

TIETOEVRY

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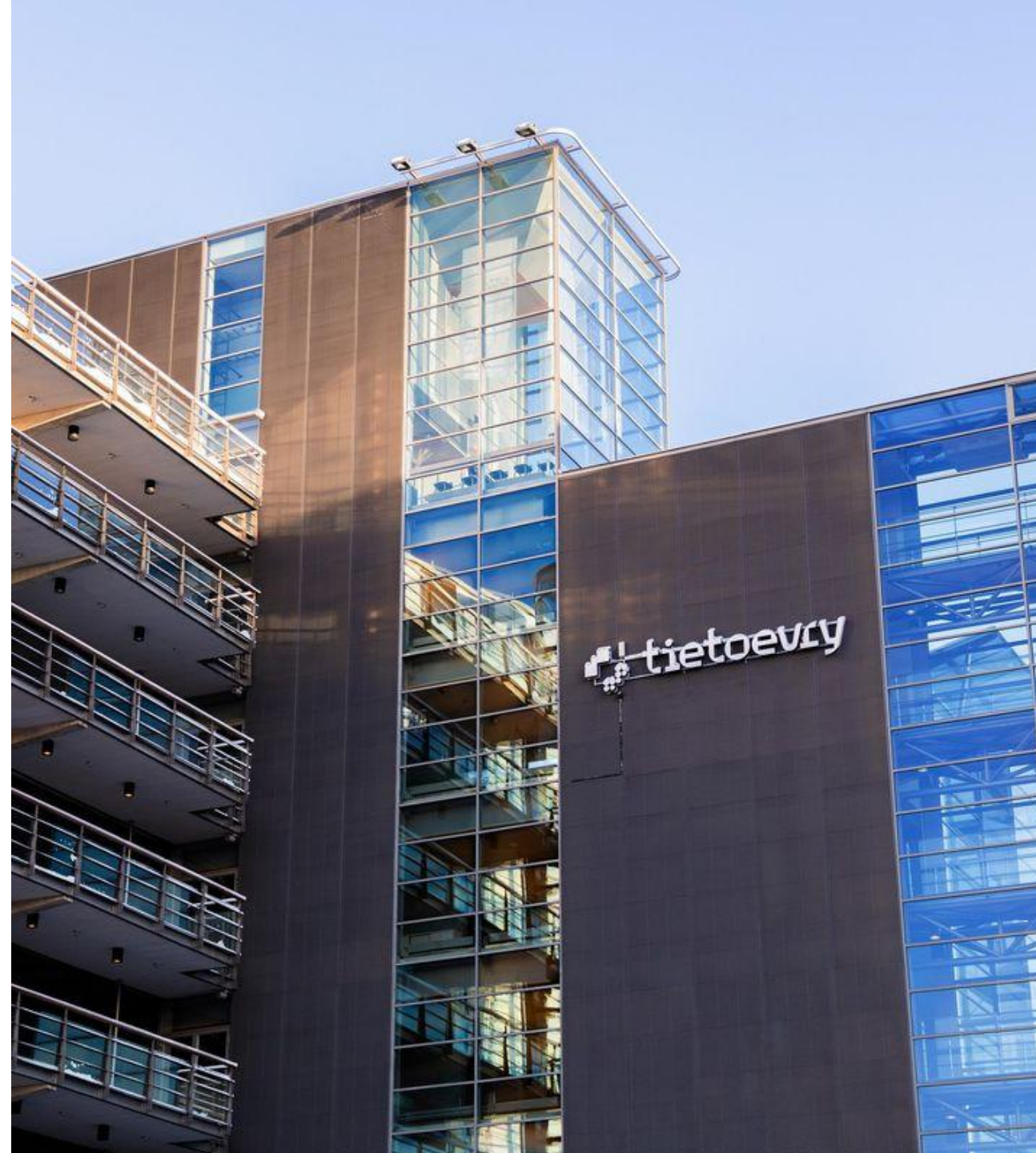


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COMPANY REPORT



Correctly priced turnaround company

We raise Tietoevry's target price to EUR 18.0 (was EUR 17.0) reflecting estimates changes and lower our recommendation to Reduce (was Accumulate) following the rise in the share price. Tietoevry's Q3 was well in line with our and consensus expectations. The company's efficiency measures have progressed well, supporting earnings growth next year. However, it is important for the company to regain growth momentum within its business to establish a more solid foundation for continuous earnings growth. With the rise in the share price, the valuation picture of the share (2026e: P/E 17x, and adj. 12x and dividend-% 7%) has become neutral.

Revenue increased following resolution of the Sparebank1 dispute

Tietoevry's Q3 revenue grew by 4% to 454 MEUR, slightly exceeding the consensus estimate but still fully in line with our estimate. Excluding income related to the Sparebank1 dispute, revenue decreased by 1%. By business area, positive development was seen in Industry (+4% y/y) and Care (+3% y/y). Banking grew strongly (+14% y/y), driven by the Sparebank1 dispute. Create's development, on the other hand, remained sluggish (-3% y/y). Another positive aspect of the report was the growth in the company's order book, which increased by 11% year-on-year. However, according to the company, some effects will not be reflected in revenue until 2027.

Although profitability was "technically" strong, significant efficiency measures also provided support

Tietoevry's adjusted EBITA increased by 57% to 88 MEUR, corresponding to a margin of 19.3%. However, the company does not view income from the Sparebank1 dispute as non-recurring, though we consider it to be so to an extent. We have not adjusted these figures in the company's results, but operationally, excluding the disputed income, the profitability corresponds to a margin of 15.2%. Profitability in Q3 was supported in particular by extensive efficiency measures

implemented across all businesses. However, the result was negatively affected by one-time costs related to the efficiency program and the costs of Tech Service's group operations.

