SAAB

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COMPANY REPORT

Strong deliveries paired with higher profitability

Q3 was a very good quarter for Saab. The market demand remains strong, and the company's order intake continues to see the benefits. The company delivered results ahead of our expectations, which supports our view that the business is developing well based on fundamentals. We raise our Q4 and 2025 estimates across most divisions for revenue, along with modest margin lifts, reflecting stronger backlog execution and increased visibility. That said, we believe the current valuation implies more than fundamentals can justify, and we reiterate our Sell recommendation with a target price of SEK 310.

Investment case relies on robust defense sector spending

In our view, Saab's investment case rests on three pillars. First, continued growth in European and allied defense budgets. Second, disciplined execution on a strong multiyear backlog with improving delivery rates. Third, the ability to convert strategic international opportunities into profitable, cash generative contracts. While the biggest positive driver is sustained order intake paired with excellent project execution across Dynamics, Aeronautics, Surveillance, Kockums, and Combitech, the main near-term risks are delivery delays, fierce competition, and underutilized capacity.

Q3's revenues and profitability were better than expected

Saab delivered a solid Q3. Revenue rose ~17% against our ~15% expectation, with a minor currency headwind of roughly 1.1%. Deliveries were strong across the portfolio. Profitability was above our forecast, helped by seasonally lighter Q3 on costs, favorable mix, and ongoing efficiency gains. Dynamics was not the primary revenue driver this quarter at ~12% revenue growth, yet it posted an outstanding operating margin of ~19% on mix and operational efficiencies. Aeronautics surprised on revenue, clearly beating by far both our estimate and consensus, although operating profitability was not as good. Surveillance landed close to expectations on both revenue and margin, and Kockums and Combitech were broadly in line. Altogether, we believe the quarter suggests the business continues to develop well. The recent hiring push aimed at safeguarding delivery schedules appears to be supporting throughput, while mix and utilization lift margins.

We raise Q4 and full-year 2025 estimates reflecting the new visibility and fundamentals

On the demand side, our Q4 order intake assumption remains unchanged, as the outcome was close to our expectation and we see no shift in sector dynamics. The management has raised 2025 guidance to 20-24% organic growth. Given a seasonally strong fourth quarter and what we view as a viable path to that range, we lift our full-year 2025 revenue to ~20%. Dynamics stays mostly unchanged with slightly lifted EBIT margin, since we already expected a strong year, while we raise Aeronautics, Surveillance, and Kockums to reflect stronger deliveries; Combitech moves modestly higher alongside broader activity. For 2026-34, we make no fundamental changes, limiting adjustments to minor mechanical flow-through from the new 2025 base.

Valuation continues to be stretched and unsustainable

We continue to see challenges with Saab's valuation. In our view, P/E of 48x and EV/EBIT of 39x for 2025, and P/E of 44x and EV/EBIT of 35x for 2026, are difficult to justify on fundamentals alone. The current phase of strong demand is driving growth and profitability and is clearly creating value, and we expect this momentum to remain robust for at least three to five years. That said, we continue to forecast signs of slowing demand in 2026-27, visible in the order intake relative to prior years (e.g., 2022-24). Even so, we believe the valuation remains very high and well above what we consider acceptable multiples, which are somewhat below half of today's multiples. On that basis, we view the current valuation as unsustainable, consistent with the stance we took in our initiation report.

Recommendation
Sell
(prev. Sell)

Target price:
310 SEK
(prev. 310 SEK)

Share price:
522 SEK

Business risk

●●○○○

Valuation risk

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	2024	2025e	2026e	2027e
Revenue	63,751	76,425	88,956	102,130
growth-%	24%	20%	16%	15%
EBIT adj.	5,604	7,443	8,350	9,899
EBIT-% adj.	8.8 %	9.7 %	9.4 %	9.7 %
Net Income	4,249	5,868	6,381	7,637
EPS (adj.)	7.76	10.85	11.80	14.12
P/E (adj.)	30.0	48.1	44.2	37.0
P/B	3.5	7.0	6.2	5.5
Dividend yield-%	0.9 %	0.5 %	0.6 %	0.8 %
EV/EBIT (adj.)	22.4	38.7	34.7	29.3
EV/EBITDA	14.9	27.1	24.4	21.4
EV/S	2.0	3.8	3.3	2.8

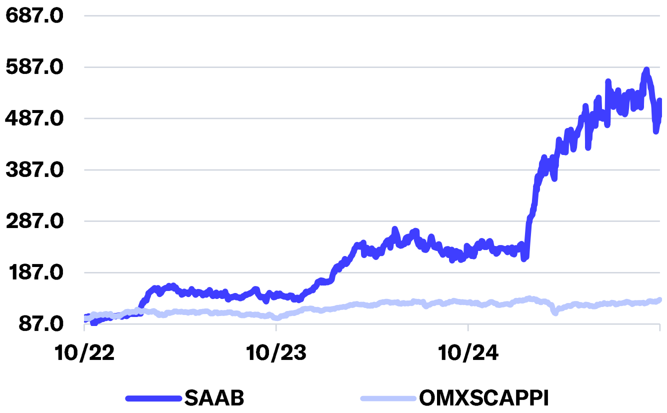
Source: Inderes

Guidance Guidance for 2025 updated

The company lifted its guidance for 2025 to organic growth of 20-24% up from 16-20%, while keeping its EBIT and operational cash flow guidance unchanged.

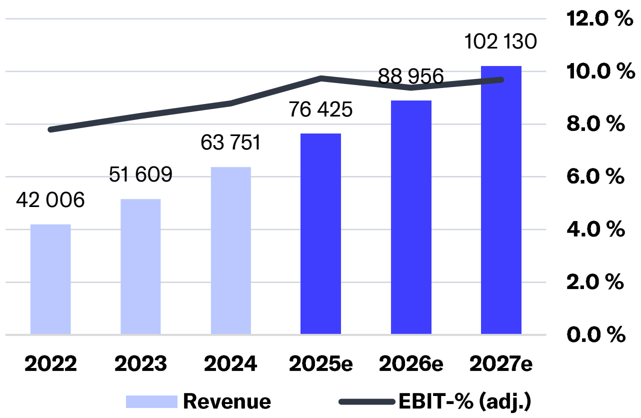
The medium-term guidance for 2023–27 remains unchanged: sales CAGR ~18%, EBIT growth above sales, and operational cash flow conversion of at least 60% over the 5-year period.

