

Wärtsilä

Company report

02/01/2023



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This report is a summary translation of the report “Hiljaa hyvä tulee” published on 01/31/2023 at 11:40 pm.

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Slow and steady wins the race

Wärtsilä's Q4 figures were quite close to our expectations, slightly below consensus. The company's comments on its own 2023 demand outlook were quite positive. We have made small upward revisions to our estimates for 2023-2024. On our current estimates, the stock is cheaply valued by all measures. We maintain our Accumulate recommendation and raise our target price to EUR 9.50 (was 9.00).

Slightly sluggish development in Q4

Wärtsilä's Q4 order intake (-24% y-o-y) fell between our and consensus expectations. Group service orders grew +6% y-o-y in Q4, but equipment orders fell -40% y-o-y. In equipment orders, the comparison period was unusually strong in both main business areas. The group's Q4 net sales were in line with expectations. However, profitability was burdened by a number of one-off factors: 1) Cost provision related to the Olkiluoto 1 and 2 nuclear power plant projects; 2) Loss on sale of American Hydro; 3) Costs related to the closure of the Trieste plant and other one-off costs. If all these non-recurring items were eliminated, the adjusted EBIT margin for Q4'22 would have been a bearable 7.5%. Both the group's net financial expenses and tax rate in Q4 were lower than expected. As a result, adjusted EPS exceeded our expectations. In contrast, the dividend proposal was a disappointment, and the yield is below average (2.9%).

A very decent 2023 outlook

Wärtsilä expects the demand environment for its Marine businesses (Marine Power and Marine Systems) to be similar in 2023 as in 2022. The demand environment for Energy is expected to be better in 2023 than in 2022. Based on these comments, there is little pressure on the consensus order intake forecast that preceded the report. Wärtsilä's more detailed comments on the market outlook were also quite confident. The market is active in the types of vessels where the company is strongest, i.e., special vessels and off-shore. In Energy, Wärtsilä has a good order book of conventional thermal power plants and demand for storage systems continues to be strong. Service business development is promising in both main businesses. Wärtsilä aims to improve profitability by increasing the added value of its services and by turning its energy storage and Voyage businesses profitable. In services, the company is implementing its strategy of customer progression from consumables and spare parts to value-added contract services. In energy storage, Wärtsilä maintained its guidance that the business will become profitable "within the next few years". However, the comment starts to seem very cautious. We have increased our net sales and EBIT estimates for 2023-2024 by 2-7% for the following reasons: 1) Wärtsilä's market comments were quite positive; 2) the high-margin service business remains strong; and 3) we expect energy storage to turn profitable sooner than previously estimated (2024 vs. 2025).

The valuation makes the mouth water

The total expected return on Wärtsilä's share is well above the COE requirement of ca. 9%. The risk-adjusted expected return on the stock is therefore attractive. The stock's 2024 P/E and EV/EBIT multiples are 30-35% below the median of peers and overall, the peer pricing is remarkably favorable. Our DCF model indicates an upside potential of over 40% for the share. However, the risk level of the model is high, as the cash-flow profile is backloaded.

Recommendation

Accumulate

(previous Accumulate)

EUR 9.50

(previous EUR 9.00)

Share price:

EUR 8.72



Key figures

	2022	2023e	2024e	2025e
Revenue	5842	6352	6888	7250
growth-%	22%	9%	8%	5%
EBIT adj.	325	493	584	664
EBIT-% adj.	5.6 %	7.8 %	8.5 %	9.2 %
Net Income	-66	321	405	463
EPS (adj.)	0.48	0.58	0.68	0.78

P/E (adj.)	16.3	14.9	12.8	11.2
P/B	2.2	2.2	2.1	2.0
Dividend yield-%	3.3 %	4.6 %	5.7 %	6.9 %
EV/EBIT (adj.)	15.9	11.8	9.9	8.5
EV/EBITDA	15.5	9.5	7.9	6.9
EV/S	0.9	0.9	0.8	0.8

Source: Inderes

Guidance

(New guidance)

