WÄRTSILÄ

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COMPANY REPORT

Outlook for earnings growth remains good

The first months of the year were good in terms of earnings and the distribution of the order intake was also slightly better than expected. The company maintained a positive market outlook, which we believe somewhat alleviates concerns about uncertainties affecting market growth that have increased in recent months. The company has a strong position and high return on capital in a structurally growing end market, which we believe makes the current discounted valuation level attractive. We reiterate our Accumulate recommendation and EUR 18.5 target price.

Results show good start to year in line with expectations

Q1 was good and largely in line with expectations. Revenue was 8% below forecasts, mainly due to the timing of deliveries in Energy Storage, which is volatile on a quarterly basis and has low margins. The group's adjusted EBIT (171 MEUR) increased by 29% year-on-year and met the estimates. Cash flow from operating activities was at a good level of 190 MEUR, although lower compared to the strong level of the comparison period (258 MEUR). The company reiterated its message that net working capital remains at an exceptionally good level and that more capital will be tied up in the near future, which may weigh on cash flow relative to the earnings.

Order intake distribution slightly better than expected

Q1 order intake of 1902 MEUR (-1% y/y) was in line with consensus and 3% above our forecast. Service business orders grew at a steady pace of 5%, while new equipment orders were down 7% compared to the strong first quarter of last year. Order intake for Energy's Power Plant business grew by 16%, continuing the strong trend of the previous quarters and beating the consensus forecast by 13%. Portfolio Business also showed strong growth in order intake of 32%, exceeding consensus by 36%. Marine orders grew by 11%, which was almost in line with expectations. Energy Storage orders declined and fell short of expectations. Overall, we view the order mix as favorable relative to expectations, as we expect order growth, particularly in Energy's Power Plant business, to be more material to long-term earnings development than in Energy Storage. The order book stood at 8,533 MEUR at the end of Q1 (+17% y/y).

Outlook for next 12 months remains positive

Wärtsilä expects the demand environment in Marine and Energy over the next 12 months to be better than the comparison period (as also estimated at the end of the previous quarter). The outlook for new ship orders has weakened due to the uncertainty in world trade caused by the trade war, but demand for Wärtsilä's important ship segments, such as cruise ships and ferries, remains good. Power Plant orders continue to enjoy good momentum. Energy Storage is suffering from fears of tariffs in the US, which nevertheless accounts for a limited share of the total segment. Wärtsilä has protected its position in its customer and supply contracts so that any changes in tariffs do not result in unexpected additional costs for the company and the risks are borne by the customers. In addition, in line with its strategy, the company strives to grow the service revenue by deepening cooperation with customers, which will support the profitability outlook. We left our estimates largely unchanged.

Competitiveness and market growth outlook are compelling

The EV/EBIT of 9.7x in our 2025 forecasts is, in our view, a very moderate level for a company with a strong return on investment (ROI 2024: 24%) and long-term growth supported by, among other things, emission reductions. The valuation gap to the peer group has already widened to 42% (median EV/EBIT 2025e of peers: 16,6x). On the other hand, it is important to acknowledge that the indirect impacts of the trade war on Wärtsilä are still difficult to assess, which means that the earnings outlook for 2025-26 in particular is subject to a high degree of uncertainty. The complex structure of the group may also partly weigh on the valuation accepted by the market in relation to our DCF calculation (DCF: EUR 19.3 per share).

Recommendation
Accumulate
(was Accumulate)

Target price:
EUR 18.50
(was EUR 18.50)

Share price:
EUR 15.36

Business risk

●●○○○

Valuation risk

●●●○○

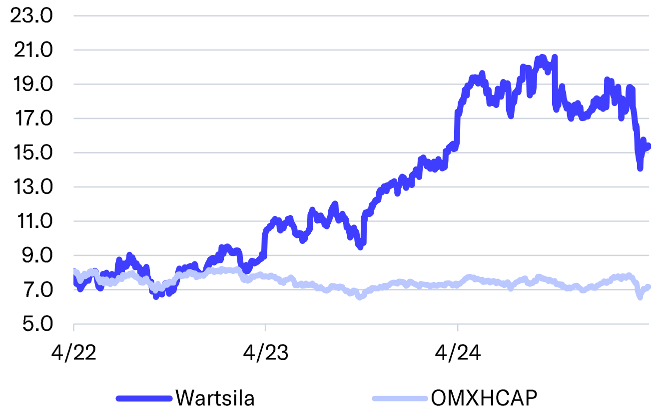
	2024	2025e	2026e	2027e
Revenue	6449	7574	7927	8287
growth-%	7%	17%	5%	5%
EBIT adj.	714	838	912	974
EBIT-% adj.	11.1 %	11.1 %	11.5 %	11.8 %
Net Income	504	582	640	689
EPS (adj.)	0.86	1.03	1.13	1.21
P/E (adj.)	20.0	15.0	13.6	12.7
P/B	4.0	3.2	2.8	2.5
Dividend yield-%	2.6 %	3.3 %	3.8 %	4.2 %
EV/EBIT (adj.)	13.0	9.7	8.5	7.6
EV/EBITDA	10.9	8.3	7.4	6.6
EV/S	1.4	1.1	1.0	0.9

