A is always around 10% of total revenue, it is forecasted as a rolling average, starting with the historical data. A tax rate of 29.9% is assumed, which represents the statutory tax rate of Germany. Compared to the historic period from 2018 to 2023, Fielmann's EBITDA margin will improve to 28.2% and will remain stable slightly under 30% until 2030. The margin improvement is due to efficiency gains, which is incorporated in Fielmann's strategy and is

accompanied, for instance, by a mid-term easing of global supply chains (see Figure 10). Fielmann's total debt is forecasted as a rolling average over the last three years. Since 2020, Fielmann has a stable capital structure with only small increases in debt, which is why the capital structure is assumed to be mostly similar to the 2023 level. At the same time, cash and cash equivalents are forecasted in line with CAPEX growth, concluding in a stable Net Debt after it has tended to be very volatile in the period from 2018 to 2023. CAPEX is forecasted with a detailed plan of PPE and other related balance sheet items. After gross PPE grew strongly in the past with an average of more than 20%, it is expected to slow down from 10% growth in 2024 to 3% in 2030, which represents a realistic asset base growth due to Fielmann's strong asset growth in the past. Accumulated with D&A, CAPEX is expected to be on a high, but stable level, due to a lot of investing activities in the past.

All OWC items, including inventory, receivables, and payables, have grown evenly over the past, which is why all OWC items are forecasted in line with revenue, representing Fielmann's growth also in the operating assets.

The perpetuity growth rate of 2.65% is composed of the long-term inflation target of 2% (European Central Bank, n.d.) and the average European population growth of 0.65% until 2070 (Statisitisches Bundesamt, n.d.). For the exit multiple method of the DCF, an EBITDA multiple of 9.5x is assumed, which is slightly higher than the current trading but close to the historical average.

4.1.1.2. WACC

The WACC is used to discount the forecasted Cash Flows of Fielmann. While the cost of equity is calculated at 7.22%, the cost of debt is yielding 3.72%. Even though there is a certain flexibility for growth investments assumed within Fielmann's capital structure, it has been very constant over the last few years, which is why the current Equity to total capital and debt to total capital ratio is assumed over the entire forecast period. If the above factors are added to the WACC, the result is a discount factor of 6.62%.

$$WACC = \left(\frac{3{,}976.81}{4{,}568.96}\right) * 7.22\% + \left(\frac{592.15}{4{,}568.96}\right) * 3.72\% * (1 - 29.9\%) = 6.62\%$$

For the calculation, the market values are calculated in each case, for cost of debt and equity (market capitalization). The complex calculation of the market value of debt is made easier by the fact that the total debt of Fielmann only consists of operating lease liabilities. Since the leases are valued with the present value of the remaining lease payments and thus discounted, it can be assumed that their book value equals their market value. The tax rate used to adjust the cost of debt is assumed to be 29.9% and corresponds to the statutory tax rate from Germany.

4.1.1.3. Cost of Equity

In the first step for the calculation of the cost of equity for Fielmann, its beta is determined through the beta peer approach. The peers are selected according to the extent to which they are similar to Fielmann's profit margins, growth, and returns, as well as their operating activities. Since the beta reflects the systematic risk of a company which includes liquidity and risk, all the criteria have to match between Fielmann and the selected peers. Because Fielmann only has limited free float shares of 27%, the market risk, which is included in the traded shares, may be underrepresented. In the case of Fielmann, the beta peer approach leads to a more accurate result compared to the direct approach.

For the beta calculation, the three-year levered beta of each peer group member is unlevered with the associated capital structure. After this, the average unlevered equity beta of the peers, which is 0.74, is revelered with Fielmanns's target capital structure, which has an D/E ratio of 14.9%. This results in a relevered beta of 0.80.

Table 1: Fielmann Peer Beta

Comparable Companies - Unlevered Beta Calculation:									
Name	Levered Beta (3y)	Total Debt	C&CE	Net Debt	Enterprise Value	Market Cap	D/E %	Statutory Tax Rate	Unlevered Beta (3y)
Carl Zeiss Meditec AG (XTRA:AFX)	0.98	155,696	10,601	145,095	8,663,411	8,518,316	0.02	29.90%	0.68
Safilo Group S.p.A. (BIT:SFL)	1.15	157,597	74,898	82,699	606,711	524,012	0.16	27.80%	0.72
National Vision Holdings, Inc. (NASDAQGS:EYE)	1.33	857,686	135,611	722,075	1,877,726	1,155,651	0.62	25.80%	0.61
The Cooper Companies, Inc. (NASDAQGS:COO)	1.01	2,814,595	114,337	2,700,258	20,617,074	17,916,816	0.15	25.80%	0.65
Alcon Inc. (SWX:ALC)	1.07	4,716,994	989,742	3,727,252	43,794,623	40,067,371	0.09	20.00%	0.78
HOYA Corporation (TSE:7741)	1.32	179,178	3,218,225	-3,039,047	36,146,207	39,185,253	-0.08	29.70%	1.01
EssilorLuxottica Société anonyme (ENXTPA:EL)	1.02	11,657,000	2,558,000	9,099,000	104,051,130	94,952,130	0.10	25.80%	0.69
Median:	**1.07**	**857,686**	**135,611**	**722,075**	**20,617,074**	**17,916,816**	**0.10**	**25.80%**	**0.69**
Average:	**1.13**	**2,934,107**	**1,014,488**	**1,919,619**	**30,822,412**	**28,902,793**	**0.15**	**26.40%**	**0.73**
Fielmann Group AG	0.59	592,148	58,926	533,222	4,510,034	3,976,812	0.149	29.90%	0.36

Source: S&P Capital IQ and author's calculation

The risk-free rate is determined by taking into account the yield of a German government bond with a 10-year maturity that is currently trading at 2.51% (May 2024) and the average risk-free Investment rate in Germany in 2023, which is at 2.50%. The market risk premium's basis is derived from the DAX40's annualized 10-year average return, subtracted from the risk-free rate, which leads to 5.88%. After accounting for these variables, the CAPM model's cost of equity results in the following:

$$CAPM = 2.51\% + 0.80 * (8.39\% - 2.51\%) = 7.22\%$$

4.1.1.4. Cost of Debt

To calculate the cost of debt, an approach according to Damodaran is used. He suggests utilising a default spread as a method for calculating the cost of debt. The model implied a rating score of A- by Refinitive leads to a spread of 1.21%, which is added to the risk-free rate of 2.51%. Added up, the method used to determine the cost of debt yields a value of 3.72%. It represents Fielmann's cost of debt before taxes.

4.1.1.5. Implied Valuation

After forecasting all items needed for the DCF, the NOPAT is calculated with the EBIT of each year as its basis. For the projection period from 2024 to 2030, the FCFF is determined by subtracting changes in operating working capital, capital expenditures, and changes in other non-current operational items and adding D&A. The FCFF is discounted with the corresponding discount rate for each year.

Table 2: Fielmann Free Cash Flow to Firm Calculation and Present Value Determination

Consolidated Free Cash Flow in €m	2024F	2025F	2026F	2027F	2028F	2029F	2030F	TV
Total Revenue	2,106.9	2,212.3	2,311.8	2,404.3	2,500.5	2,588.0	2,678.6	
EBIT	376.4	378.6	394.6	407.3	451.0	464.2	484.3	
EBIT x (1 - Effective Tax Rate)	263.5	265.0	276.2	285.1	315.7	325.0	339.0	
(-) Δ OWC	12.3	17.6	16.6	13.7	14.0	16.5	15.5	
(-) CAPEX	381.5	370.8	323.3	340.0	318.7	345.1	362.7	
(-) Δ Other non-current operational items	(3.8)	(4.3)	(4.9)	(5.6)	(6.3)	(7.1)	(8.0)	
(+) D&A	217.4	244.3	255.3	266.1	273.4	289.9	295.0	
FCFF	**90.9**	**125.3**	**196.5**	**203.0**	**262.6**	**260.4**	**263.8**	**6,813.1**
% change FCFF		*37.8%*	*56.8%*	*3.3%*	*29.4%*	*-0.9%*	*1.3%*	
PV (FCFF)	**85.3**	**110.2**	**162.1**	**157.0**	**190.6**	**177.2**	**168.4**	**4,348.5**

Source: Author's calculation

The sum of all discounted cash flows from the projected period amounts to EUR 1,050.8m. While the exit multiple method gives out an EV of EUR 5,776.0m, the perpetuity growth method gives an EV of EUR 5,399.2m. Finally, Net Debt is subtracted to get the final share price of both DCF methods. As of today, the EV resulting from the exit multiple method indicates an EV/EBITDA multiple of 14.1x, while the EV resulting from the perpetuity growth method gives out an EV/EBITDA multiple of 13.0x.

The 25th and the 75th percentile of the whole share price range are assessed by using a sensitivity analysis with WACC and perpetuity being the factors for the DCF perpetuity growth method and WACC and Exit multiple for the DCF Exit multiple method (see Table 7).

Table 3: Fielmann EV to Equity Bridge

Terminal Value Calculation	
PV Terminal Value (Exit Multiple)	4,725.26
Inputs	
WACC	*6.62%*
EBITDA Exit Multiple	9.5
Perpetual Growth	*2.65%*
Number of shares oustanding (million)	83.993631
Enterprise Value to Equity Value Calculation	
Total Enterprise Value (Exit Multiple)	5,776.01
Total Enterprise Value (Perpetual Growth Method)	5,399.21
(-) MV Debt (2023)	526.20
(-) Underfunded Pensions	8.00
(+) C&CE	172.80
(-) Minority Interests (Exit)	122.50
Equity Value (Exit Multiple)	5,292.11
Equity Value (Perpetual Growth Method)	4,915.31
Share Price Calculation	
Share Price (Exit Multiple)	63.01
Share Price (Perpetual Growth Method)	58.52

Source: Author's calculation

4.1.2. Comparable Company Valuation

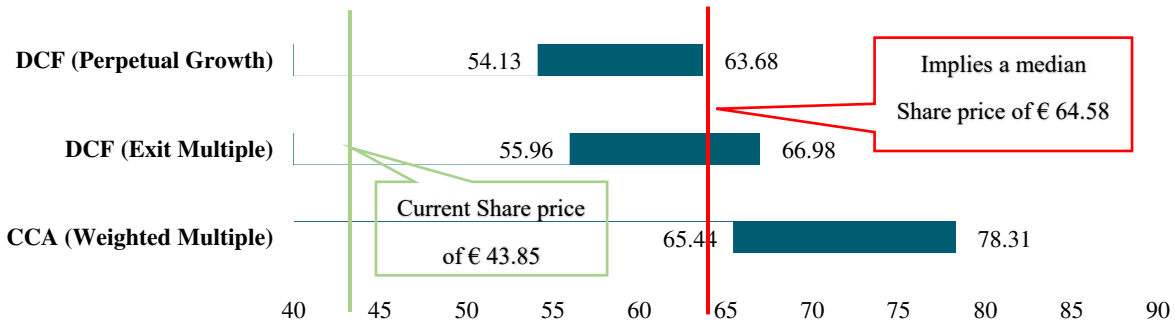
For the comparable company analyses, seven competitors in the vision and eyewear sector were identified, as well as a smaller peer group from the SDAX, to also account for comparable companies in terms of similar risk from the same index. To avoid outliers when selecting the competitors, only companies with appropriate multiples were used. The multiples were additionally weighted by industry sector (90%) and the SDAX (10%) control group. For the enterprise value multiples, revenue and EBITDA figures for the next 12 months were used.

The CCA implies a valuation range between EUR 65.44 and EUR 78.31. The TEV/revenue multiple results in the highest share price, while the TEV/EBITDA gives the lowest share price. In addition, the TEV/EBITDA multiple might be the most accurate due to its proximity to the current share price.

4.1.3. Valuation Summary and Final EV

All valuation methods a weighted equally, resulting in an EV of EUR 5,908.9m.

Figure 6: Fielmann Valuation Football Field



Source: Author's calculation

4.2. Mister Spex SE

4.2.1. DCF

4.2.1.1. Forecast and Assumptions

Mister Spex is hardly similar in its forecasting compared to Fielmann. Due to its young age and the associated structures, assumptions are partly different compared to a mature company like Fielmann. Nevertheless, mainly analyst reports, as well as macroeconomics, are considered for the forecasting of growth metrics and the cost structure.

Since revenues are also mainly from Germany and the eyewear segment, the revenue forecast is not split into segments or regions, just as for Fielmann. Mister Spex has shown a strong average growth over the past years with almost 14% per year. Together with the global eyewear market growth and the analysts' forecast of 9% revenue growth by 2024% (mwb Research AG, 2024b), average revenue growth of 10.6% over the projection period is assumed. It is expected that Mister Spex will continue its strong revenue growth at 12% annually until 2026, before declining to 8% revenue growth by 2030 (see Figure 11).

In general, Mister Spex has high costs both in COGS and SG&A. With 47.7% of the total revenue, COGS is proportionally as twice as high compared to Fielmann, which can be considered as an industry average company. Mister Spex will have the same share of COGS in total revenue in 2024 before the share falls drastically to 40% by 2030. Economies of scale in purchasing, but also less supply chain costs will make this possible. SG&A costs will also experience a decline of 2% p.a., from 53% of total revenue to 43% by 2030. This is primarily due to lower distribution costs, but also to a more efficient administration (see Figure 12).

D&A is expected to develop steadily, in line with the growing asset base which causes more D&A. Also for Mister Spex, a tax rate of 29.9% is assumed. The EBITDA margin, which was volatile in 2018-2023 but already positive in 2019 and 2020, will develop positively. In 2024, it will be 0% and increase to 17% by 2030. The reason for this is the sharp fall in costs coupled with strong sales growth, which underpins the company's growth ambitions (see Figure 13).

The total debt is expected to increase slowly. Together with CC&E, Net Debt is going to increase, nevertheless, it is going to be negative during the whole projection period like in 2020 to 2023. It is assumed that Mister Spex will reduce its high cash, on the one hand for investments, but also to avoid an increase in leverage due to the unstable financing structure.

Net PPE is going to grow 4.3% p.a. as a consequence of the company's growth. Additionally, CAPEX is also forecasted to increase steadily, but on a level between the years 2020 and 2023. Due to the high volatility of all OWC items, it can be assumed that these will develop in line

with total revenues. As the Mister Spex continues to grow until 2030, it will build up inventories, but also increase its liabilities to ensure financing flexibility.