Company is aiming for upper end of its guidance

Tietoevry updated its guidance in September, estimating organic growth to be between -2% and 0%. The company also estimates its full-year adjusted EBITA to be 12.7-13.3%. Driven by a successful cost-saving program (75 MEUR already realized out of a 115 MEUR target) and the Industry segment, we have slightly raised our earnings estimates (~1%). Regarding expectations for the Capital Markets Day, Tietoevry commented in the conference call that the company does not need a new strategy but rather better execution. Thus, we expect the company to present more specific plans at the Capital Markets Day at the end of November. Of particular interest will be the company's growth acceleration measures and its new medium-term targets.

Tietoevry is correctly priced turnaround company

Tietoevry is clearly a turnaround company, which limits its valuation. However, with the Tech Services transaction, the company's structure was simplified, and the remaining parts are positioned in the market's growing sub-segments. Tietoevry is now a more purely international company offering software, development and consulting services. According to our forecasts, the adjusted P/E and EV/EBITA multiples for 2026 are 12x and 11x, while the reported corresponding multiples are 17x and 14x. Roughly two-thirds of the 2026e one-off items are "justifiably" adjusted PPA amortizations. The multiples are about 20% below international peers. We consider the company's valuation neutral. The dividend yield is approximately 7% according to our estimates, limiting the downside of the share price. However, in our view, a higher acceptable valuation would require greater visibility into revenue growth and, subsequently, profitability improvement.

Recommendation

Reduce

(was Accumulate)

Target price:

EUR 18.00

(was EUR 17.00)

Share price:

EUR 18.20

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	1879	1863	1876	1920
growth-%	-34.1 %	-0.9 %	0.7 %	2.3 %
EBIT adj.	226	249	251	271
EBIT-% adj.	12.0 %	13.4 %	13.4 %	14.1 %
Net Income	70	20	130	149
EPS (adj.)	1.15	1.60	1.53	1.70
P/E (adj.)	14.8	11.4	11.9	10.7
P/B	1.6	2.1	2.1	2.2
Dividend yield-%	8.8 %	7.2 %	7.3 %	7.4 %
EV/EBIT (adj.)	13.0	10.9	10.8	9.9
EV/EBITDA	12.3	16.7	9.3	8.6
EV/S	1.6	1.5	1.4	1.4

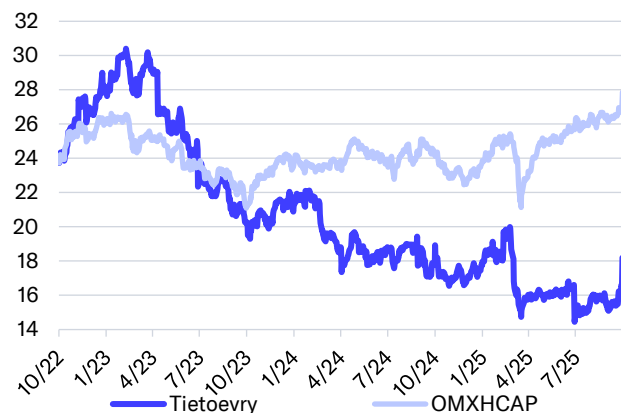
Source: Inderes

Guidance

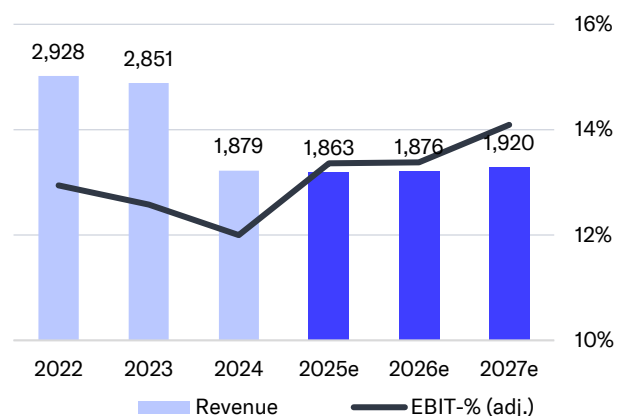
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Tietoevry expects its organic growth to be in the range of -3% to 0%. The company estimates its full-year adjusted EBITA to be 12.7-13.3%.

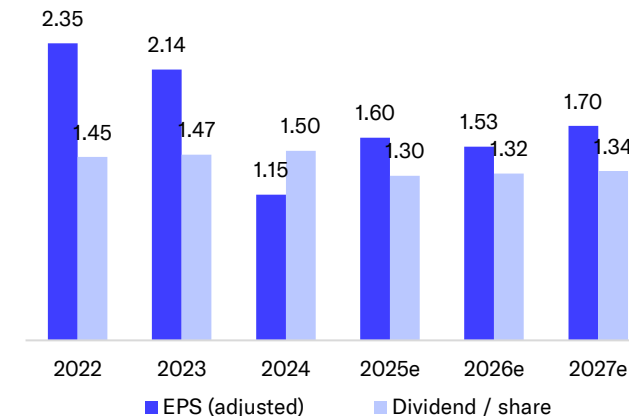
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

- Medium-term demand outlook remains good
- Increase in the share of highly profitable software product business
- Growth in the share of modern IT services
- Acquisitions and divestments of non-strategic businesses
- Business separation

Risk factors

- Decline in competitive position among large customers
- Continuous transformation creates a constant need for restructuring
- Accelerating wage inflation, high employee revenue and a failure in talent competition
- Historically weak track record of capital allocation

