

WARTSILA

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COMPANY REPORT



Good momentum continued, but we doubt the sustainability of demand

Orders in Wärtsilä's main segments developed well in Q3, and cash flow development appears stronger than previously expected. There is strong visibility for earnings growth in the coming years. However, we find that the current valuation already prices in continued order growth well into the end of the decade. We see a risk of a correction in investment-driven demand after its very strong growth in 2024-25. We reiterate our Reduce recommendation and raise our target price to EUR 26 due to estimate revisions (previously EUR 22).

Good progress continued in Q3

The Q3 report was generally in line with expectations, with orders growing organically by 6% and adjusted EBIT matching the consensus exactly. However, reported order growth was only 0% due to the divestment of ANCS and exchange rate fluctuations, and orders for Energy Storage, a small contributor to earnings, fell short of expectations. Among the major segments, orders for Marine grew by 8%, which was in line with expectations, while the strong order growth for Energy (29%) exceeded the consensus by 7 pp. We also believe that Energy's underlying profitability development was better than expected, although this has not yet been reflected in the current quarter's result due to low new equipment sales deliveries (weighted towards Q4). Reported EBIT was mainly supported by a 34 MEUR sales gain related to the divestment of the ANCS unit, which was in line with expectations. Wärtsilä's cash flow from operating activities has strengthened considerably this year (Q1-Q3: 946 MEUR, +23% y/y), and we interpreted the company's comments as indicating that the trend in working capital is not expected to reverse, at least in the short term.

Estimates of earnings and cash flow increased

As expected, Wärtsilä maintained guidance similar to that of the previous quarter. The company expects the demand environment to improve in Marine and Energy Storage and to remain at the same level in Energy over the next 12 months compared to the

previous 12 months. We made minor upward adjustments to our estimates, mainly supported by Energy's stronger performance, resulting in a 2-4% increase in adj. EBIT at the group level for 2025-27. Additionally, we significantly raised our cash flow projections, supported by more positive working capital comments.

The company has a good outlook for revenue and earnings development in Marine and Energy in the coming years, thanks to strong order book growth (combined adj. EBIT growth 2026e: 14%). Our forecasts predict only 3% order growth for Marine and -3% for Energy over the next 12 months, meaning growth will gradually slow toward the long-term level (2027-28e EBIT growth: 9% and 6%).

Continuity of growth is a concern

In our view, visibility into Wärtsilä's 2026 EBIT is high, against which an EV/EBIT of 15.5x is not particularly expensive, though not cheap either. The 2027 multiple of 13.7x would already be somewhat attractive if the visibility for the coming years had a similar upward trajectory. However, we believe it is possible that earnings growth could slow significantly from 2028 onwards. A growing portion of Marine and Energy's combined earnings comes from new equipment sales (2023->27 estimate: 13->30%), which are clearly becoming more profitable, supported by strong demand. Thus, the impact of a potential weakening in demand on profitability could be accentuated in the future, even though market activity has remained good so far. Although markets supported by megatrends offer long-term growth, we believe the possibility of a correction has increased after the exceptionally strong, investment-driven order growth of 2024–25, should investments in data centers dry up, for example. We therefore do not consider the risk/reward ratio of the share to be sufficient, given the relatively high valuation multiples. Our target price increased primarily based on a stronger cash flow outlook but was also supported by higher earnings estimates and long-term profitability assumptions in DCF.

Recommendation

Reduce

(was Reduce)

Target price:

EUR 26.00

(was EUR 22.00)

Share price:

EUR 27.47

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	6449	7077	7457	8000
growth-%	7%	10%	5%	7%
EBIT adj.	714	828	901	989
EBIT-% adj.	11.1 %	11.7 %	12.1 %	12.4 %
Net Income	504	620	640	718
EPS (adj.)	0.86	1.04	1.13	1.26

P/E (adj.)	20.0	26.4	24.4	21.9
P/B	4.0	5.6	5.0	4.5
Dividend yield-%	2.6 %	2.0 %	2.1 %	2.3 %
EV/EBIT (adj.)	13.0	17.3	15.5	13.7
EV/EBITDA	10.9	14.6	13.5	11.7
EV/S	1.4	2.0	1.9	1.7

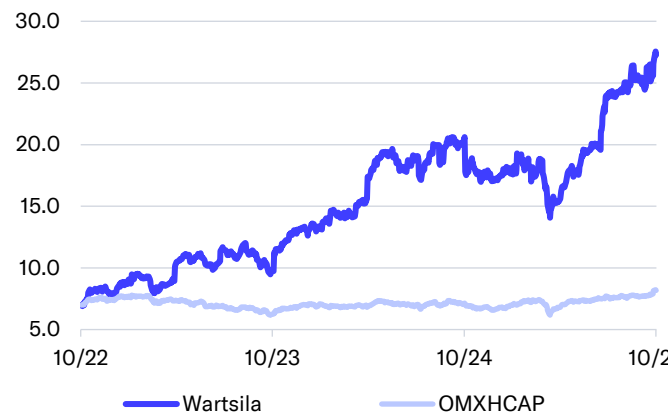
Source: Inderes

Guidance

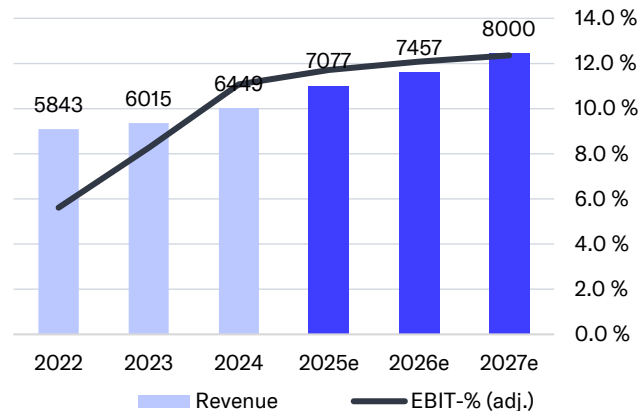
(New guidance)

Wärtsilä expects that the demand environment for Marine and Energy Storage for the next 12 months will be better than in the comparison period. Energy's demand environment is estimated to be similar to that of the comparison period.

