

# TIETOEVRY

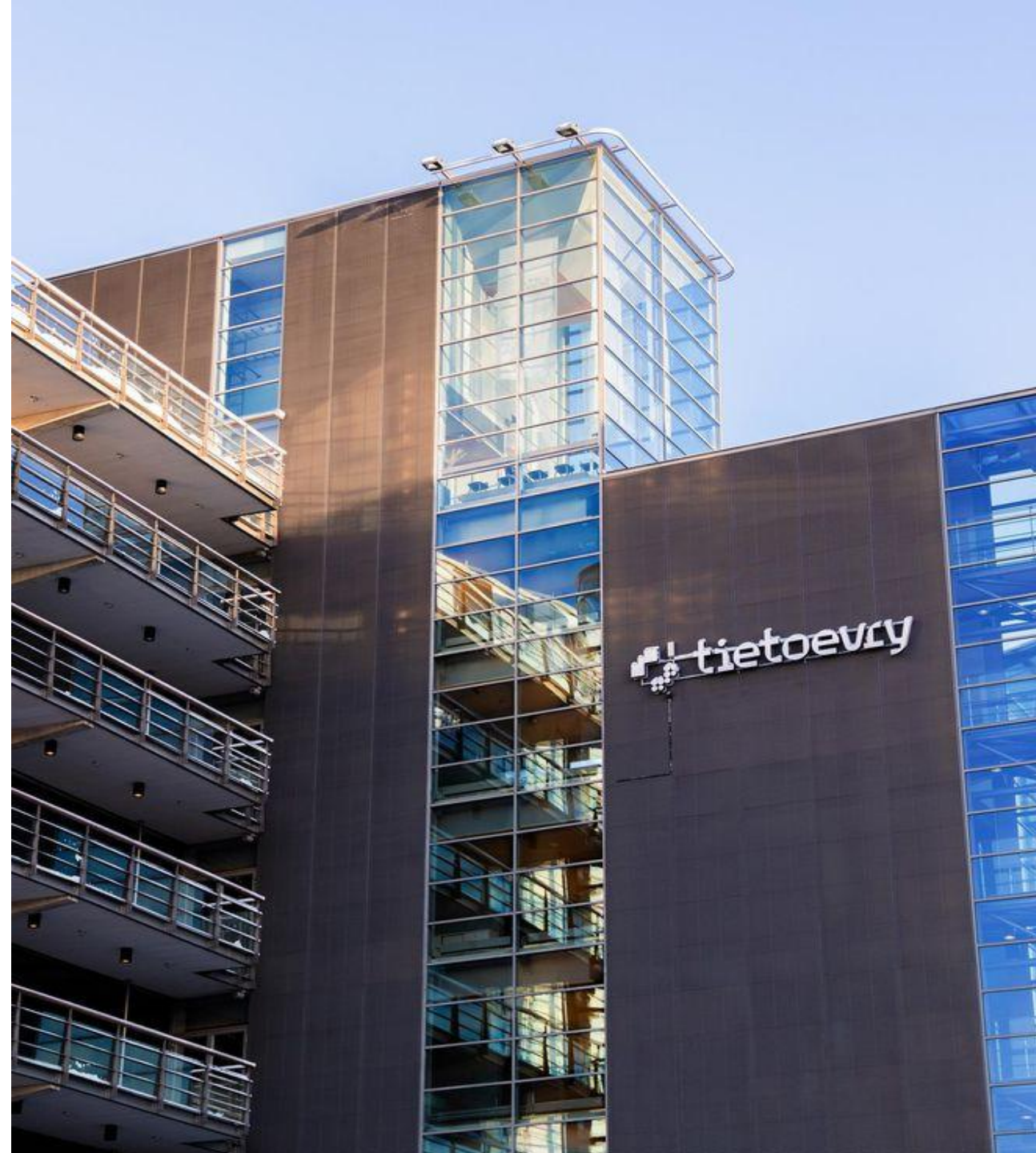
12/23/2025 1:00 pm EET

This is a translated version of "Bekkistä saadaan melko hyvä hinta" report, published on 12/23/2025



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# COMPANY REPORT



# Fairly good price for Bekk

Tieto sells its Norwegian consulting business, Bekk, at a fairly good price. The sale did not come as a direct surprise, but we had expected divestments from other business areas. The company will use the proceeds to reduce debt and distribute funds to shareholders. We lowered our estimates in line with the transaction, but next year would have been an interim year in terms of revenue development anyway. However, significant cost savings will support the result next year. We reiterate our EUR 18.0 target price and Reduce recommendation for the share. In our view, the valuation of the share remains neutral.

## Norwegian consulting business to be sold at a fairly good price

Tieto announced in early December that it had agreed to sell Norwegian Bekk Consulting AS to private equity firm Axcel for a debt-free cash purchase price of around 140 MEUR. The purchase price will be subject to customary adjustments at the time of closing, and the transaction is expected to close in Q1'26 according to the company's estimate. The company will use the proceeds from the transaction to reduce debt and distribute funds to shareholders. We estimate that a relatively good capital gain will be recorded from the sale, which is, however, naturally a one-off item. In our view, the sale will not affect the dividend paid for the current year, but it will reduce indebtedness and improve the possibilities for paying additional dividends in the coming years. The company stated at its Capital Markets Day that it was considering divesting businesses, so the sale was not a surprise. However, we had estimated that the company would most likely divest some of its Tieto Indtech businesses. The divestment is justified by the fact that the business did not appear to have significant synergies with the rest of the group. In addition, the selling price seems neutral or even good. The transaction valuation is 11x EV/EBIT and an attractive 1.6x EV/Sales based on LTM figures. The consulting business is an IT services business, which has suffered the most among Tietoevry's various segments in recent years, and in that light, the price is good.