Share price



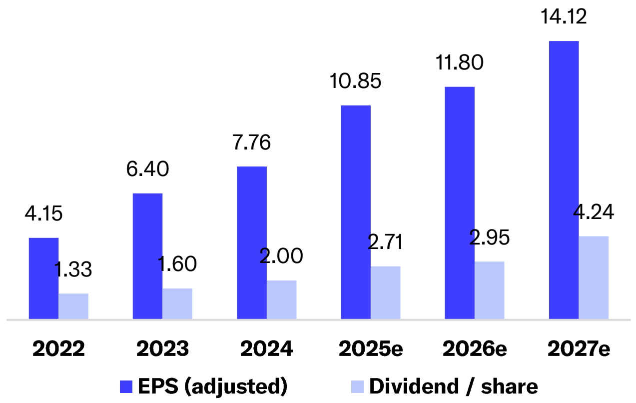
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and DPS



Source: Inderes

Value drivers

- Strong position in core technology niches within a stable market characterized by multi-decade upcycles
- Solid value-creation track record through organic growth, complemented by selective bolt-on M&A to enhance the tech portfolio
- Clear runway to capture meaningful growth in the Americas and parts of Asia
- Path toward ~10% EBIT margin, supported by operating leverage and a strategy to grow EBIT faster than sales
- Increasing societal relevance via civil-security and digital-infrastructure solutions

Risk factors

- Risk of over-investing in capacity during a long upcycle
- Growth and profitability are highly execution-dependent; major missteps or managerial errors could have severe long-term effects
- Failure to develop or acquire relevant technologies that open future growth channels
- Fierce competition from larger, established defense peers

Valuation	2025e	2026e	2027e
Share price	522	522	522
Number of shares, millions	540.7	540.7	540.7
Market cap	282,268	282,268	282,268
EV	288,093	289,979	290,315
P/E (adj.)	48.1	44.2	37.0
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EV/Sales	3.8	3.3	2.8
EV/EBITDA	27.1	24.4	21.4
EV/EBIT (adj.)	38.7	34.7	29.3
Payout ratio (%)	25.0 %	25.0 %	30.0 %
Dividend yield-%	0.5 %	0.6 %	0.8 %

Source: Inderes

Q3 came with stronger sales and profitability than we expected

Strong demand and robust growth on continued solid execution

Saab's order intake remained robust at ~21 BNSEK, close to our expectations, with no signs of a structural slowdown across divisions, including Combitech. Aeronautics surprised us with a very strong intake. Meanwhile, Dynamics Q3 intake was ~50% lower than the comparison period, but still strong relative to the average for all past quarters since Q1'22. This quarter delivered a topline that was somewhat unexpected for both consensus and us. As a group, Saab grew sales by ~17%, which was ~2 p.p. above our expectations and above consensus, driven mainly by a much stronger than expected outcome in Aeronautics. The division's revenue grew ~34% on the back of a high delivery rate, compared to our ~14% expectation. By contrast, Dynamics posted ~12% revenue growth in Q3, compared to our expected 25%, which was a surprise considering that its backlog had been growing strongly almost every quarter since Q1'22. We had expected the division to sustain a much higher delivery rate as new capacity came online in 2025, but the softer print likely reflects the exceptionally high delivery rate in Q2. We also believe that the mix had an impact on the realized revenue. Surveillance exceeded our revenue expectations on disciplined project execution and deliveries, and both Kockums and Combitech also came in slightly above our revenue estimates.

Profitability was higher than expected in Q3

The group delivered an EBIT margin of 8.7%, beating our estimate by 0.5 p.p., supported by solid operational performance across divisions and cost seasonality. In Aeronautics, the margin was held back by start-up costs in the T-7A program, with higher R&D and marketing spend also weighing on EBIT, resulting in a print below our expectation. Dynamics posted a very strong EBIT margin of ~19%, compared to our expected 17.5%, on favorable mix and solid project execution, yet in line with our view that the division should continue to perform well operationally. Surveillance was a tad more profitable than our expectation, Kockums delivered a 3 p.p. higher margin than our 5% expectation, and Combitech came in slightly below our 10% expectation. Below EBIT, net financials were -115 MSEK, weaker than our -64 MSEK estimate, and taxes were higher than expected, resulting in net income of 975 MSEK, or SEK 1.77 per share.

WC, cash flow in line with the growth phase, while the balance sheet developed conservatively

Working capital was negative in the quarter, and operating cash flow was modest at 142 MSEK, on the back of the ongoing growth phase and high investment levels. By division: Aeronautics showed strong operational cash flow on the back of high delivery rates; Dynamics was much lower year-on-year due to the still elevated investment pace; Surveillance was a drag; Kockums was lower than the comparison period; and Combitech remained negligible in size. Net debt remains small, and the rest of the balance sheet showed no distinct changes.

Estimates MSEK / SEK	Q3'24 Comparison	Q3'25 Actualized	Q3'25e Inderes	Q3'25e Consensus	Consensus Low - High	Difference (%) Actual vs. Inderes	2025e Inderes
Revenue	13,546	15,871	15,590	15,637	14,961 - 16,032	1.8%	75,439
EBIT (adj.)	1,187	1,374	1,276	1,305	1,165 - 1,434	7.7%	7,114
Net income	978	975	957	1,014	863 - 1,094	1.9%	5,637
EPS (adj.)	1.83	1.77	1.79	1.83	1.59 - 2.03	-1.1%	10.56
Order intake	21,173	20,861	20,326	20,326	16,856 - 35,242	2.6%	94,162
Revenue growth-%	17.5 %	17.2 %	15.1 %	15.4 %	10.4 % - 18.4 %	-2.1 p.p.	18.3 %
EBIT-% (adj.)	8.8 %	8.7 %	8.2 %	8.3 %	7.8 % - 8.9 %	+0.5 p.p.	9.4 %

Source: Inderes & Modular Finance (21.10.25, 8-11 analysts) (consensus)

We lift our 2025e sales and profitability a tad

A minor mechanical increase to the order book

The demand dynamics remained strong in Q3. As the quarter's order intake was close to our expectations, we make no changes to our expected intake for Q4 of ~27 BNSEK. For the full year, we expect the order intake to land at ~95 BNSEK. This means that we expect the full-year order book to end at ~206 BNSEK, implying a modest 2% increase from the Q3'25 results.