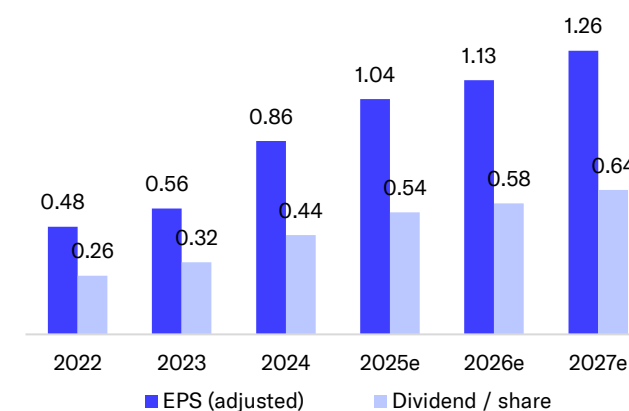
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

- Strong position in the selected segments
- Extensive installed equipment portfolio and significant share of services business
- Progress in high value-added services
- Divestments of smaller business units

Risk factors

- Cyclicalities of shipbuilding
- Uncertainty about the winning renewable energy production forms
- Energy Storage dependent on individual large orders and variable investment activity

Valuation	2025e	2026e	2027e
Share price	27.5	27.5	27.5
Number of shares, millions	586.4	586.4	586.4
Market cap	16110	16110	16110
EV	14350	14007	13566
P/E (adj.)	26.4	24.4	21.9
P/E	26.0	25.2	22.4
P/B	5.6	5.0	4.5
P/S	2.3	2.2	2.0
EV/Sales	2.0	1.9	1.7
EV/EBITDA	14.6	13.5	11.7
EV/EBIT (adj.)	17.3	15.5	13.7
Payout ratio (%)	51.1 %	53.1 %	52.3 %
Dividend yield-%	2.0 %	2.1 %	2.3 %

Source: Inderes

Q3: The big picture developed at least in line with expectations

Orders were good in large segments

Wärtsilä's order volume in Q3 remained the same as in the comparison period, but excluding the effects of acquisitions and exchange rate fluctuations, orders would have grown by 6% (organic growth). Reported order intake was 4% lower than our expectations and those of the consensus. The difference was mainly due to Energy Storage (orders close to zero), where demand is suffering from both US trade restrictions on Chinese batteries and increased global competition following the closure of the US market. Of the large segments, Marine orders developed as expected (8% growth) and Energy even exceeded consensus by 7% (29% growth). In the small Portfolio Business unit, orders were slightly below expectations. The book-to-bill ratio was 1.10x, supporting continued growth in the near future.

Revenue from new equipment sales fell

Revenue decreased by 5% year-on-year, but the organic development was stable. However, revenue was 8-9%

below our expectations and those of the consensus. This was largely due to Energy's new equipment sales revenue being significantly lower than expected, as this figure often varies considerably from quarter to quarter depending on the timing of deliveries. The company communicated that new equipment deliveries in Energy will be heavily weighted toward the fourth quarter within H2. In contrast, Marine's revenue was slightly higher than expected.

Improved sales distribution supported profitability

Despite lower-than-expected revenue, Wärtsilä's adjusted EBIT for Q3 was at a good level (up 10%) and in line with consensus estimates. Relative profitability was even stronger than expected thanks to, among other things, an increased share of services, as Energy's new equipment sales were low at the moment. Had new equipment sales been at the expected level, the absolute result would have been even stronger than it actually was.

Reported EBIT benefited from, in part, a non-recurring item of 34 MEUR related to sales gains from the ANCS unit, which was largely in line with expectations. Earnings per share were also supported by lower-than-expected tax expenses, among other factors.

Positive cash flow trend continues

Cash flow from operating activities was 340 MEUR, showing year-on-year growth (296 MEUR). This trend has remained positive throughout 2025, with cash flow strengthening by 23% year-on-year in January-September. The company previously warned that the positive trend in net working capital could reverse due to a possible slowdown in demand, for example. The company now states that it expects net working capital to remain negative in the coming years, which will support cash flow. This development is due to many customers agreeing to more favorable payment terms than before (e.g., paying in advance instead of using bank guarantees).