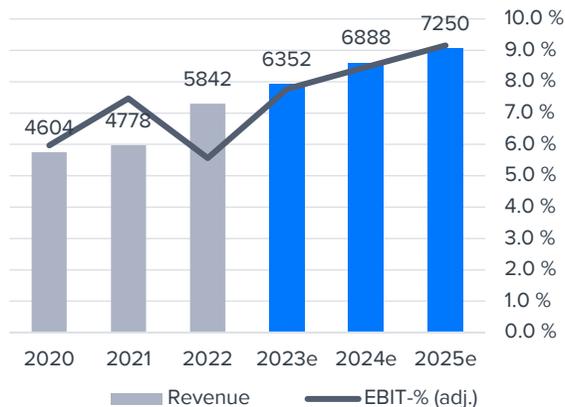
Wärtsilä expects the demand environment for the next 12 months in the Marine business (including Marine Power and Marine Systems) to be similar to that of last year. For the Energy business, Wärtsilä expects the demand environment to be better than last year.

Share price



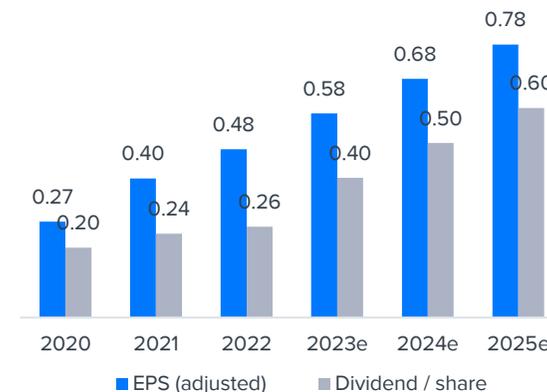
Source: Millistream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Strong position in the selected segments
- Growing role of special-purpose vessels and automation in marine operations
- Extensive installed equipment portfolio and significant share of services business
- Profitability of energy storage solutions turns positive



Risk factors

- Cyclicity of shipbuilding
- Uncertainty about the winning renewable energy production forms
- Energy's deliveries focusing on storage solutions depress margins

Valuation	2023e	2024e	2025e
Share price	8.72	8.72	8.72
Number of shares, millions	591.7	591.7	591.7
Market cap	5160	5160	5160
EV	5801	5760	5663
P/E (adj.)	14.9	12.8	11.2
P/E	16.1	12.8	11.2
P/FCF	>100	17.2	12.4
P/B	2.2	2.1	2.0
P/S	0.8	0.7	0.7
EV/Sales	0.9	0.8	0.8
EV/EBITDA	9.5	7.9	6.9
EV/EBIT (adj.)	11.8	9.9	8.5
Payout ratio (%)	73.7 %	73.1 %	76.7 %
Dividend yield-%	4.6 %	5.7 %	6.9 %

Source: Inderes

Slightly sluggish development in Q4

Q4 quite close to our expectations

Wärtsilä's Q4 figures were quite close to our expectations, slightly below consensus.

Equipment orders reflected a strong comparison period

Wärtsilä's Q4 order intake (1,638 MEUR; -24% y-o-y) fell between our (1,615 MEUR) and consensus expectations (1,672 MEUR). Group service orders grew +6% y-o-y in Q4, but equipment orders fell -40% y-o-y. The growth in the services business was entirely driven by the Marine business, while the equipment business had an unusually strong comparison period in both main businesses. In terms of orders, a positive surprise came from Marine Power (+2% y-o-y) while Energy orders (-37% y-o-y) missed expectations. Measured in MWh, orders for energy storage systems fell by -27% year-on-year, but

variation between quarters is usually significant.

Lots of one-offs weighing on the result

In Q4, the group net sales were broadly in line with expectations. However, profitability was burdened by a number of one-off factors: 1) Cost provision related to the Olkiluoto 1 and 2 nuclear power plant project (-40 MEUR); 2) Loss on sale of American Hydro (-28 MEUR); 3) Costs related to the closure of the Trieste plant (-13 MEUR) and other one-off costs (-15 MEUR). In addition, the group's sales mix was unfavorable: the share of services net sales fell to 44% from 47% in Q4'21. If all these non-recurring items were eliminated, the adjusted EBIT margin for Q4'22 would have been a bearable 7.5%. However, the group didn't adjust the comparable result for the Olkiluoto provision, as is correct.