Valuation	2025e	2026e	2027e
Share price	18.2	18.2	18.2
Number of shares, millions	118.6	118.6	118.6
Market cap	2159	2159	2159
EV	2702	2701	2667
P/E (adj.)	11.4	11.9	10.7
P/E	>100	16.6	14.5
P/B	2.1	2.1	2.2
P/S	1.2	1.2	1.1
EV/Sales	1.5	1.4	1.4
EV/EBITDA	16.7	9.3	8.6
EV/EBIT (adj.)	10.9	10.8	9.9
Payout ratio (%)	788.0 %	120.7 %	106.8 %
Dividend yield-%	7.2 %	7.3 %	7.4 %

Source: Inderes

Technically strong performance in both revenue and profit

Revenue grew following resolution of Sparebank1 dispute, but remained sluggish in operational terms

Tietoevry's Q3 revenue grew by 4% to 454 MEUR, slightly exceeding the consensus estimate but still fully in line with our estimate. Organic revenue also grew by 4% year-on-year, primarily due to the resolution of the Sparebank1 dispute. Excluding revenue related to the court ruling, the Tietoevry Banking segment's revenue growth was negative at -1%.

By business area, Q3 showed signs of recovery, with revenue returning to growth in Tietoevry Banking (+14% y/y) and Care (+3% y/y). However, the positive development in Banking was largely attributable to the increase in fixed fees (~22 MEUR) recorded by the company following the resolution of the Sparebank1 dispute. In contrast, Industry continued to perform well, with revenue growing by 4% year-on-year. At Create, on the other hand, development remained sluggish, with revenue declining by 3% from the comparison period as the market situation remained challenging in several geographical areas.

Another positive aspect of the report was the growth in the company's order book, which increased by 11% year-on-year. However, according to the company, some effects will not be reflected in revenue until 2027. The development of the order book in recent quarters has been particularly supported by new ~10-year agreements with practically all savings banks in Norway.

Although profitability was also "technically" strong, significant efficiency measures provided support as well

Tietoevry's adjusted EBITA increased by 57% to 88 MEUR, corresponding to a margin of 19.3%. However, the company does not view income from the Sparebank1 dispute as non-recurring, though we consider it to be so to an extent. We have not adjusted these figures in the company's results, but operationally, excluding the disputed income, the profitability corresponds to a margin of 15.2%.

Profitability in Q3 was supported in particular by extensive efficiency measures implemented across all businesses. The

company estimated total cost savings of around 15 MEUR, but the impact was weakened by cost inflation. The result was, nevertheless, negatively affected in particular by one-time costs related to the substantial efficiency program and the costs of Tech Service's group operations.

In Q3, reported EBIT was 57 MEUR (Q3'24: 35 MEUR), well in line with our expectations. Financing costs were roughly in line with our forecasts, but the company recorded slightly higher taxes than we had expected. Thus, adjusted EPS were EUR 0.50 (Inderes estimate EUR 0.51 vs consensus EUR 0.45).

Operating cash flow in Q3 was 45 MEUR (continuing and discontinued operations combined) and thus below the 58 MEUR level of the comparison period. Therefore, cash flow amounted to 193 MEUR during Q1–Q3, which was also slightly below the 198 MEUR level in the comparison period. Consequently, structural cash flow is around 60 MEUR, weighed down this year by large, non-recurring expenses.

Estimates	Q3'24	Q3'25	Q3'25e	Q3'25e	Consensus	Difference (%)	2025e
MEUR / EUR	Comparison	Toteutunut	Inderes	Consensus	Low High	Act. vs. inderes	Inderes
Revenue	436	454	454	450	432 - 481	0%	1863
EBIT (adj.)	56	88	81	79	66 - 83	8%	249
EBIT	35	57	56	54	45 - 60	1%	66.7
PTP	23	48	47	42	19 - 50	3%	32.3
EPS (adj.)	0.28	0.50	0.51	0.45	0.43 - 0.52	-2%	1.60
EPS (reported)	0.14	0.29	0.31	0.28	0.24 - 0.38	-7%	0.17
Revenue growth-%		4.1 %	4.0 %	3.1 %	-0.9 % - 10.2 %	0.1 pp	-0.9 %
EBIT-% (adj.)	12.8 %	19.3 %	17.9 %	17.6 %	15.3 % - 17.3 %	1.4 pp	13.4 %

Source: Inderes & Vara Research, 8-9 estimates (consensus)

Tech Services sale completed and extensive cost-saving program progressing

Sale of Tech Services was completed

Tietoevry announced in March that it had sold its Tech Services business, which has since been reported as a discontinued operation. The company reported completing the transaction in September and using the proceeds to decrease its debt, which ended up being reduced by more than expected.

Cost-saving program is progressing well, with total savings of 75 MEUR already achieved in Q3

The cost-saving program presented by Tietoevry earlier this year has progressed well, and the company reported savings of 75 MEUR by the end of Q3. By the end of 2025, the company aims to achieve total savings of 85–90 MEUR. The company aims for a total of 115 MEUR in savings by the end of 2026 primarily through staff reductions, as well as by reducing costs of external services and facilities. This cost-saving program is driving our estimated earnings growth for next year.