Estimates	Q3'24	Q3'25	Q3'25e	Q3'25e	Consensus		Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	1718	1632	1792	1770	1652	1870	-9%	7051
Orders	1803	1790	1856	1871	1759	1963	-4%	8245
EBIT (adj.)	177	195	190	194	185	204	3%	787
EBIT	192	230	216	209	189	229	6%	780
PTP	190	227	213	207	184	230	7%	771
EPS (reported)	0.24	0.31	0.26	0.26	0.23	0.29	18%	0.96
Revenue growth-%	18.3 %	-5.0 %	4.3 %	3.0 %	-3.8 %	8.8 %	-9.3 pp	9.3 %
EBIT-% (adj.)	10.3 %	11.9 %	10.6 %	11.0 %	11.2 %	10.9 %	1.3 pp	11.2 %

Source: Inderes & Vara Research (consensus)

Wärtsilä Q3'25: Focus on organic growth (in English)



Estimates of earnings and cash flow increased

Guidance remained similar to before

Wärtsilä provides guidance on the demand environment for the next 12 months relative to the previous 12-month period. The company maintained its market guidance at the same level as in the previous quarter. The demand environment is expected to improve for Marine, remain stable for Energy, and improve for Energy Storage. Growth in Energy is limited by the extremely strong order intake growth of the previous 12 months. Conversely, regarding Energy Storage, we interpret the upward guidance as reflecting more of an exceptionally low starting level than a particularly favorable market outlook.

Small forecast increases mainly for Energy

We made minor adjustments to our income statement projections, resulting in an increase in the revenue estimate for 2026–27 in the large, high-margin segments of Marine and, in particular, Energy. In contrast, the

revenue forecast for low-margin Energy Storage declined, limiting the overall change in revenue. Our EBIT forecasts rose by 1–4%, supported by Energy's strong order trend in new equipment sales and better-than-expected profitability.

We also significantly raised our forecast for cash flow from operating activities in 2025, supported by strong working capital development in the first part of the year. Additionally, investments have been slightly lower than our estimates. We estimate that net cash will total 1.7 BNEUR at the end of the year (2024: 0.8 BNEUR).

Order book supports growth, profitability also improves

The strong estimated revenue growth in the coming years is due to the gradual realization of the current strong order book, which will raise growth above the long-term level for 2026-27. Furthermore, we anticipate that profitability will increase as high demand and growing volumes bolster

pricing and production efficiency. However, Wärtsilä is likely to increase its investments in product development for Energy, which may slightly limit margin development, though not significantly.

By contrast, our growth estimates for new orders are more moderate. We forecast a 3% decline in Energy orders over the next 12 months, reflecting a very strong comparison period and the company's cautious demand guidance. In Marine, our new orders estimate is 3% above the previous 12-month period. Although the IMO decided to postpone the decision on a global emission compensation system by one year, we believe demand for Wärtsilä's emission-limiting technologies will still be reasonably good, supported by factors such as local regulations and long-term expectations.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	7224	7077	-2%	7511	7457	-1%	7910	8000	1%
EBITDA	966	984	2%	1036	1038	0%	1117	1161	4%
EBIT (exc. NRIs)	811	828	2%	890	901	1%	952	989	4%
EBIT	805	837	4%	870	881	1%	933	970	4%
PTP	796	828	4%	862	873	1%	931	973	4%
EPS (excl. NRIs)	1.00	1.04	4%	1.10	1.13	2%	1.18	1.26	6%
DPS	0.50	0.54	8%	0.58	0.58	0%	0.64	0.64	0%

Source: Inderes

Wärtsilä, Webcast, Q3'25



Valuation loaded with high expectations

Strong value creation in a growing market

We see Wärtsilä as having a strong market position in four-stroke engines, both in the marine business (Marine) and in the power plant business (Energy). The company's service operations, based on a large installed base, are very profitable, and the service business is being developed in line with the strategy by deepening cooperation with customers and thus increasing the share of high value-added services. Key long-term growth drivers for the market are the decarbonization of maritime transport and the transformation of the energy system, where weather-dependent power generation will need to be complemented by balancing power solutions. In addition, the growth in electricity demand and, e.g., data center investments support Energy's growth outlook. Return on capital employed is high (2024: 23.7%), which, combined with a positive growth outlook, allows for significant value creation.

Earnings-based valuation level not decreasing fast enough

Wärtsilä's earnings-based valuation has risen significantly, supported by strong order growth, and it already exceeds our estimated fair value level for the current year (2025e: 17.3x vs. fair value about 15x). The current strong market cycle could drive the company's valuation to just 13.7x in 2027, but we estimate that earnings growth will slow significantly after that. In fact, we consider it possible that the market could experience a weaker economic cycle lasting a few years following the very strong order growth figures of 2024-25. The company's peer group is still valued at higher multiples (median 20x), which makes Wärtsilä about 25% cheaper. There is strong variation in valuation multiples within the peer group, and we consider the group's median level to be high. For a long time, the market has priced Wärtsilä below the peer group.

Our DCF assumptions do not allow for upside potential

The fair value of Wärtsilä's share in our cash flow model is EUR 26.0, which is supported by the company's capital-light business model in addition to its strong profitability and good growth. The calculation assumes a growth rate of 5.7% in 2026-30 and 2.5% in the long term. For the terminal period, we assume a slightly more moderate EBIT margin of 11% than the current level and a weighted average cost of capital (WACC) of 7.8%. We increased the long-term profitability level (previously EBIT: 10 %), supported by favorable profitability development. The calculation is naturally sensitive to changes in the applied WACC. Finding further upside for the share would require raising the EBIT margin assumption to as high as 14% (value EUR 30), exceeding even the company's financial target level. Under the current assumptions, the ROI decreases to 16% for the terminal period, which we believe is quite high, even for a global industrial technology company like Wärtsilä.

