Marks Electrical Group

Market share gains and efficiency drive cash flow

16th November 2023

Rapid sales growth fuelled by market share gains, and strong cash flow driven by efficiency improvements, were key features of Marks Electrical Group's FY2024 interim figures. The company's commitment to improved service levels and brand awareness clearly resonated well with the customer base. MRK remains confident in meeting full year expectations.

Today's results confirm 24.8% sales growth to £53.9m in FY2024H1, which was released in a 12th October trading update and commented on in our report Service uplift sparks 25% sales growth. We highlighted significant market share gains in both Major Domestic Appliances (MDA) and Consumer Electronics (CE). Despite lower EBITDA margins, MRK converted 145% of operating profit into cash (vs. 118% for the whole of FY2023), enabling a 0.30p unchanged interim dividend.

Margins, as expected, were reduced by MRK's strategic decision to add integrated gas, electrical and television installation services to its next day delivery service. In addition, there was a policy decision to increase wages for the company's drivers. As a result, EBITDA margins were two percentage points lower than a year earlier at 4.3%. **Importantly, gross product margins were almost unchanged – i.e. products were not discounted.**

Market share improvements in both MDAs and CEs demonstrates the success of the company's strategy. In FY2024H1 MDA share rose to 2.9% from 2.4%, while CE share increased from 0.3% to 0.5%. For online only – where MRK operates – the MDA share was 5.4% and CE 0.9%. Given the substantial headroom the company enjoys in terms of awareness and reach, that over 1 in 20 online MDA orders in the UK are already put through Marks Electrical Group appears impressive. The integrated installation service now covers more than 70% of the UK.

MRK remains committed to converting profits into cash. It achieves this objective by efficient working capital management – i.e. limiting inventory build-up and being paid promptly. Moreover, operating efficiency in terms of overhead costs improved in the six months. Inventory days reduced to 64 in FY2024H1 from 82 days a year earlier. Net cash rose by £0.9m to £10.9m in the past 6 months. The company generated a still impressive 37% return on capital employed in FY2024H1.

Strong cash conversion endorses our 150p fair value

With sustained robust sales growth, driven by consistent market share increases from an already meaningful level online and strong cash conversion, we retain our 150p fair value for MRK's shares. We base this long-held fair value on 1.3x and 18.1x FY2024 EV/sales and EV/EBITDA respectively. Our DCF analysis supports this valuation.

Key Financials

Year to 31st March	2020A	2021A	2022A	2023A	2024E	2025E
Revenue (£m)	**31.5**	**56.0**	**80.5**	**97.8**	**116.0**	**130.0**
Revenue growth	0.8%	77.7%	43.8%	21.5%	18.7%	12.0%
EBITDA (£m) (adj)	**1.3**	**7.7**	**7.2**	**7.5**	**8.0**	**10.0**
EPS diluted (adj) (p)	0.66	5.05	5.01	4.82	4.48	5.94
DPS (p)			0.67	0.96	0.90	1.19
EV/sales (x)	**2.7**	**1.5**	**1.1**	**0.9**	**0.7**	**0.7**
EV/EBITDA (x)	67.5	11.2	11.9	11.5	10.8	8.6
P/E ratio (x)	**143.0**	**18.6**	**18.8**	**19.5**	**21.0**	**15.8**
Yield			0.7%	1.0%	1.0%	1.3%

Source: ED estimates, company historic data

Company Data

EPIC	MRK
Price (last close)	94p
52 weeks Hi/Lo	110p/72p
Market cap	£99m
ED Fair Value/share	150p

Share Price, p

Source: ADVFN

Description

Marks Electrical Group PLC (MRK) is a fast growing online electrical goods retailer, which was founded by its current CEO Mark Smithson in 1987.

MRK focuses on premium branded Major Domestic Appliances, which it can deliver with its in-house wholly owned fleet of vehicles to more than 99% of the English population on a next day basis.

The company operates from a single site in Leicester, which also houses its headquarters.

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Market share gains and efficiency drive cash flow

Marks Electrical delivered a combination of strong sales growth and excellent cash conversion in the first half of FY2024. Despite over 1 in 20 UK consumers' online orders for Major Domestic Appliances already being put through MRK, there remains substantial scope for market share increases through raised brand awareness, natural geographic expansion and a broader roll-out of the relatively recently launched installation service.