## 2026 gap year for revenue growth; savings support the result

We lowered our forecasts due to the Bekk divestment. We removed the business from our forecasts starting in February. Bekk's LTM revenue was 1,056 MNOK and EBIT was 150 MNOK (~90 MEUR and ~13 MEUR), representing about 5% of the group's revenue and a slightly larger portion of its earnings. Even without the divestment, 2026 would have been a transition year for organic revenue development, in our view, although we expect profitability to improve slightly, driven by the significant cost savings (115 MEUR) initiated this year. We forecast the company's revenue development to be organically 0% (reported -4%), +2%, and +3%, respectively, in 2026-2028. In addition, we expect the adjusted EBITA margin to be 13.8%, 14.1%, and 14.3% in 2026-2028. Thus, we expect the company to fall short of its financial targets (>5% growth and >16% EBITA-%). The company held a Capital Markets Day in November, where it typically explained when and how it expects growth and profitability improvements to materialize, and our comments on this can be read [here](#).

## Tietoevry is correctly priced turnaround company

Tietoevry is in a way a turnaround company, as growth and the profitability turnaround are yet to be proven, which limits the 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, respectively, while the reported corresponding multiples are 16x and 13x. Roughly two-thirds of the 2026e non-recurring items are "justifiably" adjustable non-cash PPA depreciations. The multiples are 20-30% below international peers. We consider the company's valuation neutral. With our estimates, the dividend yield will be 4-6% in the coming years, which somewhat limits the stock's downside. A higher acceptable valuation would require better visibility into revenue growth and further profitability improvement.

## Recommendation

**Reduce**

(was Reduce)

## Target price:

**18.00 EUR**

(was EUR 18.00)

## Share price:

18.15 EUR

## Business risk



## Valuation risk



	2024	2025e	2026e	2027e
<b>Revenue</b>	1879	1857	1776	1807
<b>growth-%</b>	-34.1 %	-1.2 %	-4.4 %	1.8 %
<b>EBIT adj.</b>	226	252	246	255
<b>EBIT-% adj.</b>	12.0 %	13.6 %	13.8 %	14.1 %
<b>Net income</b>	70	22	134	140
<b>EPS (adj.)</b>	1.15	1.62	1.48	1.61
<b>P/E (adj.)</b>	14.8	11.2	12.3	11.3
<b>P/B</b>	1.6	2.1	2.0	1.9
<b>Dividend yield-%</b>	8.8 %	3.9 %	5.0 %	5.5 %
<b>EV/EBIT (adj.)</b>	13.0	10.7	10.7	10.0
<b>EV/EBITDA</b>	12.3	16.4	9.2	9.0
<b>EV/S</b>	1.6	1.4	1.5	1.4

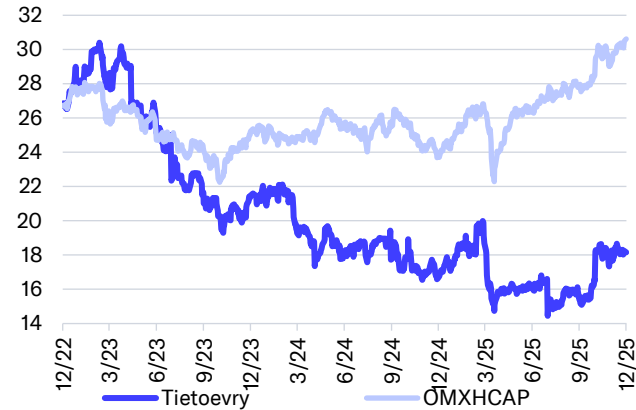
Source: Inderes

## Guidance

(Unchanged)

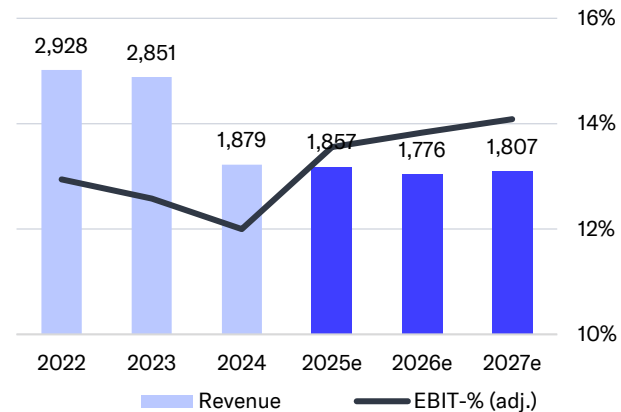
Tietoevry expects its organic growth to be in the range of -3% to 0%. The company estimates its full-year adjusted EBITA to be 12.7-13.3%.