Strategic focus would strengthen the investment profile

In addition to the profitable core businesses (Marine and Energy), the group includes the low-margin and more difficult-to-predict Energy Storage, as well as businesses to be divested (Portfolio Business). Although the company decided in its spring strategy update to keep Energy Storage in the group instead of divesting it, we believe that the divestment will become relevant in the long term (e.g. within 5 years). For the time being, however, the complex structure of the group may weigh on the valuation level accepted by the market, e.g. relative to DCF potential or a peer group. Divestments of the Energy Storage or Portfolio Business reporting unit businesses could serve as valuation drivers in the medium term. Indeed, the company's balance sheet is already over-capitalized and there is no visibility on how the excess cash can be used effectively.

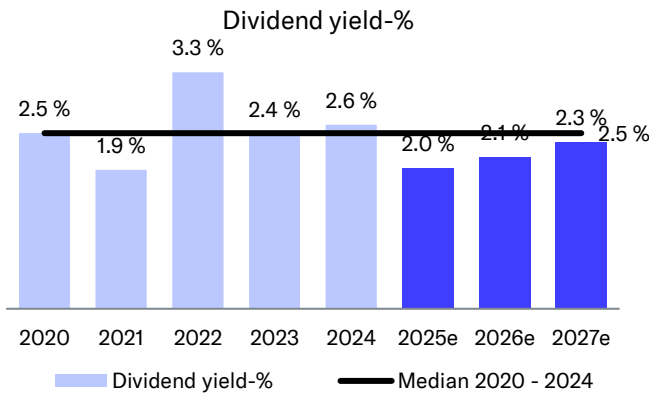
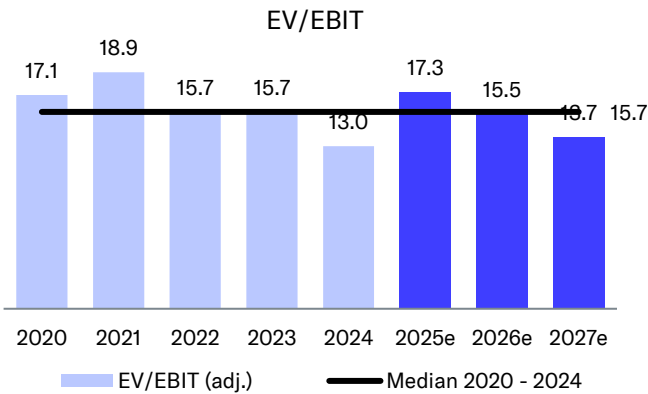
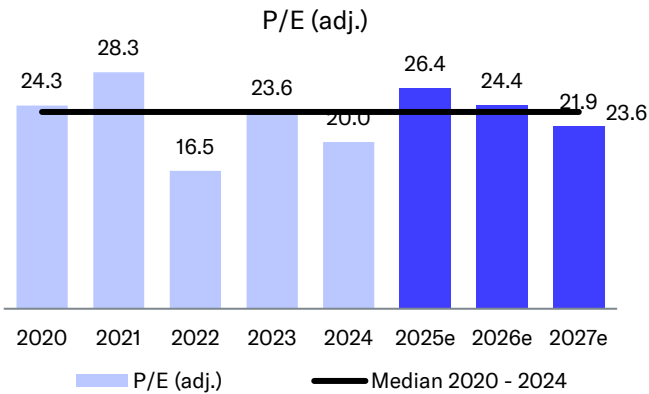
Valuation	2025e	2026e	2027e
Share price	27.5	27.5	27.5
Number of shares, millions	586.4	586.4	586.4
Market cap	16110	16110	16110
EV	14350	14007	13566
P/E (adj.)	26.4	24.4	21.9
P/E	26.0	25.2	22.4
P/B	5.6	5.0	4.5
P/S	2.3	2.2	2.0
EV/Sales	2.0	1.9	1.7
EV/EBITDA	14.6	13.5	11.7
EV/EBIT (adj.)	17.3	15.5	13.7
Payout ratio (%)	51.1 %	53.1 %	52.3 %
Dividend yield-%	2.0 %	2.1 %	2.3 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	8.15	12.4	7.87	13.1	17.1	27.5	27.5	27.5	27.5
Number of shares, millions	591.7	590.0	590.0	589.0	586.4	586.4	586.4	586.4	586.4
Market cap	4823	7293	4643	7734	10034	16110	16110	16110	16110
EV	5255	7326	5158	7804	9270	14350	14007	13566	13142
P/E (adj.)	24.3	28.3	16.5	23.6	20.0	26.4	24.4	21.9	20.5
P/E	36.0	37.8	neg.	30.0	19.9	26.0	25.2	22.4	20.5
P/B	2.2	3.2	2.2	3.5	4.0	5.6	5.0	4.5	4.0
P/S	1.0	1.5	0.8	1.3	1.6	2.3	2.2	2.0	1.9
EV/Sales	1.1	1.5	0.9	1.3	1.4	2.0	1.9	1.7	1.5
EV/EBITDA	12.1	14.4	15.3	13.1	10.9	14.6	13.5	11.7	10.9
EV/EBIT (adj.)	17.1	18.9	15.7	15.7	13.0	17.3	15.5	13.7	12.5
Payout ratio (%)	88.3 %	73.4 %	neg.	73.1 %	51.2 %	51.1 %	53.1 %	52.3 %	51.4 %
Dividend yield-%	2.5 %	1.9 %	3.3 %	2.4 %	2.6 %	2.0 %	2.1 %	2.3 %	2.5 %