Both the group's net financial expenses and tax rate

in Q4 were lower than expected. As a result, adjusted EPS exceeded our expectations. In contrast, the dividend proposal of EUR 0.26 was a disappointment, and the yield is below average (2.9%).

Big profit improvement in energy storage

The still loss-making energy storage solutions already accounted for 19% of the group net sales in Q4'22 (Q4'21: 11%). According to Wärtsilä, the full-year 2022 EBIT margin for the business was ca. -4%, which is a significantly better level than we had previously estimated (-15%). Wärtsilä indicated that the improved profitability of storage solutions supported the Energy business, even though its share of the business's net sales increased from 25% (Q4'21) to 38% (Q4'22). In other words, the improvement in profitability resulting from the volume growth of storage solutions has been very significant.

Estimates	Q4'21	Q4'22	Q4'22e	Q4'22e	Consensus		Difference (%)	2022
MEUR / EUR	Comparator	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Tot.
Revenue	1597	1770	1794	1765	1678	1819	-1%	5842
EBIT (adj.)	158	93	99	112	93	135	-5%	325
EBIT	144	37	69	83	48	114	-46%	-26
PTP	133	35	64	80	52	120	-45%	-32
EPS (adj.)	0.17	0.14	0.12	0.15	0.12	0.20	16%	0.48
EPS (reported)	0.14	0.05	0.07	0.11	0.07	0.19	-29%	-0.11
DPS	0.24	0.26	0.32	0.27	0.20	0.40	-20%	0.26
Revenue growth-%	31.0 %	10.8 %	12.3 %	10.5 %	5.1 %	13.9 %	-1.5 pp	22.3 %
EBIT-% (adj.)	9.9 %	5.3 %	5.5 %	6.3 %	5.5 %	7.4 %	-0.2 pp	5.6 %

Source: Inderes & Vara Research (consensus)

A very decent 2023 outlook

Positive momentum in the demand outlook

Wärtsilä's comments on its own demand outlook were quite positive. We have made small upward revisions to our estimates for 2023-2024.

No pressure on consensus figures

Wärtsilä expects the demand environment for its Marine businesses (Marine Power and Marine Systems) to be similar in 2023 as in 2022. The demand environment for Energy is expected to be better in 2023 than in 2022. If these comments are compared to the pre-report consensus order intake forecast for 2023 (Marine +5% y-o-y; Energy +7% y-o-y), consensus expectations are not under much pressure.

Numerous signs of a positive market

Wärtsilä's more detailed comments on the market outlook were quite confident. Even if the overall shipbuilding market is sluggish, the market is active in Wärtsilä's strongest vessel types, special vessels and offshore. In addition, Clarkson forecasts 20 new vessel orders in 2023 for Wärtsilä's important cruise ship segment, compared to only 6-7 in 2022. In Energy, Wärtsilä has a good order book of conventional thermal power plants on top of the demand for storage systems continuing to be strong. Service business development is promising in both main businesses.

Only vague comments on the profitability outlook

Wärtsilä aims to improve profitability by increasing the added value of its services and by turning its Energy Storage and Voyage businesses profitable. In

services, the company is implementing its strategy of customer progression on "a value ladder" from consumables and spare parts to value-added contract services, and progress has been good. In energy storage, Wärtsilä maintained its guidance that the business will become profitable "within the next few years". However, the comment starts to seem very cautious.

Small positive estimate revision in order

We have increased our net sales and EBIT estimates for 2023-2024 by 2-7% for the following reasons: 1) Wärtsilä's market comments were quite positive; 2) the high-margin service business remains strong; and 3) we expect energy storage to turn profitable sooner than previously estimated (2024 vs. 2025). The margin improvement in 2024 is strong (8.5% vs. 7.8%) as the old low-margin order book (EUR 1.2 bn) to be delivered in 2023 is excluded from the figures.