## Share price



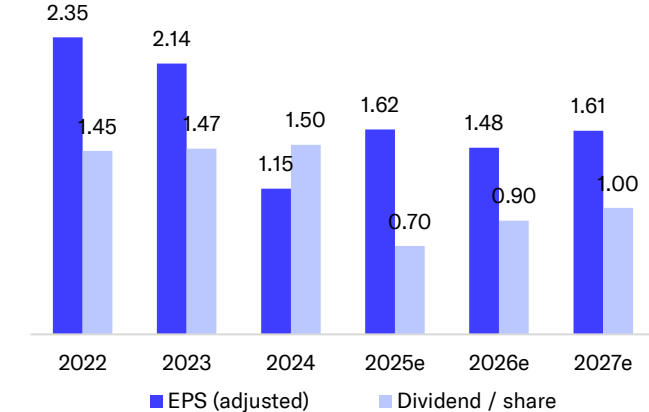
Source: Millstream Market Data AB

## Revenue and EBIT-% (adj.)



Source: Inderes

## EPS and dividend



Source: Inderes

## 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
<b>Share price</b>	18.2	18.2	18.2
<b>Number of shares, millions</b>	118.6	118.6	118.6
<b>Market cap</b>	2153	2153	2153
<b>EV</b>	2689	2624	2554
<b>P/E (adj.)</b>	11.2	12.3	11.3
<b>P/E</b>	98.9	16.0	15.4
<b>P/B</b>	2.1	2.0	1.9
<b>P/S</b>	1.2	1.2	1.2
<b>EV/Sales</b>	1.4	1.5	1.4
<b>EV/EBITDA</b>	16.4	9.2	9.0
<b>EV/EBIT (adj.)</b>	10.7	10.7	10.0
<b>Payout ratio (%)</b>	381.5 %	79.6 %	85.0 %
<b>Dividend yield-%</b>	3.9 %	5.0 %	5.5 %

Source: Inderes

# We removed Bekk from our estimates

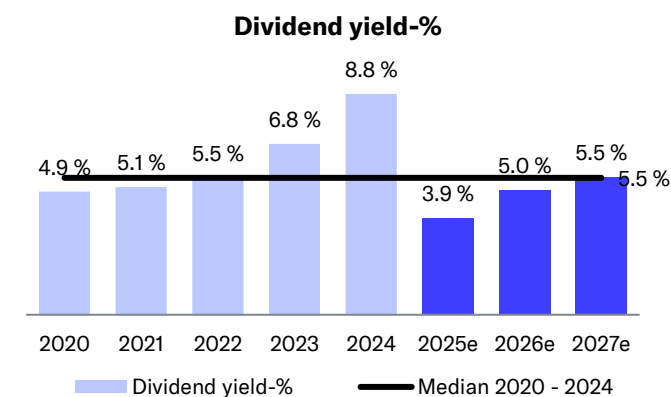
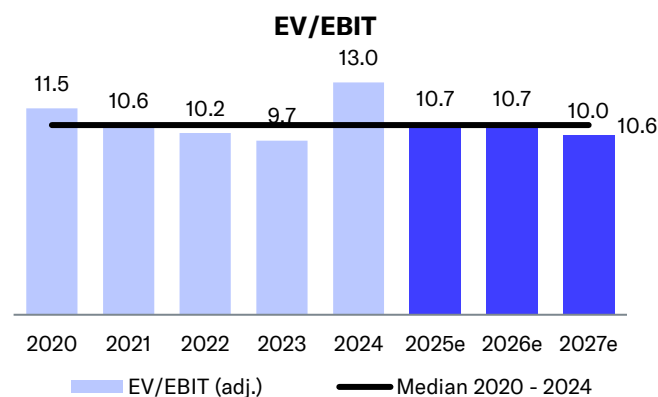
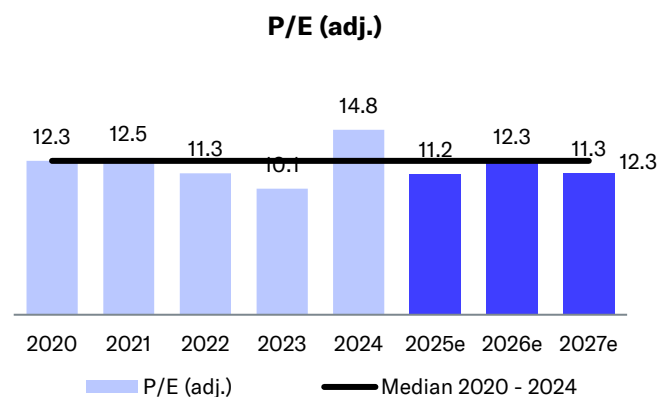
<b>Estimate revisions</b>	<b>2025e</b>	<b>2025e</b>	<b>Change</b>	<b>2026e</b>	<b>2026e</b>	<b>Change</b>	<b>2027e</b>	<b>2027e</b>	<b>Change</b>
<b>MEUR / EUR</b>	<b>Old</b>	<b>New</b>	<b>%</b>	<b>Old</b>	<b>New</b>	<b>%</b>	<b>Old</b>	<b>New</b>	<b>%</b>
<b>Revenue</b>	1857	1857	0%	1849	1776	-4%	1892	1807	-4%
<b>EBITDA</b>	164	164	0%	296	285	-4%	296	285	-4%
<b>EBIT (exc. NRIs)</b>	252	252	0%	257	246	-4%	266	255	-4%
<b>EBIT</b>	69.4	69.4	0%	208	197	-5%	206	195	-5%
<b>PTP</b>	35.0	35.0	0%	181	170	-6%	186	174	-6%
<b>EPS (excl. NRIs)</b>	1.62	1.62	0%	1.55	1.48	-5%	1.69	1.61	-5%
<b>DPS</b>	0.70	0.70	0%	0.90	0.90	0%	1.00	1.00	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	2153	2153	2153	2153
EV	4097	3900	3851	3494	2929	2689	2624	2554	2485
P/E (adj.)	12.3	12.5	11.3	10.1	14.8	11.2	12.3	11.3	10.7
P/E	33.7	11.2	16.7	14.8	28.8	98.9	16.0	15.4	14.4
P/B	2.0	1.8	1.8	1.6	1.6	2.1	2.0	1.9	1.9
P/S	1.1	1.2	1.1	0.9	1.1	1.2	1.2	1.2	1.2
EV/Sales	1.5	1.4	1.3	1.2	1.6	1.4	1.5	1.4	1.3
EV/EBITDA	12.7	7.1	9.0	8.6	12.3	16.4	9.2	9.0	8.4
EV/EBIT (adj.)	11.5	10.6	10.2	9.7	13.0	10.7	10.7	10.0	9.4
Payout ratio (%)	165.4 %	56.9 %	91.1 %	101.1 %	253.5 %	381.5 %	79.6 %	85.0 %	87.0 %
Dividend yield-%	4.9 %	5.1 %	5.5 %	6.8 %	8.8 %	3.9 %	5.0 %	5.5 %	6.1 %