Estimates	Q3'24	Q3'25	Q3'25e	Q3'25e	Consensus		Difference (%)	2025e
MEUR / EUR	Comparison	Toteutunut	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	436	454	454	450	432	- 481	0%	1863
EBIT (adj.)	56	88	81	79	66	- 83	8%	249
EBIT	35	57	56	54	45	- 60	1%	66.7
PTP	23	48	47	42	19	- 50	3%	32.3
EPS (adj.)	0.28	0.50	0.51	0.45	0.43	- 0.52	-2%	1.60
EPS (reported)	0.14	0.29	0.31	0.28	0.24	- 0.38	-7%	0.17
Revenue growth-%	12.8 %	4.1 %	4.0 %	3.1 %	-0.9 %	- 10.2 %	0.1 pp	-0.9 %
EBIT-% (adj.)	12.8 %	19.3 %	17.9 %	17.6 %	15.3 %	- 17.3 %	1.4 pp	13.4 %

Source: Inderes & Vara Research, 8-9 estimates (consensus)

We raised our estimates slightly

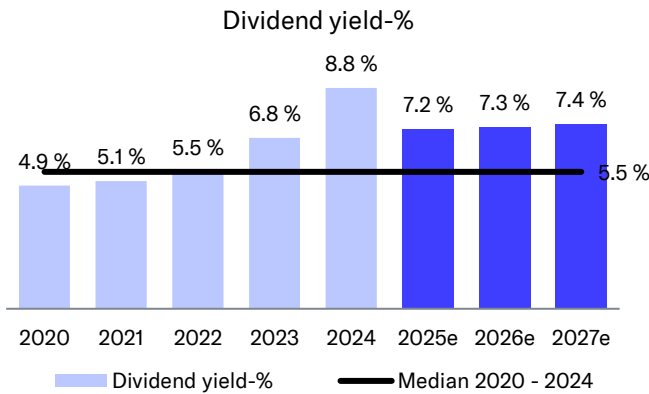
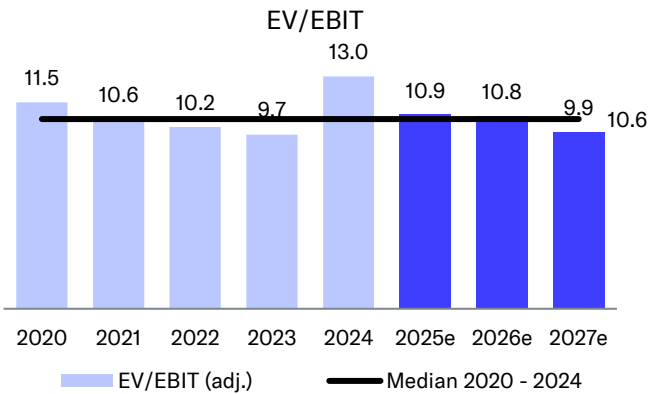
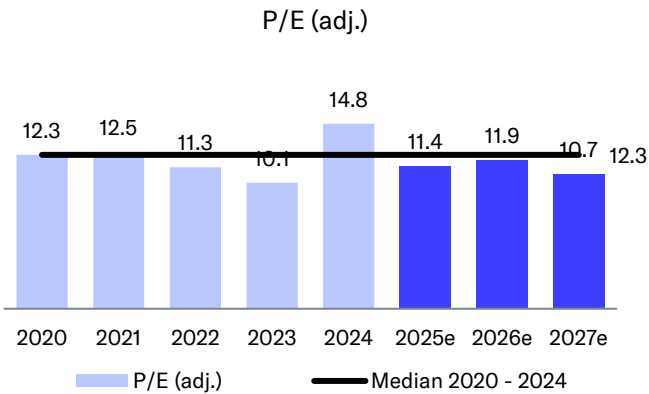
Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	1863	1863	0%	1859	1876	1%	1902	1920	1%
EBITDA	153	162	6%	289	290	0%	307	310	1%
EBIT (exc. NRIs)	241	249	3%	250	251	0%	268	271	1%
EBIT	56.2	66.7	19%	190	191	1%	207	210	1%
PTP	21.0	32.3	54%	163	164	1%	181	186	3%
EPS (excl. NRIs)	1.61	1.60	-1%	1.52	1.53	0%	1.66	1.70	2%
DPS	1.30	1.30	0%	1.32	1.32	0%	1.34	1.34	0%

