

Wärtsilä

Company report

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This report is a summary translation of the report "Positiivisia ja muita yllätyksiä" published on 11/1/2023 at 8:11 am EET

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Positive and other surprises

Wärtsilä's Q3 figures were stronger than expected at Group level and except for net sales. The company slightly improved its outlook comment, but the announcement of a strategic assessment in the storage business came as a complete surprise. Our earnings forecasts have risen slightly, driven by Energy, and the share's valuation remains attractive. We reiterate our Accumulate recommendation and EUR 12.50 target price.

Q3 figures were strong

Wärtsilä's Q3 order intake (+11% y-o-y) clearly exceeded both our (-5% y-o-y) and the consensus estimate (+1% y-o-y). Organically, orders grew by as much as 18% y-o-y. Orders exceeded expectations in all businesses, but the company's order growth drivers were Marine businesses and especially equipment orders in the cruise sector and lead by gas solutions. The Group's end-of-quarter order backlog (+6% y-o-y) corresponds to a net sales of approximately 11 months, which provides a strong backbone for 2024. Wärtsilä's Q3 net sales (+1% y-o-y) fell short of expectations, especially due to Energy (-12% y-o-y) and lower equipment deliveries to power plants. However, organic net sales growth was +7% y-o-y. In Q3, the adjusted EBIT margin (8.6%) was clearly better than expected. Profitability improved thanks to increased service sales, the storage business turning profitable and clearly reduced losses in the "old" Voyage business. The bottom lines of the income statement were broadly in line with expectations, so EPS exceeded forecasts slightly.

Market outlook is promising, but the fate of storage causes concern

The company maintained its market outlook for the Marine businesses, but the outlook for Energy improved, which was a positive surprise. In its expectations, Wärtsilä was most optimistic in Energy and services. With regard to Energy, the company referred to a strong order pipeline that is now in sight. In addition, the auctions of power plant licenses in Latin America and some Asian countries indicate that the market is activating. The market for storage systems also continues as lively. In services, Wärtsilä relies on the growth of contract-based services both in Marine and Energy. The surprise news was the launch of a strategic assessment of storage systems. The assessment takes into account "all possible options", i.e. continuation with current ownership, partial sale, full divestment or other arrangements. We believe it is possible that Wärtsilä would seek cooperation with a battery manufacturer or another Western storage system supplier to bring competitive strength against Chinese suppliers. Wärtsilä did not give a timetable for the assessment, but we hope that the company will shed more light on the options in its CMD on November 9. Our forecast changes are not significant, but nevertheless positive. Our profitability expectations have increased, especially in the Energy business, as storage margins have improved faster than previously expected.

Valuation still attractive

The strong price rally following the Q3 report (+15%) increased the share's valuation multiples clearly, but on the other hand, the price simply returned to mid-September levels. The share's expected risk-adjusted return is still attractive and 2024 P/E and EV/EBIT ratios are -14...-19% below the median of the peers. Possible positive price drivers in the near future include the take away from the upcoming CMD and order announcements from either balancing plants or storage systems.

Recommendation

Accumulate

(previous Accumulate)

EUR 12.50

(previous EUR 12.50)

Share price:

11.24



Key figures

	2022	2023e	2024e	2025e
Revenue	5843	6281	7405	7601
growth-%	22%	8%	18%	3%
EBIT adj.	324	514	676	740
EBIT-% adj.	5.5 %	8.2 %	9.1 %	9.7 %
Net Income	-67	287	443	491
EPS (adj.)	0.47	0.55	0.78	0.86

P/E (adj.)	16.7	20.5	14.5	13.1
P/B	2.2	2.9	2.7	2.5
Dividend yield-%	3.3 %	3.6 %	4.4 %	6.2 %
EV/EBIT (adj.)	15.9	14.0	10.8	9.6
EV/EBITDA	15.5	11.2	8.4	7.6
EV/S	0.9	1.1	1.0	0.9