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	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Metso Corp	11498	12733	17.0	15.0	13.9	12.5	2.5	2.4	22.8	19.0	2.7	2.9	4.2
Kone Oyj	31160	30572	22.5	20.2	18.1	16.6	2.7	2.6	29.0	26.1	3.2	3.4	10.3
Konecranes Abp	6766	6710	12.6	11.3	10.2	9.4	1.6	1.5	17.4	15.6	2.1	2.2	3.3
Siemens Energy AG	88995	83225	38.9	21.0	22.9	15.3	2.1	2.0	65.3	32.3	0.5	1.4	8.2
Abb Ltd	118339	121069	22.7	20.9	20.1	18.5	4.0	3.8	29.0	25.3	1.4	1.5	8.5
Alfa Laval AB	17830	18542	17.0	15.9	14.3	13.5	3.0	2.8	22.4	21.2	1.9	2.1	4.2
Alstom SA	10100	9893	12.3	8.8	6.7	6.1	0.5	0.5	15.6	12.5			1.0
Caterpillar Inc	212204	242549	25.2	22.3	22.1	19.5	4.4	4.1	29.6	24.8	1.1	1.2	13.8
GE Vernova	136264	130773	71.1	36.5	45.9	29.5	4.1	3.7	79.7	46.5	0.2	0.2	14.8
Rolls-Royce Holdings PLC	107915	106209	28.4	25.5	22.3	20.3	4.7	4.3	39.0	34.2	0.8	1.0	55.4
Woodward Inc	13733	14128	30.6	25.7	25.0	21.3	4.7	4.3	40.1	33.9	0.4	0.5	6.5
Wartsila (Inderes)	16110	14350	17.3	15.5	14.6	13.5	2.0	1.9	26.4	24.4	2.0	2.1	5.6
Average			27.1	20.3	20.1	16.6	3.1	2.9	35.4	26.5	1.4	1.6	11.8
Median			22.7	20.9	20.1	16.6	3.0	2.8	29.0	25.3	1.2	1.4	8.2
Diff-% to median			-24%	-26%	-27%	-19%	-31%	-33%	-9%	-3%	58%	49%	-32%

Source: Refinitiv / Inderes

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	6015	1322	1555	1718	1854	6449	1560	1720	1633	2164	7077	7457	8000	8526
Marine	2800	708	759	739	847	3053	827	862	870	933	3492	3770	3895	4173
Energy	1684	390	404	543	560	1897	415	529	382	837	2163	2518	2829	2970
Energy Storage	927	62	213	261	257	793	128	125	235	227	715	557	641	718
Portfolio Business	604	162	179	175	190	706	190	204	146	167	707	612	636	665
EBITDA	595	162	205	230	250	847	207	252	232	292	984	1038	1161	1200
Depreciation	-193	-35	-37	-38	-21	-131	-42	-66	-2	-36	-146	-157	-191	-147
EBIT (excl. NRI)	497	132	176	177	229	714	171	207	195	255	828	901	989	1053
EBIT	402	127	168	192	229	716	165	186	230	256	837	881	970	1053
Marine	276	77	96	91	100	364	95	115	105	122	436	471	494	538
Energy	206	49	49	83	85	266	63	75	61	117	316	377	432	461
Energy Storage	3	1	15	2	15	33	-5	3	16	13	27	17	25	29
Portfolio Business	-83	0	8	16	28	52	12	-6	49	5	59	16	19	24
Net financial items	-37	-9	-7	-2	-10	-28	-2	0	-3	-4	-9	-8	4	13
PTP	365	118	161	190	219	688	163	186	227	252	828	873	973	1066
Taxes	-95	-32	-44	-46	-58	-180	-41	-49	-45	-67	-202	-227	-248	-272
Minority interest	-12	-1	-1	-1	-1	-4	-1	-1	-1	-3	-6	-6	-7	-8
Net earnings	258	85	116	142	160	504	120	136	181	182	620	640	718	787
EPS (adj.)	0.56	0.15	0.21	0.22	0.27	0.86	0.22	0.27	0.25	0.31	1.04	1.13	1.26	1.34
EPS (rep.)	0.44	0.14	0.20	0.24	0.27	0.86	0.20	0.23	0.31	0.31	1.06	1.09	1.22	1.34

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-%	2.9 %	-9.8 %	6.9 %	18.3 %	12.8 %	7.2 %	18.0 %	10.6 %	-4.9 %	16.7 %	9.7 %	5.4 %	7.3 %	6.6 %
Adjusted EBIT growth-%	51.5 %	49.1 %	63.3 %	43.1 %	29.4 %	43.7 %	29.5 %	17.8 %	10.0 %	11.5 %	16.0 %	8.8 %	9.7 %	6.5 %
EBITDA-%	9.9 %	12.3 %	13.2 %	13.4 %	13.5 %	13.1 %	13.3 %	14.7 %	14.2 %	13.5 %	13.9 %	13.9 %	14.5 %	14.1 %
Adjusted EBIT-%	8.3 %	10.0 %	11.3 %	10.3 %	12.3 %	11.1 %	11.0 %	12.1 %	11.9 %	11.8 %	11.7 %	12.1 %	12.4 %	12.4 %
Net earnings-%	4.3 %	6.4 %	7.5 %	8.3 %	8.6 %	7.8 %	7.7 %	7.9 %	11.1 %	8.4 %	8.8 %	8.6 %	9.0 %	9.2 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	2553	2580	2504	2518	2502
Goodwill	1273	1299	1299	1299	1299
Intangible assets	402	446	478	479	451
Tangible assets	562	557	449	462	474
Associated companies	33	41	41	41	41
Other investments	19	17	17	17	17
Other non-current assets	52	45	45	45	45
Deferred tax assets	212	175	175	175	175
Current assets	4250	5114	5196	5731	6446
Inventories	1485	1483	1486	1566	1680
Other current assets	5	187	0	0	0
Receivables	1943	1890	1911	2021	2178
Cash and equivalents	817	1554	1799	2144	2589
Balance sheet total	6803	7694	7700	8249	8948