Raising Q4'25 and 2025e revenue estimates on the back of strong fundamentals and upgraded guidance

Since management felt confident enough to upgrade the guidance to 20-24% growth from 16-20% in the Q3 report, and we see no fundamental reason to doubt that range, plus Q4 is typically strong with high deliveries and milestone payments, we are raising our estimates to a level we consider reasonable within the new range. We increase our 2025e revenue by about 1%, landing at ~20% group growth (was ~18%), at the bottom of the revised guidance.

Our new growth estimates also factor in the ongoing hiring, which should help meet delivery schedules through year-end and support growth. We expect all divisions to contribute strongly in 2025e, with Dynamics remaining the primary growth engine. On a full-year basis, we estimate a tad better performance across all divisions compared to our previous expectation due to our upward revisions in Q4. We raise the Q4 divisional revenue for Aeronautics, Surveillance, and Kockums, reflecting higher delivery rates across the board, as is often the case in Q4. We already had Dynamics penciled in for a strong Q4'25 on seasonal factors, so we keep our year-on-year growth assumption at 25%. In our view, Combitech will continue to deliver well; we nudge its growth up by 1 p.p. to 18%, in connection with higher expected activity in the other business areas. For 2026-34, we make minor mechanical changes to revenues, still consistent with a moderating order intake. As we still believe that the order intake will gradually normalize, it is rational to expect management to align output with the new demand run-rate. Read our initiation report for a more elaborate view on how we build our estimates here.

We expect a slightly higher EBIT margin on higher volumes

We raise the EBIT in absolute terms by 5% to 7.4 BNSEK, compared to our previous estimate of 7.1 BNSEK, partly on the back of higher revenues, but also because we expect the higher delivery activity customary of Q4 and continued robust operational performance to support improved profitability. In our view, Dynamics will continue to be the primary contributor to EBIT, with a margin of ~20%, compared to our previous estimate of ~18%, mostly on the operating leverage we see come into play with higher volumes in the division and improved efficiency. On similar grounds, we see Surveillance, Kockums and Combitech performing well. Against this backdrop, we now expect a Q4 EBIT margin of ~11% (was ~10%) and for EBIT to outgrow revenue in Q4 and for full-year 2025, in line with management's guidance. We made only minor mechanical changes to 2026-34.

Estimate revisions MSEK / SEK	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	75,439	76,425	1%	88,134	88,956	1%	101,221	102,130	1%
EBIT (adj.)	7,114	7,443	5%	8,350	8,350	0%	9,902	9,899	0%
Net income	5,637	5,868	4%	6,381	6,381	0%	7,639	7,637	0%
EPS (adj.)	10.42	10.85	4%	11.80	11.80	0%	14.13	14.12	0%
EPS (excl. NRIs)	10.42	10.85	4%	11.80	11.80	0%	14.13	14.12	0%
DPS	2.61	2.71	4%	2.95	2.95	0%	4.24	4.24	0%
Order intake	94,162	95,147	1%	101,313	101,313	0%	108,679	108,679	0%

Valuation is still unsustainable

Performance weighs on the multiples over time but these remain high

From a valuation standpoint, our projected P/E and EV/EBIT for 2025 of roughly 48x and 39x look unreasonably high. The sector upcycle and the company's solid execution are creating value through growth and profitability, but even in 2026-27 our projected multiples remain well above what we consider acceptable long-term levels for Saab, e.g., ~20-22x for P/E and ~15-18x for EV/EBIT. Compared to global peers, our 2025-26 P/E and EV/EBIT imply roughly double the group median, which points to a continued mismatch in current pricing of the equity, in our view. While a premium may be warranted given the company's high value-creation phase (strong growth, profitability, and returns on capital), we feel that multiples at these levels likely reflect things beyond fundamental factors and are not sustainable.

Total expected return is still negative despite strong expected growth and profitability

Combining the earnings growth, dividend yield and valuation contraction, we arrive at a negative expected return. The current elevated multiples already discount rapid earnings growth in the coming years and increase both the risk and speed of multiple contraction if expectations slip. From a free cash flow perspective, we project ~-541 MSEK, ~1.2 BNSEK and 4.6 BNSEK in 2026-28, respectively. That implies FCF yields of <0%, <1%, and ~2%, which is very thin. At these levels, SAAB continues to be priced as a growth equity, which is not sustainable over the long term. If valuation remained stable, our growth outlook would imply an expected return roughly in line with our required return in 2026, 2027 and 2028. However, because we expect the valuation to contract, the expected return is negative in all three years. The premium the market is paying now for capacity build-out and future backlog conversion, as well as higher returns on capital, only holds if the production ramp-up converts to cash through lower working-capital tie-ups and if capex ease.

DCF valuation indicates significant downside

Given Saab's long track record of growth and profitability, we view a DCF as an appropriate valuation tool. For 2027-34, we model growth tapering from ~15% to a terminal rate of 3%, with a terminal EBIT margin of 9.5%. We use a WACC of 8% and a cost of equity of 8.2%, which we view as reasonable for an established company in a mature industry. In our model, 81% of the value is realized in the terminal period, which is unusually high and suggests the market is pricing a much stronger cash flow profile than we expect. From this exercise, we obtain an equity value per share of nearly SEK 307 per share, close to our target price of SEK 310.

We expect the intense capacity investment phase in 2025-27 to be sufficient to meet elevated demand levels over the next 3-5 years. In the medium term, we see capex/revenue normalizing at around 2-3%, comprising mostly maintenance capex, with a larger share of intangible investment as the company advances its digitalization agenda. Although SAAB ties up considerable capital to grow, robust returns on capital should support healthy cash generation. Additional value could be created through higher leverage, but the company has not communicated plans to pursue this.