Estimate revisions MEUR / EUR	2022e	2022	Change	2023e	2023e	Change	2024e	2024e	Change
	Inderes	Toteutunut	%	Old	New	%	Old	New	%
Revenue	5866	5842	0%	6248	6352	2%	6655	6888	4%
EBITDA	253	237	-6%	591	610	3%	693	730	5%
EBIT (exc. NRIs)	331	325	-2%	475	493	4%	547	584	7%
EBIT	7	-26	-459%	450	468	4%	547	584	7%
PTP	-3	-33	1094%	442	452	2%	524	562	7%
EPS (excl. NRIs)	0.46	0.48	4%	0.56	0.58	5%	0.64	0.68	6%
DPS	0.32	0.26	-20%	0.43	0.40	-6%	0.51	0.50	-3%

Source: Inderes

The valuation makes the mouth water

A promising development path ahead, the share has a low valuation

Although Wärsilä's operating environment in 2023 may still bring negative macroeconomic surprises, we are quite confident of an improved earnings performance. The key drivers are 1) the company's strong order book; 2) the rapid growth of the high-margin service business; 3) the clearly improving profitability of the energy storage business; and 4) the relatively rapid unloading of the low-margin order book through deliveries. We believe these factors will also support share price development in the year ahead.

Based on our current estimates, Wärsilä's share is favorably valued by all measures. We maintain our Accumulate recommendation on the stock and raise the target price to EUR 9.50 (was EUR 9.00). The emergence of a more significant upside in the short term requires further evidence of the realization of the abovementioned positive drivers in the earnings figures.

Risk-adjusted return at a good level

The total expected return on Wärsilä's share (upside in the share price determined by earnings growth and change in valuation multiple plus dividend yield) is well above the 9% COE requirement. The risk-adjusted expected return on the stock is therefore attractive.

Multiples clearly below peers

The share's 2024 P/E and EV/EBIT ratios (13x and 10x) are 30-35% below the median of the peers. Overall, the pricing of Wärsilä's share in relation to peers is remarkably favorable.

DCF potential is high, but model risk is elevated

Our DCF model indicates an upside potential of over 40% for the share. However, the risk level of the model is high, as the cash-flow profile is backloaded. In turn, this is because we expect Wärsilä to get close to 10% EBIT margin levels only between 2026 and 2027, when the energy storage systems have reached a stable level of profitability. Thereafter, we forecast the margin to turn towards our assumed terminal level of just over 8% (Wärsilä's own strategic target is an EBIT margin of 12%). Due to the high risk profile, the indication provided by the DCF model should be treated with caution.

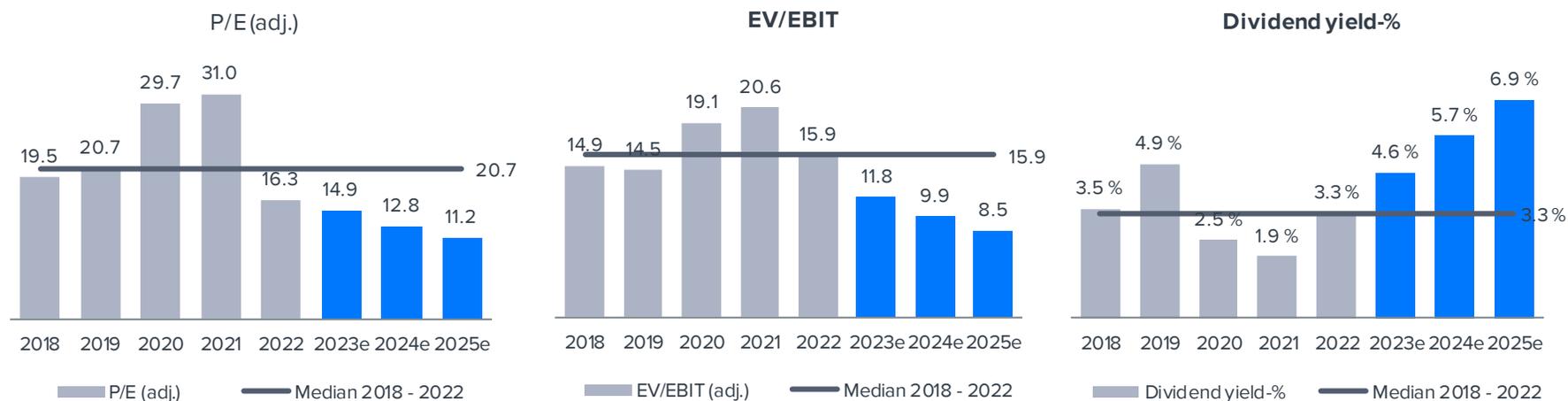
Valuation	2023e	2024e	2025e
Share price	8.72	8.72	8.72
Number of shares, millions	591.7	591.7	591.7
Market cap	5160	5160	5160
EV	5801	5760	5663
P/E (adj.)	14.9	12.8	11.2
P/E	16.1	12.8	11.2
P/FCF	>100	17.2	12.4
P/B	2.2	2.1	2.0
P/S	0.8	0.7	0.7
EV/Sales	0.9	0.8	0.8
EV/EBITDA	9.5	7.9	6.9
EV/EBIT (adj.)	11.8	9.9	8.5
Payout ratio (%)	73.7 %	73.1 %	76.7 %
Dividend yield-%	4.6 %	5.7 %	6.9 %