The perpetuity growth is the same as at Fielmann and is made up of the same components. For the exit multiple method of the DCF, an EBITDA multiple of 7.5x is assumed. This is made up of the average EBITDA in the projection period, which amounts to EUR 45m.

4.2.1.2. WACC

The WACC, with its components cost of equity and cost of debt, is also used in Mister Spex's case to discount the forecasted cash flows. The cost of equity is estimated at 8.92%, while the cost of debt is estimated at 6.12%. The current capital structure of Mister Spex is also in line with its target capital structure, with 64% equity and 36% debt, which is slightly higher than the industry average but a realistic scenario for Mister Spex as it requires investment and therefore debt financing. A WACC of 7.26% therefore results from the input of the data.

$$WACC = \left(\frac{155.5}{242.1}\right) * 8.92\% + \left(\frac{86.6}{242.1}\right) * 6.12\% * (1 - 29.9\%) = 7.26\%$$

For the same reason as for Fielmann, the market value of debt is equated with the book value of debt, as Mister Spex's debt is also almost entirely operating lease liabilities, and thus is valued with the present value. Also here, the tax rate used to adjust the cost of debt is assumed to be 29.9% and corresponds to the German statutory tax rate.

4.2.1.3. Cost of Equity

In the case of Mister Spex, the beta to calculate the cost of equity is also determined through the peer approach. In contrast to Fielmann, Mister Spex includes Fielmann in its peer group, as Mister Spex sees Fielmann as a target company and should develop towards this, whereas this is not the case for Fielmann. In addition, the market approach is used due to the different profitability, growth, and capital structure, but also due to the large share of free float, which accounts for almost 60%. A regression of the excess returns of the DAX40 and the excess returns of Mister Spex since its IPO results in a levered beta of 1.47. The average unlevered equity beta from the peer group results in 0.61, relevered, and with a share of 50% of both levered betas, the assumed beta is 1.09 for Mister Spex.

Table 4: Mister Spex Peer Beta

Comparable Companies - Unlevered Beta Calculation:									
Name	Levered Beta (3y)	Total Debt	C&CE	Net Debt	Enterprise Value	Market Cap	D/E %	Statutory Tax Rate	Unlevered Beta (3y)
Safilo Group S.p.A. (BIT:SFL)	1.15	157,597	74,898	82,699	606,711	524,012	0.16	27.80%	0.72
National Vision Holdings, Inc. (NASDAQGS:EYE)	1.33	857,686	135,611	722,075	1,850,426	1,128,351	0.64	25.80%	0.60
The Cooper Companies, Inc. (NASDAQGS:COO)	1.01	2,814,595	114,337	2,700,258	20,474,448	17,774,190	0.15	25.80%	0.65
Fielmann Group AG	0.59	592,148	58,926	533,222	4,510,034	3,976,812	0.13	29.90%	0.36
EssilorLuxottica Société anonyme (ENXTPA:EL)	1.02	11,657,000	2,558,000	9,099,000	104,051,130	94,952,130	0.10	25.80%	0.69
Median:	**1.02**	**857,686**	**114,337**	**722,075**	**4,510,034**	**3,976,812**	**0.15**	**25.80%**	**0.65**
Average:	**1.02**	**3,215,805**	**588,354**	**2,627,451**	**26,298,550**	**23,671,099**	**0.24**	**27.02%**	**0.61**
Mister Spex	1.21	86,602	110,654	-24,052	131,453	155,505	0.56	29.90%	0.54

Source: S&P Capital IQ and author's calculation

The risk-free rate is determined by taking into account the yield of a German government bond with a 10-year maturity that is currently trading at 2.51% (May 2024) and the average risk-free Investment rate in Germany in 2023, which is at 2.50%. The market risk premium basis is derived from the DAX40's annualized 10-year average return, subtracted from the risk-free rate, which leads to 5.88%. After accounting for these variables, the CAPM model's cost of equity results in the following:

$$CAPM = 2.51\% + 1.09 * (8.39\% - 2.51\%) = 8.92\%$$

4.2.1.4. Cost of Debt

To calculate the cost of debt, the Damodaran approach is also used to calculate the cost of debt. He proposes the use of a default spread as a method of calculating the cost of debt. The model implied a rating score of B by Refinitive leads to a spread of 3.61%, which is added to the risk-free rate of 2.51%. Added up, the method used to determine the cost of debt yields a value of 6.12%. It represents the cost of debt of Mister Spex before taxes.

4.2.1.5. Implied Valuation

The implied valuation follows the same steps as for Fielmann. After calculating the NOPAT and further the FCFF, it is discounted with the corresponding discount rate to get the implied share price in the next step. For Mister Spex, the following present values of the cash flows were calculated.

Table 5: Mr. Spex Free Cash Flow to Firm Calculation and Present Value Determination

Consolidated Free Cash Flow in €m	2024F	2025F	2026F	2027F	2028F	2029F	2030F	TV
Total Revenue	252.6	282.9	316.8	351.7	383.3	417.8	451.2	
EBIT	(24.1)	(5.3)	3.7	7.3	19.7	34.0	36.7	
EBIT x (1 - Effective Tax Rate)	(16.8)	(3.7)	2.6	5.1	13.8	23.8	25.7	
(-) Δ OWC	4.9	5.0	3.2	1.3	3.9	2.6	3.6	
(-) CAPEX	32.1	34.2	36.6	37.7	41.8	44.1	46.2	
(-) Δ Other non-current operational items	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)	
(+) D&A	24.1	27.0	30.2	33.6	36.6	39.9	43.1	
FCFF	**(29.6)**	**(15.8)**	**(6.8)**	**(0.2)**	**4.8**	**17.2**	**19.3**	**428.45**
% change FCFF		*-46.7%*	*-57.0%*	*-96.9%*	*-2443.8%*	*254.2%*	*12.1%*	
PV (FCFF)	**(27.6)**	**(13.7)**	**(5.5)**	**(0.2)**	**3.4**	**11.3**	**11.8**	**262.3**

Source: Author's calculation

The sum of all discounted cash flows from the projected period amounts to EUR (20.4)m which means that all positive discounted cash flows are generated in perpetuity. Due to his young age and still not profitable business, continuous positive figures will only be generated in a few years. While the exit multiple method gives out an EV of EUR 345.6m, the perpetuity growth method gives an EV of EUR 241.9m. Finally, Net Debt is subtracted to get the final share price of both DCF methods. Due to the negative value of the last EBITDA (2023), as of today, an EV/EBITDA multiple cannot be derived.

Table 6: Mister Spex EV to Equity Bridge

Terminal Value Calculation	
PV Terminal Value (Exit Multiple)	366.04
Inputs	
WACC	*7.26%*
EBITDA Exit Multiple	7.50
Perpetual Growth	*2.65%*
Number of shares oustanding (million)	34.075
Enterprise Value to Equity Value Calculation	
Total Enterprise Value (Exit Multiple)	345.62
Total Enterprise Value (Perpetual Growth Method	241.86
(-) MV Debt (2023)	86.60
(+) C&CE	111.60
(-) Minority Interests (Exit)	0.00
Equity Value (Exit Multiple)	370.62
Equity Value (Perpetual Growth Method)	266.86
Share Price Calculation	
Share Price (Exit Multiple)	10.88
Share Price (Perpetual Growth Method)	7.83

Source: Author's calculation

The 25th and the 75th percentile of the whole share price range are assessed by using a sensitivity analysis with WACC and perpetuity being the factors for the DCF perpetuity growth method and WACC and Exit multiple for the DCF Exit multiple method (see Table 9).

4.2.2. Comparable Company Valuation

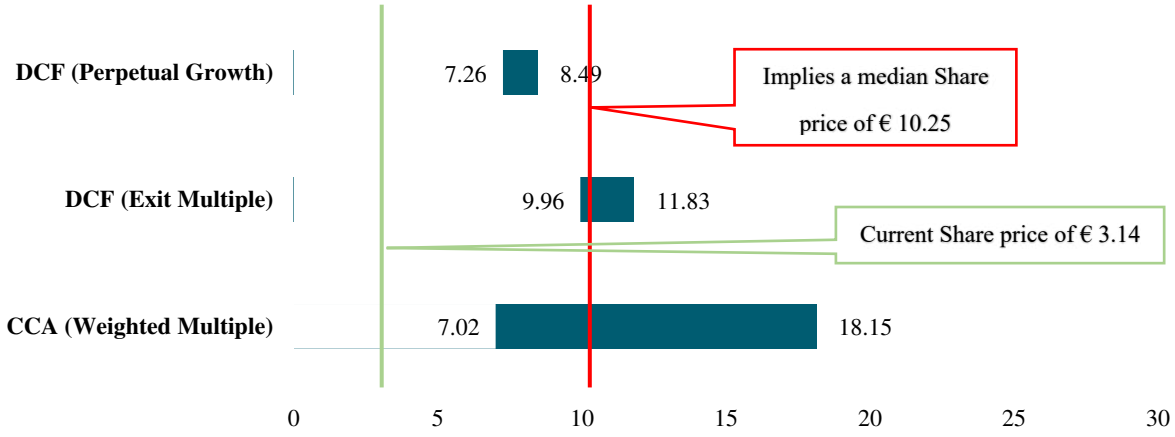
In general, the same procedure was used as at Fielmann to determine the multiples. The main peer group is also represented by companies from the vision & eyewear sector, which are National Vision, EssilorLuxottica, The Cooper Companies, Alcon, and Safilo. In comparison to Fielmann, not a second group from an index was used, but from another sector, digital consumer. Due to the different levels of maturity of Mister Spex and Fielmann, it makes more sense to compare with companies from a specific sector with a similar level of maturity that is particularly similar to Mister Spex within the digital consumer sector. In addition, taking the special financial structures of young companies into account, this is also even more favorable.

Multiples from the vision & eyewear sector are weighted with 60%, while multiples from the digital consumer sector are weighted with 40%. Due to both negative EBITDA and negative net income, only the TEV/revenue multiple can be applied in the case of Mister Spex. As this gives out an extremely wide EV range, the 25th percentile, and the 75th percentile are adjusted in each case by multiplying with 1.5 and dividing with 1.5, respectively. The median multiple is manually adjusted to 2. In conclusion, the CCA using the revenue multiple implies a share price between EUR 7.02 and EUR 18.15 for Mister Spex.

4.2.3. Valuation Summary and Final EV

To get the final EV, all valuation methods are taken into account, while the CCA only weighs 20% due to missing multiples. Both DCF methods are taken into account with a similar weight, resulting in an EV of EUR 324.4m.

Figure 7: Mister Spex Valuation Football Field



Source: Author's calculation

5. Synergies and Transaction Structure

Since the determined EV of Mister Spex and Fielmann gives out a high difference, the transaction is rather an Add-On acquisition than a merger of both companies. Nevertheless, the value of the transaction is very high and a special corporate event for Fielmann, which makes it decisive for the further development of the business.

5.1. Value of the Combined Firm

Without taking synergies or transaction costs into account, the value of the combined firm is the sum of the two EVs calculated previously. Fielmann's EV of EUR 5,908.9m and Mister Spex's EV of EUR 324.4m add up to an EV of EUR 6,233.3m.

5.2. Synergies

5.2.1. Revenue Synergies

5.2.1.1. Extended Product Range and Cross-Selling

With a combination of the product portfolio, Fielmann could integrate Mister Spex's product range into its existing shops. Mister Spex offers a wide selection of premium and luxury brands that could expand Fielmann's existing portfolio. In addition, pronounced cross-selling effects could arise. Customers who buy their glasses from Fielmann could also purchase contact lenses or sunglasses from Mister Spex and vice versa. This could lead to an increase in average sales per customer. It is assumed that the synergy will make up 4.0% of Mister Spex’s revenues by 2030. Before that, during the projection period, it is steadily approaching 25% of the total potential of 4.0% in 2026, over 50% in 2028, and finally at its full potential of 4.0% in 2030 (see Table 9). During the projection period, the additional revenues resulting from the synergy are yielding EUR 51.3m.

5.2.1.2. Elevated Market Power

By combining the market shares of Fielmann and Mister Spex, they could together assume a more dominant position in the DACH region, giving them a stronger negotiating position with suppliers and partners. A stronger competitive position through the acquisition could increase the competitive advantage over other major players such as EssilorLuxottica by being able to offer a more comprehensive range of products and services. In numbers, the synergies’ impact is going to be 3.0% of Mister Spex’s revenues by 2030. In this case, there is also an approximation with the same share in specific years over the projection period. the additional revenues resulting from the synergy are yielding EUR 38.5m.

5.2.1.3. Geographical Expansion

As Fielmann already has a strong market position in the DACH region and Mister Spex an established online market presence, a merger could lead to a quicker expansion in countries or continents, where both companies are currently not as active as in European markets. Mister Spex's strong online platform could help Fielmann strengthen its digital presence in new countries but also expand into countries where the physical presence is currently low. It is expected that the synergy will make up 1.0% of Mister Spex's revenues by 2030, which results in an additional EUR 12.8m revenue over the projection period.

All revenue synergies result in an (undiscounted) additional revenue of EUR 102.6m during the years 2024 to 2030. Additional caused SG&A and COGS through revenue synergies are taken into account by multiplying the additional revenue from synergies with the respective share of COGS / SG&A of the total revenue in each year. The resulting value is then subtracted from the additional revenue derived by the revenue synergies. Overall, the additional SG&A and COGS add up to EUR 87.4m.

5.2.2. Cost Synergies

5.2.2.1. Reduction of Operating and Administration Costs

Significant cost savings could be achieved by consolidating administrative and support functions. For example, shared IT systems and accounting services could be utilized. In addition, Mister Spex's advanced technologies could create efficiencies while integrating with Fielmann's business processes to increase efficiency and reduce operating costs. It is assumed that until 2030 there will be synergy improvements of 3.0% of total SG&A costs. Consistent with revenue synergies, no synergies will be achieved at the beginning of 2024, the full potential of the synergy will be approached in the end. Overall, the savings resulting from the reduction of Operating & Administration costs amount to EUR 17.0m.