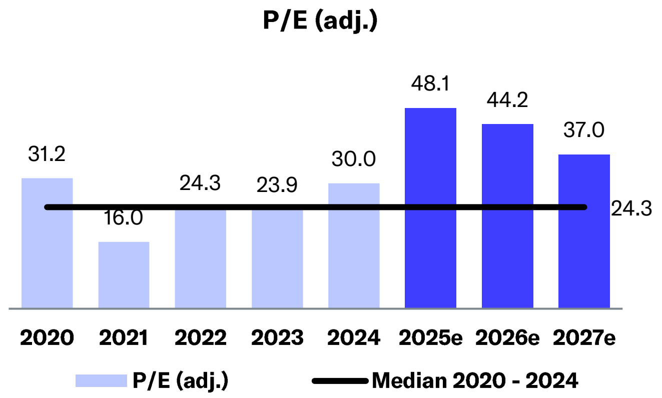
Valuation	2025e	2026e	2027e
Share price	522	522	522
Number of shares, millions	540.7	540.7	540.7
Market cap	282,268	282,268	282,268
EV	288,093	289,979	290,315
P/E (adj.)	48.1	44.2	37.0
P/E	48.1	44.2	37.0
P/B	7.0	6.2	5.5
P/S	3.7	3.2	2.8
EV/Sales	3.8	3.3	2.8
EV/EBITDA	27.1	24.4	21.4
EV/EBIT (adj.)	38.7	34.7	29.3
Payout ratio (%)	25.0 %	25.0 %	30.0 %
Dividend yield-%	0.5 %	0.6 %	0.8 %

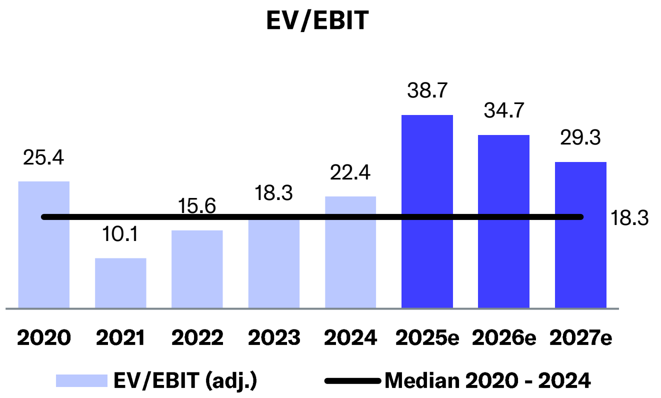
Source: Inderes

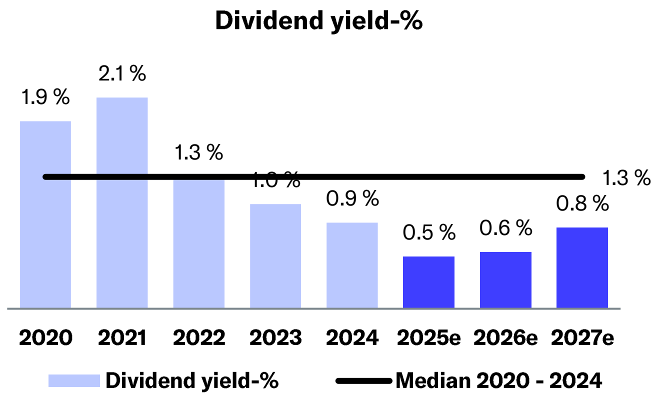
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	63.0	58.4	101.0	153.0	233.0	**522.0**	**522.0**	**522.0**	**522.0**
Number of shares, millions	532.0	528.7	528.6	531.5	540.1	**540.7**	**540.7**	**540.7**	**540.7**
Market cap	33,519	30,847	53,392	81,325	125,846	**282,268**	**282,268**	**282,268**	**282,268**
EV	33,417	29,089	51,229	78,729	125,585	**288,093**	**289,979**	**290,315**	**287,999**
P/E (adj.)	31.2	16.0	24.3	23.9	30.0	**48.1**	**44.2**	**37.0**	**31.1**
P/E	31.2	16.0	24.3	24.1	29.6	**48.1**	**44.2**	**37.0**	**31.1**
P/FCF	9.3	13.3	neg.	35.4	>100	**neg.**	**neg.**	**>100**	**61.6**
P/B	1.6	1.3	1.8	2.5	3.5	**7.0**	**6.2**	**5.5**	**4.9**
P/S	0.9	0.8	1.3	1.6	2.0	**3.7**	**3.2**	**2.8**	**2.4**
EV/Sales	0.9	0.7	1.2	1.5	2.0	**3.8**	**3.3**	**2.8**	**2.5**
EV/EBITDA	11.8	6.0	9.5	12.0	14.9	**27.1**	**24.4**	**21.4**	**18.5**
EV/EBIT (adj.)	25.4	10.1	15.6	18.3	22.4	**38.7**	**34.7**	**29.3**	**24.6**
Payout ratio (%)	58.5 %	33.8 %	32.0 %	25.2 %	25.4 %	**25.0 %**	**25.0 %**	**30.0 %**	**30.0 %**
Dividend yield-%	1.9 %	2.1 %	1.3 %	1.0 %	0.9 %	**0.5 %**	**0.6 %**	**0.8 %**	**1.0 %**

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**
Leonardo	29,624	32 907	21.1	17.7	14.3	12.6	1.7	1.6	28.6	24.0	1.1	1.3	3.1
BAE Systems	63,975	72 160	19.2	17.6	14.9	13.8	2.1	1.9	25.0	22.2	1.9	2.1	4.5
Airbus	165,151	168 612	23.8	20.2	17.0	14.9	2.3	2.0	32.3	26.5	1.3	1.6	7.3
Rolls-Royce	107,882	106 179	28.5	25.5	22.3	20.3	4.7	4.3	39.0	34.2	0.8	1.0	55.5
Lockheed Martin	96,615	112 717	17.1	14.0	14.2	12.0	1.8	1.7	21.8	16.7	2.8	2.9	19.7
RTX Corporation	206,033	239 768	25.1	22.8	19.5	18.0	3.2	3.0	29.0	26.4	1.5	1.6	3.7
Northrop Grumman	74,342	86 159	22.3	20.7	16.9	15.7	2.4	2.3	23.3	21.0	1.4	1.6	5.5
General Dynamics	81,160	87 344	19.2	17.5	16.4	15.1	2.0	1.9	23.0	20.5	1.7	1.8	3.9
L3Harris Technologies	47,185	57 243	19.8	18.1	16.8	15.4	3.1	2.9	27.8	23.7	1.7	1.8	2.8
Rheinmetall AG	81,378	83 449	42.2	28.4	33.6	23.6	6.6	4.9	61.3	40.8	0.7	1.0	15.6
Elbit Systems Ltd.	19,310	19 167	32.3	25.0	24.9	20.3	2.8	2.5	42.8	34.2	0.6	0.7	5.2
Dassault Aviation	21,998	12 549	21.2	15.1	15.7	11.9	1.8	1.5	21.5	16.5	1.6	2.0	3.2
Leidos	20,963	24 523	13.3	13.1	12.1	12.1	1.7	1.6	16.4	15.9	0.9	0.9	5.3
Huntington Ingalls Industries	10,123	12 153	21.8	18.8	14.4	13.1	1.2	1.1	20.0	17.5	1.8	1.9	2.3
Hanwha Aerospace	31,276	40 037	18.9	15.3	15.9	13.0	2.4	2.2	31.4	20.9	0.4	0.4	5.5
Kongsberg Gruppen	22,305	21 377	30.1	25.8	24.6	21.7	4.2	3.6	37.0	32.0	1.7	2.4	11.4
Hensoldt	11,354	12478	39.6	31.3	26.7	22.1	4.9	4.2	59.5	45.9	0.6	0.8	11.5
Thales	52,186	55354	21.1	18.9	15.5	14.3	2.5	2.4	26.8	22.9	1.5	1.7	6.4
SAAB (Inderes)	**25,837**	**26,370**	**38.7**	**34.7**	**27.1**	**24.4**	**3.8**	**3.3**	**48.1**	**44.2**	**0.5**	**0.6**	**7.0**
Average			**24.3**	**20.3**	**18.6**	**16.1**	**2.8**	**2.5**	**31.5**	**25.7**	**1.3**	**1.5**	**9.6**
Median			**21.5**	**18.9**	**16.6**	**15.0**	**2.4**	**2.2**	**28.2**	**23.3**	**1.5**	**1.6**	**5.4**
Diff-% to median			***80%***	***84%***	***64%***	***63%***	***56%***	***46%***	***71%***	***90%***	***-64%***	***-64%***	***30%***