Source: Inderes

Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	13.9	9.85	8.15	12.4	7.87	8.72	8.72	8.72	8.72
Number of shares, millions	591.7	591.7	591.7	591.7	591.7	591.7	591.7	591.7	591.7
Market cap	8225	5828	4823	7314	4657	5160	5160	5160	5160
EV	8608	6601	5255	7347	5171	5801	5760	5663	5599
P/E (adj.)	19.5	20.7	29.7	31.0	16.3	14.9	12.8	11.2	9.6
P/E	21.3	27.0	36.0	37.9	neg.	16.1	12.8	11.2	9.6
P/FCF	32.8	neg.	6.9	15.5	neg.	>100	17.2	12.4	11.6
P/B	3.4	2.4	2.2	3.2	2.2	2.2	2.1	2.0	1.8
P/S	1.6	1.1	1.0	1.5	0.8	0.8	0.7	0.7	0.7
EV/Sales	1.7	1.3	1.1	1.5	0.9	0.9	0.8	0.8	0.7
EV/EBITDA	12.5	11.0	12.1	14.5	15.5	9.5	7.9	6.9	6.1
EV/EBIT (adj.)	14.9	14.5	19.1	20.6	15.9	11.8	9.9	8.5	7.3
Payout ratio (%)	73.5 %	131.5 %	88.3 %	73.6 %	neg.	73.7 %	73.1 %	76.7 %	71.4 %
Dividend yield-%	3.5 %	4.9 %	2.5 %	1.9 %	3.3 %	4.6 %	5.7 %	6.9 %	7.5 %

Source: Inderes



Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e	2024e	2023e
Metso Outotec Corp	8771	9390	12.3	11.6	10.3	9.6	1.7	1.6	16.0	14.7	3.2	3.6	3.3
Kone Oyj	26533	25104	21.5	18.3	17.7	15.4	2.3	2.2	27.7	24.1	3.6	3.8	9.0
Konecranes Abp	2366	3102	9.3	8.8	7.1	6.7	0.8	0.8	10.5	9.8	4.5	4.9	1.6
Siemens Energy AG	13770	8473	18.1	6.8	4.6	3.1	0.3	0.3	37.8	17.0	1.1	1.7	0.9
Abb Ltd	62722	66566	17.1	16.1	14.0	13.3	2.4	2.3	22.6	20.8	2.9	3.0	5.0
Alfa Laval AB	11928	13189	17.0	16.0	13.5	12.8	2.6	2.5	20.9	19.3	2.2	2.3	3.6
Alstom SA	10402	11927	18.5	15.1	10.8	8.6	0.7	0.7	19.8	14.4	1.2	1.5	1.1
Caterpillar Inc	125189	152951	16.7	16.0	14.2	13.4	2.7	2.6	17.0	15.6	1.9	2.0	7.8
General Electric Co	81248	89267	20.4	14.2	14.1	11.1	1.6	1.5	41.8	23.2	0.5	0.4	2.4
Rolls-Royce Holdings PLC	10399	16212	19.8	14.6	9.0	7.6	1.1	1.0	30.9	17.9		1.4	
Woodward Inc	6008	6624	24.4	20.9	17.6	15.4	2.7	2.5	32.3	25.9	0.8	0.8	2.2
Wartsila (Inderes)	5160	5801	11.8	9.9	9.5	7.9	0.9	0.8	14.9	12.8	4.6	5.7	2.2
Average			17.7	14.4	12.1	10.6	1.7	1.6	25.2	18.4	2.2	2.3	3.7
Median			18.1	15.1	13.5	11.1	1.7	1.6	22.6	17.9	2.1	2.0	2.9
Diff-% to median			-35%	-35%	-30%	-29%	-45%	-47%	-34%	-29%	123%	184%	-22%