5.2.2.2. Supply Chain Optimization

The use of joint logistics centers and distribution networks could reduce transport and storage costs. This would lead to more efficient and cost-effective supply chain management. Furthermore, integrated inventory management could optimize stock levels and thus reduce warehousing costs while tied capital is reduced. In relatives, 2% of the total COGS are assumed to be saved, making up EUR 10.5m.

Overall, the additional operating income after tax resulting from both revenue and cost synergies amounts to EUR 29.9m. To get the present value of all synergies, the resulting values are discounted using Fielmann's WACC, adding up to a PV of EUR 21.0m. To account for the

synergies in perpetuity, a synergy long-term growth rate of 2.0% is assumed, resulting in a present value of terminal synergies of EUR 153.4m. Together with the synergies from the projection period, the total synergies resulting from an acquisition of Mister Spex amount to EUR 174.3m (see Table 12).

5.2.3. Transaction and Integration Costs

Next to synergies arising from the transaction, there are also organizational costs for the transaction itself. In Addition, Mister Spex must be integrated into Fielmann's company structures in the years following the transaction. Total integration costs represent 6% of the Equity Value of Mister Spex, resulting in EUR 21.0m. It is assumed that 60% of the total integration costs appear in 2024, 25% in 2025, 10% in 2026, and 5% in 2027. During the 4-year Post-Merger-Integration process, integration costs amount to EUR 12.2m, while there are costs for investment banks and other advisors of EUR 8.8m. To discount all integration costs, Fielmann's WACC is used, resulting in an NPV of EUR 18.9m. The costs for the transaction and integration process heavily depend on the success of the transaction and can vary.

If the PV of all costs associated with the transaction is deducted, the PV of net synergies resulting from the transaction is EUR 155.4m.

5.3. Value of the Combined Firm including Synergies

To get the final EV of the combined company, net synergies are added on top of the value of the combined firm without synergies, which is determined at EUR 6,233.3m. That means that the value of the combined firm including synergies belongs to EUR 6,388,7m.

5.4. Purchase Price and Value Creation

Using different valuation methods, Mister Spex is valued at EUR 324.4m, with an implied share price range between EUR 7.02 and EUR 18.15, and a weight-adjusted median share price of EUR 10.25. Compared to the current share price of EUR 3.14, the gap to reach the fair value is substantial. Nevertheless, there are several reasons for Fielmann to pay such a high premium over the current market value of Mister Spex, not only to incentivize the shareholders to sell their shares. As already mentioned in 3.3., as a shareholder of Mister Spex, EssilorLuxoticca needs to be convinced in a particular way for a transaction to go through. To accept a share purchase offer, they would not be satisfied with a premium over the current market value in a traditional range between 20% and 50%. Such as Fielmann, EssilorLuxoticca sees a huge potential in the future of Mister Spex as a technology-oriented eyewear retailer. Next to offering a strategic partnership or other incentives to EssilorLuxoticca that could help facilitate the deal, a premium over the current market value that reaches the valuation range must be offered.

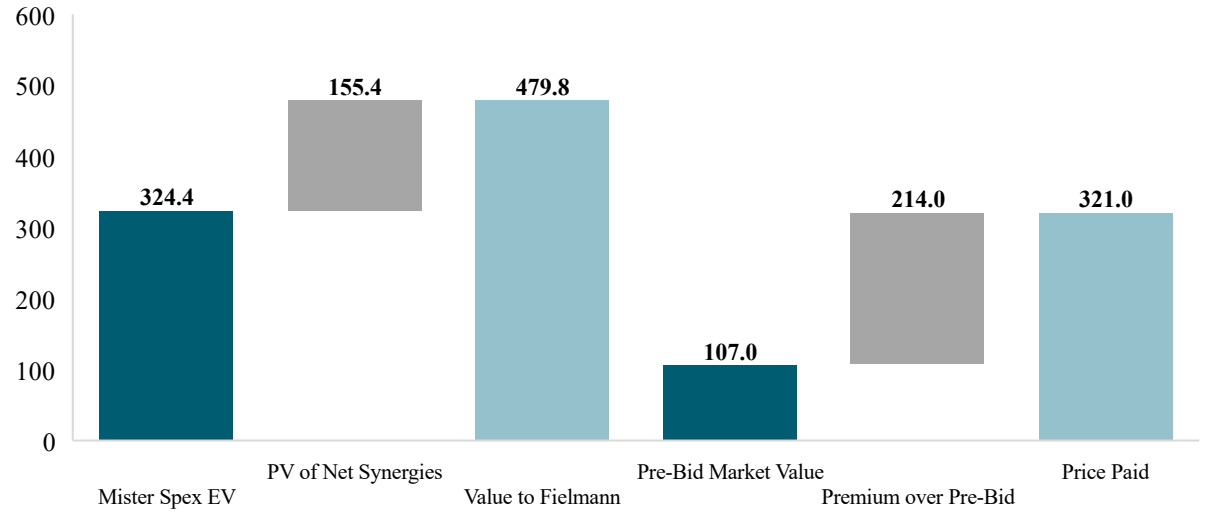
Another reason for a comparatively high premium is the significant future potential of Mister Spex. The performed valuation shows that the current market value is far below the fair value, showing that Mister Spex has to contend with many environmental factors that harm its business. Nevertheless, the analyses show that Mister Spex has huge future potential and would be a valuable addition to the current business of Fielmann, not only due to the technological business model but also through the increase of market power.

Based on the determined valuation range of Mister Spex, the bid price is set at EUR 9.42 per share to nearly reach the fair value, offering a premium over the current market price of 200.0%. This represents a significant premium to shareholders while aligning with the performed valuation estimates. At the same time, Fielmann is not overpaying the shareholders of Mister Spex, as the stock price of Mister Spex reached its all-time high at EUR 25.08, which is far above the bid price.

The offer price implies an EV of EUR 296.0m, which corresponds to a 1.32x EV/Revenue multiple. Compared to the median NTM EV/Revenue peer group multiple of 3.89x, there is still a big gap and upside potential for Mister Spex. Furthermore, it also shows that the bid price for the shareholders of Mister Spex is not too high and realistic.

Coming to the deal's value creation, Fielmann benefits from the transaction, not only through Mister Spex itself but also through generated synergies, in the amount of EUR 479.8m, which represents the value that goes into Fielmann's hands. The price paid includes the current equity value of Mister Spex and the offered premium on top of the pre-bid market value.

Figure 8: Value Creation and Final Offer Price



Source: Author's calculation

5.5. Payment Method

Fielmann must pay the Mister Spex shareholders as part of the proposed deal, along with the repayment of any outstanding debt and transaction expenses. The decision is made to accept a cash payment for this transaction. Since the share of Mister Spex is undervalued, it is indispensable for Fielmann to pay the Mister Spex shareholders in cash. Furthermore, Fielmann could achieve tax efficiencies through a debt tax shield.

The Equity Value amounts to EUR 321.0m and consists of the offer price of EUR 9.42 per share multiplied by the outstanding shares. The outstanding debt of Mister Spex has to be repaid and amounts to EUR 86.6m. The Transaction will be financed with cash and newly issued debt. Currently, Fielmann has 172.8 million euros in cash, of which 50% will be utilized to fund the deal. Regarding the newly issued debt, the international bank HSBC and the issuer will work out a senior secured lending facility with all-in debt costs of 5.5%, based on the 3-month Euribor rate of 3.78% (June 2024) and a spread that is added on top.

Table 7: Sources and Uses for Transaction

Sources	in €m	Uses	in €m
Cash Balance	86.4	Equity Value	321.0
Issued Debt	330.0	Outstanding Debt	86.6
		Transaction Fees	8.8
	416.4		416.4

Source: Author's calculation

5.6. Shareholder Value

The main consideration in determining whether or not to pursue a deal is its creation of shareholder value, defined in terms of accretion or dilution. During the projection period, the deal is initially dilutive for 2 years, but then strongly accretive, resulting in an increase in value for the shareholders. With 1.5%, the average % of accretion/dilution is positive, from 2026 it will rise with a CAGR of 72% every year, showing the value that is created for existing Fielmann shareholders.

Table 8: Accretion and Dilution

	2024F	2025F	2026F	2027F	2028F	2029F	2030F
EPS before Transaction (€)	3.03	3.04	3.17	3.26	3.62	3.72	3.89
Net Income after Transaction (€m)	229.9	250.3	268.4	279.0	317.5	336.3	352.6
Outs. Shares	83.99	83.99	83.99	83.99	83.99	83.99	83.99
EPS after Transaction	2.74	2.98	3.19	3.32	3.78	4.00	4.20
% of Accretion/Dilution	-9.8%	-2.0%	0.9%	1.8%	4.5%	7.6%	7.8%
Overall	1.5%						

Source: Author's calculation

6. Conclusion

The dissertation has shown a large potential for consolidation within the eyewear industry, particularly in the most served markets by Fielmann. Changing consumer behavior and shifting demographic structures support the need for transformation. The analysis demonstrated whether the acquisition of Mister Spex by Fielmann is suitable for a changing competitive environment and can be leveraged for further growth.

To determine the fair value of Mister Spex and to value the buyer Fielmann, a DCF and a CCA analysis were performed that examined the financial characteristics of both companies in more detail. The valuation is based on assumptions in the operating model of both companies, taking historical key figures as well as future industry projections and macroeconomic factors into consideration.

These calculations lead to an offer price for Mister Spex of EUR 9.42 per share, implying an EV of EUR 296m and an EV/revenue multiple of 1.32x. Compared to the median of the peer group multiple of 3.89x, this shows a significant upside potential for Mister Spex. The offer represents a 200% premium to the current market price of €3.14 (as of 10/06/24). The premium is considered appropriate as it almost achieves the fair value without overpaying Mister Spex shareholders. At the same time, it is far away from the all-time high of Mister Spex. The considerable future potential also speaks in favor of this.

The valuation shows that the current market value is far below the fair value. As a shareholder of Mister Spex, EssilorLuxoticca represents one of the biggest risks of the transaction as they would have to give their approval and not accept an offer below the fair value. However, the antitrust risk is considered to be low as other companies have more market power.

The synergies result from an expanded product range, cross-selling, and increased market power, among other things. Cost synergies can also be achieved, particularly in the optimization of the supply chain. These synergies add up to a net value of EUR 155.4m and make a significant contribution to value creation.

The transaction will be financed by a combination of cash and newly issued debt. 50% of the current cash balance of Fielmann will be used for the financing. The remaining part will be covered by a senior-secured credit facility. The transaction is initially dilutive but highly accretive from 2026 onwards, with an average upside of 1.5%, representing a solid generation of shareholder value.

In summary, the acquisition of Mister Spex offers Fielmann a favorable chance to develop into a more technological and customer-oriented full-service provider in the eyewear sector. As the dissertation shows, Fielmann's business will continue to develop well in its core markets, while

new markets offer significant opportunities driven by new products, better service, and financial strength.

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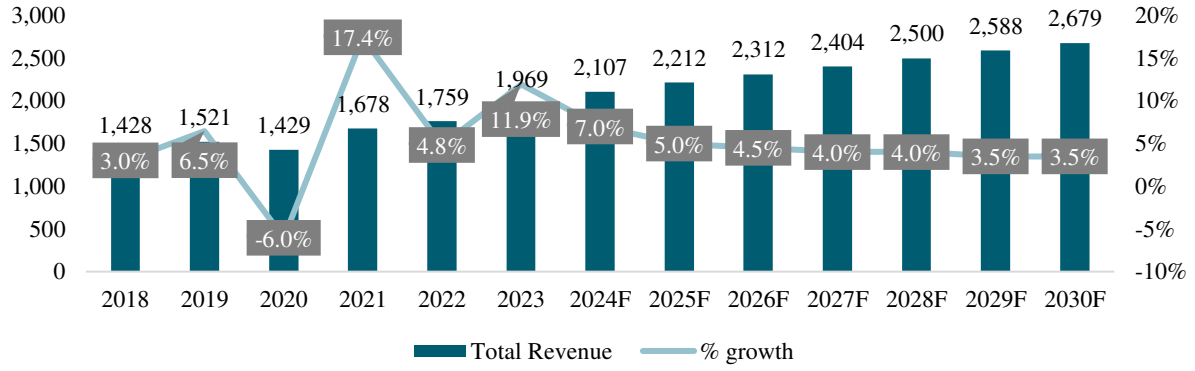
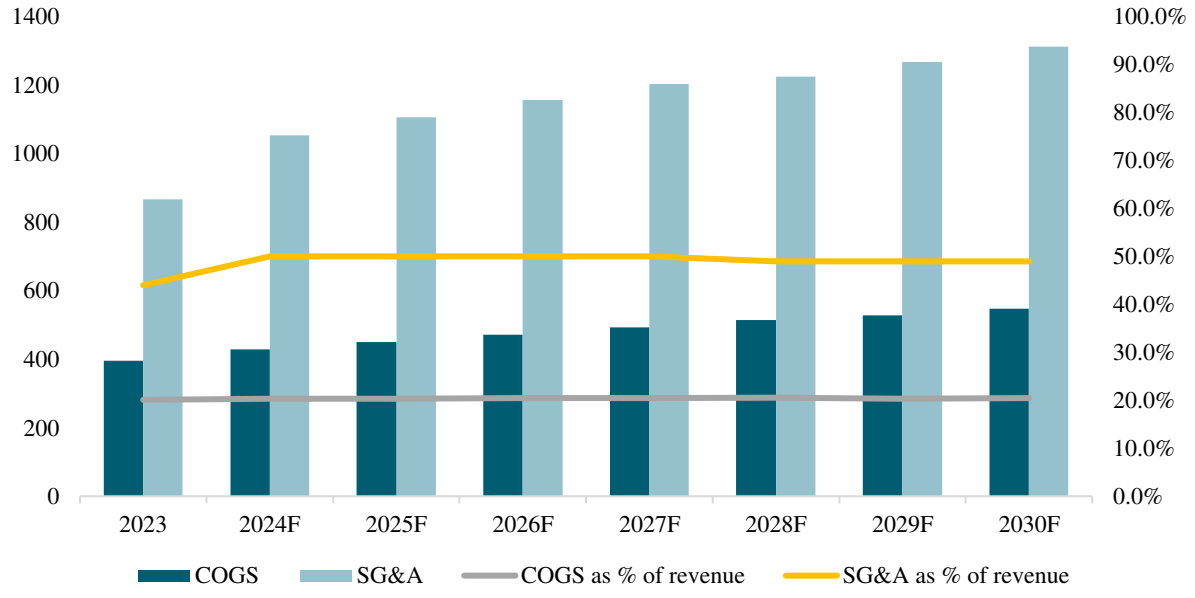
Appendix