Source: Inderes

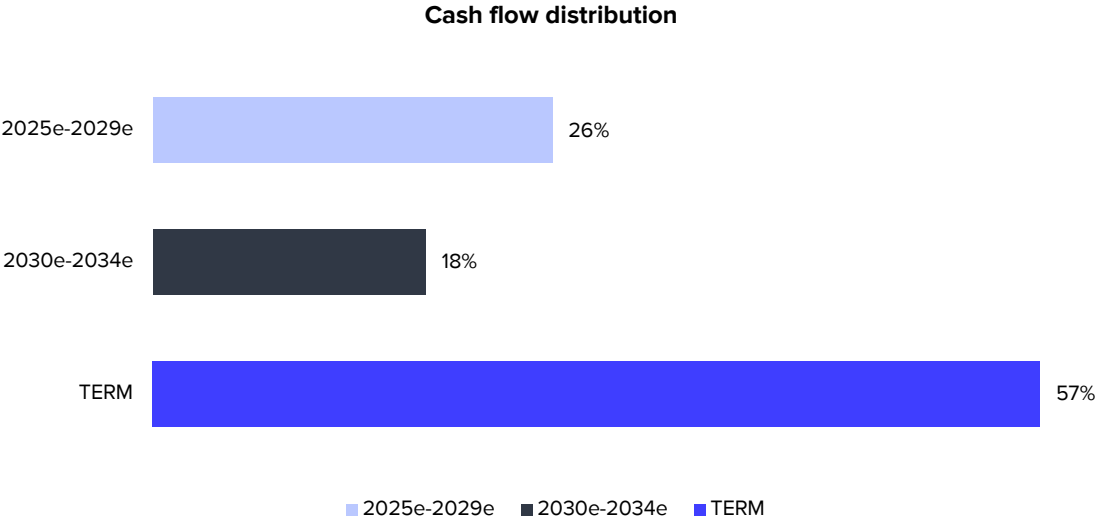
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	2233	2532	2894	3217	3595
Share capital	336	336	336	336	336
Retained earnings	1989	2337	2699	3022	3400
Hybrid bonds	0	0	0	0	0
Revaluation reserve	61	61	61	61	61
Other equity	-161	-208	-208	-208	-208
Minorities	8	6	6	6	6
Non-current liabilities	1405	1319	700	705	710
Deferred tax liabilities	69.0	141	141	141	141
Provisions	372	433	433	433	433
Interest bearing debt	739	624	5	10	15
Convertibles	0	0	0	0	0
Other long term liabilities	225	121	121	121	121
Current liabilities	3165	3843	4106	4327	4643
Interest bearing debt	120	142	1	2	3
Payables	3045	3556	4105	4325	4640
Other current liabilities	0	145	0	0	0
Balance sheet total	6803	7694	7700	8249	8948