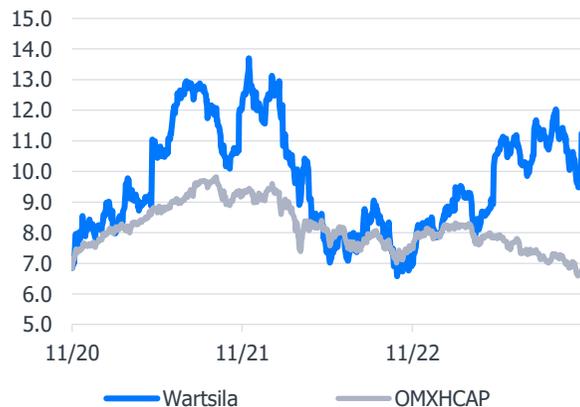
Source: Inderes

Guidance

(New guidance)

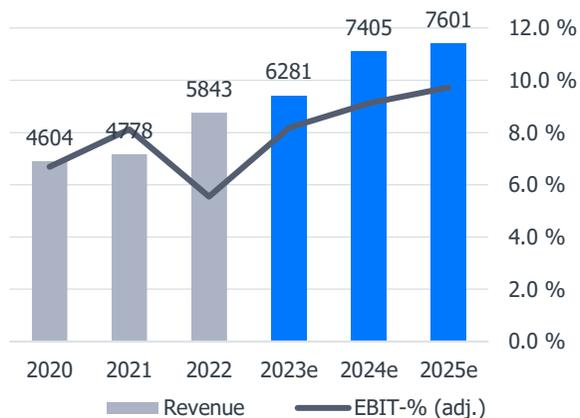
Wärtsilä expects the demand environment for the Marine business (Marine Power + Marine Systems) to be similar in Q4'23-Q3'24 to that of the comparison period. For the Energy business, the demand environment is expected to be better to that of the comparison period.

Share price



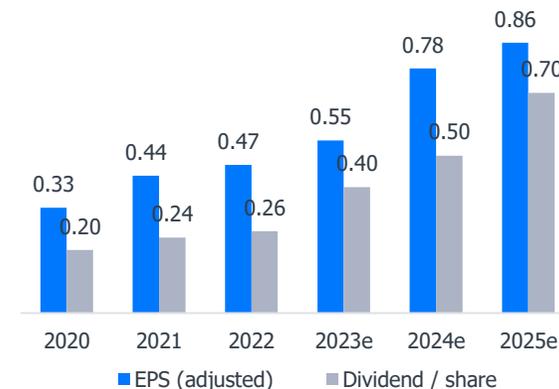
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Strong position in the selected segments
- Extensive installed equipment portfolio and significant share of services business
- Progress in high value-added services
- 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
- The strategic position of energy storage solutions is uncertain

Valuation	2023e	2024e	2025e
Share price	11.2	11.2	11.2
Number of shares, millions	589.0	589.0	589.0
Market cap	6621	6621	6621
EV	7209	7264	7077
P/E (adj.)	20.5	14.5	13.1
P/E	23.1	15.0	13.5
P/FCF	51.4	30.0	12.7
P/B	2.9	2.7	2.5
P/S	1.1	0.9	0.9
EV/Sales	1.1	1.0	0.9
EV/EBITDA	11.2	8.4	7.6
EV/EBIT (adj.)	14.0	10.8	9.6
Payout ratio (%)	82.1 %	66.5 %	84.0 %
Dividend yield-%	3.6 %	4.4 %	6.2 %

Source: Inderes

Q3 figures were strong

Solid Q3 numbers

Wärtsilä's Q3 figures were stronger than expected at Group level and except for net sales.