Figure 9: Fielmann Revenue Projection



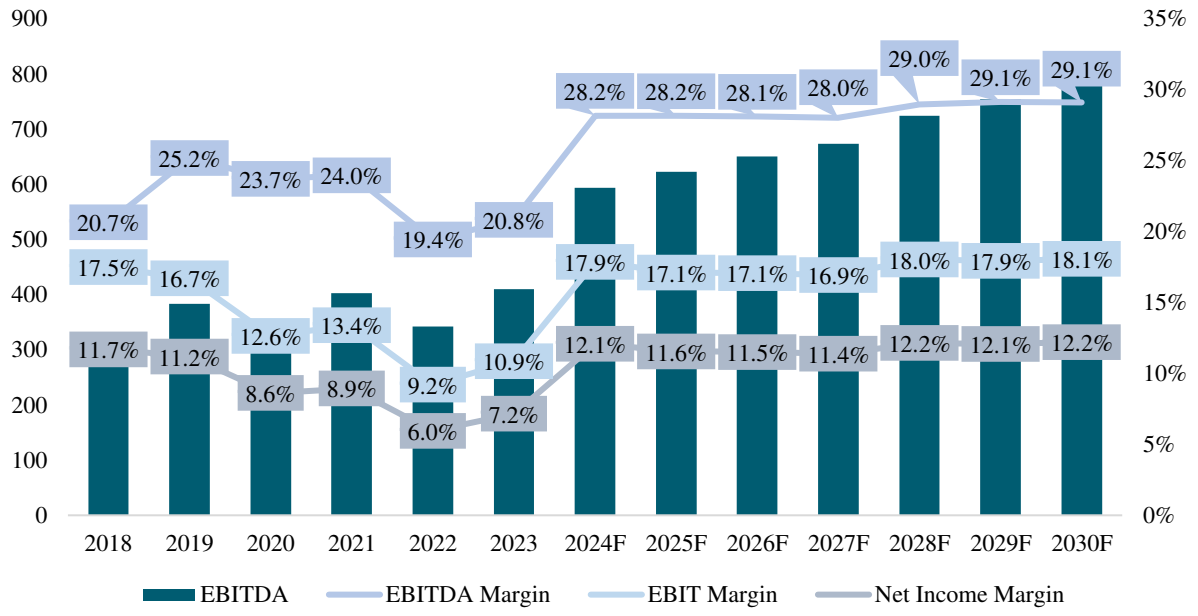
Source: Fielmann annual report & author's calculation

Figure 10: Fielmann Cost Projection



Source: Author's calculation

Figure 11: Fielmann EBITDA (Margin) Projection



Source: Fielmann annual report & author's calculation

Table 9: Fielmann DCF Sensitivity

Sensitivity Analysis

DCF: Implied Share Price - WACC vs. Perpetual Growth

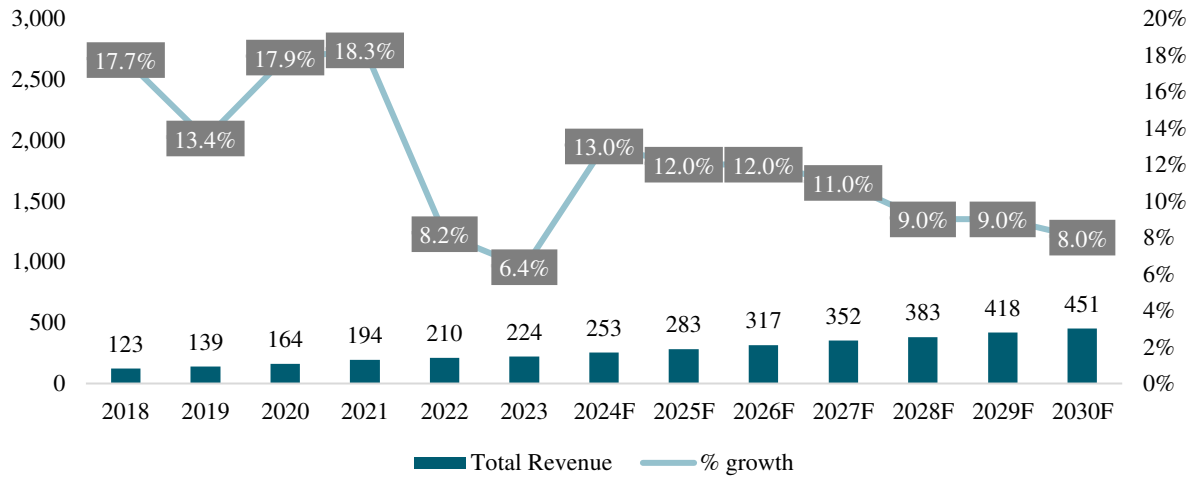
growth \ WACC	7.0%	6.8%	6.6%	6.4%	6.2%
2.25%	48.36	50.87	53.60	56.60	59.90
2.45%	50.28	52.98	55.94	59.21	62.82
2.65%	52.37	55.30	**58.52**	62.09	66.06
2.85%	54.65	57.84	61.37	65.29	69.68
3.05%	57.17	60.66	64.54	68.88	73.76

DCF: Implied Share Price - WACC vs. Exit Multiple

EBITDA Multiple \ WACC	7.0%	6.8%	6.6%	6.4%	6.2%
8.00 x	52.69	53.40	54.12	54.85	55.59
8.50 x	55.58	56.33	57.08	57.85	58.63
9.50 x	61.35	62.17	**63.01**	63.85	64.71
10.00 x	64.23	65.09	65.97	66.85	67.75
10.50 x	67.12	68.02	68.93	69.85	70.79

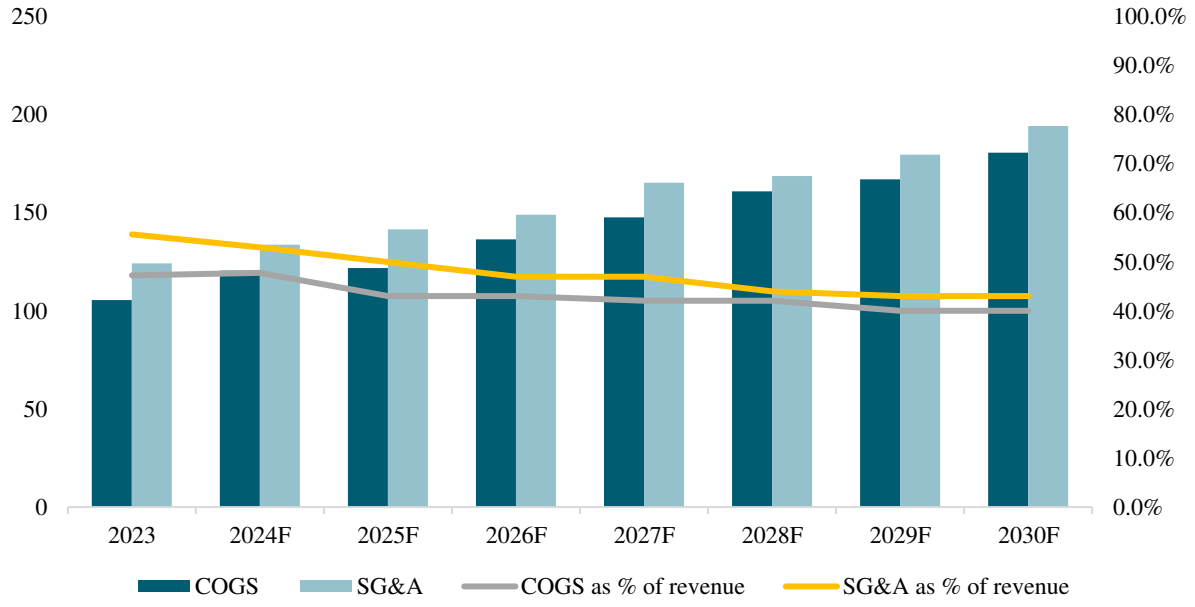
Source: Author's calculation

Figure 12: Mister Spex Revenue Projection



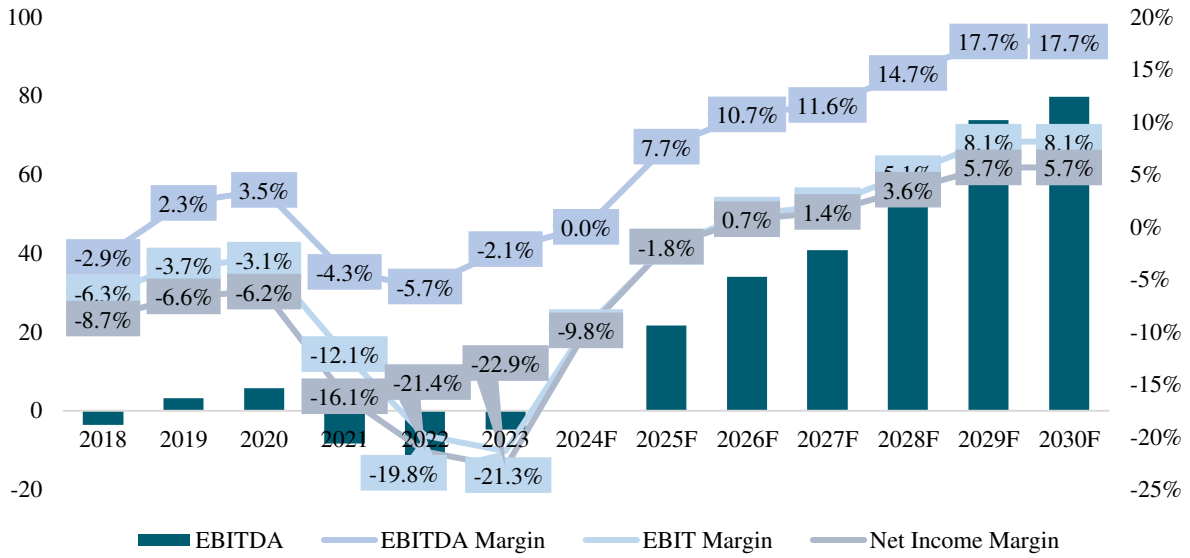
Source: Mister Spex annual report & author's calculation

Figure 13 Mister Spex Cost Projection



Source: Author's calculation

Figure 14: Mister Spex EBITDA (Margin) Projection



Source: Mister Spex annual report & author's calculation

Table 10: Mister Spex DCF Sensitivity

Sensitivity Analysis

DCF: Implied Share Price - WACC vs. Perpetual Growth

growth \ WACC	*7.66%*	*7.46%*	*7.26%*	*7.06%*	*6.86%*
2.25%	6.49	6.83	7.19	7.58	8.02
2.45%	6.75	7.11	7.50	7.92	8.39
2.65%	7.02	7.41	**7.83**	8.29	8.80
2.85%	7.33	7.74	8.20	8.70	9.25
3.05%	7.65	8.10	8.60	9.14	9.74

DCF: Implied Share Price - WACC vs. Exit Multiple

EBITDA Multiple \ WACC	*7.66%*	*7.46%*	*7.26%*	*7.06%*	*6.86%*
6.50 x	9.19	9.32	9.44	9.57	9.70
7.00 x	9.89	10.03	10.16	10.30	10.44
7.50 x	10.59	10.73	**10.88**	11.02	11.17
8.00 x	11.29	11.44	11.59	11.75	11.91
8.50 x	11.99	12.15	12.31	12.47	12.64

Source: Author's calculation

Table 11: Synergy quantification and approximation

Revenue Synergies	in %	2024F	2025F	2026F	2027F	2028F	2029F	2030F
		0%	*25%*	*25%*	*50%*	*50%*	*75%*	*100%*
Extended Product Range and Cross-Selling	4.00%	0.00%	1.00%	1.00%	2.00%	2.00%	3.00%	4.00%
Expansion of the Market Share	3.00%	0.00%	0.75%	0.75%	1.50%	1.50%	2.25%	3.00%
Geographical Expansion	1.00%	0.00%	0.25%	0.25%	0.50%	0.50%	0.75%	1.00%
Total Revenue Synergies		**0.00%**	**2.00%**	**2.00%**	**4.00%**	**4.00%**	**6.00%**	**8.00%**
Cost Synergies	in %							
		0%	*25%*	*25%*	*50%*	*50%*	*75%*	*100%*
Reduction of Operating Costs / Administration	2.50%	0.00%	0.63%	0.63%	1.25%	1.25%	1.88%	2.50%
Supply Chain Optimization	2.50%	0.00%	0.63%	0.63%	1.25%	1.25%	1.88%	2.50%
Total Cost Synergies		**0.00%**	**1.25%**	**1.25%**	**2.50%**	**2.50%**	**3.75%**	**5.00%**

Source: Author's calculation

Table 12: Valuation of Synergies

Revenue Synergies	2024F	2025F	2026F	2027F	2028F	2029F	2030F	TV
Extended Product Range and Cross-Selling	-	2.8	3.2	7.0	7.7	12.5	18.0	
Expansion of the Market Share	-	2.1	2.4	5.3	5.7	9.4	13.5	
Geographical Expansion	-	0.7	0.8	1.8	1.9	3.1	4.5	
Additional Revenue	**-**	**5.7**	**6.3**	**14.1**	**15.3**	**25.1**	**36.1**	
Additional COGS in relation to Revenue Synergies	-	(2.4)	(2.7)	(5.9)	(6.4)	(10.0)	(14.4)	
Additional SG&A in relation to Revenue Synergies	-	(2.8)	(3.0)	(6.6)	(6.7)	(10.8)	(15.5)	
Additional Costs in relation to Revenue Synergies	**-**	**(5.3)**	**(5.7)**	**(12.5)**	**(13.2)**	**(20.8)**	**(30.0)**	
Cost Synergies								
Reduction of Operating Costs / Administration (SG&A)	-	1.1	1.1	2.5	2.5	4.0	5.8	
Supply Chain Optimization	-	0.6	0.7	1.5	1.6	2.5	3.6	
Additonal Operating Income	**-**	**2.1**	**2.4**	**5.5**	**6.3**	**10.8**	**15.6**	**-**
Additonal Operating Income After Tax	**-**	**1.4**	**1.7**	**3.9**	**4.4**	**7.6**	**10.9**	**-**
Present Value of Cash Flows	**0.0**	**1.3**	**1.4**	**3.0**	**3.2**	**5.1**	**7.0**	
Sum of PV of CF`s							**21.0**	
Terminal Value of Synergies								**240.3**
Present Value of Terminal Synergies								**153.4**
Present Value of Synergies								**174.34**