Source: Inderes



# 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*	168	194	8.8	7.5	8.2	6.5	0.9	0.8	10.2	9.4	3.0	3.3
Digital Workforce*	31	28	25.9	9.5	68.2	8.9	1.0	0.7	30.0	12.2	1.5	3.4
Gofore*	210	230	15.1	9.5	11.1	7.8	1.2	1.0	17.0	12.2	3.7	3.9
Loihde*	68	76	17.9	13.3	7.9	5.8	0.5	0.5	23.7	16.5	4.2	5.7
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	9.5	9.5	12.1	8.7	0.6	0.6	23.7	27.8	1.7	3.4
Siili Solutions*	37	39	9.8	6.4	8.3	4.0	0.4	0.3	11.2	8.8	1.8	3.3
Solteq*	8	30	38.6	11.0	12.9	7.9	0.6	0.6				
Vincit*	21	25		10.9	9.7	3.7	0.4	0.4		14.0	4.0	5.6
Witted Megacorp*	22	16	19.9	9.3	41.7	9.0	0.3	0.3	39.8	16.4	1.4	1.4
Bouvet	545	578	14.1	13.1	11.7	10.9	1.7	1.6	17.4	16.4	5.9	5.9
CombinedX	65	72	12.2	7.6	6.5	4.9	0.8	0.7	15.5	8.7		
Knowit	292	348	23.1	16.0	7.7	6.7	0.6	0.6	33.8	20.0	1.8	2.9
Avensia AB	27	29	7.2	6.3	5.2	4.9	0.7	0.7	9.2	7.7	6.2	
Netcompany Group	2197	2637	23.4	16.3	15.2	12.4	2.5	2.1	28.6	18.4		0.1
Wipro	26480	23159	16.0	15.9	13.5	13.6	2.7	2.7	21.6	20.8	2.2	3.7
Tata Consultancy	113511	109563	18.5	17.4	16.8	16.1	4.5	4.3	24.1	23.1	3.7	3.6
Atos SE	902	2351	62.1	6.2	2.6	3.2	0.3	0.3		11.6		
Capgemini SE	24948	28508	10.7	9.7	8.2	7.6	1.3	1.2	12.5	11.5	2.3	2.5
IBM	240253	281524	24.1	22.8	17.5	16.7	4.9	4.7	26.5	24.7	2.2	2.2
Accenture	143125	140167	15.0	14.1	12.6	11.7	2.4	2.2	21.1	19.7	2.1	2.3
<b>Tietoenvy (Inderes)</b>	<b>2153</b>	<b>2689</b>	<b>10.7</b>	<b>10.7</b>	<b>16.4</b>	<b>9.2</b>	<b>1.4</b>	<b>1.5</b>	<b>11.2</b>	<b>12.3</b>	<b>3.9</b>	<b>5.0</b>
<b>Average</b>			<b>18.6</b>	<b>11.5</b>	<b>14.2</b>	<b>8.5</b>	<b>1.4</b>	<b>1.3</b>	<b>20.5</b>	<b>15.4</b>	<b>3.1</b>	<b>3.5</b>
<b>Median (all)</b>			<b>15.0</b>	<b>10.9</b>	<b>11.1</b>	<b>7.9</b>	<b>0.9</b>	<b>0.7</b>	<b>19.3</b>	<b>14.1</b>	<b>2.3</b>	<b>3.4</b>
<i>Diff-% to median</i>			-29%	-2%	47%	17%	61%	100%	-42%	-13%	66%	46%
<b>Median (Finnish companies)</b>			<b>13.9</b>	<b>9.5</b>	<b>11.1</b>	<b>7.8</b>	<b>0.6</b>	<b>0.6</b>	<b>17.0</b>	<b>12.3</b>	<b>3.4</b>	<b>3.6</b>
<i>Diff-% to median</i>			-23%	12%	47%	18%	126%	131%	-34%	0%	14%	36%
<b>Median (international companies)</b>			<b>15.5</b>	<b>13.6</b>	<b>10.6</b>	<b>10.0</b>	<b>1.8</b>	<b>1.7</b>	<b>21.1</b>	<b>17.4</b>	<b>2.2</b>	<b>2.5</b>
<i>Diff-% to median</i>			-31%	-22%	55%	-8%	-21%	-15%	-47%	-29%	73%	102%