Impressive growth rates in orders

Wärtsilä's Q3 order intake (1,787 MEUR; +11% y-o-y) clearly exceeded both our (-5% y-o-y) and the consensus forecast (+1% y-o-y). Both equipment orders (+7% y-o-y) and service orders (+15% y-o-y) grew nicely. Organically, the Group's orders grew by as much as 18% y-o-y. Orders exceeded expectations in all businesses, but the order growth drivers were Marine businesses (+36% y-o-y) and especially equipment orders (+63% y-o-y) in the cruise sector and lead by gas solutions. In Energy, orders for electricity storage systems decreased slightly in MWh (-4% y-o-y), but more in EUR (-19% y-o-y), probably due to lower battery prices. However, strong quarterly fluctuations in the order intake of the storage business are typical. The Group's end-of-quarter order backlog was

EUR 6,594 million (+6% y-o-y), corresponding to approximately 11 months' net sales, which gives a strong backbone for 2024.

Service net sales performed well

Wärtsilä's Q3 net sales (+1% y-o-y) fell short of expectations, especially due to Energy (-12% y-o-y) and lower equipment deliveries to power plants. However, the consolation was the Group's organic net sales growth of +7% y-o-y. Service net sales grew nicely (+15% y-o-y) and their share of Group net sales was still high (52%; +6 pp y-o-y). High-margin contract-based services grew slightly faster than other service net sales (+21% y-o-y) and represented 26% of Wärtsilä's total service net sales in Q3.

The storage result surprised us

In Q3, the adjusted EBIT margin (8.6%) was clearly better than expected. The profitability of the Marine businesses was in line with the forecasts, Energy's slightly better, and

the Portfolio business also surprised with its positive result. Wärtsilä claimed that profitability improved thanks to increased service sales, the storage business turning profitable and clearly reduced losses in the "old" Voyage business. Based on the presented graphical data, the EBIT margin for storage was already around 6% positive in Q3. The bottom lines of the income statement were broadly in line with expectations, so EPS exceeded forecasts slightly.

Estimates MEUR / EUR	Q3'22	Q3'23	Q3'23e	Q3'23e	Consensus		Difference (%)	2023e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	1433	1452	1539	1509	1431	- 1637	-6%	6628
EBIT (adj.)	79	125	118	122	106	- 133	6%	469
EBIT	8	117	113	112	76	- 138	4%	421
PTP	5	107	104	105	69	- 122	3%	382
EPS (adj.)	0.11	0.15	0.13	0.14	0.13	- 0.16	14%	0.51
EPS (reported)	0.00	0.14	0.13	0.13	0.09	- 0.16	10%	0.44
Revenue growth-%	29.9 %	1.3 %	7.4 %	5.3 %	-0.1 %	- 14.2 %	-6.1 pp	7.5 %
EBIT-% (adj.)	5.5 %	8.6 %	7.6 %	8.1 %	7.4 %	- 8.1 %	1 pp	7.1 %

Source: Inderes & Vara Research (consensus)

Market outlook is promising, but the fate of storage causes concern

Storage became a question mark

Wärtsilä improved its outlook comment slightly and praised the potential of the power plant and service markets. The company's announcement of the strategic assessment of the storage business came as a complete surprise. Our earnings forecasts have increased slightly driven by Energy.

Outlook improved slightly

Wärtsilä reiterated its market outlook for the Marine business, i.e., the demand environment in Q4'23-Q3'24 is similar to the comparison period. On the other hand, the outlook improved in Energy, i.e., the demand environment is expected to be better than in the comparison period. This was a positive surprise.

Demand expected in energy and services

In its market outlook Wärtsilä is most optimistic in Energy and services. With regard to Energy, the company referred to a strong order pipeline that is now in sight. In addition, the auctions of power plant licenses in Latin America and some Asian countries indicate that the market is activating. The market for storage systems also continues as lively. In services, Wärtsilä relies on the growth of contract-based services both in Marine and Energy. In Energy, growth in services is also supported by the growth of the installed power plant base, which can compensate for customer's potentially reduced driving hours bringing downward pressure to service net sales in balancing plants. The trends in equipment demand in the Marine business vary by ship type, but Wärtsilä sees the sentiment as mainly positive for itself.