This report covers today's financial and operating results with a detailed analysis of the main influences on margins relative to the same period a year earlier. In addition, we focus on market share trends in the half and MRK's impressive cash conversion, which remained in excess of 100%. MRK is in a strong position to fund future business expansion due to the inherently cash generating nature of its business.

FY2023 results highlights

MRK's first half sales growth was reported in a trading statement on 12th October 2023. The company was able to increase market share in flat markets for both MDAs and CE, and experienced particularly strong growth in televisions which saw 71% growth, washer-dryers up by 74% and American fridge-freezers up by 36%.

While key operating and net income margins were lower than in the same period last year, it is important to note that **gross product margins were similar and that the company maintained a tight control of overheads**. Importantly, cash conversion was strong which enabled an unchanged interim dividend of 0.30p. We summarise key financial highlights in Figure 1.

Figure 1 - Key financial highlights

All figures in £'000s	FY2023 - H1	FY2024 - H1	change	
Revenue	**43,146**	**53,858**	**24.8%**	
EBITDA - adjusted	**2,704**	**2,312**	**-14.5%**	
EBITDA margin - adjusted	6.3%	4.3%	-2.0	ppts
EBIT - adjusted	2,130	1,501	-29.5%	
EBIT margin - adjusted	4.9%	2.8%	-2.1	ppts
Profit after tax - adjusted	1,741	1,203	-30.9%	
EPS - adjusted (pence)	**1.66**	**1.11**	**-33.1%**	
Dividend per share (pence)	**0.3**	**0.3**	**unch**	
Operating cash flow for conversion	5,117	3,358	-34.4%	
Operating cash conversion	**189%**	**145%**	**-44**	**ppts**
Free cash flow	4,523	1,703	-62.3%	
Net cash	**7,692**	**10,901**	**3,209**	
Return on capital employed	49%	37%	-12	ppts

Source: Company data

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For the full year we leave our forecasts unchanged. Importantly, this implies some margin recovery in the second half. However, given that our sales growth forecast is for 19% growth compared with 24% in FY2024H1 and that the **company reported a strong start to the second half**, a confident view about full year FY2024 seems appropriate, in our view.

A closer look at margins

Operating margins at both EBITDA and EBIT level fell by around 2 percentage points in FY2024H1 compared with the same period a year earlier. The chief causes of this margin decline were incremental costs associated with the strategic decision to add the premium next day delivery service of integrated gas, electrical and television integrated installations.

Moreover, MRK awarded important pay increases to the company's drivers – important because these employees are fundamental to the ability to secure next day delivery. Moreover, they are the primary in-person interface with the company's end customers.

What should be grasped by potential investors, in our view, is the fact that MRK is not deliberately growing its sales revenue at the expense of longer-term profitability. These interim results include data for gross product margin – effectively a measure of profit per delivered item. **As Figure 2 shows, this profit measure did not decline materially relative to last year.**

Figure 2 - Margins influences in detail

All figures in £'000s	FY2023 - H1	FY2024 - H1	change	
Revenue	43,146	53,858	24.8%	
Gross product profit	10,852	13,387	23.4%	
Gross product margin	**25.2%**	**24.9%**	**-0.3**	**ppts**
Distribution & installation costs	-3,043	-4,907	61.3%	
% of sales	**7.1%**	**9.1%**	**2.0**	**ppts**
Advertising & marketing	2,421	2,995	23.7%	
% of sales	**-5.6%**	**-5.6%**	**unch**	
Overheads	2,684	3,173	18.2%	
% of sales	**-6.2%**	**-5.9%**	**-0.3**	**ppts**
EBITDA - adusted	2,704	2,312	-14.5%	
EBITDA margin - adjusted	**6.3%**	**4.3%**	**-2.0**	**ppts**

Source: Company data

The major impact on margins in FY2024H1 was distribution and installation costs, which increased 2 percentage (or 200 basis) points. Elsewhere, MRK maintained advertising and marketing costs at 5.6% of sales, which is in line with its long-term target. Importantly, because sales increased at a brisk rate, this tactic of maintaining investment in brand awareness should enable sales to continue to advance at a healthy pace.