Source: Refinitiv / \*Inderes' adjusted estimate. Note: The market value used by Inderes does not take into consideration 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
<b>Revenue</b>	<b>2851</b>	<b>492</b>	<b>479</b>	<b>436</b>	<b>472</b>	<b>1879</b>	<b>471</b>	<b>463</b>	<b>454</b>	<b>469</b>	<b>1857</b>	<b>1776</b>	<b>1807</b>	<b>1856</b>
Tieto Tech Consulting	851	224	214	191	208	837	211	199	184	202	796	714	722	740
Tieto Banktech	567	149	148	138	146	580	141	145	157	147	591	581	598	613
Tieto Caretech	236	59	59	53	61	231	57	58	55	60	230	227	234	239
Tieto Indtech	263	70	67	62	65	264	68	68	64	66	266	269	276	284
Tietoevry Tech Services	1075	0.0	0.0	0.0	0.0	0	0	0	0	0	0.0	8.6	0.0	0.0
Eliminations	-141	-9	-9	-8	-8	-33	-7	-6	-6	-6	-25	-24	-23	-22
<b>EBITDA</b>	<b>408</b>	<b>66</b>	<b>55</b>	<b>59</b>	<b>58</b>	<b>237</b>	<b>50</b>	<b>-42</b>	<b>79</b>	<b>77</b>	<b>164</b>	<b>285</b>	<b>285</b>	<b>297</b>
Depreciation	-152.4	-24	-24	-23	-24	-95	-24	-24	-22	-24	-95	-89	-90	-91
<b>EBIT (excl. NRI)</b>	<b>359</b>	<b>60</b>	<b>51</b>	<b>56</b>	<b>59</b>	<b>226</b>	<b>50</b>	<b>44</b>	<b>88</b>	<b>71</b>	<b>252</b>	<b>246</b>	<b>255</b>	<b>266</b>
<b>EBIT</b>	<b>256</b>	<b>42</b>	<b>31</b>	<b>35</b>	<b>34</b>	<b>142</b>	<b>26</b>	<b>-66</b>	<b>56</b>	<b>53</b>	<b>69</b>	<b>197</b>	<b>195</b>	<b>206</b>
Group items and NRIs	-103.1	-18	-20	-20	-25	-83	-24	-110	-31	-18	-182	-49	-59	-60
Net financial items	-34.9	-11	-10	-12	-12	-45	-9	-10	-8	-7	-34	-27	-21	-18
<b>PTP</b>	<b>221</b>	<b>31</b>	<b>21</b>	<b>23</b>	<b>22</b>	<b>97</b>	<b>17</b>	<b>-76</b>	<b>48</b>	<b>46</b>	<b>35</b>	<b>170</b>	<b>174</b>	<b>187</b>
Taxes	-48.6	-9	-6	-7	-6	-27	-5	15	-13	-10	-13	-35	-35	-37
<b>Net earnings</b>	<b>172</b>	<b>23</b>	<b>15</b>	<b>17</b>	<b>16</b>	<b>70</b>	<b>12</b>	<b>-61</b>	<b>35</b>	<b>36</b>	<b>22</b>	<b>134</b>	<b>140</b>	<b>150</b>
<b>EPS (adj.)</b>	<b>2.14</b>	<b>0.31</b>	<b>0.26</b>	<b>0.28</b>	<b>0.30</b>	<b>1.15</b>	<b>0.28</b>	<b>0.40</b>	<b>0.50</b>	<b>0.44</b>	<b>1.62</b>	<b>1.48</b>	<b>1.61</b>	<b>1.70</b>
<b>EPS (rep.)</b>	<b>1.45</b>	<b>0.19</b>	<b>0.13</b>	<b>0.14</b>	<b>0.13</b>	<b>0.59</b>	<b>0.10</b>	<b>-0.51</b>	<b>0.29</b>	<b>0.31</b>	<b>0.18</b>	<b>1.13</b>	<b>1.18</b>	<b>1.26</b>

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
<b>Revenue growth-%</b>	-2.6 %	-33.8 %	-31.1 %	-33.9 %	-37.3 %	-34.1 %	-4.4 %	-3.3 %	4.1 %	-0.6 %	-1.2 %	-4.4 %	1.8 %	2.7 %
<b>Adjusted EBIT growth-%</b>	-5.4 %	-34.6 %	-30.0 %	-34.9 %	-45.8 %	-37.1 %	-17.0 %	-14.5 %	57.5 %	20.2 %	11.6 %	-2.4 %	3.6 %	4.3 %
<b>EBITDA-%</b>	14.3 %	13.4 %	11.4 %	13.4 %	12.3 %	12.6 %	10.7 %	-9.1 %	17.3 %	16.5 %	8.8 %	16.1 %	15.8 %	16.0 %
<b>Adjusted EBIT-%</b>	12.6 %	12.2 %	10.7 %	12.8 %	12.4 %	12.0 %	10.6 %	9.4 %	19.3 %	15.0 %	13.6 %	13.8 %	14.1 %	14.3 %
<b>Net earnings-%</b>	6.0 %	4.6 %	3.1 %	3.9 %	3.3 %	3.7 %	2.5 %	-13.2 %	7.6 %	7.8 %	1.2 %	7.6 %	7.7 %	8.1 %