DCF-calculation

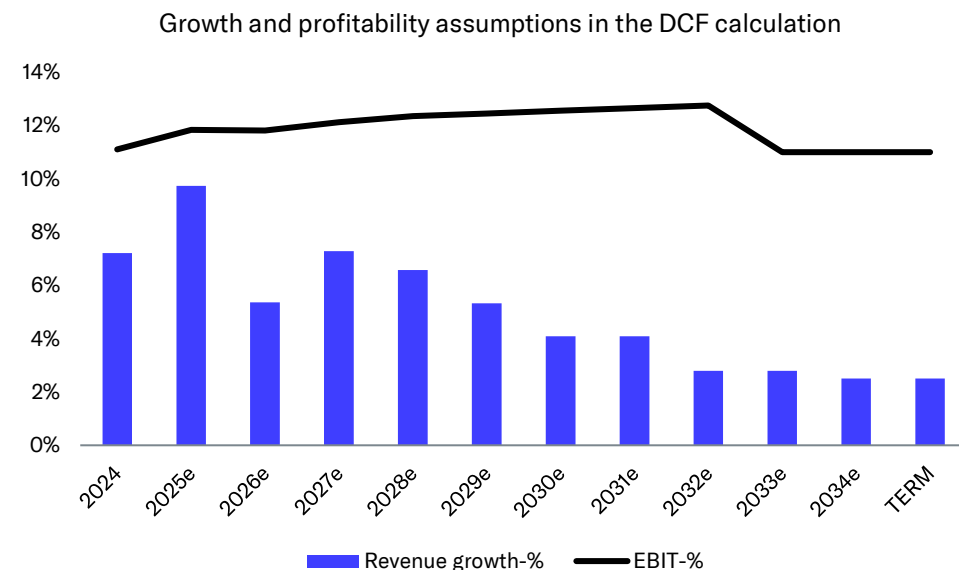
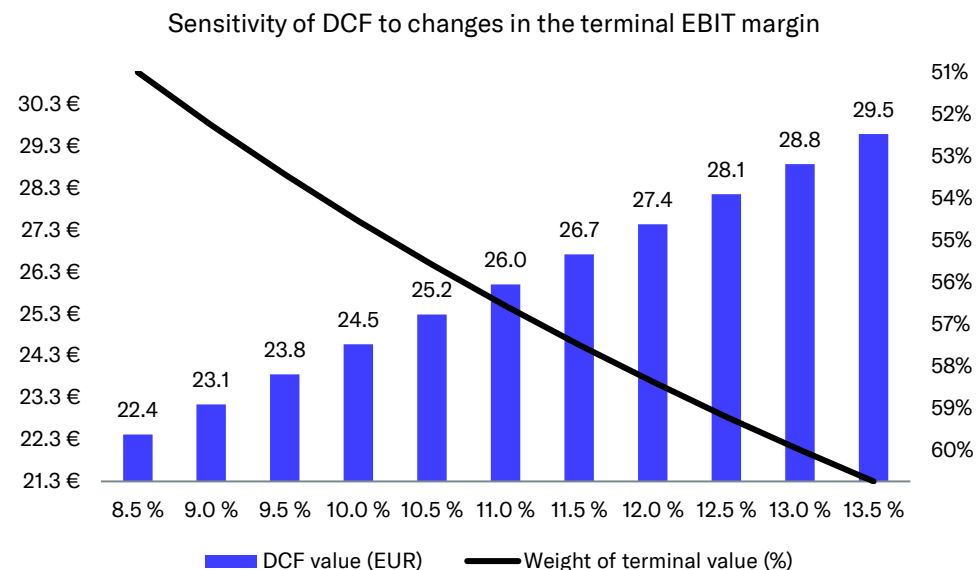
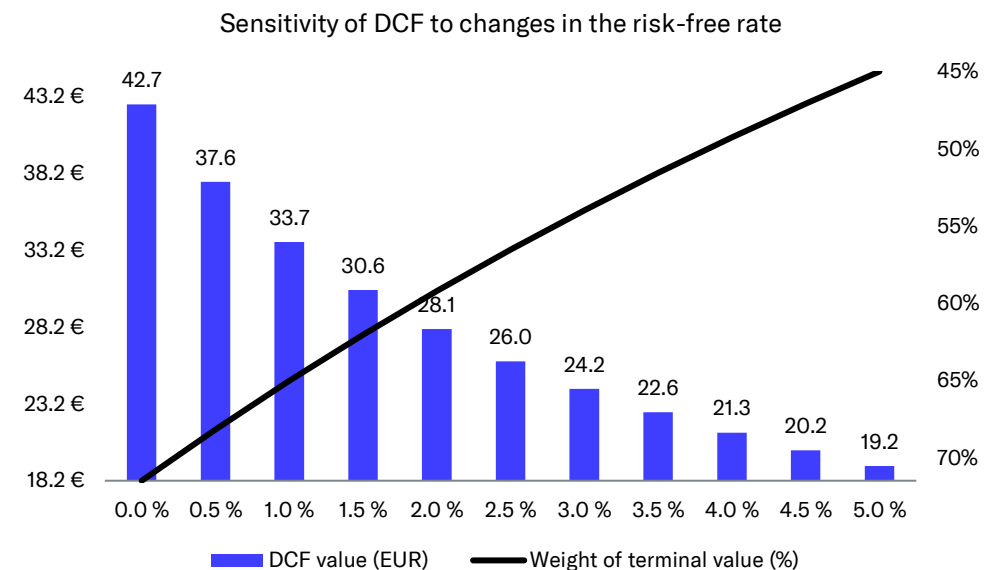
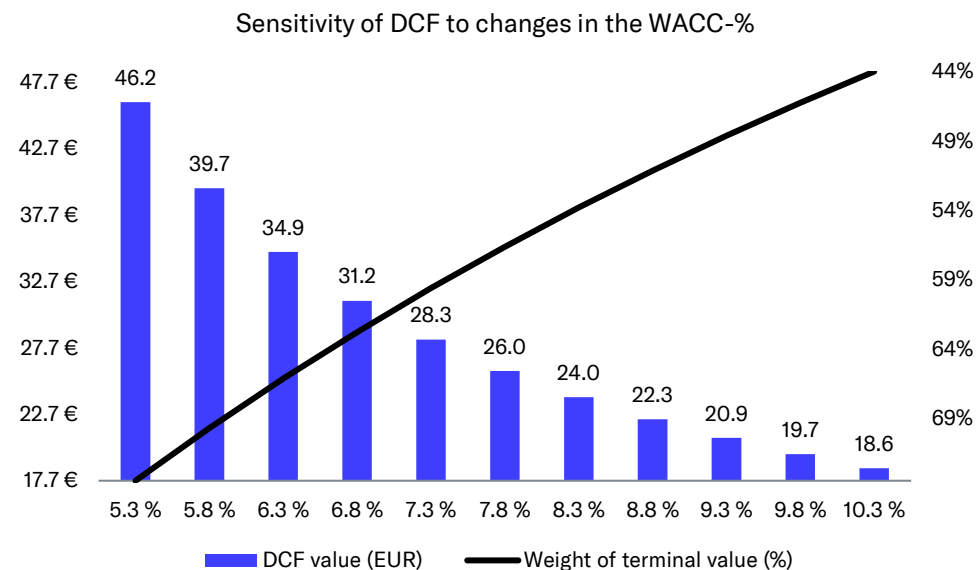
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	7.2 %	9.7 %	5.4 %	7.3 %	6.6 %	5.3 %	4.1 %	4.1 %	2.8 %	2.8 %	2.5 %	2.5 %
EBIT-%	11.1 %	11.8 %	11.8 %	12.1 %	12.4 %	12.5 %	12.6 %	12.7 %	12.8 %	11.0 %	11.0 %	11.0 %
EBIT (operating profit)	716	837	881	970	1053	1118	1173	1231	1275	1131	1159	
+ Depreciation	131	146	157	191	147	152	156	161	165	170	178	
- Paid taxes	-71	-202	-227	-248	-272	-293	-308	-324	-337	-303	-312	
- Tax, financial expenses	-10	-6	-7	-5	-4	0	0	0	0	0	-1	
+ Tax, financial income	2	4	5	6	7	8	9	11	13	15	17	
- Change in working capital	529	567	31	44	41	33	24	24	13	13	23	
Operating cash flow	1298	1346	840	958	973	1018	1054	1102	1129	1026	1065	
+ Change in other long-term liabilities	-43	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-187	-70	-171	-175	-178	-182	-186	-190	-195	-217	-199	
Free operating cash flow	1068	1276	668	783	795	836	869	912	933	809	866	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	1068	1276	668	783	795	836	869	912	933	809	866	16700
Discounted FCFF		1259	612	665	626	611	589	573	544	437	434	8374
Sum of FCFF present value		14724	13465	12853	12188	11562	10952	10363	9790	9246	8809	8374
Enterprise value DCF		14724										
- Interest bearing debt		-766										
+ Cash and cash equivalents		1554										
-Minorities		-33										
-Dividend/capital return		-258										
Equity value DCF		15221										
Equity value DCF per share		26.0										