Source: Author's calculation

Table 13: Fielmann AG condensed Income Statement

Condensed Income Statement (€ Millions)	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Total Revenue	**1,428.0**	**1,520.7**	**1,428.9**	**1,678.2**	**1,759.3**	**1,969.1**	**2,106.9**	**2,212.3**	**2,311.8**	**2,404.3**	**2,500.5**	**2,588.0**	**2,678.6**
% growth	*3.0%*	*6.5%*	*-6.0%*	*17.4%*	*4.8%*	*11.9%*	*7.0%*	*5.0%*	*4.5%*	*4.0%*	*4.0%*	*3.5%*	*3.5%*
COGS	288.1	305.7	282.2	340.6	379.5	395.7	428.37	450.37	471.62	493.09	513.70	527.25	546.94
% growth	*4.0%*	*6.1%*	*-7.7%*	*20.7%*	*11.4%*	*4.3%*	*8.3%*	*5.1%*	*4.7%*	*4.6%*	*4.2%*	*2.6%*	*3.7%*
% of total revenue	*20.2%*	*20.1%*	*19.7%*	*20.3%*	*21.6%*	*20.1%*	*20.3%*	*20.4%*	*20.4%*	*20.5%*	*20.5%*	*20.4%*	*20.4%*
Gross Profit	**1,139.9**	**1,215.0**	**1,146.7**	**1,337.6**	**1,379.8**	**1,573.4**	**1,678.6**	**1,761.9**	**1,840.2**	**1,911.2**	**1,986.8**	**2,060.7**	**2,131.6**
% growth	*2.8%*	*6.6%*	*-5.6%*	*16.6%*	*3.2%*	*14.0%*	*6.7%*	*5.0%*	*4.4%*	*3.9%*	*4.0%*	*3.7%*	*3.4%*
% of total revenue	*79.8%*	*79.9%*	*80.3%*	*79.7%*	*78.4%*	*79.9%*	*79.7%*	*79.6%*	*79.6%*	*79.5%*	*79.5%*	*79.6%*	*79.6%*
SG&A	864.2	851.0	832.7	951.5	1,053.2	865.9	1,053.5	1,106.1	1,155.9	1,202.2	1,225.2	1,268.1	1,312.5
% growth	*4.6%*	*-1.5%*	*-2.2%*	*14.3%*	*10.7%*	*-17.8%*	*21.7%*	*5.0%*	*4.5%*	*4.0%*	*1.9%*	*3.5%*	*3.5%*
% of total revenue	*60.5%*	*56.0%*	*58.3%*	*56.7%*	*59.9%*	*44.0%*	*50.0%*	*50.0%*	*50.0%*	*50.0%*	*49.0%*	*49.0%*	*49.0%*
D&A	45.1	128.9	158.2	177.3	180.0	196.2	217.4	244.3	255.3	266.1	273.4	289.9	295.0
% growth	*6.6%*	*185.8%*	*22.7%*	*12.1%*	*1.5%*	*9.0%*	*10.8%*	*12.4%*	*4.5%*	*4.2%*	*2.8%*	*5.0%*	*1.8%*
% of Gross PPE	*6.2%*	*10.5%*	*11.2%*	*11.2%*	*10.2%*	*9.8%*	*9.9%*	*10.4%*	*10.3%*	*10.1%*	*10.1%*	*10.4%*	*10.3%*
% of Revenue	*3.2%*	*8.5%*	*11.1%*	*10.6%*	*10.2%*	*10.0%*	*10.3%*	*11.0%*	*11.0%*	*11.1%*	*10.9%*	*11.2%*	*11.0%*
Unusual Expense (Income)	(0.8)	(1.9)	1.6	0.4	2.3	2.4	0.7	1.4	1.2	1.4	1.1	1.3	1.5
% growth		*137.5%*	*-184.2%*	*-75.0%*	*475.0%*	*4.3%*	*-72.1%*	*108.7%*	*-11.7%*	*15.5%*	*-21.1%*	*16.3%*	*11.2%*
% of total revenue	*-0.1%*	*-0.1%*	*0.1%*	*0.0%*	*0.1%*	*0.0%*	*0.0%*	*0.1%*	*0.1%*	*0.1%*	*0.0%*	*0.1%*	*0.1%*
Other Operating Expenses, Total	(19.3)	(19.0)	(24.9)	(16.1)	(15.5)	297.4	31.3	32.9	34.4	35.7	37.2	38.5	39.8
% growth	*44.0%*	*-1.6%*	*31.1%*	*-35.3%*	*-3.7%*	*******	*-89.5%*	*5.0%*	*4.5%*	*4.0%*	*4.0%*	*3.5%*	*3.5%*
% of total revenue	*-1.4%*	*-1.2%*	*-1.7%*	*-1.0%*	*-0.9%*	*15.1%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*	*1.5%*
Total Operating Expense	1,178.1	1,266.6	1,248.2	1,453.3	1,597.2	1,755.2	1,730.5	1,833.7	1,917.2	1,997.1	2,049.5	2,123.8	2,194.3
% growth	*3.6%*	*7.5%*	*-1.5%*	*16.4%*	*9.9%*	*9.9%*	*-1.4%*	*6.0%*	*4.6%*	*4.2%*	*2.6%*	*3.6%*	*3.3%*
% of total revenue	*82.5%*	*83.3%*	*87.4%*	*86.6%*	*90.8%*	*89.1%*	*82.1%*	*82.9%*	*82.9%*	*83.1%*	*82.0%*	*82.1%*	*81.9%*
Operating Income (EBIT)	**249.9**	**254.1**	**180.7**	**224.9**	**162.1**	**213.9**	**376.4**	**378.6**	**394.6**	**407.3**	**451.0**	**464.2**	**484.3**
% growth	*-1.7%*	*1.7%*	*-28.9%*	*24.5%*	*-27.9%*	*32.0%*	*76.0%*	*0.6%*	*4.2%*	*3.2%*	*10.7%*	*2.9%*	*4.3%*
% of total revenue	*17.5%*	*16.7%*	*12.6%*	*13.4%*	*9.2%*	*10.9%*	*17.9%*	*17.1%*	*17.1%*	*16.9%*	*18.0%*	*17.9%*	*18.1%*
Interest Inc.(Exp.),Net-Non-Op., T	(0.1)	(0.4)	0.1	(2.3)	(2.9)	(9.1)	(2.8)	(3.4)	(4.0)	(4.9)	(5.4)	(5.8)	(4.9)
% of total revenue	*0.0%*	*0.0%*	*0.0%*	*-0.1%*	*-0.2%*	*-0.5%*	*-0.1%*	*-0.2%*	*-0.2%*	*-0.2%*	*-0.2%*	*-0.2%*	*-0.2%*
Net Income Before Taxes (EBT)	**249.0**	**251.8**	**182.4**	**223.0**	**161.5**	**207.2**	**373.6**	**375.2**	**390.6**	**402.4**	**445.6**	**458.5**	**479.4**
% growth	*0.2%*	*1.1%*	*-27.6%*	*22.3%*	*-27.6%*	*28.3%*	*80.3%*	*0.4%*	*4.1%*	*3.0%*	*10.8%*	*2.9%*	*4.6%*
% of total revenue	*17.4%*	*16.6%*	*12.8%*	*13.3%*	*9.2%*	*10.5%*	*17.7%*	*17.0%*	*16.9%*	*16.7%*	*17.8%*	*17.7%*	*17.9%*
Income Taxes	77.3	76.5	54.7	65.2	50.7	63.1	112	113	117	121	134	138	144
% of income before taxes	*31.0%*	*30.4%*	*30.0%*	*29.2%*	*31.4%*	*30.5%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*
Net Income After Taxes	**171.7**	**175.3**	**127.7**	**157.8**	**110.8**	**144.1**	**261.5**	**262.7**	**273.4**	**281.7**	**311.9**	**320.9**	**335.6**
% growth	*2.4%*	*2.1%*	*-27.2%*	*23.6%*	*-29.8%*	*30.1%*	*81.5%*	*0.4%*	*4.1%*	*3.0%*	*10.8%*	*2.9%*	*4.6%*
% of total revenue	*12.0%*	*11.5%*	*8.9%*	*9.4%*	*6.3%*	*7.3%*	*12.4%*	*11.9%*	*11.8%*	*11.7%*	*12.5%*	*12.4%*	*12.5%*
Minority Interest	(4.7)	(5.1)	(4.4)	(7.7)	(6.1)	(3.0)	(6.8)	(7.1)	(7.4)	(7.7)	(8.0)	(8.3)	(8.6)
% of total revenue	*-0.3%*	*-0.3%*	*-0.3%*	*-0.5%*	*-0.3%*	*-0.2%*	*-0.3%*	*-0.3%*	*-0.3%*	*-0.3%*	*-0.3%*	*-0.3%*	*-0.3%*
Net Income Before Extra. Items	**167.0**	**170.2**	**123.3**	**150.1**	**104.7**	**141.1**	**254.8**	**255.5**	**266.0**	**273.9**	**303.9**	**312.6**	**327.0**
% growth	*-0.4%*	*1.9%*	*-27.6%*	*21.7%*	*-30.2%*	*35%*	*81%*	*0%*	*4%*	*3%*	*11%*	*3%*	*5%*
% of total revenue	*11.7%*	*11.2%*	*8.6%*	*8.9%*	*6.0%*	*7.2%*	*12.1%*	*11.6%*	*11.5%*	*11.4%*	*12.2%*	*12.1%*	*12.2%*
EBITDA	295.0	383.0	338.9	402.2	342.1	410.1	593.8	622.9	649.9	673.3	724.4	754.2	779.3
EBITDA Margin	*20.7%*	*25.2%*	*23.7%*	*24.0%*	*19.4%*	*20.8%*	*28.2%*	*28.2%*	*28.1%*	*28.0%*	*29.0%*	*29.1%*	*29.1%*