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Income statement

Income statement	2021	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	4778	5842	1458	1521	1457	1916	6352	6888	7250	7798
Marine Power	1863	1982	551	576	550	715	2390	2554	2599	2780
Marine Systems	654	765	149	162	170	187	668	707	739	761
Voyage	279	264	73	83	69	85	310	334	361	378
Energy	1861	2721	660	675	645	904	2884	3198	3462	3794
Portfolio Business	121	109	26	26	23	25	99	94	90	85
EBITDA	476	237	97	144	150	219	610	730	817	924
Depreciation	-162	-263	-35	-35	-35	-35	-141	-146	-153	-156
EBIT (excl. NRI)	357	325	87	109	115	183	493	584	664	768
EBIT	314	-26	62	109	115	183	468	584	664	768
Marine Power	180	39	20	53	57	79	210	268	291	310
Marine Systems	47	48	10	13	14	17	54	64	70	72
Voyage	-39	-164	-3	-2	1	1	-3	5	14	15
Energy	134	82	34	45	42	85	206	245	285	368
Portfolio Business	-9	-30	1	1	0	0	2	3	3	3
	1	-1	0	0	0	0	0	0	0	0
Net financial items	-18	-7	-4	-4	-4	-4	-16	-21	-21	-19
PTP	296	-33	58	105	111	179	452	562	643	749
Taxes	-103	-27	-16	-29	-30	-49	-124	-149	-170	-198
Minority interest	0	-6	0	-1	-2	-4	-7	-9	-10	-12
Net earnings	193	-66	42	75	78	126	321	405	463	539
EPS (adj.)	0.40	0.48	0.11	0.13	0.13	0.21	0.58	0.68	0.78	0.91
EPS (rep.)	0.33	-0.11	0.07	0.13	0.13	0.21	0.54	0.68	0.78	0.91

Key figures	2021	2022	Q1'23e	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	3.8 %	22.3 %	18.5 %	8.0 %	1.7 %	8.3 %	8.7 %	8.5 %	5.3 %	7.6 %
Adjusted EBIT growth-%	29.8 %	-9.0 %	33.4 %	26.3 %	41.1 %	97.9 %	51.8 %	18.3 %	13.7 %	15.8 %
EBITDA-%	10.0 %	4.1 %	6.7 %	9.5 %	10.3 %	11.4 %	9.6 %	10.6 %	11.3 %	11.9 %
Adjusted EBIT-%	7.5 %	5.6 %	5.9 %	7.1 %	7.9 %	9.6 %	7.8 %	8.5 %	9.2 %	9.9 %
Net earnings-%	4.0 %	-1.1 %	2.9 %	4.9 %	5.4 %	6.6 %	5.1 %	5.9 %	6.4 %	6.9 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	2539	2557	2590	2638	2655
Goodwill	1374	1288	1288	1288	1288
Intangible assets	401	392	406	421	422
Tangible assets	504	562	581	614	629
Associated companies	27	29	29	29	29
Other investments	18	19	19	19	19
Other non-current assets	48	72	72	72	72
Deferred tax assets	167	195	195	195	195
Current assets	3984	4049	4446	4822	5075
Inventories	1185	1361	1524	1653	1740
Other current assets	2	54	0	0	0
Receivables	1833	2173	2350	2549	2683
Cash and equivalents	964	461	572	620	653
Balance sheet total	6523	6606	7036	7460	7730