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	26.9	27.5	26.5	21.5	17.0	18.2	18.2	18.2	18.2
Number of shares, millions	118.4	118.4	118.4	118.4	118.6	118.6	118.6	118.6	118.6
Market cap	3181	3254	3140	2551	2019	2159	2159	2159	2159
EV	4097	3900	3851	3494	2929	2702	2701	2667	2623
P/E (adj.)	12.3	12.5	11.3	10.1	14.8	11.4	11.9	10.7	10.1
P/E	33.7	11.2	16.7	14.8	28.8	>100	16.6	14.5	13.5
P/B	2.0	1.8	1.8	1.6	1.6	2.1	2.1	2.2	2.2
P/S	1.1	1.2	1.1	0.9	1.1	1.2	1.2	1.1	1.1
EV/Sales	1.5	1.4	1.3	1.2	1.6	1.5	1.4	1.4	1.3
EV/EBITDA	12.7	7.1	9.0	8.6	12.3	16.7	9.3	8.6	8.1
EV/EBIT (adj.)	11.5	10.6	10.2	9.7	13.0	10.9	10.8	9.9	9.3
Payout ratio (%)	165.4 %	56.9 %	91.1 %	101.1 %	253.5 %	788.0 %	120.7 %	106.8 %	100.9 %
Dividend yield-%	4.9 %	5.1 %	5.5 %	6.8 %	8.8 %	7.2 %	7.3 %	7.4 %	7.5 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e
Digia*	160	185	8.1	6.8	7.4	5.9	0.9	0.7	9.4	8.6	3.2	3.5
Digital Workforce*	37	31	20.6	10.1	36.7	9.4	1.1	0.8	24.6	12.9	1.9	2.8
Gofore*	232	228	13.5	8.7	11.3	7.2	1.2	1.0	16.2	12.1	3.4	3.5
Loihde*	64	72	15.9	10.8	7.0	5.1	0.5	0.5	20.8	13.3	4.5	6.1
Innofactor*	61	66	11.7	9.4	7.6	6.4	0.8	0.7	14.5	11.9	5.3	5.9
Netum Group*	15	21	8.7	8.5	10.2	7.8	0.5	0.6	27.9	20.1	3.3	5.0
Siili Solutions*	39	41	8.6	6.3	7.5	4.0	0.4	0.3	10.1	8.9	1.7	3.1
Solteq*	11	32	20.1	9.5	10.0	7.1	0.7	0.7		30.7		
Vincit*	23	27	64.0	8.7	7.6	3.7	0.4	0.4		10.6	7.3	8.0
Witted Megacorp*	21	15	18.2	9.9	37.8	9.5	0.3	0.2	38.2	18.2	1.4	1.4
Bouvet	595	632	14.8	13.7	12.3	11.4	1.9	1.7	18.1	16.8	5.4	5.7
CombinedX	61	65	10.5	7.3	5.8	4.5	0.7	0.7	13.2	8.6		
Knowit	259	318	25.3	15.3	7.4	6.3	0.6	0.6	34.1	18.6	1.8	3.2
Avensia AB	34	35	8.3	7.1	6.1	5.4	0.9	0.8	10.4	8.6	5.0	
Netcompany Group	1809	2115	18.6	14.3	12.9	10.4	2.1	1.9	22.0	16.1		0.1
Wipro	24755	21353	14.4	14.3	12.1	12.2	2.4	2.4	19.7	19.0	2.4	4.1
Tata Consultancy	106548	102500	16.9	16.0	15.4	14.7	4.1	4.0	22.1	21.2	4.0	4.0
Atos SE	1008	2457	712.1	6.4	2.8	3.2	0.3	0.3		13.0		
Capgemini SE	22095	25655	9.7	9.0	7.5	7.1	1.2	1.1	11.2	10.5	2.7	2.8
IBM	230656	272624	26.9	24.8	17.0	15.8	4.7	4.5	25.8	24.1	2.3	2.3
Accenture	133126	128563	13.7	12.9	11.5	10.6	2.2	2.0	19.3	18.1	2.3	2.5
Tietoevry (Inderes)	2159	2702	10.9	10.8	16.7	9.3	1.5	1.4	11.4	11.9	7.2	7.3
Average			47.2	11.0	11.9	8.1	1.3	1.3	19.2	15.1	3.4	3.8
Median (all)			14.4	9.9	10.0	7.2	0.9	0.8	18.7	13.3	3.2	3.5
Diff-% to median			-25%	9%	67%	29%	65%	85%	-39%	-11%	125%	107%
Median Finnish companies			14.2	9.4	10.0	7.1	0.7	0.7	16.2	12.1	3.4	4.3
Diff-% to median			-23%	14%	67%	31%	113%	118%	-30%	-2%	114%	70%
Median international companies			14.6	13.3	10.4	9.6	1.9	1.8	19.3	16.4	2.4	2.8
Diff-% to median			-26%	-19%	61%	-3%	-23%	-18%	-41%	-28%	203%	158%

Source: Refinitiv / *Inderes's adjusted estimate. Note: Inderes's market capitalization does not take into account the company's treasury shares.

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue	2851	492	479	436	472	1879	471	463	454	475	1863	1876	1920	1971
Tietoevry Create	851	224	214	191	208	837	211	199	184	204	798	794	814	834
Tietoevry Banking	567	149	148	138	146	580	141	145	157	147	591	594	611	627
Tietoevry Care	236	59	59	53	61	231	57	58	55	61	231	232	239	245
Tietoevry Industry	263	70	67	62	65	264	68	68	64	67	267	272	279	287
Tietoevry Tech Services	1075	0.0	0.0	0.0	0.0	0	0	0	0	2	2.2	8.8	0.0	0.0
Eliminations	-141	-9	-9	-8	-8	-33	-7	-6	-6	-6	-25	-24	-23	-22
EBITDA	408	66	55	59	58	237	50	-42	79	74	162	290	310	324
Depreciation	-152.4	-24	-24	-23	-24	-95	-24	-24	-22	-24	-95	-99	-100	-101
EBIT (excl. NRI)	359	60	51	56	59	226	50	44	88	68	249	251	271	284
EBIT	256	42	31	35	34	142	26	-66	56	50	67	191	210	223
Group items and NRIs	-103.1	-18	-20	-20	-25	-83	-24	-110	-31	-18	-182	-60	-60	-61
Net financial items	-34.9	-11	-10	-12	-12	-45	-9	-10	-8	-7	-34	-27	-24	-23
PTP	221	31	21	23	22	97	17	-76	48	43	32	164	186	200
Taxes	-48.6	-9	-6	-7	-6	-27	-5	15	-13	-9	-13	-34	-37	-40
Net earnings	172	23	15	17	16	70	12	-61	35	34	20	130	149	160
EPS (adj.)	2.14	0.31	0.26	0.28	0.30	1.15	0.28	0.40	0.50	0.42	1.60	1.53	1.70	1.79
EPS (rep.)	1.45	0.19	0.13	0.14	0.13	0.59	0.10	-0.51	0.29	0.29	0.17	1.09	1.26	1.35

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-2.6 %	-33.8 %	-31.1 %	-33.9 %	-37.3 %	-34.1 %	-4.4 %	-3.3 %	4.1 %	0.7 %	-0.9 %	0.7 %	2.3 %	2.7 %
Adjusted EBIT growth-%	-5.4 %	-34.6 %	-30.0 %	-34.9 %	-45.8 %	-37.1 %	-17.0 %	-14.5 %	57.5 %	15.5 %	10.4 %	0.8 %	7.8 %	4.8 %
EBITDA-%	14.3 %	13.4 %	11.4 %	13.4 %	12.3 %	12.6 %	10.7 %	-9.1 %	17.3 %	15.7 %	8.7 %	15.5 %	16.2 %	16.4 %
Adjusted EBIT-%	12.6 %	12.2 %	10.7 %	12.8 %	12.4 %	12.0 %	10.6 %	9.4 %	19.3 %	14.3 %	13.4 %	13.4 %	14.1 %	14.4 %
Net earnings-%	6.0 %	4.6 %	3.1 %	3.9 %	3.3 %	3.7 %	2.5 %	-13.2 %	7.6 %	7.2 %	1.1 %	6.9 %	7.8 %	8.1 %