Tight control of overheads remains central to MRK's efficient management of the business and is consistent with a commitment to reducing working capital as a portion of sales. The company achieved an important reduction of overheads as a portion of sales and saved 0.3 percentage points of margin as a result.

Further ahead, the impact of the enhanced, premium installation service on EBITDA margins should fade as sales revenue continues to expand. Importantly, despite the company operating on a van delivery basis, there are significant economies of scale which should arise in non-urban areas as capacity utilisation for the entire delivery fleet increases.

Market share gains drive revenue growth

Proven market share track record

Upgraded service levels and improved brand awareness remain central to MRK's ability to gain market share in what was (overall) a flat market for MDAs and CEs in the UK in FY2024H1 and may be expected to remain so in the near term. Market share highlights from the six-month period as well as the best-in-class Trustpilot score are summarised in Figure 3.

Figure 3 - Market share highlights

	FY2023 - H1	FY2024 - H1	change	
MDA market share	2.4%	2.9%	0.5	ppts
MDA market share – online	**4.5%**	**5.4%**	**0.9**	**ppts**
CE market share	0.3%	0.5%	0.2	ppts
CE market share -online	**0.6%**	**0.9%**	**0.3**	**ppts**
Attachment rate (installations & connections)	9%	>15%	>6	ppts
Trustpilot score	**4.8**	**4.8**	**unch**	

Source: Company data

Overall market share gives an important indicator of how much headroom there is for MRK to grow its business in what remained a £2.0bn market for MDAs and a £1.2bn market for CEs in the six-month period.

But it is MRK's presence in the online market which, in our view, should grab more attention largely because this is where the company operates. For MDAs the company has already established a firm foothold in UK online with its 5.4% market share – i.e. a take-up rate of at least 1 in 20 online orders in that category.

Despite some improvements elsewhere, **MRK maintains a best-in-class Trustpilot rating** shown in Figure 4 with potential for the company either to improve or cement this position as a result of the roll-out of its premium installation service. Given a strong service relationship with customers is vital to remaining at the top of the table, the near-term operating margin impact of installations and driver pay rises should be vindicated going forward, in our view.

Figure 4 - Relative Trustpilot scores

Company	Website	Trustpilot rating
Marks Electrical	www.markselectrical.co.uk	4.8
AO	www.ao.com	4.7
John Lewis	www.johnlewis.com	4.0
Currys	www.currys.co.uk	3.7

Sources: uk.trustpilot.com

Headroom for further market share growth

Marks Electrical has both the geographic headroom and the financial firepower for more advertising to make further substantial gains in its share of the online MDA and CE markets, as well as effectively build a competitive "moat" around its business through brand recognition and reputation.