Source: Inderes

Guidance (Unchanged)

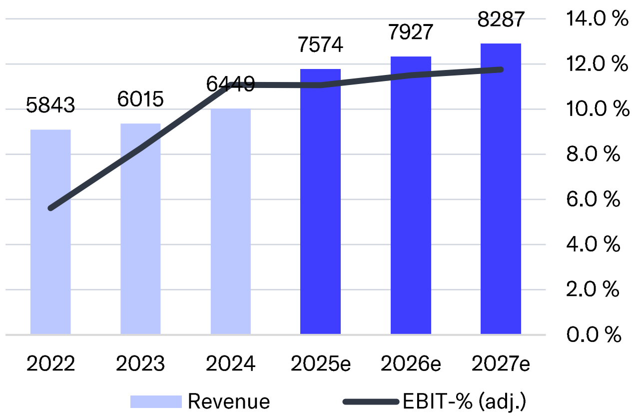
Wärtsilä expects the demand environment for both its marine (Wärtsilä Marine) and energy (Wärtsilä Energy) businesses to be better in the next 12 months (Q2/2025-Q1/2026) than in the comparison period.

Share price



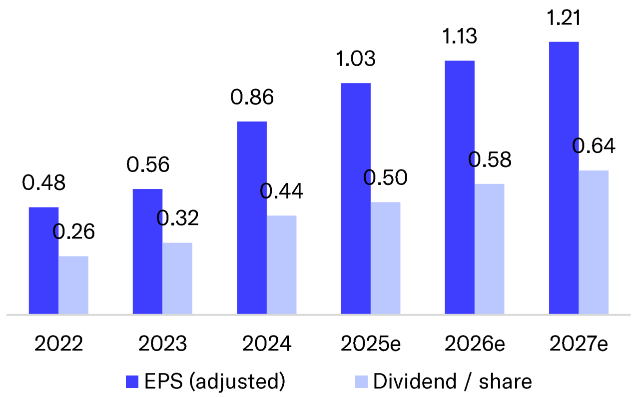
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



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
- Divestments of smaller business units

Risk factors

- Cyclicality 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	15.4	15.4	15.4
Number of shares, millions	586.4	586.4	586.4
Market cap	9008	9008	9008
EV	8101	7771	7444
P/E (adj.)	15.0	13.6	12.7
P/E	15.5	14.1	13.1
P/B	3.2	2.8	2.5
P/S	1.2	1.1	1.1
EV/Sales	1.1	1.0	0.9
EV/EBITDA	8.3	7.4	6.6
EV/EBIT (adj.)	9.7	8.5	7.6
Payout ratio (%)	50.4 %	53.1 %	54.5 %
Dividend yield-%	3.3 %	3.8 %	4.2 %

Source: Inderes

No big surprises in Q1

Q1 earnings developed strongly as expected

Q1 revenue was 1,560 MEUR, a strong increase of 18% compared to the weak comparison period. Revenue, however, missed forecasts by 8%, mainly due to the timing of low-margin Energy Storage deliveries. New equipment sales grew by 38%, while services grew at a more moderate rate of 6%. The growth in new equipment sales was concentrated in low-margin Energy Storage (although expectations were even higher), where revenue was exceptionally low in the comparison period. Equipment sales grew in all reporting areas and Marine's new equipment sales growth was also strong, up to 41%. Service revenue growth was more stable (4-6% in Marine and Energy). Strong growth drove adjusted EBIT to 171 MEUR (Q1’24: 132 MEUR), and the earnings were at the expected level. Marine, in particular, improved its result year-on-year, as expected. Portfolio Business improved its result more than expected, but the impact on the absolute group earnings was less significant.

Order intake development better than expected

Order intake in Q1 was 1,929 MEUR, down 2% from the comparison period, but in line with consensus expectations and 3% above our forecast. Orders for new equipment were stable in Marine, increased strongly in Energy's power plants and in the Portfolio Business, but declined significantly in Energy Storage. Energy Storage orders in the US are suffering from the threat of a trade war, as batteries in particular are typically sourced from China in the market. Service orders grew 3-4% in Energy and Marine and 16% in Portfolio Business. In Energy Storage, we do not think that the share of services is significant.