Source: Inderes, 2024 figures adjusted to account for the sale of Tech Service

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	2619	2288	1811	1773	1734
Goodwill	1907	1648	1418	1418	1418
Intangible assets	340	314	222	179	137
Tangible assets	285	258	94.9	99.2	103
Associated companies	11.6	0.0	0.0	0.0	0.0
Other investments	16.7	15.5	10.0	10.0	10.0
Other non-current assets	34.7	37.4	41.0	41.0	41.0
Deferred tax assets	24.5	14.7	25.0	25.0	25.0
Current assets	899	767	517	520	532
Inventories	8.6	7.1	0.0	0.0	0.0
Other current assets	17.5	13.7	13.7	13.7	13.7
Receivables	654	551	317	319	326
Cash and equivalents	220	195	186	188	192
Balance sheet total	3518	3054	2328	2293	2266

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	1612	1298	1045	1007	999
Share capital	116	115	90.0	75.8	75.8
Retained earnings	293	-20.5	-348.6	-373.2	-381.0
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	1204	1204	1304	1304	1304
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	803	818	759	642	596
Deferred tax liabilities	47.5	34.2	34.2	34.2	34.2
Provisions	17.1	23.3	23.3	23.3	23.3
Interest bearing debt	701	712	653	536	490
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	37.3	48.7	48.7	48.7	48.7
Current liabilities	1103	938	523	644	671
Interest bearing debt	462	393	75.8	194	210
Payables	641	545	447	450	461
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	3518	3054	2328	2293	2266

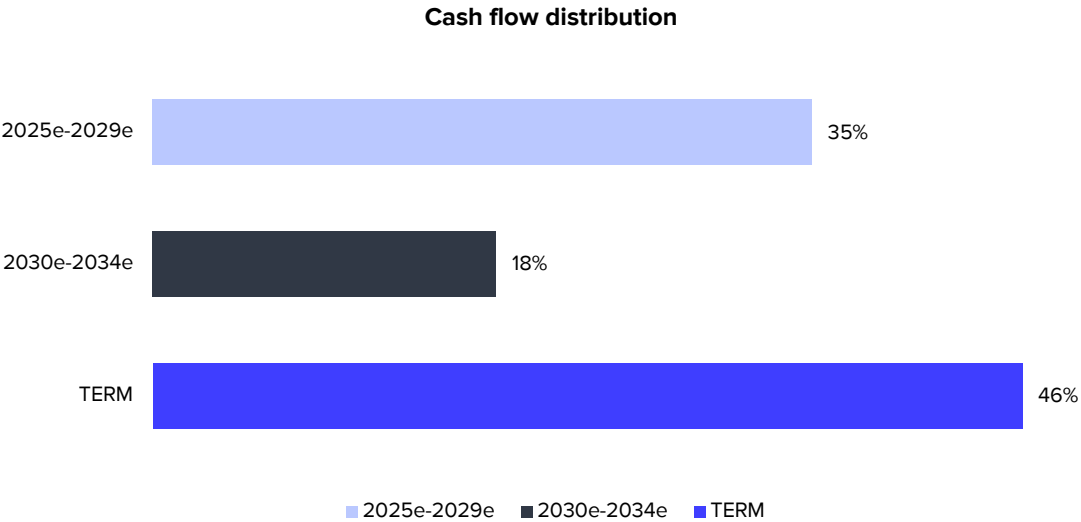
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-34.1 %	-0.9 %	0.7 %	2.3 %	2.7 %	3.0 %	2.5 %	2.5 %	2.5 %	2.5 %	1.7 %	1.7 %
EBIT-%	7.6 %	3.6 %	10.2 %	10.9 %	11.3 %	12.5 %	12.5 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %
EBIT (operating profit)	142	66.7	191	210	223	254	260	277	284	291	296	
+ Depreciation	95.1	94.9	98.8	100.0	101	79.2	53.0	55.8	58.1	60.0	61.7	
- Paid taxes	-31	-23	-34	-37	-40	-46	-48	-51	-53	-55	-56	
- Tax, financial expenses	-13	-7	-6	-5	-5	-4	-4	-4	-4	-4	-4	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	13	143	1	3	4	4	4	4	4	4	3	
Operating cash flow	207	275	251	271	283	286	265	281	289	297	301	
+ Change in other long-term liabilities	18	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	215	392	-60	-61	-62	-63	-64	-65	-65	-66	-84	
Free operating cash flow	440	666	191	210	221	223	201	217	224	231	218	
+/- Other	-133	-170	0	0	0	0	0	0	0	0	0	
FCFF	307	497	191	210	221	223	201	217	224	231	218	3257
Discounted FCFF		489	173	176	170	159	132	131	124	118	103	1540
Sum of FCFF present value		3315	2826	2653	2477	2306	2148	2016	1885	1761	1643	1540
Enterprise value DCF		3315										
- Interest bearing debt		-1105										
+ Cash and cash equivalents		195										
-Minorities		0										
-Dividend/capital return		-178										
Equity value DCF		2228										
Equity value DCF per share		18.8										