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	**51,609**	**14,185**	**15,170**	**13,546**	**20,850**	**63,751**	**15,792**	**19,786**	**15,871**	**24,976**	**76,425**	**88,956**	**102,130**	**117,038**
Aeronautics	13,664	4,047	3,726	3,322	5,594	16,689	4,525	4,424	4,438	6,601	19,988	22,786	25,748	28,838
Dynamics	10,943	2,622	3,312	3,056	5,615	14,605	3,143	5,714	3,411	7,019	19,287	22,797	26,900	31,742
Survelliance	17,897	4,989	5,406	5,115	6,504	22,014	5,274	6,544	5,517	7,415	24,750	28,679	32,694	37,271
Kockums	6,188	1,966	2,197	1,584	2,617	8,364	2,253	2,388	1,861	3,219	9,721	11,179	12,856	14,784
Combitech	2,627	1,049	1,082	877	1,298	4,306	1,182	1,340	1,025	1,532	5,079	5,739	6,485	7,328
Eliminations/corporate	290	-488	-553	-408	-778	-2,227	-585	-624	-381	-809	-2,399	-2,224	-2,553	-2,926
EBITDA	**6,558**	**1,819**	**1,961**	**1,888**	**2,734**	**8,402**	**2,140**	**2,831**	**2,173**	**3,478**	**10,622**	**11,875**	**13,582**	**15,562**
Depreciation	-2,286	-628	-630	-701	-781	-2,740	-686	-854	-799	-840	-3,179	-3,525	-3,684	-3,858
EBIT (excl. NRI)	**4,294**	**1,191**	**1,331**	**1,187**	**1,895**	**5,604**	**1,454**	**1,977**	**1,374**	**2,638**	**7,443**	**8,350**	**9,899**	**11,704**
EBIT	**4,272**	**1,191**	**1,331**	**1,187**	**1,953**	**5,662**	**1,454**	**1,977**	**1,374**	**2,638**	**7,443**	**8,350**	**9,899**	**11,704**
Net financial items	146	-182	-23	60	-228	-373	167	-12	-115	-31	10	-273	-232	-217
PTP	**4,418**	**1,009**	**1,308**	**1,247**	**1,725**	**5,289**	**1,621**	**1,965**	**1,259**	**2,607**	**7,452**	**8,078**	**9,667**	**11,487**
Taxes	-975	-225	-296	-275	-283	-1,079	-344	-429	-284	-480	-1,537	-1,696	-2,030	-2,412
Minority interest	-62	14	12	6	7	39	-9	-10	-18	-10	-47	0	0	0
Net earnings	**3,381**	**798**	**1,024**	**978**	**1,449**	**4,249**	**1,268**	**1,526**	**957**	**2,117**	**5,868**	**6,381**	**7,637**	**9,075**
EPS (adj.)	**6.40**	**1.48**	**1.90**	**1.81**	**2.58**	**7.76**	**2.34**	**2.82**	**1.77**	**3.91**	**10.85**	**11.80**	**14.12**	**16.78**
EPS (rep.)	**6.36**	**1.48**	**1.90**	**1.81**	**2.68**	**7.87**	**2.34**	**2.82**	**1.77**	**3.91**	**10.85**	**11.80**	**14.12**	**16.78**

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-%	22.9 %	23.5 %	21.6 %	17.5 %	29.3 %	23.5 %	11.3 %	30.4 %	17.2 %	19.8 %	19.9 %	16.4 %	14.8 %	14.6 %
Adjusted EBIT growth-%	31.2 %	29.7 %	29.1 %	36.1 %	28.7 %	30.5 %	22.1 %	48.5 %	15.8 %	39.2 %	32.8 %	12.2 %	18.5 %	18.2 %
EBITDA-%	12.7 %	12.8 %	12.9 %	13.9 %	13.1 %	13.2 %	13.6 %	14.3 %	13.7 %	13.9 %	13.9 %	13.3 %	13.3 %	13.3 %
Adjusted EBIT-%	8.3 %	8.4 %	8.8 %	8.8 %	9.1 %	8.8 %	9.2 %	10.0 %	8.7 %	10.6 %	9.7 %	9.4 %	9.7 %	10.0 %
Net earnings-%	6.6 %	5.6 %	6.8 %	7.2 %	6.9 %	6.7 %	8.0 %	7.7 %	6.0 %	8.5 %	7.7 %	7.2 %	7.5 %	7.8 %

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**27,762**	**34,421**	**39,297**	**40,872**	**42,288**
Goodwill	5,424	5,572	5,572	5,572	5,572
Intangible assets	7,517	7,426	7,299	7,665	8,000
Tangible assets	12,469	15,779	20,782	21,991	23,072
Associated companies	1,355	3,078	3,078	3,078	3,078
Other investments	0	1,610	1,610	1,610	1,610
Other non-current assets	515	435	435	435	435
Deferred tax assets	482	521	521	521	521
Current assets	**54,997**	**65,402**	**73,745**	**82,730**	**91,523**
Inventories	16,786	21,825	26,749	32,024	36,767
Other current assets	15,255	16,993	20,248	22,240	23,096
Receivables	9,487	14,843	18,342	21,349	24,511
Cash and equivalents	13,469	11,741	8,407	7,116	7,149
Balance sheet total	**82,759**	**99,823**	**113,042**	**123,602**	**133,811**