Source: Fielmann AG Annual Report & Author's calculation

Table 14: Fielmann AG condensed Balance Sheet

Condensed Balance Sheet (€ Millions)	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Total Debt	22.7	372.7	425.2	457.8	480.8	526.2	488.3	498.4	504.3	497.0	499.9	500.4	499.1
% growth	*-13.69%*	*1541.85%*	*14.09%*	*7.67%*	*5.02%*	*9.44%*	*-7.21%*	*2.08%*	*1.18%*	*-1.45%*	*0.59%*	*0.10%*	*-0.26%*
Cash & Short Term Investments	248.4	236.6	252.8	270.8	180.2	172.8	181.9	187.0	210.9	200.0	212.6	195.0	185.0
% growth	*-14.20%*	*-4.75%*	*6.85%*	*7.12%*	*-33.46%*	*-4.11%*	*5.25%*	*2.82%*	*12.80%*	*-5.17%*	*6.27%*	*-8.28%*	*-5.09%*
Net Debt	**(225.7)**	**136.1**	**172.4**	**187.0**	**300.6**	**353.4**	**306.4**	**311.4**	**293.4**	**297.0**	**287.3**	**305.4**	**314.1**
% growth		*-160.30%*	*26.67%*	*8.47%*	*60.75%*	*17.56%*	*-13.30%*	*1.64%*	*-5.80%*	*1.23%*	*-3.24%*	*6.30%*	*2.83%*
Net PPE	**262.2**	**659.6**	**731.3**	**783.0**	**828.0**	**900.7**	**1,040.7**	**1,146.3**	**1,194.9**	**1,251.4**	**1,281.3**	**1,320.7**	**1,372.2**
% growth		*152%*	*11%*	*7%*	*6%*	*8.8%*	*15.5%*	*10.1%*	*4.2%*	*4.7%*	*2.4%*	*3.1%*	*3.9%*
Gross PPE	726.3	1,224.3	1,415.1	1,587.8	1,756.4	2,005.7	2,206.3	2,338.6	2,479.0	2,627.7	2,706.5	2,787.7	2,871.4
% growth		*69%*	*16%*	*12%*	*11%*	*14.2%*	*10%*	*6%*	*6%*	*6%*	*3%*	*3%*	*3%*
Accumulated Depreciation	(464.1)	(564.7)	(683.8)	(804.8)	(928.4)	(1,105.0)	(1,165.6)	(1,192.4)	(1,284.0)	(1,376.3)	(1,425.2)	(1,467.0)	(1,499.2)
% growth		*22%*	*21%*	*18%*	*15%*	*19%*	*5%*	*2%*	*8%*	*7%*	*4%*	*3%*	*2%*
% of Gross PPE	*-64%*	*-46%*	*-48%*	*-51%*	*-53%*	*-55%*	*-53%*	*-51%*	*-52%*	*-52%*	*-53%*	*-53%*	*-52%*
Δ Net PPE	22.5	397.4	71.7	51.7	45.0	72.7	140.0	105.6	48.7	56.5	29.9	39.4	51.4
% growth		*1666%*	*-82%*	*-28%*	*-13%*	*61%*	*93%*	*-25%*	*-54%*	*16%*	*-47%*	*32%*	*31%*
Net Intangibles	34.0	63.7	195.3	164.2	168.2	218.9	231.1	242.6	252.3	259.9	265.1	270.4	275.8
% growth		*87%*	*207%*	*-16%*	*2%*	*30%*	*6%*	*5%*	*4%*	*3%*	*2%*	*2%*	*2%*
Goodwill	47.5	54.6	173.5	176.4	216.7	299.8	311.8	321.1	330.8	340.7	350.9	361.5	372.3
% growth		*15%*	*218%*	*2%*	*23%*	*38%*	*4%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
Δ Intangibles + Goodwill	10.7	36.8	250.5	(28.2)	44.3	133.8	24.1	20.9	19.3	17.5	15.4	15.8	16.3
% growth		*244%*	*581%*	*-111%*	*-257%*	*202%*	*-82%*	*-13%*	*-7%*	*-10%*	*-12%*	*3%*	*3%*
D&A	45.1	128.9	158.2	177.3	180.0	196.2	217.4	244.3	255.3	266.1	273.4	289.9	295.0
CAPEX (Δ PPE +Δ Intangibles + D&A)	**78.3**	**563.1**	**480.4**	**200.8**	**269.3**	**402.7**	**381.5**	**370.8**	**323.3**	**340.0**	**318.7**	**345.1**	**362.7**
% of total revenue	*5.5%*	*37.0%*	*33.6%*	*12.0%*	*15.3%*	*20.4%*	*18.1%*	*16.8%*	*14.0%*	*14.1%*	*12.7%*	*13.3%*	*13.5%*
% growth		*619.2%*	*-14.7%*	*-58.2%*	*34.1%*	*49.5%*	*-5.2%*	*-2.8%*	*-12.8%*	*5.2%*	*-6.3%*	*8.3%*	*5.1%*
(+) Accounts Receivable	65.8	65.2	67.7	64.4	69.9	55.6	53.8	51.1	48.5	44.4	42.0	39.5	37.1
% growth		*-1%*	*4%*	*-5%*	*9%*	*-20%*	*-3%*	*-5%*	*-5%*	*-8%*	*-5%*	*-6%*	*-6%*
% of total revenue	*4.6%*	*4.3%*	*4.7%*	*3.8%*	*4.0%*	*2.8%*	*2.6%*	*2.3%*	*2.1%*	*1.8%*	*1.7%*	*1.5%*	*1.4%*
(+) Inventory	136.3	158.7	147.1	153.1	183.2	224.7	249.6	274.6	299.3	323.3	349.1	377.1	403.5
% growth		*16%*	*-7%*	*4%*	*20%*	*23%*	*11%*	*10%*	*9%*	*8%*	*8%*	*8%*	*7%*
% of total revenue	*9.5%*	*10.4%*	*10.3%*	*9.1%*	*10.4%*	*11.4%*	*11.8%*	*12.4%*	*12.9%*	*13.4%*	*14.0%*	*14.6%*	*15.1%*
(+) Prepaid Expenses	19.2	24.8	34.2	39.1	45.5	47.5	47.8	53.1	55.5	58.0	59.5	61.4	64.1
% growth		*29.2%*	*37.9%*	*14.3%*	*16.4%*	*4.4%*	*0.7%*	*10.9%*	*4.5%*	*4.6%*	*2.5%*	*3.2%*	*4.4%*
% of total revenue	*1.3%*	*1.6%*	*2.4%*	*2.3%*	*2.6%*	*2.4%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*
(-) Accounts Payable	56.3	72.7	75.3	79.6	85.2	92.2	97.9	104.5	111.8	119.7	127.8	136.6	146.1
% growth		*29%*	*4%*	*6%*	*7%*	*8%*	*6%*	*7%*	*7%*	*7%*	*7%*	*7%*	*7%*
% of total revenue	*3.9%*	*4.8%*	*5.3%*	*4.7%*	*4.8%*	*4.7%*	*4.6%*	*4.7%*	*4.8%*	*5.0%*	*5.1%*	*5.3%*	*5.5%*
(-) Accrued Expenses	48.8	46.7	58.4	70.5	70	63.2	68.7	72.0	72.6	73.4	76.3	78.3	80.0
% growth		*-4%*	*25%*	*21%*	*-1%*	*-10%*	*9%*	*5%*	*1%*	*1%*	*4%*	*3%*	*2%*
% of total revenue	*3.42%*	*3.07%*	*4.09%*	*4.20%*	*3.98%*	*3.21%*	*3.3%*	*3.3%*	*3.1%*	*3.1%*	*3.1%*	*3.0%*	*3.0%*
(-) Deferred Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Working Capital	116.2	129.3	115.3	106.5	143.4	172.4	184.7	202.3	218.9	232.6	246.6	263.1	278.6
Δ OWC		**13.1**	**-14.0**	**-8.8**	**36.9**	**29.0**	**12.3**	**17.6**	**16.6**	**13.7**	**14.0**	**16.5**	**15.5**
% of total revenue		*0.9%*	*-1.0%*	*-0.5%*	*2.1%*	*1.5%*	*0.6%*	*0.8%*	*0.7%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*
(+) Deferred Income Tax - Long Term Asset	12.3	10.9	13.6	14.4	19.3	25.2	28.5	32.2	36.4	41.1	46.4	52.5	59.3
% growth		*-11%*	*25%*	*6%*	*34%*	*31%*	13%	13%	13%	13%	13%	13%	13%
(-) Deferred Income Tax - LT Liability	12.1	17.6	48.1	37.6	37.7	54.8	61.9	70.0	79.1	89.3	101.0	114.1	128.9
% growth		*45%*	*173%*	*-22%*	*0%*	*45%*	13%	13%	13%	13%	13%	13%	13%
Other non-current operational items	0.2	(6.7)	(34.5)	(23.2)	(18.4)	(29.6)	(33.4)	(37.8)	(42.7)	(48.3)	(54.5)	(61.6)	(69.6)
Δ Other non-current operational items	(3.0)	(6.9)	(27.8)	11.3	4.8	(11.2)	(3.8)	(4.3)	(4.9)	(5.6)	(6.3)	(7.1)	(8.0)

Source: Fielmann AG Annual Report & Author's calculation

Table 15: Mister Spex SE condensed Income Statement

Condensed Income Statement (€ Millions)	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Total Revenue	**122.8**	**139.3**	**164.2**	**194.2**	**210.1**	**223.5**	**252.6**	**282.9**	**316.8**	**351.7**	**383.3**	**417.8**	**451.2**
% growth	*17.7%*	*13.4%*	*17.9%*	*18.3%*	*8.2%*	*6.4%*	*13.0%*	*12.0%*	*12.0%*	*11.0%*	*9.0%*	*9.0%*	*8.0%*
COGS	63.4	71.1	78.7	92.4	101.3	105.5	120.55	121.63	136.23	147.69	160.99	167.12	180.49
% growth	*14.4%*	*12.1%*	*10.7%*	*17.4%*	*9.6%*	*4.1%*	*14.3%*	*0.9%*	*12.0%*	*8.4%*	*9.0%*	*3.8%*	*8.0%*
% of total revenue	*51.6%*	*51.0%*	*47.9%*	*47.6%*	*48.2%*	*47.2%*	*47.7%*	*43.0%*	*43.0%*	*42.0%*	*42.0%*	*40.0%*	*40.0%*
Gross Profit	**59.4**	**68.2**	**85.5**	**101.8**	**108.8**	**118.0**	**132.0**	**161.2**	**180.6**	**204.0**	**222.3**	**250.7**	**270.7**
% growth	*21.5%*	*14.8%*	*25.4%*	*19.1%*	*6.9%*	*8.5%*	*11.9%*	*22.1%*	*12.0%*	*12.9%*	*9.0%*	*12.8%*	*8.0%*
% of total revenue	*48.4%*	*49.0%*	*52.1%*	*52.4%*	*51.8%*	*52.8%*	*52.3%*	*57.0%*	*57.0%*	*58.0%*	*58.0%*	*60.0%*	*60.0%*
SG&A	61.2	66.3	80.2	112.5	121.5	124.2	133.7	141.4	148.9	165.3	168.7	179.7	194.0
% growth	*5.7%*	*8.3%*	*21.0%*	*40.3%*	*8.0%*	*2.2%*	*7.6%*	*5.8%*	*5.3%*	*11.0%*	*2.0%*	*6.5%*	*8.0%*
% of total revenue	*49.8%*	*47.6%*	*48.8%*	*57.9%*	*57.8%*	*55.6%*	*52.9%*	*50.0%*	*47.0%*	*47.0%*	*44.0%*	*43.0%*	*43.0%*
D&A	4.2	8.3	10.9	15.2	29.8	43.0	24.1	27.0	30.2	33.6	36.6	39.9	43.1
% growth	*-8.7%*	*97.6%*	*31.3%*	*39.4%*	*96.1%*	*44.3%*	*-43.9%*	*12.0%*	*12.0%*	*11.0%*	*9.0%*	*9.0%*	*8.0%*
% of Gross PPE	*40.4%*	*20.7%*	*18.7%*	*19.4%*	*31.9%*	*36.9%*	*19.4%*	*20.4%*	*21.8%*	*23.5%*	*24.6%*	*26.1%*	*27.6%*
% of Revenue	*3.4%*	*6.0%*	*6.6%*	*7.8%*	*14.2%*	*19.2%*	*9.5%*	*9.5%*	*9.5%*	*9.5%*	*9.5%*	*9.5%*	*9.5%*
Unusual Expense (Income)	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% growth		*-100.0%*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
% of total revenue	*2.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.4%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Other Operating Expenses, Total	(0.7)	(1.3)	(0.5)	(2.4)	(0.8)	(1.5)	(1.7)	(1.9)	(2.3)	(2.2)	(2.6)	(2.8)	(3.0)
% growth	*-72.0%*	*85.7%*	*-61.5%*	*380.0%*	*-66.7%*	*87.5%*	*14.9%*	*7.5%*	*24.0%*	*-4.6%*	*17.5%*	*9.0%*	*7.6%*
% of total revenue	*-0.6%*	*-0.9%*	*-0.3%*	*-1.2%*	*-0.4%*	*-0.7%*	*-0.7%*	*-0.7%*	*-0.7%*	*-0.6%*	*-0.7%*	*-0.7%*	*-0.7%*
Total Operating Expense	130.5	144.4	169.3	217.7	251.8	271.2	276.6	288.2	313.1	344.3	363.7	383.8	414.6
% growth	*13.2%*	*10.7%*	*17.2%*	*28.6%*	*15.7%*	*7.7%*	*2.0%*	*4.2%*	*8.6%*	*10.0%*	*5.6%*	*5.6%*	*8.0%*
% of total revenue	*106.3%*	*103.7%*	*103.1%*	*112.1%*	*119.8%*	*121.3%*	*-74.1%*	*101.9%*	*98.8%*	*97.9%*	*94.9%*	*91.9%*	*91.9%*
Operating Income (EBIT)	**(7.7)**	**(5.1)**	**(5.1)**	**(23.5)**	**(41.7)**	**(47.7)**	**(24.1)**	**(5.3)**	**3.7**	**7.3**	**19.7**	**34.0**	**36.7**
% growth	*-30.0%*	*-33.8%*	*0.0%*	*360.8%*	*77.4%*	*14.4%*	*-49.6%*	*-77.8%*	*-170.0%*	*95.4%*	*168.9%*	*72.8%*	*8.0%*
% of total revenue	*-6.3%*	*-3.7%*	*-3.1%*	*-12.1%*	*-19.8%*	*-21.3%*	*-9.5%*	*-1.9%*	*1.2%*	*2.1%*	*5.1%*	*8.1%*	*8.1%*
Interest Inc.(Exp.),Net-Non-Op., Tota	(2.6)	(4.0)	(4.6)	(4.7)	(3.0)	(3.7)	0.0	0.3	(0.4)	(0.1)	(0.2)	(0.1)	(0.1)
% of total revenue	*-2.1%*	*-2.9%*	*-2.8%*	*-2.4%*	*-1.4%*	*-1.7%*	*0.0%*	*0.1%*	*-0.1%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Net Income Before Taxes (EBT)	**(10.3)**	**(9.1)**	**(9.7)**	**(28.2)**	**(44.7)**	**(51.4)**	**(24.1)**	**(5.1)**	**3.4**	**7.2**	**19.5**	**33.9**	**36.6**
% growth	*-23.7%*	*-11.7%*	*6.6%*	*190.7%*	*58.5%*	*15.0%*	*-53.2%*	*-79.0%*	*-166.7%*	*113.5%*	*170.3%*	*73.9%*	*7.9%*
% of total revenue	*-8.4%*	*-6.5%*	*-5.9%*	*-14.5%*	*-21.3%*	*-23.0%*	*-9.5%*	*-1.8%*	*1.1%*	*2.1%*	*5.1%*	*8.1%*	*8.1%*
Income Taxes	0.4	0.1	0.4	3.1	0.2	(0.3)	1	0	1	2	6	10	11
% of income before taxes	*-3.9%*	*-1.1%*	*-4.1%*	*-11.0%*	*-0.4%*	*0.6%*	*-3.3%*	*-3.3%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*
Net Income After Taxes	**(10.7)**	**(9.2)**	**(10.1)**	**(31.3)**	**(44.9)**	**(51.1)**	**(24.9)**	**(5.2)**	**2.4**	**5.0**	**13.6**	**23.7**	**25.6**
% growth		*-14.0%*	*9.8%*	*209.9%*	*43.5%*	*13.8%*	*-51.4%*	*-79.0%*	*-145.2%*	*113.5%*	*170.3%*	*73.9%*	*7.9%*
% of total revenue	*-8.7%*	*-6.6%*	*-6.2%*	*-16.1%*	*-21.4%*	*-22.9%*	*-9.8%*	*-1.8%*	*0.7%*	*1.4%*	*3.6%*	*5.7%*	*5.7%*
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0
% of total revenue	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Net Income Before Extra. Items	**(10.7)**	**(9.2)**	**(10.1)**	**(31.3)**	**(44.9)**	**(51.1)**	**(24.9)**	**(5.2)**	**2.4**	**5.0**	**13.6**	**23.7**	**25.6**
% growth	*-0.4%*	*-14.0%*	*9.8%*	*209.9%*	*43.5%*	*14%*	*-51%*	*-79%*	*-145%*	*114%*	*170%*	*74%*	*8%*
% of total revenue	*-8.7%*	*-6.6%*	*-6.2%*	*-16.1%*	*-21.4%*	*-22.9%*	*-9.8%*	*-1.8%*	*0.7%*	*1.4%*	*3.6%*	*5.7%*	*5.7%*
EBITDA	**(3.5)**	**3.2**	**5.8**	**(8.3)**	**(11.9)**	**(4.7)**	0.0	21.7	34.0	40.9	56.2	73.8	79.7
EBITDA Margin	*-2.9%*	*2.3%*	*3.5%*	*-4.3%*	*-5.7%*	*-2.1%*	*0.0%*	*7.7%*	*10.7%*	*11.6%*	*14.7%*	*17.7%*	*17.7%*