WACC

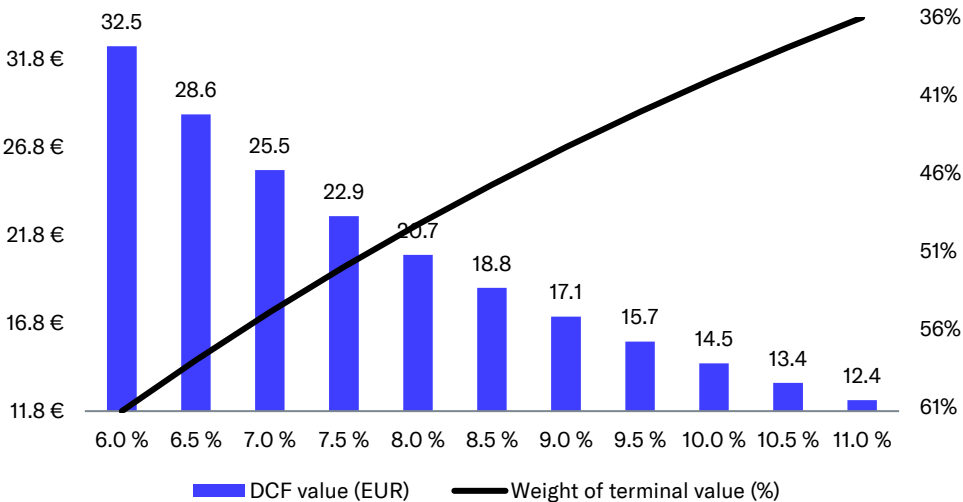
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	25.0 %
Cost of debt	5.5 %
Equity Beta	1.55
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.9 %
Weighted average cost of capital (WACC)	8.5 %

Source: Inderes

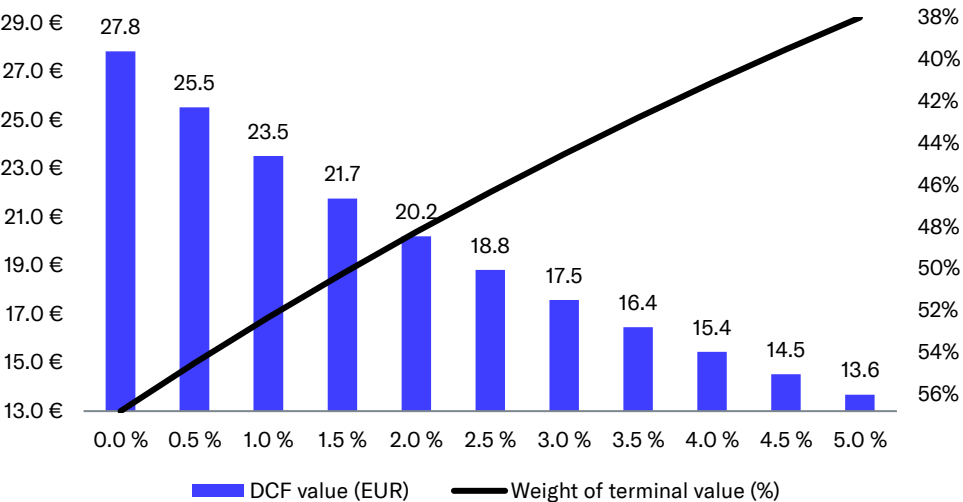


DCF sensitivity calculations and key assumptions in graphs

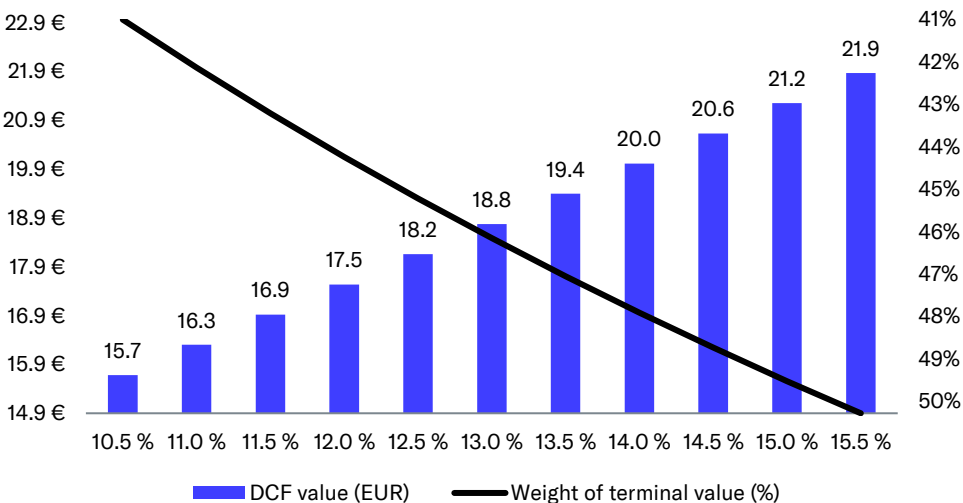
Sensitivity of DCF to changes in the WACC-%