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**32,362**	**35,812**	**40,617**	**45,514**	**51,556**
Share capital	8,273	8,273	8,273	8,273	8,273
Retained earnings	22,164	27,035	31,823	36,737	42,779
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	1,598	195	195	195	195
Minorities	327	309	326	309	309
Non-current liabilities	**15,395**	**14,296**	**14,366**	**14,590**	**14,747**
Deferred tax liabilities	1,432	1,070	1,070	1,070	1,070
Provisions	2,888	2,238	2,238	2,238	2,238
Interest bearing debt	8,993	9,465	9,535	9,759	9,916
Convertibles	0	0	0	0	0
Other long term liabilities	2,082	1,523	1,523	1,523	1 523
Current liabilities	**35,002**	**49,715**	**58,060**	**63,498**	**67,509**
Interest bearing debt	1,050	919	2,413	3,139	3,578
Payables	14,095	17,915	19,870	23,129	24,511
Other current liabilities	19,857	30,881	35,776	37,230	39,420
Balance sheet total	**82,759**	**99,823**	**113,042**	**123,602**	**133,811**

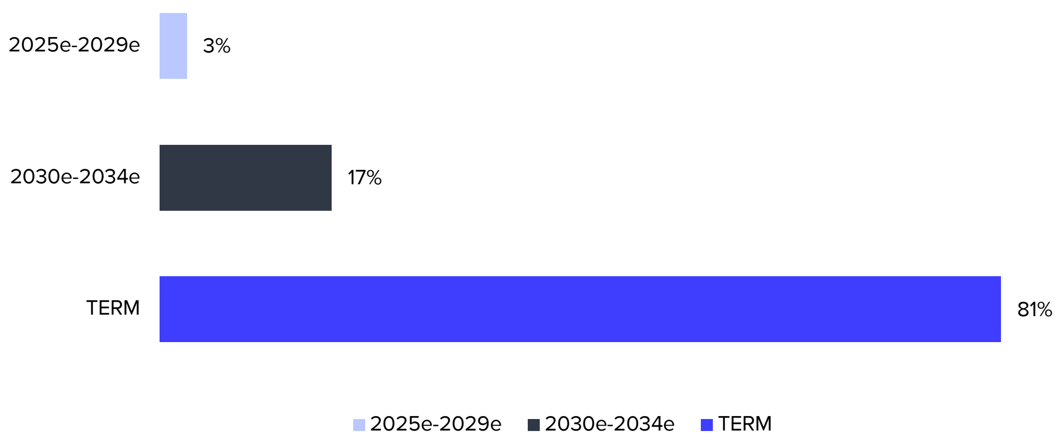
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	23.5 %	19.9 %	16.4 %	14.8 %	14.6 %	14.0 %	13.0 %	12.0 %	10.0 %	9.0 %	3.0 %	3.0 %
EBIT-%	8.9 %	9.7 %	9.4 %	9.7 %	10.0 %	9.8 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %	9.5 %
EBIT (operating profit)	**5,662**	**7,443**	**8,350**	**9,899**	**11,704**	**13,075**	**14,323**	**16,042**	**17,646**	**19,234**	**19,811**	
+ Depreciation	2,740	3,179	3,525	3,684	3,858	4,114	4,335	4,575	4,817	4,808	4,696	
- Paid taxes	-1,480	-1,537	-1,696	-2,030	-2,412	-2,716	-2,992	-3,369	-3,690	-3,997	-4,169	
- Tax, financial expenses	-191	-143	-163	-139	-154	-169	-170	-175	-183	-181	-156	
+ Tax, financial income	115	145	106	90	109	138	155	175	168	139	165	
- Change in working capital	2,711	-4,827	-5,563	-5,188	-4,525	-4,890	-5,062	-5,035	-5,564	-3,571	-2,156	
Operating cash flow	**9,557**	**4,259**	**4,559**	**6,316**	**8,580**	**9,554**	**10,588**	**12,213**	**13,194**	**16,432**	**18,191**	
+ Change in other long-term liabilities	-1,209	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-7,637	-8,055	-5,100	-5,100	-4,000	-4,000	-4,100	-4,100	-4,100	-4,100	-4,700	
Free operating cash flow	**711**	**-3,796**	**-541**	**1,216**	**4,580**	**5,554**	**6,488**	**8,113**	**9,094**	**12,332**	**13,491**	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	711	-3,796	-541	1,216	4,580	5,554	6,488	8,113	9,094	12,332	13,491	276,255
Discounted FCFF		**-3,743**	**-494**	**1,027**	**3,582**	**4,021**	**4,348**	**5,034**	**5,223**	**6,556**	**6,639**	**135,947**
Sum of FCFF present value		168,140	171,883	172,377	171,350	167,767	163,746	159,398	154,364	149,141	142,586	135,947
Enterprise value DCF		**168,140**										
- Interest bearing debt		-10,384										
+ Cash and cash equivalents		11,741										
-Minorities		-2,284										
-Dividend/capital return		-1,080										
Equity value DCF		**166,132**										
Equity value DCF per share		**307**										

WACC	
Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E)	4.0 %
Cost of debt	5.0 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**8.2 %**
Weighted average cost of capital (WACC)	**8.0 %**