All cards on the table in storage

The surprise news was the launch of a strategic assessment of storage systems. The assessment takes into account "all possible options", i.e. continuation with current ownership, partial sale, full divestment or other arrangements. We find it possible that Wärtsilä would seek cooperation with a battery manufacturer or another Western storage system supplier (e.g. Fluence) to bring competitive strength against Chinese suppliers (e.g. Sungrow). Wärtsilä did not give a timetable for the assessment, but we hope that the company will shed more light on the options in its CMD on November 9.

Energy pushed our forecasts slightly upwards

Our forecast changes shown in the table are not significant, but nevertheless positive. Our profitability expectations have increased, especially in the Energy business, as storage margins have improved faster than expected.

Estimate revisions MEUR / EUR	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
	Old	New	%	Old	New	%	Old	New	%
Revenue	6628	6281	-5%	7253	7405	2%	7468	7601	2%
EBIT (exc. NRIs)	469	514	10%	650	676	4%	704	740	5%
EBIT	421	463	10%	630	656	4%	684	720	5%
PTP	383	424	11%	601	624	4%	652	691	6%
EPS (excl. NRIs)	0.51	0.55	7%	0.75	0.78	4%	0.81	0.86	6%
DPS	0.38	0.40	5%	0.50	0.50	0%	0.65	0.70	8%

Source: Inderes

Valuation still attractive

The price jumped but not too much

The strong price rally following the Q3 report (+15%) increased the share's valuation multiples clearly, but on the other hand the price simply returned to mid-September levels. The expected risk-adjusted return on the share remains attractive and valuation multiples are below the median of the peers. Possible positive price drivers are the take away from the November 9 CMD and order announcements for either balancing plants or storage systems, both of which there are good reasons to expect in the near future. At this stage, we will not speculate more about the outcome of the strategic assessment of storage, since all options are literally open. We maintain our Buy recommendation and our EUR 12.50 target price for the share.

Total return is still good

The total expected return on the share (the upside in the price determined by earnings growth and the change in valuation multiples plus the dividend yield) is +13...+18% based on P/E and EV/EBIT calculations, well above the required return of around 9%. Thus, the share's risk-adjusted expected return is attractive.

Multiple-based valuation clearly below peers

The share's 2024 P/E and EV/EBIT ratios (14x and 11x) are -14...19% below the median of the peers. Overall, peer pricing is still clearly favorable.

DCF potential is moderate, but so are the estimates

Our DCF model indicates an upside potential of around +18% for the share. In addition, the company's cash flow profile in the model is backloaded (terminal period = 62%

of value). However, this is offset by our very conservative expectation for the terminal EBIT margin (8.2%), which can be compared to Wärtsilä's own strategic EBIT margin target of 12%.