Source: Mister Spex SE Annual Report & Author's calculation

Table 16: Mister Spex SE condensed Balance Sheet

Condensed Balance Sheet (€ Millior	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Total Debt	27.0	55.4	67.7	51.9	61.7	86.6	66.7	71.7	75.0	71.1	72.6	72.9	72.2
% growth	*45.16%*	*105.19%*	*22.20%*	*-23.34%*	*18.88%*	*40.36%*	*-22.94%*	*7.41%*	*4.64%*	*-5.15%*	*2.06%*	*0.43%*	*-0.95%*
Cash & Short Term Investments	10.3	39.9	16.1	182.3	128.7	111.6	150.8	140.8	131.0	126.8	113.3	107.0	101.9
% growth	*-18.90%*	*287.38%*	*-59.65%*	*#######*	*-29.40%*	*-13.29%*	*35.08%*	*-6.59%*	*-6.94%*	*-3.26%*	*-10.65%*	*-5.54%*	*-4.77%*
Net Debt	**16.7**	**15.5**	**51.6**	**(130.4)**	**(67.0)**	**(25.0)**	**(84.0)**	**(69.1)**	**(56.0)**	**(55.6)**	**(40.7)**	**(34.1)**	**(29.7)**
% growth		*-7.19%*	*232.90%*	*-352.71%*	*-48.62%*	*-62.69%*	*236.07%*	*-17.70%*	*-18.95%*	*-0.72%*	*-26.90%*	*-16.20%*	*-12.94%*
Net PPE	**6.6**	**35.0**	**51.1**	**68.5**	**77.1**	**91.9**	**98.4**	**104.3**	**109.5**	**112.8**	**117.3**	**120.8**	**123.2**
% growth		*430%*	*46%*	*34%*	*13%*	*19.2%*	*7.1%*	*6.0%*	*5.0%*	*3.0%*	*4.0%*	*3.0%*	*2.0%*
Gross PPE	10.4	40.1	58.2	78.4	93.3	116.4	124.5	132.0	138.6	142.8	148.5	152.9	156.0
% growth		*286%*	*45%*	*35%*	*19%*	*24.8%*	*7%*	*6%*	*5%*	*3%*	*4%*	*3%*	*2%*
Accumulated Depreciation	(3.8)	(5.1)	(7.1)	(9.9)	(16.2)	(24.5)	(26.2)	(27.7)	(29.1)	(30.0)	(31.2)	(32.1)	(32.8)
% growth		*34%*	*39%*	*39%*	*64%*	*51%*	*7%*	*6%*	*5%*	*3%*	*4%*	*3%*	*2%*
% of Gross PPE	*-37%*	*-13%*	*-12%*	*-13%*	*-17%*	*-21%*	*-21%*	*-21%*	*-21%*	*-21%*	*-21%*	*-21%*	*-21%*
Δ Net PPE		28.4	16.1	17.4	8.6	14.8	6.5	5.9	5.2	3.3	4.5	3.5	2.4
% growth		*n.a.*	*-43%*	*8%*	*-51%*	*72%*	*-56%*	*-9%*	*-12%*	*-37%*	*37%*	*-22%*	*-31%*
Net Intangibles	10.3	11.4	13.9	17.9	21.7	21.4	22.7	23.8	24.8	25.5	26.0	26.5	27.1
% growth		*11%*	*22%*	*29%*	*21%*	*-1%*	*6%*	*5%*	*4%*	*3%*	*2%*	*2%*	*2%*
Goodwill	12.1	12.1	12.1	12.1	12.8	4.7	4.9	5.0	5.2	5.3	5.5	5.7	5.8
% growth		*0%*	*0%*	*0%*	*6%*	*-63%*	*4%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
Δ Intangibles + Goodwill	1.1	1.1	2.5	4.0	4.5	(8.4)	1.5	1.3	1.1	0.9	0.7	0.7	0.7
% growth		*0%*	*127%*	*60%*	*13%*	*-287%*	*-118%*	*-13%*	*-14%*	*-19%*	*-25%*	*2%*	*2%*
D&A	4.2	8.3	10.9	15.2	29.8	43.0	24.1	27.0	30.2	33.6	36.6	39.9	43.1
CAPEX (Δ PPE +Δ Intangibles + D&A	**5.3**	**37.8**	**29.5**	**36.6**	**42.9**	**49.4**	**32.1**	**34.2**	**36.6**	**37.7**	**41.8**	**44.1**	**46.2**
% of total revenue	*4.3%*	*27.1%*	*18.0%*	*18.8%*	*20.4%*	*22.1%*	*12.7%*	*12.1%*	*11.5%*	*10.7%*	*10.9%*	*10.6%*	*10.2%*
% growth		*613.2%*	*-22.0%*	*24.1%*	*17.2%*	*15.2%*	*-35.1%*	*6.6%*	*6.9%*	*3.3%*	*10.6%*	*5.5%*	*4.8%*
(+) Accounts Receivable	1.7	1.4	1.3	2.9	2.7	2.2	2.7	3.5	3.7	4.1	4.9	5.6	6.4
% growth		*-18%*	*-7%*	*123%*	*-7%*	*-19%*	*23%*	*30%*	*7%*	*10%*	*17%*	*16%*	*13%*
% of total revenue	*1.4%*	*1.0%*	*0.8%*	*1.5%*	*1.3%*	*1.0%*	*1.1%*	*1.2%*	*1.2%*	*1.2%*	*1.3%*	*1.3%*	*1.4%*
(+) Inventory	14.2	14.6	17.6	23.2	30	32.5	34.3	40.0	44.6	49.0	53.9	58.6	63.2
% growth		*3%*	*21%*	*32%*	*29%*	*8%*	*6%*	*17%*	*12%*	*10%*	*10%*	*9%*	*8%*
% of total revenue	*11.6%*	*10.5%*	*10.7%*	*11.9%*	*14.3%*	*14.5%*	*14%*	*14%*	*14%*	*14%*	*14%*	*14%*	*14%*
(+) Prepaid Expenses	0	1	1.4	3.9	2.8	2.5	3.0	3.7	4.4	4.5	4.8	5.4	5.9
% growth		*n.a.*	*40%*	*179%*	*-28%*	*-11%*	*45%*	*46%*	*13%*	*23%*	*32%*	*29%*	*24%*
% of total revenue	*0.0%*	*0.7%*	*0.9%*	*2.0%*	*1.3%*	*1.1%*	*1.2%*	*1.3%*	*1.4%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*
(-) Accounts Payable	9.8	10.7	10	16.2	12.9	17.9	18.6	20.6	22.8	26.0	27.7	31.0	33.0
% growth		*9%*	*-7%*	*62%*	*-20%*	*39%*	*4%*	*10%*	*11%*	*14%*	*7%*	*12%*	*7%*
% of total revenue	*8.0%*	*7.7%*	*6.1%*	*8.3%*	*6.1%*	*8.0%*	*7.4%*	*7.3%*	*7.2%*	*7.4%*	*7.2%*	*7.4%*	*7.3%*
(-) Accrued Expenses	0	1	1.4	1	1.3	1.7	1.8	1.9	2.1	2.4	2.7	2.9	3.1
% growth		*n.a.*	*40%*	*-29%*	*30%*	*31%*	*3%*	*11%*	*7%*	*16%*	*11%*	*7%*	*8%*
% of total revenue	0.00%	*0.72%*	*0.85%*	*0.51%*	*0.62%*	*0.76%*	*0.69%*	*0.69%*	*0.66%*	*0.68%*	*0.70%*	*0.68%*	*0.68%*
(-) Deferred Revenue	1.5	1.4	0.7	1.1	1.1	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Working Capital	4.6	3.9	8.2	11.7	20.2	14.8	19.7	24.7	27.9	29.2	33.2	35.8	39.4
Δ OWC		**-0.7**	**4.3**	**3.5**	**8.5**	**-5.4**	**4.9**	**5.0**	**3.2**	**1.3**	**3.9**	**2.6**	**3.6**
% of total revenue		*-0.5%*	*2.6%*	*1.8%*	*4.0%*	*-2.4%*	*1.9%*	*1.8%*	*1.0%*	*0.4%*	*1.0%*	*0.6%*	*0.8%*
(+) Deferred Income Tax - Long Term Asset	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% growth		*n.a.*	*n.a.*	*n.a.*	*n.a.*	*n.a.*	13%	13%	13%	13%	13%	13%	13%
(-) Deferred Income Tax - LT Liability	1.1	0.7	0.9	1.2	1.2	1.0	1.1	1.3	1.4	1.6	1.8	2.1	2.4
% growth		*-36%*	*29%*	*33%*	*0%*	*-17%*	13%	13%	13%	13%	13%	13%	13%
Other non-current operational items	(1.1)	(0.7)	(0.9)	(1.2)	(1.2)	(1.0)	(1.1)	(1.3)	(1.4)	(1.6)	(1.8)	(2.1)	(2.4)
Δ Other non-current operational iter	(3.0)	0.4	(0.2)	(0.3)	0.0	0.2	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)

Source: Mister Spex SE Annual Report & Author's calculation

Table 17: Merged Income Statement

Condensed Income Statement (€ Millions)	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Total Revenue	**1,550.8**	**1,660.0**	**1,593.1**	**1,872.4**	**1,969.4**	**2,192.6**	**2,359.5**	**2,495.1**	**2,628.6**	**2,756.0**	**2,883.8**	**3,005.8**	**3,129.8**
% growth	*11.9%*	*7.0%*	*-4.0%*	*17.5%*	*5.2%*	*11.3%*	*7.6%*	*5.7%*	*5.4%*	*4.8%*	*4.6%*	*4.2%*	*4.1%*
COGS	351.5	376.8	360.9	433.0	480.8	501.2	548.9	572.0	607.8	640.8	674.7	694.4	727.4
% growth	*26.9%*	*7.2%*	*-4.2%*	*20.0%*	*11.0%*	*4.2%*	*9.5%*	*4.2%*	*6.3%*	*5.4%*	*5.3%*	*2.9%*	*4.8%*
% of total revenue	*22.7%*	*22.7%*	*22.7%*	*23.1%*	*24.4%*	*22.9%*	*23.1%*	*23.1%*	*23.2%*	*23.3%*	*23.3%*	*23.2%*	*23.2%*
Gross Profit	**1,199.3**	**1,283.2**	**1,232.2**	**1,439.4**	**1,488.6**	**1,691.4**	**1,810.6**	**1,923.1**	**2,020.8**	**2,115.2**	**2,209.1**	**2,311.4**	**2,402.4**
% growth	*8.1%*	*7.0%*	*-4.0%*	*16.8%*	*3.4%*	*13.6%*	*7.0%*	*6.2%*	*5.1%*	*4.7%*	*4.4%*	*4.6%*	*3.9%*
% of total revenue	*77.3%*	*77.3%*	*77.3%*	*76.9%*	*75.6%*	*77.1%*	*76.7%*	*77.1%*	*76.9%*	*76.7%*	*76.6%*	*76.9%*	*76.8%*
SG&A	925.4	917.3	912.9	1,064.0	1,174.7	990.1	1,187.2	1,247.6	1,304.8	1,367.4	1,393.9	1,447.8	1,506.5
% growth	*12.0%*	*-0.9%*	*-0.5%*	*16.6%*	*10.4%*	*-15.7%*	*19.9%*	*5.1%*	*4.6%*	*4.8%*	*1.9%*	*3.9%*	*4.1%*
% of total revenue	*59.7%*	*55.3%*	*57.3%*	*56.8%*	*59.6%*	*45.2%*	*50.0%*	*50.0%*	*50.0%*	*50.0%*	*49.0%*	*49.0%*	*49.0%*
D&A	49.3	137.2	169.1	192.5	209.8	239.2	241.5	271.3	285.5	299.6	310.0	329.8	338.1
% growth	*16.5%*	*178.3%*	*23.3%*	*13.8%*	*9.0%*	*14.0%*	*1.0%*	*12.3%*	*5.3%*	*4.9%*	*3.5%*	*5.0%*	*2.5%*
% of Gross PPE	*6.7%*	*10.9%*	*11.5%*	*11.6%*	*11.3%*	*11.3%*	*10.5%*	*11.2%*	*11.2%*	*11.1%*	*11.1%*	*10.4%*	*11.0%*
% of Revenue	*3.2%*	*8.3%*	*10.6%*	*10.3%*	*10.7%*	*10.9%*	*10.2%*	*10.9%*	*10.9%*	*10.9%*	*10.7%*	*11.0%*	*10.8%*
Unusual Expense (Income)	1.6	(1.9)	1.6	0.4	2.3	2.4	0.7	1.4	1.2	1.4	1.1	1.3	1.5
% growth		*-218.8%*	*-184.2%*	*-75.0%*	*475.0%*	*4.3%*	*-72.1%*	*108.7%*	*-11.7%*	*15.5%*	*-21.1%*	*16.3%*	*11.2%*
% of total revenue	*0.1%*	*-0.1%*	*0.1%*	*0.0%*	*0.1%*	*0.0%*	*0.0%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.1%*
Other Operating Expenses, Total	(20.0)	(20.3)	(25.4)	(18.5)	(16.3)	295.9	29.6	31.0	32.1	33.6	34.6	35.7	36.8
% growth	*49.3%*	*1.5%*	*25.1%*	*-27.2%*	*-11.9%*	*******	*-90.0%*	*4.9%*	*3.3%*	*4.6%*	*3.1%*	*3.1%*	*3.2%*
% of total revenue	*-1.3%*	*-1.2%*	*-1.6%*	*-1.0%*	*-0.8%*	*13.5%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*	*1.3%*
Total Operating Expense	1,306.2	1,411.0	1,417.5	1,671.0	1,849.0	2,026.4	2,007.1	2,121.9	2,230.3	2,341.4	2,413.1	2,507.6	2,608.8
% growth	*14.9%*	*8.0%*	*0.5%*	*17.9%*	*10.7%*	*9.6%*	*-0.9%*	*5.7%*	*5.1%*	*5.0%*	*3.1%*	*3.9%*	*4.0%*
% of total revenue	*84.2%*	*85.0%*	*89.0%*	*89.2%*	*93.9%*	*92.4%*	*85.1%*	*85.0%*	*84.8%*	*85.0%*	*83.7%*	*83.4%*	*83.4%*
Operating Income (EBIT)	**244.6**	**249.0**	**175.6**	**201.4**	**120.4**	**166.2**	**352.3**	**373.3**	**398.4**	**414.6**	**470.6**	**498.2**	**521.0**
% growth	*-3.8%*	*1.8%*	*-29.5%*	*14.7%*	*-40.2%*	*38.0%*	*112.0%*	*5.9%*	*6.7%*	*4.1%*	*13.5%*	*5.9%*	*4.6%*
% of total revenue	*15.8%*	*15.0%*	*11.0%*	*10.8%*	*6.1%*	*7.6%*	*14.9%*	*15.0%*	*15.2%*	*15.0%*	*16.3%*	*16.6%*	*16.6%*
Interest Inc.(Exp.),Net-Non-Op., Total	(2.7)	(4.4)	(4.5)	(7.0)	(5.9)	(12.8)	(2.8)	(3.1)	(4.4)	(5.0)	(5.5)	(5.8)	(5.0)
% of total revenue	*-0.2%*	*-0.3%*	*-0.3%*	*-0.4%*	*-0.3%*	*-0.6%*	*-0.3%*	*-0.4%*	*-0.4%*	*-0.4%*	*-0.4%*	*-0.4%*	*-0.4%*
Net Income Before Taxes (EBT)	**243.5**	**242.7**	**172.7**	**194.8**	**116.8**	**155.8**	**349.6**	**370.2**	**394.0**	**409.6**	**465.1**	**492.3**	**516.0**
% growth	*-2.1%*	*-0.3%*	*-28.8%*	*12.8%*	*-40.0%*	*33.4%*	*124.4%*	*5.9%*	*6.4%*	*4.0%*	*13.6%*	*5.9%*	*4.8%*
% of total revenue	*15.7%*	*14.6%*	*10.8%*	*10.4%*	*5.9%*	*7.1%*	*14.8%*	*14.8%*	*15.0%*	*14.9%*	*16.1%*	*16.4%*	*16.5%*
Income Taxes	77.7	76.6	55.1	68.3	50.9	62.8	112.9	112.7	118.2	122.9	139.5	147.7	154.8
% of income before taxes	*31.9%*	*31.6%*	*31.9%*	*35.1%*	*43.6%*	*40.3%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*	*30.0%*
Net Income After Taxes	**165.8**	**166.1**	**117.6**	**126.5**	**65.9**	**93.0**	**236.7**	**257.4**	**275.8**	**286.7**	**325.6**	**344.6**	**361.2**
% growth	*-1.1%*	*0.2%*	*-29.2%*	*7.6%*	*-47.9%*	*41.1%*	*154.5%*	*8.8%*	*7.1%*	*4.0%*	*13.6%*	*5.9%*	*4.8%*
% of total revenue	*10.7%*	*10.0%*	*7.4%*	*6.8%*	*3.3%*	*4.2%*	*10.0%*	*10.3%*	*10.5%*	*10.4%*	*11.3%*	*11.5%*	*11.5%*
Minority Interest	(4.7)	(5.1)	(4.4)	(7.7)	(6.1)	(3.0)	(6.8)	(7.1)	(7.4)	(7.7)	(8.0)	(8.3)	(8.6)
% of total revenue	*-0.3%*	*-0.3%*	*-0.3%*	*-0.4%*	*-0.3%*	*-0.1%*	*-0.3%*	*-0.3%*	*-0.3%*	*-0.3%*	*-0.3%*	*-0.3%*	*-0.3%*
Net Income Before Extra. Items	**161.1**	**161.0**	**113.2**	**118.8**	**59.8**	**90.0**	**229.9**	**250.3**	**268.4**	**279.0**	**317.5**	**336.3**	**352.6**
% growth	*-0.4%*	*-0.1%*	*-29.7%*	*4.9%*	*-49.7%*	*51%*	*155%*	*9%*	*7%*	*4%*	*14%*	*6%*	*5%*
% of total revenue	*10.4%*	*9.7%*	*7.1%*	*6.3%*	*3.0%*	*4.1%*	*9.7%*	*10.0%*	*10.2%*	*10.1%*	*11.0%*	*11.2%*	*11.3%*
EBITDA	293.9	386.2	344.7	393.9	330.2	405.4	593.8	644.5	683.9	714.2	780.6	828.0	859.0
EBITDA Margin	*19.0%*	*23.3%*	*21.6%*	*21.0%*	*16.8%*	*18.5%*	*25.2%*	*25.8%*	*26.0%*	*25.9%*	*27.1%*	*27.5%*	*27.4%*