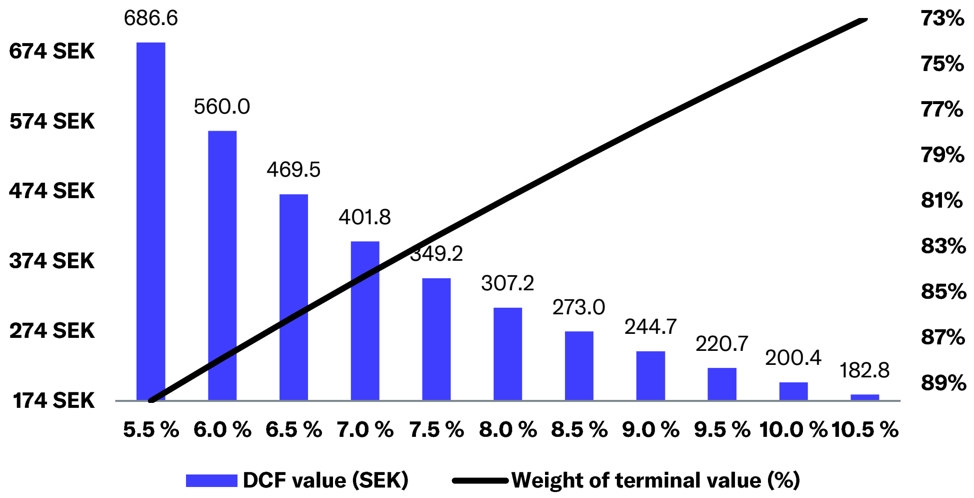
Source: Inderes

Cash flow distribution

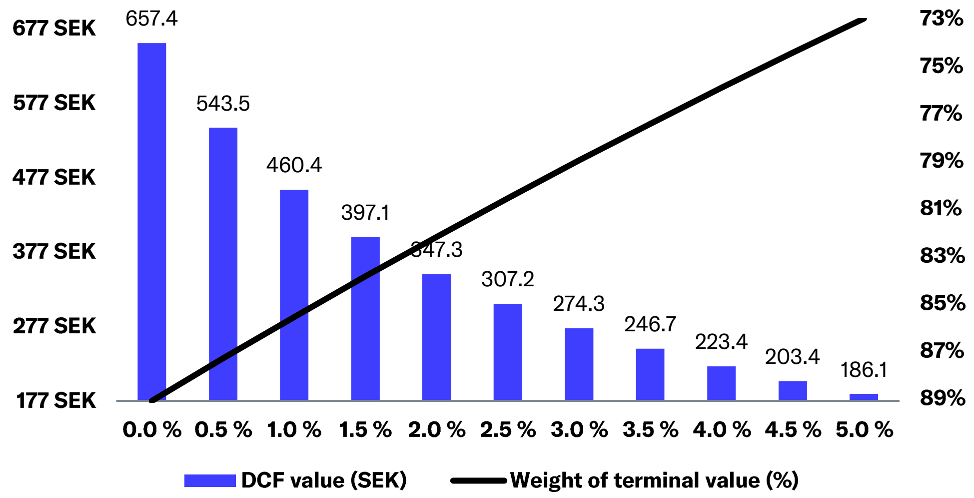


DCF sensitivity calculations and key assumptions in graphs

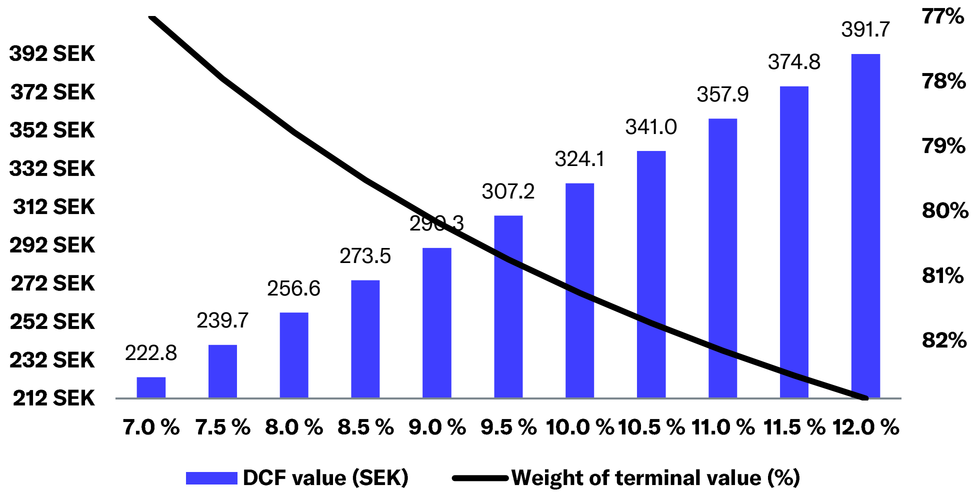
Sensitivity of DCF to changes in the WACC-%



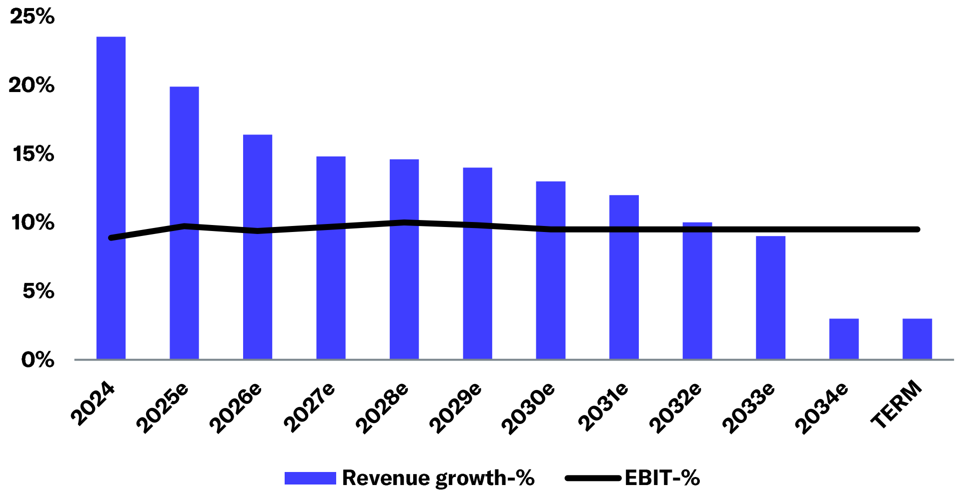
Sensitivity of DCF to changes in the risk-free rate