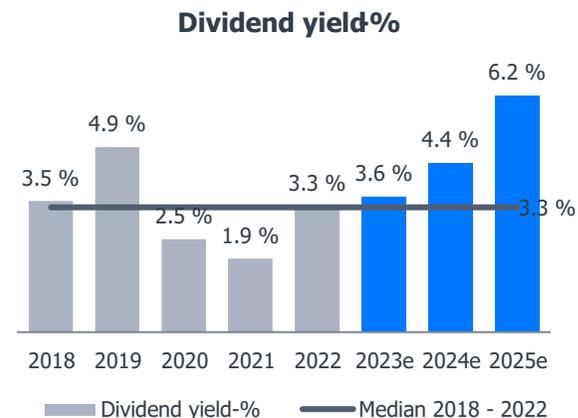
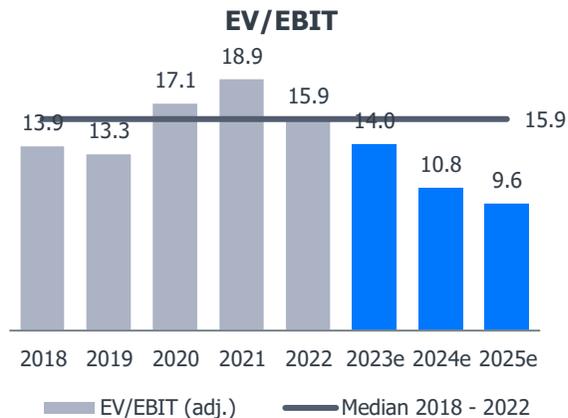
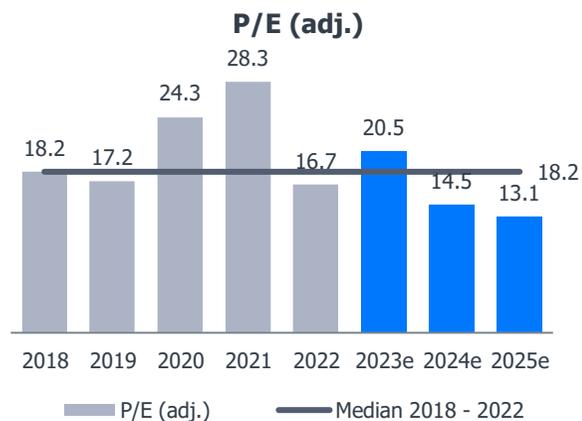
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P/E (adj.)	20.5	14.5	13.1
P/E	23.1	15.0	13.5
P/FCF	51.4	30.0	12.7
P/B	2.9	2.7	2.5
P/S	1.1	0.9	0.9
EV/Sales	1.1	1.0	0.9
EV/EBITDA	11.2	8.4	7.6
EV/EBIT (adj.)	14.0	10.8	9.6
Payout ratio (%)	82.1 %	66.5 %	84.0 %
Dividend yield-%	3.6 %	4.4 %	6.2 %

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	11.2	11.2	11.2	11.2
Number of shares, millions	591.7	591.7	591.7	590.0	590.0	589.0	589.0	589.0	589.0
Market cap	8225	5828	4823	7293	4643	6621	6621	6621	6621
EV	8608	6601	5255	7326	5158	7209	7264	7077	7012
P/E (adj.)	18.2	17.2	24.3	28.3	16.7	20.5	14.5	13.1	12.0
P/E	21.3	27.0	36.0	37.8	neg.	23.1	15.0	13.5	12.4
P/FCF	32.8	neg.	6.9	15.4	neg.	51.4	30.0	12.7	12.8
P/B	3.4	2.4	2.2	3.2	2.2	2.9	2.7	2.5	2.4
P/S	1.6	1.1	1.0	1.5	0.8	1.1	0.9	0.9	0.8
EV/Sales	1.7	1.3	1.1	1.5	0.9	1.1	1.0	0.9	0.9
EV/EBITDA	12.5	11.0	12.1	14.4	15.5	11.2	8.4	7.6	7.1
EV/EBIT (adj.)	13.9	13.3	17.1	18.9	15.9	14.0	10.8	9.6	8.8
Payout ratio (%)	73.5 %	131.5 %	88.3 %	73.4 %	neg.	82.1 %	66.5 %	84.0 %	77.1 %
Dividend yield-%	3.5 %	4.9 %	2.5 %	1.9 %	3.3 %	3.6 %	4.4 %	6.2 %	6.2 %