We believe that the higher-than-expected weighting of order growth in Energy's Power Plant business and Portfolio Business is positive for the earnings growth outlook, as these segments are more profitable than Energy Storage, where orders were below expectations.

Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus			Difference (%)
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low		High	Act. vs. inderes
Revenue	1321	1560	1696	1696	1549	-	1799	-8%
Orders	1924	1902	1854	1894	1736	-	2031	0%
EBIT (adj.)	132	171	170	173	158	-	189	1%
EBIT	127	165	165	171	158	-	187	0%
PTP	118	164	161	167	151	-	186	2%
EPS (reported)	0.14	0.21	0.20	0.21	0.18	-	0.24	7%
Revenue growth-%	-9.8 %	18.1 %	28.4 %	28.3 %	17.3 %	-	36.2 %	-10.3 pp
EBIT-% (adj.)	10.0 %	11.0 %	10.0 %	10.2 %	10.2 %	-	10.5 %	0.9 pp

Source: Inderes & Vara Research (consensus)

Wärtsilä Q1’25: Looking good in the fog — for now

Earnings growth outlook has remained good

Both order book and market environment support further growth

- Wärtsilä expects the demand environment in Marine and Energy over the next 12 months to be better than the comparison period (as also estimated at the end of the previous quarter).
- The order book at the end of Q1 was 8.5 BNEUR, which is 17% higher than a year ago.
- The outlook for new ship orders has weakened due to the uncertainty in world trade caused by the trade war, but demand for Wärtsilä's important ship segments, such as cruise ships and ferries, remains good.
- Energy's Power Plant orders continue to enjoy good momentum. This is supported, among other things, by investments in renewable energy, which increases the need for balancing power. In addition, new, larger data centers, for example, will increasingly require their own stable power generation, for which Wärtsilä engines are also suitable.
- Energy Storage is suffering from fears of tariffs in the US, which nevertheless accounts for a limited share of the total segment. Wärtsilä has protected its position in its customer and supply contracts so that any changes in tariffs do not result in unexpected additional costs for the company and the risks are borne by the customers.
- We made moderate adjustments to our profitability assumptions, for example, but in the big picture there are no significant changes to the earnings outlook.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	7520	7574	1%	7832	7927	1%	8226	8287	1%
EBITDA	984	980	0%	1071	1057	-1%	1130	1121	-1%
EBIT (exc. NRIs)	847	838	-1%	930	912	-2%	986	974	-1%
EBIT	827	818	-1%	910	892	-2%	966	954	-1%
PTP	811	803	-1%	903	886	-2%	965	954	-1%
EPS (excl. NRIs)	1.03	1.03	0%	1.14	1.13	-2%	1.22	1.21	-1%
DPS	0.50	0.50	0%	0.60	0.58	-3%	0.65	0.64	-2%

Source: Inderes

Wärtsilä, Webcast with teleconference, Q1'25

Lower valuation offsets uncertainty

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. 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 has fallen

The escalation of the trade war in March-April has weakened the growth outlook for the global economy, affecting also Wärtsilä's end markets, although it is still difficult to assess the impact. The immediate impact on the company has been limited, as the company reiterated its positive market outlook in connection with the Q1 report. The share price decline in recent months has lowered the earnings-based valuation level, although we have lowered our adj. EBIT forecasts by around 5%, which was largely done in our preliminary analysis published prior to the Q1 report. The stock's current earnings-based EV/EBIT valuation of 9.7x and 8.5x based on the 2025 and 2026 estimates is, in our view, attractive for Wärtsilä's investment profile. The company's peer group is valued at multiples of 16.6x and 14.9x (median). We consider the peer group multiples to be high, but even at our target price, the stock would be discounted by around 28% to peers. Using our fair value estimates of EV/EBIT multiples of 12-14x (2025e), the fair value of Wärtsilä's stock would be EUR 18.5-21.5, plus a dividend yield of 3%/year.

Attractive DCF potential

The fair value of Wärtsilä's share in our cash flow model is EUR 19.3, which is supported by the company's capital-light business model in addition to its strong profitability. The calculation assumes a long-term growth rate of 2.5%, a more moderate EBIT margin of 10% than today and a WACC of 8.0%. We raised the WACC in the calculation to 8.0% (previously 7.6%) due to the increased risk level of global economic trends. Wärtsilä's cash flow profile is now slightly less back-loaded in the model, with the terminal period accounting for 59% of the value instead of 61%. The calculation is naturally sensitive to changes in the applied WACC.