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
Revenue	42,006	51,609	63,751	**76,425**	**88,956**
EBITDA	54,01	6,558	8,402	**10,622**	**11,875**
EBIT	3,274	4,272	5,662	**7,443**	**8,350**
PTP	2,819	4,418	5,289	**7,452**	**8,078**
Net Income	2,195	3,381	4,249	**5,868**	**6,381**
Extraordinary items	0.0	-22	58	**0.0**	**0.0**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	72,365	82,759	99,823	**113,042**	**123,602**
Equity capital	29,876	32,362	35,812	**40,617**	**45,514**
Goodwill	5,384	5,424	5,572	**5,572**	**5,572**
Net debt	-2,869	-3,426	-1,357	**3,541**	**5,782**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	5,401	6,558	8,402	**10,622**	**11,875**
Change in working capital	-963	-331	2,711	**-4,827**	**-5,563**
Operating cash flow	4,720	5,497	9,557	**4,259**	**4,559**
CAPEX	-3,364	-4,213	-7,637	**-8,055**	**-5,100**
Free cash flow	-3,211	2,294	711	**-3,796**	**-541**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	1.2	1.5	2.0	**3.8**	**3.3**
EV/EBITDA	9.5	12.0	14.9	**27.1**	**24.4**
EV/EBIT (adj.)	15.6	18.3	22.4	**38.7**	**34.7**
P/E (adj.)	24.3	23.9	30.0	**48.1**	**44.2**
P/B	1.8	2.5	3.5	**7.0**	**6.2**
Dividend-%	1.3 %	1.0 %	0.9 %	**0.5 %**	**0.6 %**

Source: Inderes

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	4.15	6.36	7.87	**10.85**	**11.80**
EPS (adj.)	4.15	6.40	7.76	**10.85**	**11.80**
OCF / share	8.93	10.34	17.69	**7.88**	**8.43**
OFCF / share	-6.08	4.32	1.32	**-7.02**	**-1.00**
Book value / share	55.78	60.27	65.73	**74.51**	**83.60**
Dividend / share	1.33	1.60	2.00	**0.00**	**0.00**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	7%	23%	24%	**20%**	**16%**
EBITDA growth-%	12%	21%	28%	**26%**	**12%**
EBIT (adj.) growth-%	13%	31%	31%	**33%**	**12%**
EPS (adj.) growth-%	14%	54%	21%	**40%**	**9%**
EBITDA-%	12.9 %	12.7 %	13.2 %	**13.9 %**	**13.3 %**
EBIT (adj.)-%	7.8 %	8.3 %	8.8 %	**9.7 %**	**9.4 %**
EBIT-%	7.8 %	8.3 %	8.9 %	**9.7 %**	**9.4 %**
ROE-%	8.4 %	11.0 %	12.6 %	**15.5 %**	**14.9 %**
ROI-%	9.5 %	12.3 %	14.1 %	**16.5 %**	**16.0 %**
Equity ratio	41.3 %	39.1 %	35.9 %	**35.9 %**	**36.8 %**
Gearing	-9.6 %	-10.6 %	-3.8 %	**8.7 %**	**12.7 %**

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. Per-share figures are calculated using the number of shares at year-end.

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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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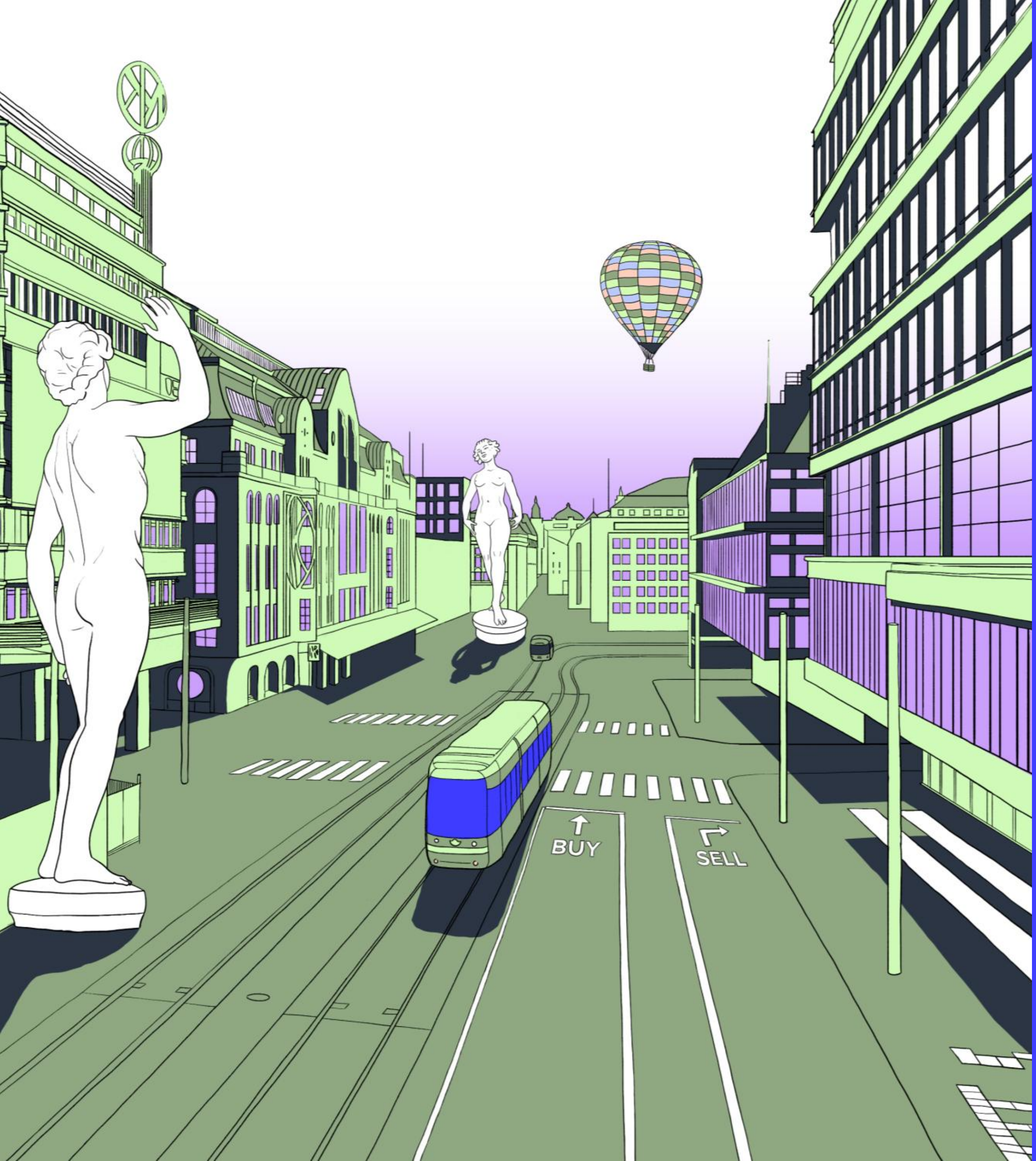
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2025-09-15	Sell	310	537
2025-10-27	Sell	310	522



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