WACC	
Tax-% (WACC)	26.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	3.0 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.4 %
Weighted average cost of capital (WACC)	7.8 %

Source: Inderes



DCF sensitivity calculations and key assumptions in graphs



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	5843.0	6015.0	6449.0	7077.0	7457.0	EPS (reported)	-0.11	0.44	0.86	1.06	1.09
EBITDA	240.0	595.0	846.8	983.6	1038.2	EPS (adj.)	0.48	0.56	0.86	1.04	1.13
EBIT	-23.0	402.0	716.1	837.5	881.2	OCF / share	-0.30	1.33	2.21	2.29	1.43
PTP	-30.0	365.0	688.1	828.1	873.2	OFCF / share	-0.60	1.12	1.82	2.18	1.14
Net Income	-63.0	258.0	503.8	619.9	640.0	Book value / share	3.62	3.78	4.31	4.92	5.48
Extraordinary items	-351.0	-95.0	2.0	9.0	-20.0	Dividend / share	0.26	0.32	0.44	0.54	0.58
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	6608.0	6803.0	7694.0	7699.5	8249.2	Revenue growth-%	22%	3%	7%	10%	5%
Equity capital	2148.0	2233.0	2532.0	2893.9	3217.1	EBITDA growth-%	-50%	148%	42%	16%	6%
Goodwill	1288.0	1273.0	1299.0	1299.0	1299.0	EBIT (adj.) growth-%	-15%	52%	44%	16%	9%
Net debt	488.0	42.0	-788.0	-1792.7	-2132.1	EPS (adj.) growth-%	9%	17%	54%	22%	8%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	4.1 %	9.9 %	13.1 %	13.9 %	13.9 %
EBITDA	240.0	595.0	846.8	983.6	1038.2	EBIT (adj.)-%	5.6 %	8.3 %	11.1 %	11.7 %	12.1 %
Change in working capital	-357.0	304.0	529.0	566.7	30.5	EBIT-%	-0.4 %	6.7 %	11.1 %	11.8 %	11.8 %
Operating cash flow	-175.8	783.4	1297.5	1345.8	839.6	ROE-%	-2.8 %	11.8 %	21.2 %	22.9 %	21.0 %
CAPEX	-251.0	-168.0	-186.7	-70.0	-171.4	ROI-%	0.2 %	13.2 %	22.7 %	27.6 %	29.4 %
Free cash flow	-354.8	662.4	1067.9	1275.8	668.2	Equity ratio	35.8 %	36.2 %	36.1 %	41.6 %	43.1 %
						Gearing	22.7 %	1.9 %	-31.1 %	-61.9 %	-66.3 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	0.9	1.3	1.4	2.0	1.9						
EV/EBITDA	15.3	13.1	10.9	14.6	13.5						
EV/EBIT (adj.)	15.7	15.7	13.0	17.3	15.5						
P/E (adj.)	16.5	23.6	20.0	26.4	24.4						
P/B	2.2	3.5	4.0	5.6	5.0						
Dividend-%	3.3 %	2.4 %	2.6 %	2.0 %	2.1 %						

Source: Inderes

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
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
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 €	8.71 €
4/26/2023	Accumulate	11.00 €	10.10 €
7/24/2023	Accumulate	12.50 €	11.38 €
11/1/2023	Accumulate	12.50 €	11.24 €
1/5/2024	Accumulate	13.50 €	12.96 €
1/31/2024	Accumulate	15.00 €	13.70 €
4/29/2024	Reduce	16.50 €	17.40 €
7/22/2024	Reduce	17.00 €	18.49 €
10/11/2024	Reduce	18.00 €	19.98 €
10/30/2024	Accumulate	19.50 €	17.82 €
2/5/2025	Accumulate	21.00 €	19.29 €
4/17/2025	Accumulate	18.50 €	15.23 €
4/27/2025	Accumulate	18.50 €	15.36 €
7/18/2025	Reduce	21.00 €	22.30 €
10/22/2025	Reduce	22.00 €	25.65 €
10/29/2025	Reduce	26.00 €	25.65 €



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