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	2323	2146	2313	2481	2648
Share capital	336	336	336	336	336
Retained earnings	2094	1889	2056	2224	2391
Hybrid bonds	0	0	0	0	0
Revaluation reserve	61	61	61	61	61
Other equity	-176	-152	-152	-152	-152
Minorities	8	12	12	12	12
Non-current liabilities	1394	1355	1564	1571	1521
Deferred tax liabilities	65.0	65.0	65.0	65.0	65.0
Provisions	314	396	396	396	396
Long term debt	851	740	949	956	906
Convertibles	0	0	0	0	0
Other long term liabilities	164	154	154	154	154
Current liabilities	2806	3105	3159	3407	3561
Short term debt	121	209	237	239	226
Payables	2685	2874	2922	3169	3335
Other current liabilities	0	22	0	0	0
Balance sheet total	6523	6606	7036	7460	7730

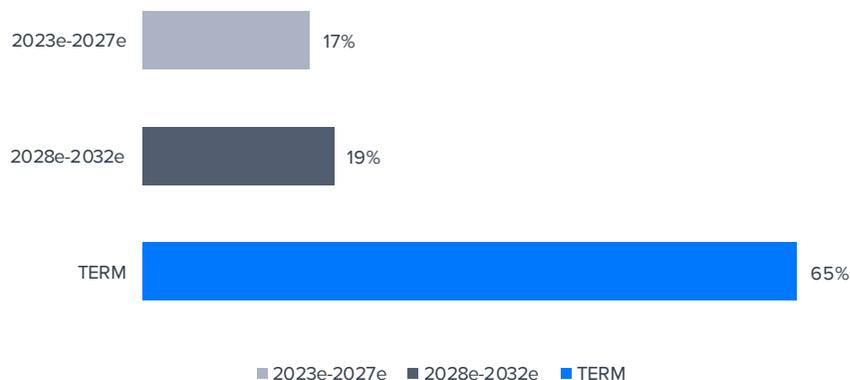
DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	22.3 %	8.7 %	8.5 %	5.3 %	7.6 %	6.6 %	5.7 %	4.8 %	3.9 %	2.9 %	2.0 %	2.0 %
EBIT-%	-0.4 %	7.4 %	8.5 %	9.2 %	9.9 %	9.7 %	9.3 %	8.9 %	8.5 %	8.5 %	8.2 %	8.2 %
EBIT (operating profit)	-26.0	468	584	664	768	807	817	820	813	837	823	
+ Depreciation	263	141	146	153	156	162	166	169	171	174	179	
- Paid taxes	-55	-124	-149	-170	-198	-209	-211	-211	-208	-214	-210	
- Tax, financial expenses	-10	-7	-9	-9	-9	-9	-9	-11	-12	-13	-14	
+ Tax, financial income	8	2	3	3	4	4	4	5	5	5	5	
- Change in working capital	-357	-261	-81	-54	-82	-78	-71	-63	-53	-42	-30	
Operating cash flow	-177	220	495	587	638	677	696	709	715	747	754	
+ Change in other long-term liabilities	72	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-251	-174	-194	-170	-195	-191	-185	-176	-192	-208	-203	
Free operating cash flow	-356	46	301	417	443	486	511	533	523	539	552	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-356	46	301	417	443	486	511	533	523	539	552	10451
Discounted FCFF		43	262	339	335	342	335	326	297	286	272	5157
Sum of FCFF present value		7995	7953	7690	7352	7016	6674	6338	6013	5715	5430	5157
Enterprise value DCF		7995										
- Interesting bearing debt		-949										
+ Cash and cash equivalents		461										
-Minorities		-27										
-Dividend/capital return		-154										
Equity value DCF		7327										
Equity value DCF per share		12.4										