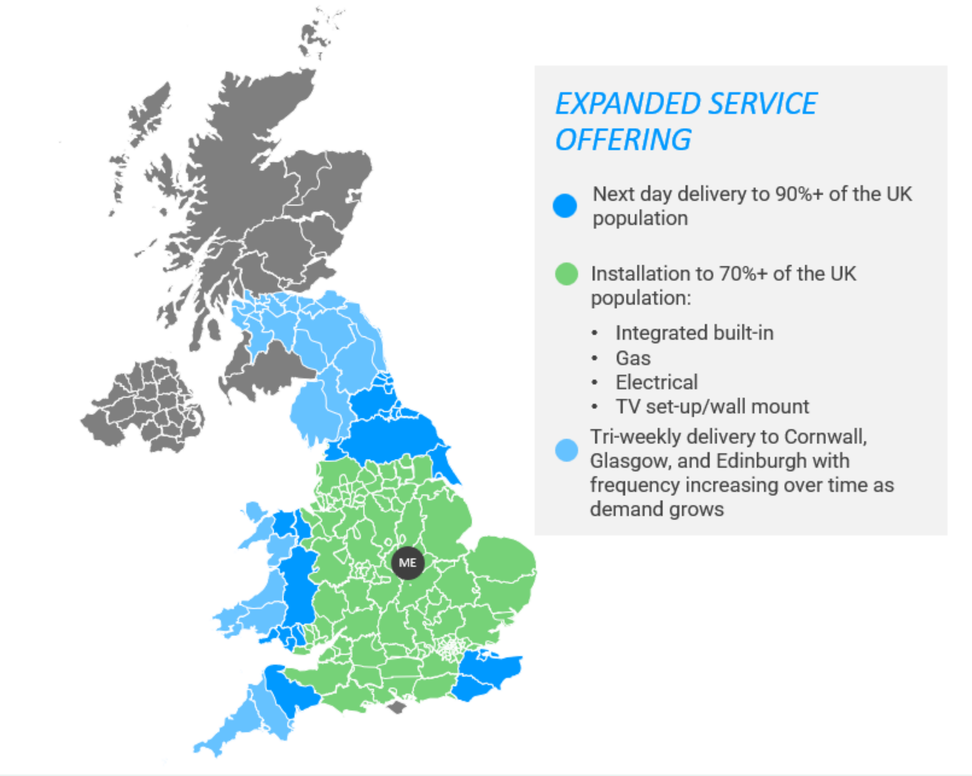
Geographic headroom

Our 14th June report Built in installations enhance growth outlook included regional data for brand awareness based on May 2023. Currently, the two regions which are most aware of the company in response to the question "Have you ever heard of Marks Electrical?" are London and the East Midlands which showed awareness rates of 22% (much improved from 12% in October 2022) and 20% respectively.

The UK's largest region (South East) responded 11% and the third largest region (North West) 12%. With an overall England awareness rate of 15%, there is clearly substantial room to grow awareness with geographical expansion – notably the south coast being an important part of that process.

Geographical expansion should also be a feature of increased take-up of the premium installation service. As Figure 5 illustrates, this service is yet to achieve a full coverage in either England or the UK as a whole. While next day delivery is available to 90% of the UK population, installation is currently only around 70%.

Figure 5 – Installation



Source: Company data

Financial firepower

MRK clearly has abundant net cash. However, for advertising & marketing it is important to focus on current expenditure in relation to net sales revenue. While investment in brand awareness generates significant long-term returns in common with capital expenditure, advertising & marketing are expensed through the income statement and thus, if raised as a portion of sales, could depress margins.

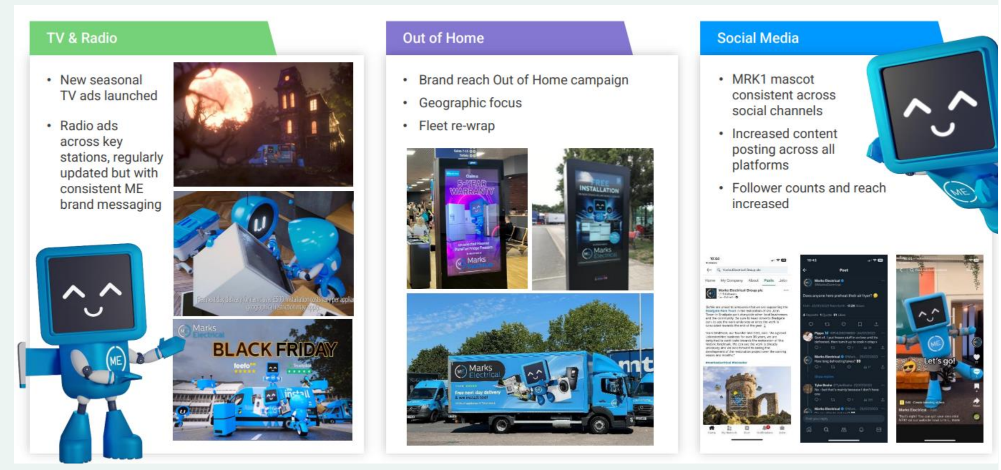
MRK's strategy is to maintain advertising & marketing at 5.0% of full year sales. Not surprisingly, given the timing of such events as Black Friday the company pivots advertising & marketing spend into its first half – hence 5.6% of sales in both FY2024H1 and FY2023H1.

However, because the company's sales rose so quickly in FY2024H1 – in common with the 22% growth reported in the last full financial year and our expectations of 19% growth in FY2024 as a whole – the company is able significantly to increase its investment in the brand without compromising operating margins.