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 Corp	6701	7495	8.9	8.8	7.5	7.5	1.3	1.4	11.1	10.7	4.4	4.7	2.5
Kone Oyj	21186	20316	16.8	14.9	13.7	12.5	1.8	1.8	22.0	19.7	4.6	4.8	7.3
Konecranes Abp	2340	2841	6.8	6.7	5.5	5.4	0.7	0.7	8.6	8.3	4.6	5.0	1.5
Siemens Energy AG	6709	6306		11.6		3.0	0.2	0.2		17.9		0.2	0.6
Abb Ltd	58817	61808	12.8	12.5	11.0	10.7	2.0	2.0	16.6	16.4	2.8	3.0	4.4
Alfa Laval AB	12389	13506	16.5	14.2	13.3	11.7	2.5	2.3	20.6	17.9	2.0	2.3	3.8
Alstom SA	4742	6301	10.0	8.2	5.7	4.7	0.4	0.4	9.4	9.3	2.4	2.6	0.5
Caterpillar Inc	116335	144900	11.6	11.2	10.4	10.2	2.3	2.2	12.1	11.5	2.0	2.2	6.8
General Electric Co	112548	114297	21.7	15.0	15.4	11.9	1.9	1.7	41.2	23.9	0.4	0.4	4.0
Rolls-Royce Holdings PLC	19462	22656	14.7	12.9	9.0	8.2	1.4	1.3	22.1	18.3		1.0	
Woodward Inc	6875	7475	22.9	20.0	16.7	14.9	2.7	2.6	28.9	24.8	0.7	0.8	3.4
Wartsila (Inderes)	6621	7209	14.0	10.8	11.2	8.4	1.1	1.0	20.5	14.5	3.6	4.4	2.9
Average			14.3	12.4	10.8	9.1	1.6	1.5	19.3	16.2	2.7	2.4	3.5
Median			13.7	12.5	10.7	10.2	1.8	1.7	18.6	17.9	2.4	2.3	3.6
Diff-% to median			2%	-14%	4%	-17%	-38%	-43%	10%	-19%	46%	97%	-18%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e
Revenue	4778	5843	1465	1454	1452	1910	6281	1565	1819	1705	2316	7405	7601	7976
Marine Power	1863	2078	604	636	612	735	2587	709	732	661	894	2996	3026	3103
Marine Systems	654	680	138	106	135	171	550	162	179	161	197	699	728	753
Energy	1861	2721	645	633	613	881	2772	598	809	786	1111	3304	3461	3754
Portfolio Business	121	364	78	79	93	123	373	95	99	98	113	406	386	366
	0.0	0.0	0.0	0.0	-1.0	0.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	476	236	130	141	151	223	645	181	215	194	274	864	935	994
Depreciation	-162	-263	-38	-76	-34	-34	-182	-52	-52	-52	-52	-208	-215	-216
EBIT (excl. NRI)	388	324	88	107	125	194	514	134	168	147	227	676	740	798
EBIT	314	-27	92	65	117	189	463	129	163	142	222	656	720	778
Marine Power	180	-109	55	78	50	83	266	61	61	57	113	292	304	318
Marine Systems	47	53	8	-9	12	13	24	12	17	13	13	56	61	65
Energy	134	82	34	41	51	84	210	51	79	69	101	300	348	388
Portfolio Business	-9	-52	-5	-45	5	8	-37	5	5	3	-5	8	7	7
	1	-1	0	0	-1	0	-1	0	0	0	0	0	0	0
Net financial items	-18	-7	-8	-13	-9	-9	-39	-8	-8	-8	-8	-32	-28	-25
PTP	296	-34	84	52	108	180	424	121	155	134	214	624	691	753
Taxes	-103	-27	-23	-24	-25	-53	-125	-31	-40	-35	-56	-162	-180	-196
Minority interest	0	-6	-6	-2	-1	-3	-12	-3	-5	-5	-6	-19	-21	-22
Net earnings	193	-67	55	26	82	124	287	86	109	94	153	443	491	535
EPS (adj.)	0.44	0.47	0.09	0.09	0.15	0.22	0.55	0.15	0.19	0.17	0.27	0.78	0.86	0.93
EPS (rep.)	0.33	-0.11	0.09	0.04	0.14	0.21	0.49	0.15	0.19	0.16	0.26	0.75	0.83	0.91