Source: Author's calculation

Table 18: Merged Balance Sheet

Condensed Balance Sheet (€ Million	2018	2019	2020	2021	2022	2023	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Total Debt	49.7	428.1	492.9	509.7	542.5	612.8	555.0	570.1	579.3	568.1	572.5	573.3	571.3
% growth	*88.97%*	*761.37%*	*15.14%*	*3.41%*	*6.44%*	*12.96%*	*-9.43%*	*2.72%*	*1.61%*	*-1.93%*	*0.77%*	*0.14%*	*-0.35%*
Cash & Short Term Investments	258.7	276.5	268.9	453.1	308.9	284.4	332.6	327.8	342.0	326.8	325.8	301.9	286.9
% growth	*-10.64%*	*6.88%*	*-2.75%*	*68.50%*	*-31.83%*	*-7.93%*	*8.51%*	*2.09%*	*11.13%*	*-4.97%*	*4.58%*	*-7.97%*	*-5.06%*
Net Debt	**(209.0)**	**151.6**	**224.0**	**56.6**	**233.6**	**328.4**	**222.4**	**242.3**	**237.3**	**241.3**	**246.7**	**271.4**	**284.4**
% growth		*-172.54%*	*47.76%*	*-74.73%*	*312.72%*	*40.58%*	*-32.28%*	*8.95%*	*-2.04%*	*1.69%*	*2.21%*	*10.01%*	*4.81%*
Net PPE	**268.8**	**694.6**	**782.4**	**851.5**	**905.1**	**992.6**	**1,139.1**	**1,250.6**	**1,304.5**	**1,364.2**	**1,398.7**	**1,441.6**	**1,495.4**
% growth		*158%*	*13%*	*9%*	*6%*	*9.7%*	*14.8%*	*9.8%*	*4.3%*	*4.6%*	*2.5%*	*3.1%*	*3.7%*
Gross PPE	736.7	1,264.4	1,473.3	1,666.2	1,849.7	2,122.1	2,330.8	2,470.7	2,617.6	2,770.5	2,855.0	2,940.7	3,027.4
% growth		*72%*	*17%*	*13%*	*11%*	*14.7%*	*10%*	*6%*	*6%*	*6%*	*3%*	*3%*	*3%*
Accumulated Depreciation	(467.9)	(569.8)	(690.9)	(814.7)	(944.6)	(1,129.5)	(1,191.7)	(1,220.1)	(1,313.1)	(1,406.3)	(1,456.4)	(1,499.1)	(1,531.9)
% growth		*22%*	*21%*	*18%*	*16%*	*20%*	*6%*	*2%*	*8%*	*7%*	*4%*	*3%*	*2%*
% of Gross PPE	*-64%*	*-45%*	*-47%*	*-49%*	*-51%*	*-53%*	*-51%*	*-49%*	*-50%*	*-51%*	*-51%*	*-51%*	*-51%*
Δ Net PPE	29.1	425.8	87.8	69.1	53.6	87.5	146.5	111.5	53.9	59.8	34.4	42.9	53.9
% growth			*-79%*	*-21%*	*-22%*	*63%*	*68%*	*-24%*	*-52%*	*11%*	*-42%*	*25%*	*26%*
Net Intangibles	44.3	75.1	209.2	182.1	189.9	240.3	253.7	266.4	277.1	285.4	291.1	296.9	302.9
% growth		*70%*	*179%*	*-13%*	*4%*	*27%*	*6%*	*5%*	*4%*	*3%*	*2%*	*2%*	*2%*
Goodwill	59.6	66.7	185.6	188.5	229.5	304.5	316.7	326.2	336.0	346.0	356.4	367.1	378.1
% growth		*12%*	*178%*	*2%*	*22%*	*33%*	*4%*	*3%*	*3%*	*3%*	*3%*	*3%*	*3%*
Δ Intangibles + Goodwill	33.1	37.9	253.0	(24.2)	48.8	125.4	25.6	22.2	20.4	18.4	16.1	16.5	17.0
% growth		*15%*	*568%*	*-110%*	*-302%*	*157%*	*-80%*	*-13%*	*-8%*	*-10%*	*-13%*	*3%*	*3%*
D&A	49.3	137.2	169.1	192.5	209.8	239.2	241.5	271.3	285.5	299.6	310.0	329.8	338.1
CAPEX (Δ PPE +Δ Intangibles + D&A)	**111.5**	**600.9**	**509.9**	**237.4**	**312.2**	**452.1**	**413.6**	**405.0**	**359.9**	**377.8**	**360.5**	**389.2**	**408.9**
% of total revenue	*7.2%*	*36.2%*	*32.0%*	*12.7%*	*15.9%*	*20.6%*	*17.5%*	*16.2%*	*13.7%*	*13.7%*	*12.5%*	*12.9%*	*13.1%*
% growth		*438.9%*	*-15.1%*	*-53.4%*	*31.5%*	*44.8%*	*-8.5%*	*-2.1%*	*-11.1%*	*5.0%*	*-4.6%*	*8.0%*	*5.1%*
(+) Accounts Receivable	67.5	66.6	69.0	67.3	72.6	57.8	56.5	54.6	52.3	48.6	46.9	45.1	43.4
% growth		*-1%*	*4%*	*-2%*	*8%*	*-20%*	*-3%*	*-4%*	*-5%*	*-8%*	*-5%*	*-6%*	*-6%*
% of total revenue	*4.4%*	*4.0%*	*4.3%*	*3.6%*	*3.7%*	*2.6%*	*2.4%*	*2.2%*	*2.0%*	*1.8%*	*1.6%*	*1.5%*	*1.4%*
(+) Inventory	150.5	173.3	164.7	176.3	213.2	257.2	284.0	314.6	344.0	372.3	403.0	435.7	466.7
% growth		*15%*	*-5%*	*7%*	*21%*	*21%*	*12%*	*10%*	*9%*	*8%*	*8%*	*8%*	*7%*
% of total revenue	*9.7%*	*10.4%*	*10.3%*	*9.4%*	*10.8%*	*11.7%*	*12.0%*	*12.6%*	*13.1%*	*13.5%*	*14.0%*	*14.5%*	*14.9%*
(+) Prepaid Expenses	19.2	25.8	35.6	43.0	48.3	50.0	50.9	56.7	59.9	62.5	64.3	66.8	70.0
% growth		*34.4%*	*38.0%*	*20.8%*	*12.3%*	*3.5%*	*1.8%*	*11.5%*	*5.5%*	*4.4%*	*2.9%*	*3.8%*	*4.8%*
% of total revenue	*1.2%*	*1.6%*	*2.2%*	*2.3%*	*2.5%*	*2.3%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*	*2%*
(-) Accounts Payable	66.1	83.4	85.3	95.8	98.1	110.1	116.5	125.1	134.7	145.7	155.5	167.6	179.1
% growth		*26%*	*2%*	*12%*	*2%*	*12%*	*7%*	*9%*	*8%*	*9%*	*8%*	*8%*	*8%*
% of total revenue	*4.3%*	*5.0%*	*5.4%*	*5.1%*	*5.0%*	*5.0%*	*4.9%*	*5.0%*	*5.1%*	*5.3%*	*5.4%*	*5.6%*	*5.7%*
(-) Accrued Expenses	48.8	47.7	59.8	71.5	71.3	64.9	70.5	74.0	74.7	75.8	78.9	81.2	83.0
% growth		*-2%*	*25%*	*20%*	*0%*	*-9%*	*9%*	*5%*	*1%*	*1%*	*4%*	*3%*	*2%*
% of total revenue	*3.15%*	*2.87%*	*3.75%*	*3.82%*	*3.62%*	*2.96%*	*3.0%*	*3.0%*	*2.8%*	*2.8%*	*2.7%*	*2.7%*	*2.7%*
(-) Deferred Revenue	1.5	1.4	0.7	1.1	1.1	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Working Capital	120.8	133.2	123.5	118.2	163.6	187.2	204.4	226.9	246.8	261.8	279.7	298.8	317.9
Δ OWC		**12.4**	**-9.7**	**-5.3**	**45.4**	**23.6**	**17.1**	**22.6**	**19.9**	**15.0**	**17.9**	**19.1**	**19.1**
% of total revenue		*0.7%*	*-0.6%*	*-0.3%*	*2.3%*	*1.1%*	*0.7%*	*0.9%*	*0.8%*	*0.5%*	*0.6%*	*0.6%*	*0.6%*
(+) Deferred Income Tax - Long Term Asset	12.3	10.9	13.6	14.4	19.3	25.2	28.5	32.2	36.4	41.1	46.4	52.5	59.3
% growth		*-11%*	*25%*	*6%*	*34%*	*31%*	13%	13%	13%	13%	13%	13%	13%
(-) Deferred Income Tax - LT Liability	13.2	18.3	49.0	38.8	38.9	55.8	63.1	71.3	80.5	91.0	102.8	116.2	131.3
% growth		*39%*	*168%*	*-21%*	*0%*	*43%*	13%	13%	13%	13%	13%	13%	13%
Other non-current operational items	(0.9)	(7.4)	(35.4)	(24.4)	(19.6)	(30.6)	(34.6)	(39.1)	(44.2)	(49.9)	(56.4)	(63.7)	(72.0)
Δ Other non-current operational iten	(3.0)	(6.5)	(28.0)	11.0	4.8	(11.0)	(4.0)	(4.5)	(5.1)	(5.7)	(6.5)	(7.3)	(8.3)

Source: Author's calculation