Clearly there is an element of a virtuous circle given that higher awareness prompts increased sales which in turn fund further investment in the brand. We include photographic examples of recent brand building initiatives in Figure 6.

The company's stated intention is to increase awareness in this area while maintaining cost discipline – i.e. margins should not be compromised. Brand building continues to be targeted across the three key channels of TV & radio, out of home and social media. In addition to paid-for spend the company makes significant use of its delivery vehicles as advertising platforms.

Figure 6 – Brand building



Source: Company presentation data

Cash generation as a core competence

Marks Electrical is a cash generative business whose cash conversion – i.e. cash flow as a percentage of profits - is enhanced by tight controls on working capital. As a result, the company should be in a position on an ongoing basis to fund further expansion and improve operating practices. We look at each in turn.

Cash conversion

MRK's cash conversion performance is summarised in Figure 7. MRK's operating cash flow which is defined as "cash generated from operations less outflows for lease payments and exceptional items" is expressed as a percentage of adjusted EBITDA and was very much positive in both the first halves of FY2023 and FY2024 as well as for FY2023 (118%) as a whole.

In addition, we compare overall free cash flow with net income. Again, the message is clear. MRK is a cash generative business which is capable of converting well in excess of its net profits into cash. This cash flow can either be reinvested in the business or distributed to shareholders.

Free cash flow margin is expressed as a percentage of sales and remained in positive territory in FY2024H1.

Figure 7 - Cash conversion

All figures in £'000s	FY2023 - H1	FY2024 - H1
EBITDA – adjusted	2,704	2,312
Operating free cash flow	5,117	3,358
Conversion rate	**189%**	**145%**
Profit after tax – statutory	1,738	873
Free cash flow	4,523	1,703
Conversion rate	**260%**	**195%**
Free cash flow margin	10%	3%

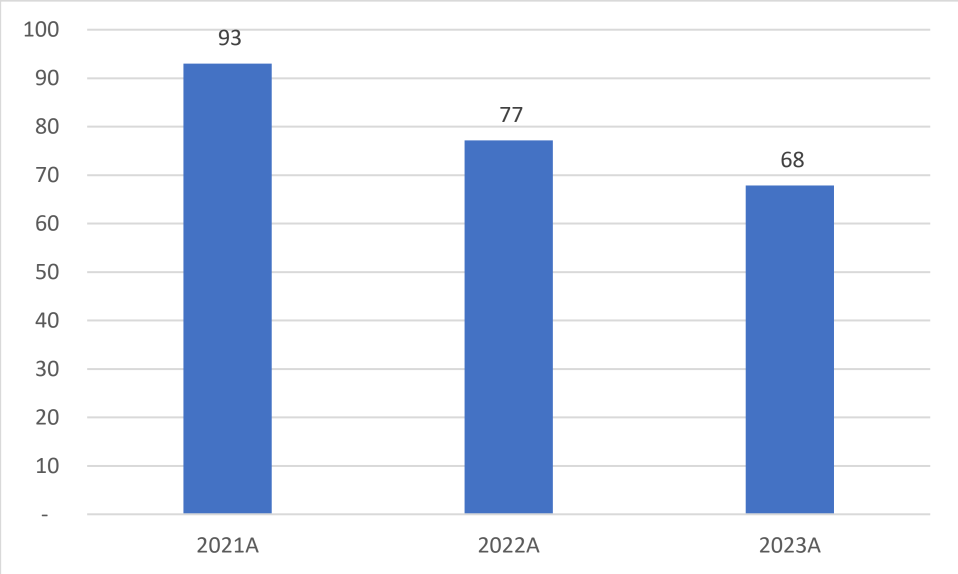
Source: Company data

Working capital management

The combination of being "capital light" – as shown in its relatively high returns on capital employed – and controlling working capital tightly significantly explains the positive nature of MRK's cash conversion. In particular, the operating free cash flow excludes any impact from fluctuations in capital expenditure. **Inventory days reduced to 64 in FY2024H1 from 82 days a year earlier**.