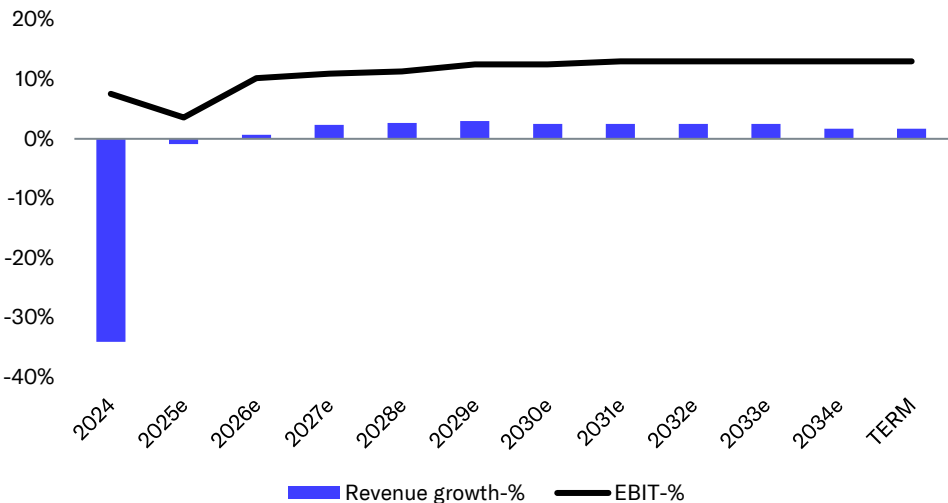
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	2928	2851	1879	1863	1876	EPS (reported)	1.59	1.45	0.59	0.17	1.09
EBITDA	429	408	237	162	290	EPS (adj.)	2.35	2.14	1.15	1.60	1.53
EBIT	266	256	142	67	191	OCF / share	2.37	2.56	1.75	2.31	2.11
PTP	243	221	97	32	164	OFCF / share	2.04	0.60	2.58	4.19	1.61
Net Income	188	172	-63	-150	130	Book value / share	14.52	13.62	10.94	8.81	8.48
Extraordinary items	-113	-103	-83	-182	-60	Dividend / share	1.45	1.47	1.50	1.30	1.32
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	3394	3518	3054	2328	2293	Revenue growth-%	4%	-3%	-34%	-1%	1%
Equity capital	1719	1612	1298	1045	1007	EBITDA growth-%	-22%	-5%	-42%	-32%	79%
Goodwill	1847	1907	1648	1418	1418	EBIT (adj.) growth-%	3%	-5%	-37%	10%	1%
Net debt	710	944	910	543	542	EPS (adj.) growth-%	7%	-9%	-46%	39%	-4%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	14.6 %	14.3 %	12.6 %	8.7 %	15.5 %
EBITDA	429	408	237	162	290	EBIT (adj.)-%	12.9 %	12.6 %	12.0 %	13.4 %	13.4 %
Change in working capital	-83	-78	13	143	1	EBIT-%	9.1 %	9.0 %	7.6 %	3.6 %	10.2 %
Operating cash flow	281	304	207	275	251	ROE-%	10.6 %	10.3 %	4.8 %	1.7 %	12.6 %
CAPEX	-15	-216	215	392	-60	ROI-%	9.8 %	9.4 %	5.5 %	3.2 %	10.9 %
Free cash flow	242	71	307	497	191	Equity ratio	50.7 %	45.8 %	42.5 %	44.9 %	43.9 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	41.3 %	58.5 %	70.1 %	51.9 %	53.9 %
EV/S	1.3	1.2	1.6	1.5	1.4						
EV/EBITDA	9.0	8.6	12.3	16.7	9.3						
EV/EBIT (adj.)	10.2	9.7	13.0	10.9	10.8						
P/E (adj.)	11.3	10.1	14.8	11.4	11.9						
P/B	1.8	1.6	1.6	2.1	2.1						
Dividend-%	5.5 %	6.8 %	8.8 %	7.2 %	7.3 %						

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	Share price
4/26/2018	Reduce	29.00 €	29.86 €
7/23/2018	Accumulate	28.00 €	25.96 €
10/25/2018	Reduce	27.00 €	26.30 €
11/29/2018	Reduce	27.00 €	25.70 €
2/7/2019	Reduce	27.00 €	26.70 €
4/26/2019	Reduce	27.00 €	27.50 €
7/22/2019	Accumulate	26.00 €	23.10 €
10/25/2019	Reduce	26.00 €	25.92 €
12/11/2019	Reduce	27.00 €	26.86 €
2/17/2020	Reduce	29.00 €	30.30 €
3/30/2020	Accumulate	21.00 €	18.69 €
4/29/2020	Accumulate	25.00 €	21.94 €
7/27/2020	Accumulate	28.00 €	26.24 €
10/21/2020	Buy	30.00 €	25.90 €
10/28/2020	Buy	30.00 €	22.66 €
2/18/2021	Buy	30.00 €	26.34 €
4/30/2021	Buy	34.00 €	28.98 €
7/21/2021	Buy	34.00 €	28.36 €
10/27/2021	Buy	34.00 €	26.94 €
2/18/2022	Buy	32.00 €	25.70 €
5/6/2022	Buy	31.00 €	22.72 €
7/25/2022	Buy	31.00 €	26.14 €
10/28/2022	Accumulate	28.00 €	24.34 €
12/1/2022	Accumulate	29.00 €	25.92 €
2/16/2023	Accumulate	33.00 €	29.58 €
5/5/2023	Accumulate	31.00 €	26.56 €
7/24/2023	Accumulate	26.00 €	22.34 €
9/20/2023	Accumulate	25.00 €	21.52 €
10/27/2023	Buy	25.00 €	19.51 €
1/17/2024	Accumulate	25.00 €	21.86 €
2/16/2024	Accumulate	25.00 €	22.10 €
4/26/2024	Buy	24.00 €	17.35 €
7/24/2024	Buy	24.00 €	18.81 €
10/18/2024	Buy	22.00 €	17.58 €
10/25/2024	Buy	22.00 €	18.92 €
2/17/2025	Buy	22.00 €	18.32 €
3/25/2025	Accumulate	21.00 €	18.27 €
4/25/2025	Accumulate	20.00 €	16.03 €
4/30/2025	Accumulate	19.00 €	15.74 €
7/23/2025	Accumulate	17.00 €	14.45 €
9/16/2025	Accumulate	17.00 €	15.70 €
10/23/2025	Reduce	18.00 €	18.20 €



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