



## Company: Hellenic Telecommunications Organization (HTO) Reason:Update

### Investment Thesis

We are renewing our confidence in Hellenic Telecommunications Organization investment case setting upgrading the target price to €17.00, which translates to an upside of +21%.

Although HTO is delivering strong predictable results and maintains a generous payout policy, the stock remains undervalued due to a perceived lack of catalyst that would trigger demand.

HTO pays out most of the free cash flow to the shareholders, with a combination of annually increasing dividend distributions and buybacks. HTO enjoys a very strong balance sheet, with Net Debt/EBITDA at 0.39 lows and enviable debt maturity profile with the next significant refinancing need on 2026.

Repeatable margins, increasing distributions and enviable balance sheet, are more than convincing reasons to buy HTO. On top, the timing is now offering (i) a double digit discount from fair value (ii) a current dividend yield of 5.07% (€0.71 dividend per share is set to be distributed in two months' time) (iii) and an increasing possibility of an imminent selling of the Romanian lower margin business that could act as the catalyst markets are looking for.

As for HTO's growth opportunities: besides the TV subscriptions that keep growing for the 5<sup>th</sup> consecutive quarter (688K subscription), the group continues investing in the fiber-to-the-home infrastructure. As of now they have installed 1.375M lines which is 70% of the installed lines of the whole market. The FTTH subscriptions to the installed lines ratio is improving, and the business should further be boosted by a government coupon expected in 4Q24. The payment solutions (Payzy) and food delivery platform (Box) are additional growth opportunities.

### Valuation

The company is valued at €17,00 per share through a FCF exercise with an applied WACC of 9.11% which incorporates the same risk-free rate of 4.50% we used as we did on our last report.

<b>Date</b>	<b>15/05/2024</b>
<b>Fair Estimated Price</b>	€ 17,00
<b>Investment Thesis</b>	UV
<b>Bloomberg Ticker</b>	HTO:GA
<b>Reuters Ticker</b>	HTOr.AT
<b>Closing Price (14/05/24)</b>	€ 14,01
<b>Low/High price 52w</b>	15.81/12.63
<b>Market Cap (€mn)</b>	5.856
<b>EPS (2024 projected)</b>	1,11
<b>DPS</b>	0,711



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

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



<b>Summary Financials</b>				
(€mn)	2022A	2023A	2024F	2025F
<b>Profit &amp; Loss Items</b>				
Total Net Revenues	3.455,3	3.469,0	3.484,6	3.494,2
EBITDA	1.385,6	1.382,7	1.303,0	1.318,3
EBIT	590,5	716,2	636,5	651,8
Net Income	388,7	532,2	462,0	474,2
<b>Balance Sheet Items</b>				
Non Current Assets	3.704,0	3.702,2		
Receivables+Inventories	574,8	660,4		
Payables	471,2	537,6		
Cash	591,9	464,5		
Long Term Debt	1.063,6	1.054,9		
Short Term Debt	249,2	242,9		
<b>Cash Flow Items</b>				
Free Cash Flow (FCFF)	597,1	459,3	470,0	546,5
CAPEX	638,3	621,4	620,0	638,6
<b>Key Metrics</b>				
Revenue Growth	2,6%	0,4%	0,4%	0,3%
EBITDA Margin	40,1%	39,9%	37,4%	37,7%
EPS	0,90	1,27	1,11	1,13
DPS	0,56	0,58	0,71	0,71
Opex/Revenue	60,2%	60,4%	62,9%	62,6%
Capex/EBITDA	46,1%	44,9%	47,6%	48,4%
WACC	8,11%	9,11%	9,11%	9,11%
Debt/Equity	57,5%	53,1%		
Net Debt / EBITDA (x)	0,52	0,47	0,39	

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