The past two full financial years trended negatively for working capital as a whole – i.e. inventories and trade debtors less trade creditors – when expressed in terms of days sales. The position is summarised in in Figure 8. In the past two years, the company reduced working capital by the equivalent of 25 days of sales revenue.

Figure 8 – Days working capital FY2021-FY2023



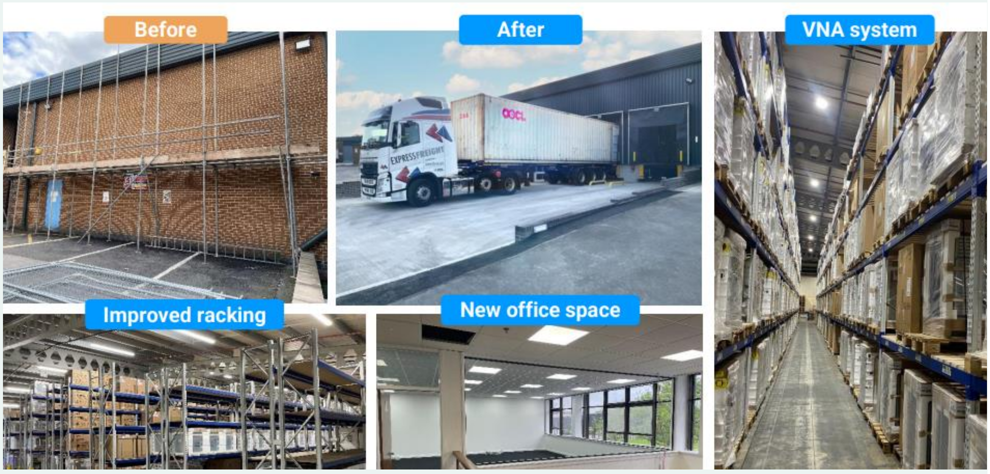
Source: Company data

Financing expansion

MRK's robust underlying free cash flow as well as its current positive net cash position should ensure that the company is in a strong position to fund further expansion and to implement continuous improvement in operating practices. Such improvements and indicators of progress include, but are not limited to, increased working office space, the Marks Electrical Academy for staff training and improved warehouse loading and management facilities.

Illustrations of these are shown in Figure 9. We draw attention to the dock leveller system which accommodates both inbound and outbound vehicles into the same docking stations and the very narrow aisle (VNA) warehouse management system.

Figure 9 – Notable upgrades to operations



Source: Company presentation data

Valuation & financials

Relative valuation

The central investment case for Marks Electrical remains profitable market share driven growth which should generate consistent increases in both free cash flow and dividends for shareholders. In our view these qualities, not all of which are shared by its peer group, should be reflected in how the company is valued.

Our relative valuation in Figures 10 and 11 assesses Marks Electrical against peer groups of MDA and CE providers and online retail businesses respectively. We maintain our fair value at 150p, which implies FY2024 EV/sales of 1.3x and 18.1x FY2024 EV/EBITDA based on our revised forecasts.

Figure 10 - Relative valuation - online MDA providers

	Share price (p)	Mkt cap (£m)	Net debt (£m)	EV (£m)	Sales 2024 (£m)	EV/ sales (x)	EBITDA 2024 (£m)	EV/ EBITDA (x)	EPS 2024 (p)	P/E (x)	DPS 2024 (p)	Yield
AO World (AO)	92	504	76	580	1139	0.5	57.9	10.0	3.7	24.9	n/a	n/a
Currys (CURY)	49	546	1360	1906	9072	0.2	525.0	3.6	7.1	7.0	2.1	4.3%
Marks Electrical (MRK)	**94**	**99**	**-12**	**86**	**116**	**0.7**	**8.0**	**10.8**	**4.5**	**21.0**	**0.9**	**1.0%**
Average						0.5		8.1		18.6		2.6%