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

# Balance sheet

Assets	2023	2024	2025e	2026e	2027e
<b>Non-current assets</b>	<b>2619</b>	<b>2288</b>	<b>1806</b>	<b>1772</b>	<b>1737</b>
Goodwill	1907	1648	1418	1418	1418
Intangible assets	340	314	222	189	157
Tangible assets	285	258	89.9	88.7	86.7
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
<b>Current assets</b>	<b>899</b>	<b>767</b>	<b>515</b>	<b>493</b>	<b>502</b>
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	316	302	307
Cash and equivalents	220	195	186	178	181
<b>Balance sheet total</b>	<b>3518</b>	<b>3054</b>	<b>2321</b>	<b>2265</b>	<b>2239</b>

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
<b>Equity</b>	<b>1612</b>	<b>1298</b>	<b>1048</b>	<b>1085</b>	<b>1117</b>
Share capital	116	115	90.0	75.8	75.8
Retained earnings	293	-20.5	-346.4	-295.3	-262.5
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
<b>Non-current liabilities</b>	<b>803</b>	<b>818</b>	<b>754</b>	<b>577</b>	<b>513</b>
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	647	471	407
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
<b>Current liabilities</b>	<b>1103</b>	<b>938</b>	<b>520</b>	<b>604</b>	<b>608</b>
Interest bearing debt	462	393	74.3	178	175
Payables	641	545	446	426	434
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>3518</b>	<b>3054</b>	<b>2321</b>	<b>2265</b>	<b>2239</b>



# DCF calculation

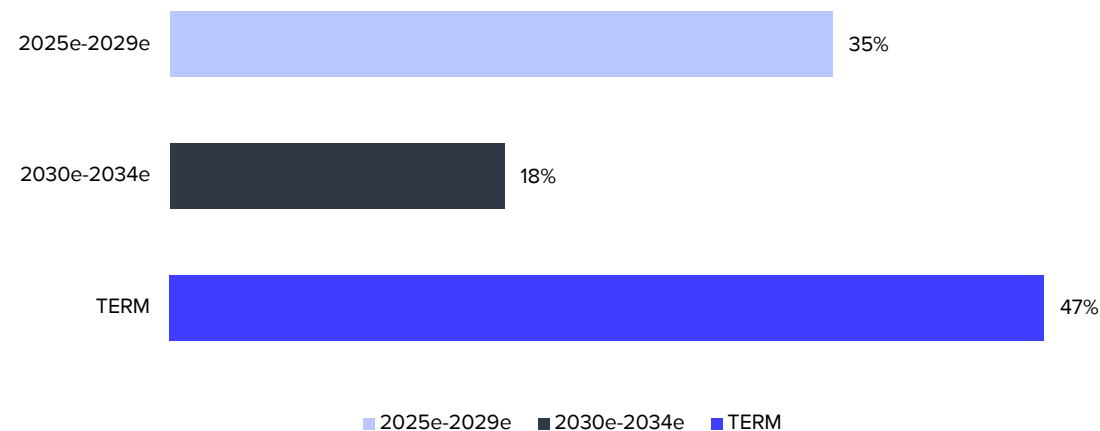
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-34.1 %	-1.2 %	-4.4 %	1.8 %	2.7 %	3.0 %	2.5 %	2.5 %	2.5 %	2.5 %	1.7 %	1.7 %
EBIT-%	7.6 %	3.7 %	11.1 %	10.8 %	11.1 %	12.5 %	12.5 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %
<b>EBIT (operating profit)</b>	<b>142</b>	<b>69.4</b>	<b>197</b>	<b>195</b>	<b>206</b>	<b>239</b>	<b>245</b>	<b>261</b>	<b>268</b>	<b>274</b>	<b>279</b>	
+ Depreciation	95.1	94.9	88.8	90.0	91.0	93.0	50.1	51.9	53.6	55.1	56.4	
- Paid taxes	-31	-24	-35	-35	-37	-45	-46	-50	-51	-53	-54	
- Tax, financial expenses	-13	-7	-6	-4	-4	-3	-3	-3	-2	-2	-2	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	13	142	-6	2	3	4	3	3	4	4	3	
<b>Operating cash flow</b>	<b>207</b>	<b>276</b>	<b>239</b>	<b>248</b>	<b>259</b>	<b>288</b>	<b>249</b>	<b>264</b>	<b>271</b>	<b>278</b>	<b>282</b>	
+ Change in other long-term liabilities	18	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	215	397	-55	-55	-56	-57	-58	-59	-59	-60	-56	
<b>Free operating cash flow</b>	<b>440</b>	<b>673</b>	<b>184</b>	<b>193</b>	<b>203</b>	<b>231</b>	<b>192</b>	<b>206</b>	<b>212</b>	<b>218</b>	<b>226</b>	
+/- Other	-133	-170	0	0	0	0	0	0	0	0	0	
FCFF	307	503	184	193	203	231	192	206	212	218	226	3254
<b>Discounted FCFF</b>		<b>503</b>	<b>169</b>	<b>163</b>	<b>157</b>	<b>165</b>	<b>126</b>	<b>124</b>	<b>117</b>	<b>111</b>	<b>106</b>	<b>1524</b>
Sum of FCFF present value		3264	2762	2593	2430	2273	2108	1983	1859	1741	1630	1524
<b>Enterprise value DCF</b>		<b>3264</b>										
- Interest bearing debt		-1105										
+ Cash and cash equivalents		195										
-Minorities		0										
-Dividend/capital return		-178										
<b>Equity value DCF</b>		<b>2177</b>										
<b>Equity value DCF per share</b>		<b>18.3</b>										

## WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	5.5 %
Equity Beta	1.55
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>9.9 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.8 %</b>

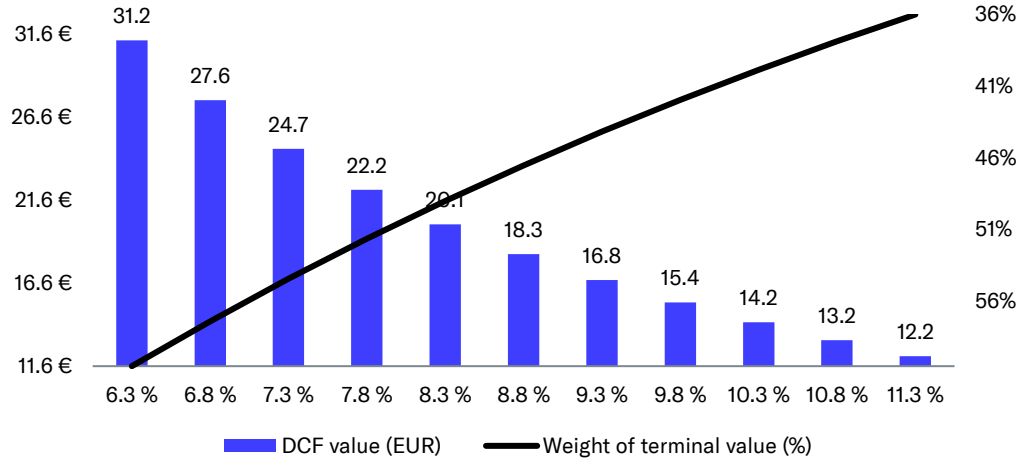
Source: Inderes

## Cash flow distribution

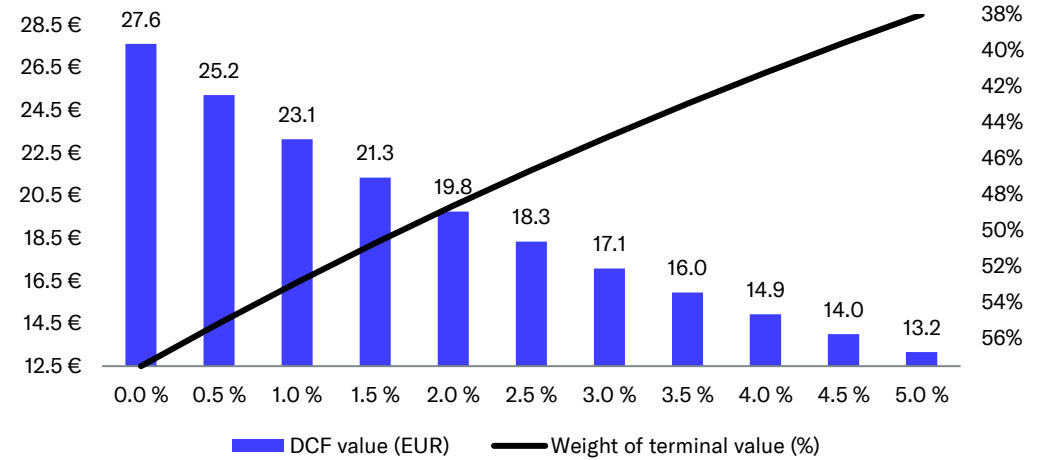


# DCF sensitivity calculations and key assumptions in graphs

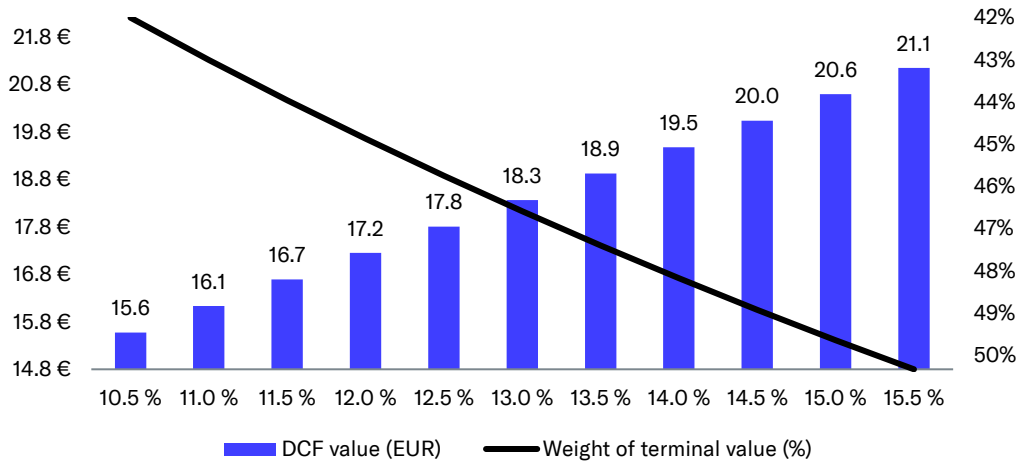
Sensitivity of DCF to changes in the WACC-%