Key figures	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23e	2023e	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e
Revenue growth-%	3.8 %	22.3 %	19.0 %	3.3 %	1.3 %	7.9 %	7.5 %	6.8 %	25.1 %	17.5 %	21.2 %	17.9 %	2.6 %	4.9 %
Adjusted EBIT growth-%	26.0 %	-16.5 %	33.3 %	23.0 %	58.2 %	110.8 %	58.6 %	51.8 %	56.6 %	17.9 %	17.0 %	31.4 %	9.5 %	7.9 %
EBITDA-%	10.0 %	4.0 %	8.9 %	9.7 %	10.4 %	11.7 %	10.3 %	11.5 %	11.8 %	11.4 %	11.8 %	11.7 %	12.3 %	12.5 %
Adjusted EBIT-%	8.1 %	5.5 %	6.0 %	7.4 %	8.6 %	10.2 %	8.2 %	8.5 %	9.2 %	8.6 %	9.8 %	9.1 %	9.7 %	10.0 %
Net earnings-%	4.0 %	-1.1 %	3.8 %	1.8 %	5.6 %	6.5 %	4.6 %	5.5 %	6.0 %	5.5 %	6.6 %	6.0 %	6.5 %	6.7 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	2539	2557	2573	2690	2674
Goodwill	1374	1288	1288	1288	1288
Intangible assets	401	392	394	426	411
Tangible assets	504	562	575	660	660
Associated companies	27	29	31	31	31
Other investments	18	19	19	19	19
Other non-current assets	48	72	64	64	64
Deferred tax assets	167	195	202	202	202
Current assets	3984	4049	4151	4887	5016
Inventories	1185	1361	1445	1703	1748
Other current assets	2	54	5	0	0
Receivables	1833	2173	2230	2629	2698
Cash and equivalents	964	461	471	555	570
Balance sheet total	6523	6606	6723	7577	7691

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	2323	2146	2263	2470	2667
Share capital	336	336	336	336	336
Retained earnings	2094	1889	2012	2219	2416
Hybrid bonds	0	0	0	0	0
Revaluation reserve	61	61	61	61	61
Other equity	-176	-152	-152	-152	-152
Minorities	8	12	6	6	6
Non-current liabilities	1394	1355	1425	1539	1402
Deferred tax liabilities	65.0	65.0	42.0	42.0	42.0
Provisions	314	396	396	396	396
Interest bearing debt	851	740	833	947	810
Convertibles	0	0	0	0	0
Other long term liabilities	164	154	154	154	154
Current liabilities	2806	3105	3035	3568	3622
Interest bearing debt	121	209	208	236	202
Payables	2685	2874	2827	3332	3420
Other current liabilities	0	22	0	0	0
Balance sheet total	6523	6606	6723	7577	7691

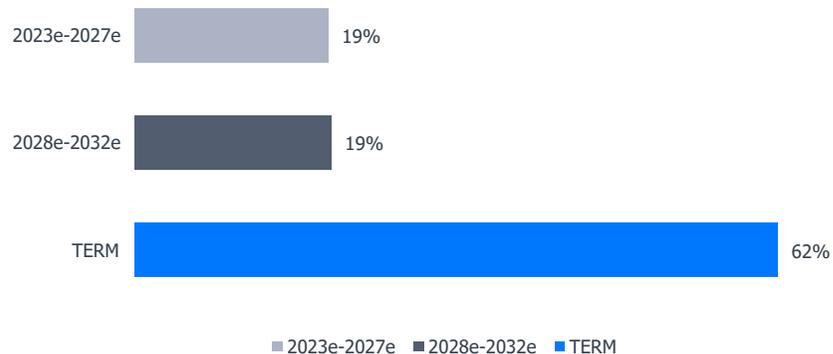
DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	22.3 %	7.5 %	17.9 %	2.6 %	4.9 %	4.4 %	4.0 %	3.5 %	3.0 %	2.5 %	2.0 %	2.0 %
EBIT-%	-0.5 %	7.4 %	8.9 %	9.5 %	9.8 %	9.7 %	9.3 %	8.9 %	8.5 %	8.5 %	8.2 %	8.2 %
EBIT (operating profit)	-27.0	463	656	720	778	808	805	797	784	804	791	
+ Depreciation	263	182	208	215	216	213	206	209	211	214	219	
- Paid taxes	-55	-155	-162	-180	-196	-204	-203	-200	-196	-200	-196	
- Tax, financial expenses	-10	-14	-11	-10	-10	-9	-10	-11	-12	-13	-14	
+ Tax, financial income	8	3	3	3	3	3	4	4	4	4	4	
- Change in working capital	-357	-161	-147	-26	-51	-48	-44	-41	-36	-31	-26	
Operating cash flow	-178	317	546	721	741	763	757	758	755	777	779	
+ Change in other long-term liabilities	72	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-251	-189	-326	-199	-223	-223	-222	-220	-222	-242	-242	
Free operating cash flow	-357	129	221	522	518	540	535	539	533	536	537	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-357	129	221	522	518	540	535	539	533	536	537	10168
Discounted FCFF		127	203	447	413	401	370	347	320	299	279	5291
Sum of FCFF present value		8499	8372	8169	7722	7308	6907	6537	6190	5870	5570	5291
Enterprise value DCF		8499										
- Interest bearing debt		-949										
+ Cash and cash equivalents		461										
-Minorities		-18										
-Dividend/capital return		-153										
Equity value DCF		7840										
Equity value DCF per share		13.3										