Source: ADVFN, MarketScreener, Stockopedia and Equity Development estimates

Figure 11 - Relative valuation - online consumer goods providers

	Share price (pence)	Mkt cap (£m)	Net debt (£m)	EV (£m)	Sales 2024 (£m)	EV/ Sales (x)	EBITDA 2024 (£m)	EV/ EBITDA (x)	EPS 2024 (p)	P/E (x)	DPS 2024 (p)	Yield
ASOS (ASC)	397	417	649	1066	3582	0.3	137	7.8	-25.2	n/a	n/a	n/a
B&M (BME)	550	5526	2012	7538	5406	1.4	866	8.7	37.5	14.7	20.3	3.7%
Boohoo (BOO)	35	426	162	588	1565	0.4	63	9.4	-1.7	n/a	n/a	n/a
Dunelm (DNLM)	1141	2316	288	2604	1725	1.5	292	8.9	74.7	15.3	65.9	5.8%
Marks Electrical (MRK)	**94**	**99**	**-12**	**86**	**116**	**0.7**	**8.0**	**10.8**	**4.5**	**21.0**	**0.9**	**1.0%**
Next (NXT)	7720	9573	1669	11242	5345	2.1	1143	9.8	558.0	13.8	207	2.7%
Ocado (OCDO)	601	4676	899	5575	2751	2.0	48	n/a	-45.0	n/a	n/a	n/a
Pets at Home (PETS)	317	1577	362	1939	1490	1.3	264	7.3	20.8	21.2	12.9	4.1%
Average						1.2		9.0		17.2		3.4%

Source: ADVFN, MarketScreener, Stockopedia and Equity Development estimates

DCF valuation

We include a DCF valuation for Marks Electrical in Figure 12, which gives a valuation message consistent with our 150p fair value – i.e., an intrinsic value per share which is well above the current share price.

The discounted free cash flow calculation in the table is based on unlevered free cash flow. It excludes any finance costs because these are captured in the group's net cash position. The net debt figure is based on end FY2024H1.

We use a standard 8.5% discount or hurdle rate as a proxy for the company's weighted average cost of capital (WACC). The terminal growth rate is 2.0%, which is consistent with a long-term GDP growth trajectory for the UK economy.

Figure 12 - MRK DCF calculation

31st March year-end
All figures in £'000s

	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F
Free cash flow (unlevered)	3,238	5,449	7,259	8,839	10,639	10,852	11,069	11,290	11,516	11,746
Discount rate used (%)	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Timing factor	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50
Discount factor	0.96	0.88	0.82	0.75	0.69	0.64	0.59	0.54	0.50	0.46
Present value	3,108	4,821	5,920	6,643	7,370	6,928	6,513	6,123	5,756	5,411
Sum of discounted cash flows	58,595									
Terminal growth rate (%)	2.0%									
Terminal value	90,329									
Net debt/cash if positive	10,901									
Equity value	**159,825**									
No. of shares (m)	104.9									
Value per share (pence)	**152**									

Source: Equity Development

Financial forecasts

Our financial forecasts are unchanged from our 12th October 2023 report which was released at the time of the company's trading update.

Key features of our forecasts include a high-teens pace of sales growth in FY2024, gross margins of 18.0% compared with 19.0% previously, and sustained reinvestment in advertising and marketing to the tune of 5.0%.

Note that higher distribution and installation costs can have a negative impact on gross margins while gross product margin – i.e. mark-up – remains the same. Our forecasts for income statement, balance sheet and free cash flow appear in Figures 13, 14 and 15.

The central messages are sustained meaningful sales revenue growth without recourse to discounting, high returns on capital employed and strong cash conversion.