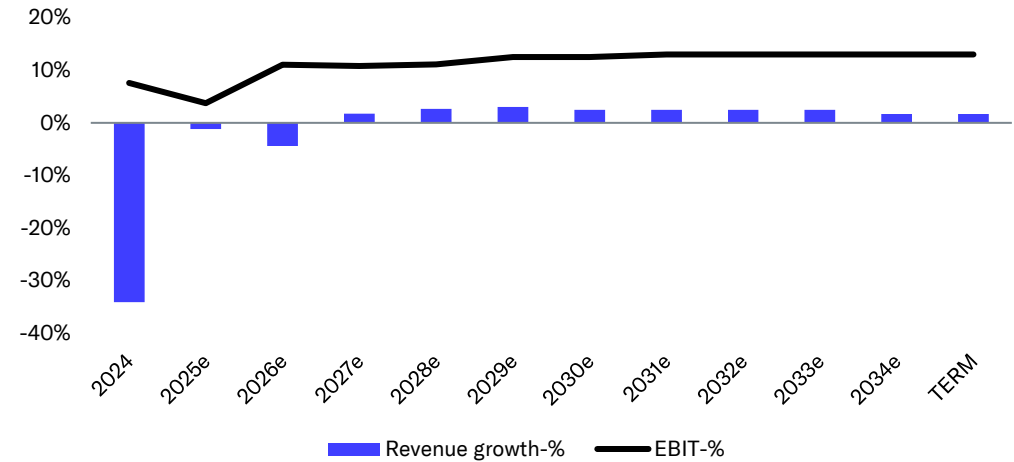
Sensitivity of DCF to changes in the risk-free rate



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	<b>1857</b>	<b>1776</b>	EPS (reported)	1.59	1.45	0.59	<b>0.18</b>	<b>1.13</b>
EBITDA	429	408	237	<b>164</b>	<b>285</b>	EPS (adj.)	2.35	2.14	1.15	<b>1.62</b>	<b>1.48</b>
EBIT	266	256	142	<b>69</b>	<b>197</b>	OCF / share	2.37	2.56	1.75	<b>2.33</b>	<b>2.01</b>
PTP	243	221	97	<b>35</b>	<b>170</b>	OFCF / share	2.04	0.60	2.58	<b>4.24</b>	<b>1.55</b>
Net Income	188	172	-63	<b>-148</b>	<b>134</b>	Book value / share	14.52	13.62	10.94	<b>8.83</b>	<b>9.14</b>
Extraordinary items	-113	-103	-83	<b>-182</b>	<b>-49</b>	Dividend / share	1.45	1.47	1.50	<b>0.70</b>	<b>0.90</b>
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	3394	3518	3054	<b>2321</b>	<b>2265</b>	Revenue growth-%	4%	-3%	-34%	<b>-1%</b>	<b>-4%</b>
Equity capital	1719	1612	1298	<b>1048</b>	<b>1085</b>	EBITDA growth-%	-22%	-5%	-42%	<b>-31%</b>	<b>74%</b>
Goodwill	1847	1907	1648	<b>1418</b>	<b>1418</b>	EBIT (adj.) growth-%	3%	-5%	-37%	<b>12%</b>	<b>-2%</b>
Net debt	710	944	910	<b>536</b>	<b>471</b>	EPS (adj.) growth-%	7%	-9%	-46%	<b>41%</b>	<b>-9%</b>
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	14.6 %	14.3 %	12.6 %	<b>8.8 %</b>	<b>16.1 %</b>
EBITDA	429	408	237	<b>164</b>	<b>285</b>	EBIT (adj.)-%	12.9 %	12.6 %	12.0 %	<b>13.6 %</b>	<b>13.8 %</b>
Change in working capital	-83	-78	13	<b>142</b>	<b>-6</b>	EBIT-%	9.1 %	9.0 %	7.6 %	<b>3.7 %</b>	<b>11.1 %</b>
Operating cash flow	281	304	207	<b>276</b>	<b>239</b>	ROE-%	10.6 %	10.3 %	4.8 %	<b>1.9 %</b>	<b>12.6 %</b>
CAPEX	-15	-216	215	<b>397</b>	<b>-55</b>	ROI-%	9.8 %	9.4 %	5.5 %	<b>3.4 %</b>	<b>11.3 %</b>
Free cash flow	242	71	307	<b>503</b>	<b>184</b>	Equity ratio	50.7 %	45.8 %	42.5 %	<b>45.1 %</b>	<b>47.9 %</b>
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	41.3 %	58.5 %	70.1 %	<b>51.2 %</b>	<b>43.4 %</b>
EV/S	1.3	1.2	1.6	<b>1.4</b>	<b>1.5</b>						
EV/EBITDA	9.0	8.6	12.3	<b>16.4</b>	<b>9.2</b>						
EV/EBIT (adj.)	10.2	9.7	13.0	<b>10.7</b>	<b>10.7</b>						
P/E (adj.)	11.3	10.1	14.8	<b>11.2</b>	<b>12.3</b>						
P/B	1.8	1.6	1.6	<b>2.1</b>	<b>2.0</b>						
Dividend-%	5.5 %	6.8 %	8.8 %	<b>3.9 %</b>	<b>5.0 %</b>						

Source: Inderes

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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
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
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 €
11/26/2025	Reduce	18.00 €	17.84 €
12/23/2025	Reduce	18.00 €	18.15 €



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