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	5843.0	6281.3	7404.6	EPS (reported)	0.23	0.33	-0.11	0.49	0.75
EBITDA	408.0	476.0	236.0	645.0	863.7	EPS (adj.)	0.33	0.44	0.47	0.55	0.78
EBIT	234.0	314.0	-27.0	463.0	655.5	OCF / share	1.30	1.35	-0.30	0.54	0.93
PTP	191.0	296.0	-34.0	424.0	623.7	FCF / share	1.18	0.80	-0.60	0.22	0.37
Net Income	134.0	193.0	-67.0	286.9	442.8	Book value / share	3.68	3.92	3.62	3.83	4.18
Extraordinary items	-74.0	-74.0	-351.0	-51.0	-20.0	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	6723.3	7577.3	Revenue growth-%	-11%	4%	22%	8%	18%
Equity capital	2187.0	2323.0	2146.0	2263.1	2470.3	EBITDA growth-%	-25%	17%	-50%	173%	34%
Goodwill	1325.0	1374.0	1288.0	1288.0	1288.0	EBIT (adj.) growth-%	-38%	26%	-16%	59%	31%
Net debt	408.0	8.0	488.0	570.5	627.6	EPS (adj.) growth-%	-42%	30%	8%	17%	42%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	8.9 %	10.0 %	4.0 %	10.3 %	11.7 %
EBITDA	408.0	476.0	236.0	645.0	863.7	EBIT (adj.)-%	6.7 %	8.1 %	5.5 %	8.2 %	9.1 %
Change in working capital	469.0	424.0	-357.0	-161.0	-146.6	EBIT-%	5.1 %	6.6 %	-0.5 %	7.4 %	8.9 %
Operating cash flow	770.9	795.7	-177.8	317.4	546.4	ROE-%	5.9 %	8.6 %	-3.0 %	13.1 %	18.8 %
CAPEX	-73.0	-286.0	-251.0	-188.6	-325.9	ROI-%	6.7 %	9.5 %	0.1 %	14.7 %	19.1 %
Free cash flow	695.9	472.7	-356.8	128.7	220.5	Equity ratio	37.8 %	38.6 %	35.8 %	37.3 %	36.3 %
Valuation multiples	2020	2021	2022	2023e	2024e	Gearing	18.7 %	0.3 %	22.7 %	25.2 %	25.4 %
EV/S	1.1	1.5	0.9	1.1	1.0						
EV/EBITDA (adj.)	12.1	14.4	15.5	11.2	8.4						
EV/EBIT (adj.)	17.1	18.9	15.9	14.0	10.8						
P/E (adj.)	24.3	28.3	16.7	20.5	14.5						
P/B	2.2	3.2	2.2	2.9	2.7						
Dividend-%	2.5 %	1.9 %	3.3 %	3.6 %	4.4 %						

Source: Inderes

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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 €



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