Figure 13 - Income statement

31st March year-end	**2021A**	**2022A**	**2023A**	**2024E**	**2025E**
All figures in £'000s					
Revenue	55,984	80,478	97,754	116,048	129,963
Increase	77.7%	43.8%	21.5%	18.7%	12.0%
Cost of sales	-44,064	-64,583	-78,792	-95,146	-106,310
Gross profit	11,920	15,895	18,962	20,902	23,653
Gross margin	21.3%	19.8%	19.4%	18.0%	18.2%
Other operating income	165				
Advertising & marketing	-1,641	-4,004	-4,906	-5,802	-6,498
Other operating expenses (exc depn)	-2,580	-4,644	-6,507	-7,100	-7,150
Total operating expenses	-4,221	-8,648	-11,413	-12,902	-13,648
As % sales revenue					
Advertising & marketing	-2.9%	-5.0%	-5.0%	-5.0%	-5.0%
Other operating expenses	-4.6%	-5.8%	-6.7%	-6.1%	-5.5%
Total operating expenses	-7.5%	-10.7%	-11.7%	-11.1%	-10.5%
EBITDA (adjusted)	**7,699**	**7,247**	**7,549**	**8,000**	**10,005**
EBITDA margin adj. (%)	13.8%	9.0%	7.7%	6.9%	7.7%
Depreciation & amortisation	-875	-861	-1,307	-1,640	-1,837
Operating profit (adjusted)	**6,824**	**6,386**	**6,242**	**6,360**	**8,168**
Operating margin adj (%)	12.2%	7.9%	6.4%	5.5%	6.3%
Net income (adjusted)	5,296	5,255	5,067	4,710	6,239
EPS (adjusted) (pence)	5.05	5.01	4.83	4.49	5.94
EPS (adjusted) (pence) - fully diluted	**5.05**	**5.01**	**4.82**	**4.48**	**5.94**
DPS (pence)		0.67	0.96	0.90	1.19

Source: Company historic data and Equity Development estimates

Figure 14 - Balance sheet

31st March year-end	2021A	2022A	2023A
All figures in £'000s			
Assets			
Investments	1,146	1,293	1,716
Property, plant & equipment	5,623	841	1,559
Right-of-use assets	779	2,328	1,418
Total non-current assets	**7,548**	**4,462**	**4,693**
Inventories	11,432	14,389	14,200
Trade and other receivables	2,839	2,627	3,982
Cash and cash equivalents	1,493	3,872	9,972
Total current assets	**15,764**	**20,888**	**28,154**
Total assets	**23,312**	**25,350**	**32,847**
Liabilities			
Trade and other payables	8,303	13,067	16,545
Corporation tax liabilities	1,557	145	302
Borrowings	233		
Lease liabilities	330	938	921
Total current liabilities	**10,423**	**14,150**	**17,768**
Other payables	17		
Borrowings	1,304		
Lease liabilities	422	1,324	473
Deferred tax liabilities	618	466	782
Provisions for liabilities	155		
Total non-current liabilities	**2,516**	**1,790**	**1,255**
Total liabilities	**12,939**	**15,940**	**19,023**
Issued capital and reserves			
Share capital	100,000	1,049	1,049
Share premium account		4,694	4,694
Treasury shares		-4	-4
Merger reserve	-99,994	-100,000	-100,000
Revaluation reserve	1,235	0	0
Retained earnings	9,132	103,671	108,085
Total equity	**10,373**	**9,410**	**13,824**
Total liabilities and equity	**23,312**	**25,350**	**32,847**

Source: Company historic data and Equity Development estimates

Figure 15 - Free cash flow

31st March year-end All figures in £'000s	2021A	2022A	2023A	2024E
Cash from operating activities	7,747	4,416	7,548	8,100
Changes in operating assets and liabilities				
Inventories	-7,110	-2,957	189	-3,654
Receivables	-1,197	212	-1,345	-745
Payables	3,513	4,926	3,461	3,096
Cash from operations	2,953	6,598	9,853	6,798
Corporation tax paid	-66	-2,042	-784	-1,529
Net cash from operating activities	**2,887**	**4,556**	**9,069**	**5,268**
Cash flows from investing activities				
Property, plant & equipment - purchases	-216	-583	-1,049	-2,031
Deposits on right of use assets		-304		
Property, plant & equipment - disposals	26	65		
Income from investments		48		
Net cash from investing activities	**-190**	**-774**	**-918**	**-2,031**
Dividends received				
Issue of ordinary share capital		4,740		
Repayment of borrowings	-227	-1,537		
Interest paid	-42	-11		
Interest paid on lease liabilities	-28	-54	-67	
Principal repayment of lease liabilities	-312	-657	-967	
Net cash from finance activities excl. dividends	-609	2,481	-1,034	
Free cash flow before dividends on shares	**2,088**	**6,263**	**7,117**	**3,238**
Dividends paid		-3,884	-1,017	-1,004
Free cash flow after dividends	**2,088**	**2,379**	**6,100**	**2,234**

Source: Company historic data and Equity Development estimates

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