Wacc	
Tax-% (WACC)	26.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	3.0 %
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.7 %
Weighted average cost of capital (WACC)	7.4 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2020	2021	2022	2023e	2024e	Per share data	2020	2021	2022	2023e	2024e
Revenue	4604.0	4778.0	5841.5	6351.6	6888.4	EPS (reported)	0.23	0.33	-0.11	0.54	0.68
EBITDA	408.0	476.0	237.0	609.6	729.9	EPS (adj.)	0.27	0.40	0.48	0.58	0.68
EBIT	234.0	314.0	-26.0	468.4	583.8	OCF / share	1.30	1.34	-0.30	0.37	0.84
PTP	191.0	296.0	-33.0	452.4	562.5	FCF / share	1.18	0.80	-0.60	0.08	0.51
Net Income	134.0	193.0	-66.0	321.0	404.6	Book value / share	3.68	3.91	3.61	3.89	4.17
Extraordinary items	-41.0	-43.0	-351.0	-25.0	0.0	Dividend / share	0.20	0.24	0.26	0.40	0.50
Balance sheet	2020	2021	2022	2023e	2024e	Growth and profitability	2020	2021	2022	2023e	2024e
Balance sheet total	6232.0	6523.0	6606.0	7036.2	7459.8	Revenue growth-%	-11%	4%	22%	9%	8%
Equity capital	2187.0	2323.0	2146.0	2313.2	2481.1	EBITDA growth-%	-25%	17%	-50%	157%	20%
Goodwill	1325.0	1374.0	1288.0	1288.0	1288.0	EBIT (adj.) growth-%	-40%	30%	-9%	52%	18%
Net debt	408.0	8.0	488.0	614.7	575.1	EPS (adj.) growth-%	-42%	45%	21%	21%	17%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	8.9 %	10.0 %	4.1 %	9.6 %	10.6 %
EBITDA	408.0	476.0	237.0	609.6	729.9	EBIT (adj.)-%	6.0 %	7.5 %	5.6 %	7.8 %	8.5 %
Change in working capital	469.0	424.0	-357.0	-260.7	-80.5	EBIT-%	5.1 %	6.6 %	-0.4 %	7.4 %	8.5 %
Operating cash flow	770.9	795.7	-176.8	220.1	494.7	ROE-%	5.9 %	8.6 %	-3.0 %	14.5 %	17.0 %
CAPEX	-73.0	-286.0	-251.0	-174.3	-193.9	ROI-%	6.7 %	9.5 %	0.1 %	14.4 %	16.6 %
Free cash flow	695.9	472.7	-355.8	45.8	300.8	Equity ratio	37.8 %	38.6 %	35.8 %	36.3 %	36.8 %
						Gearing	18.7 %	0.3 %	22.7 %	26.6 %	23.2 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	1.1	1.5	0.9	0.9	0.8						
EV/EBITDA (adj.)	12.1	14.5	15.5	9.5	7.9						
EV/EBIT (adj.)	19.1	20.6	15.9	11.8	9.9						
P/E (adj.)	29.7	31.0	16.3	14.9	12.8						
P/E	2.2	3.2	2.2	2.2	2.1						
Dividend-%	2.5 %	1.9 %	3.3 %	4.6 %	5.7 %						

Source: Inderes

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Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
10/28/2019	Reduce	9.00 €	9.27 €
11/27/2019	Accumulate	10.00 €	9.08 €
1/20/2020	Accumulate	12.00 €	10.83 €
1/31/2020	Accumulate	12.50 €	11.45 €
3/26/2020	Accumulate	7.50 €	6.78 €
4/22/2020	Accumulate	7.00 €	6.36 €
7/20/2020	Accumulate	8.00 €	7.51 €
10/26/2020	Accumulate	8.00 €	7.44 €
1/21/2021	Reduce	9.40 €	9.01 €
1/29/2021	Reduce	8.70 €	8.11 €
4/23/2021	Reduce	10.00 €	10.31 €
7/21/2021	Reduce	12.00 €	12.35 €
10/27/2021	Accumulate	12.60 €	11.88 €
11/19/2021	Accumulate	14.00 €	13.16 €
1/31/2022	Accumulate	13.00 €	10.84 €
3/30/2022	Accumulate	11.50 €	9.11 €
4/21/2022	Accumulate	10.60 €	8.41 €
4/29/2022	Accumulate	9.50 €	7.75 €
7/22/2022	Accumulate	9.50 €	8.58 €
10/3/2022	Buy	8.00 €	6.58 €
10/26/2022	Buy	8.00 €	6.76 €
11/15/2022	Accumulate	9.00 €	8.25 €
1/4/2023	Accumulate	9.00 €	8.01 €
2/1/2023	Accumulate	9.50 €	8.72 €



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