Valuation may be hampered by complex structure

The core of Wärtsilä's business, as we see it, is in Marine and Energy, which are built around the engine business. In addition to these, the group includes the low-margin and less predictable Energy Storage and 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.

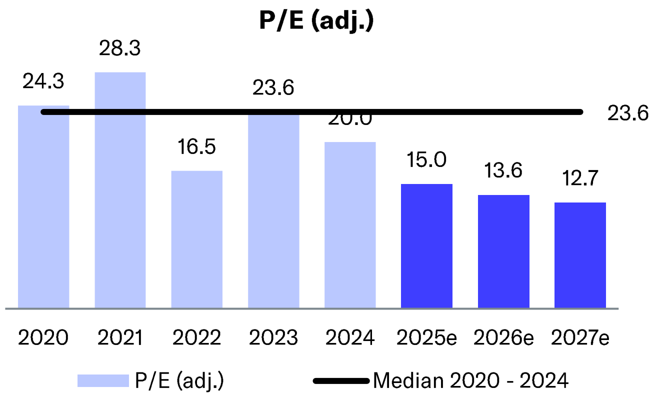
Valuation	2025e	2026e	2027e
Share price	15.4	15.4	15.4
Number of shares, millions	586.4	586.4	586.4
Market cap	9008	9008	9008
EV	8101	7771	7444
P/E (adj.)	15.0	13.6	12.7
P/E	15.5	14.1	13.1
P/B	3.2	2.8	2.5
P/S	1.2	1.1	1.1
EV/Sales	1.1	1.0	0.9
EV/EBITDA	8.3	7.4	6.6
EV/EBIT (adj.)	9.7	8.5	7.6
Payout ratio (%)	50.4 %	53.1 %	54.5 %
Dividend yield-%	3.3 %	3.8 %	4.2 %

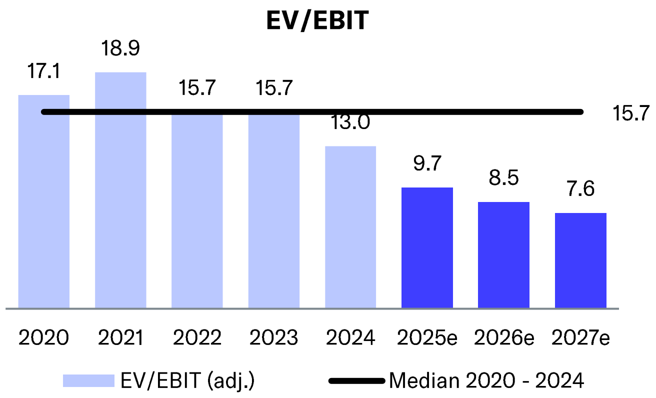
Source: Inderes

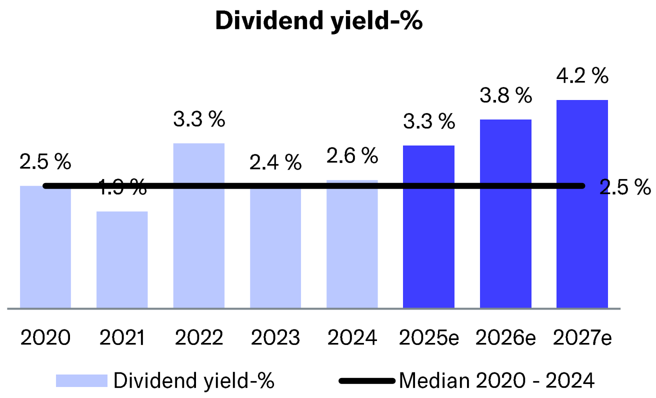
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	8.15	12.4	7.87	13.1	17.1	**15.4**	**15.4**	**15.4**	**15.4**
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	**9008**	**9008**	**9008**	**9008**
EV	5255	7326	5158	7804	9270	**8101**	**7771**	**7444**	**7137**
P/E (adj.)	24.3	28.3	16.5	23.6	20.0	**15.0**	**13.6**	**12.7**	**12.4**
P/E	36.0	37.8	neg.	30.0	19.9	**15.5**	**14.1**	**13.1**	**12.4**
P/B	2.2	3.2	2.2	3.5	4.0	**3.2**	**2.8**	**2.5**	**2.3**
P/S	1.0	1.5	0.8	1.3	1.6	**1.2**	**1.1**	**1.1**	**1.0**
EV/Sales	1.1	1.5	0.9	1.3	1.4	**1.1**	**1.0**	**0.9**	**0.8**
EV/EBITDA	12.1	14.4	15.3	13.1	10.9	**8.3**	**7.4**	**6.6**	**6.2**
EV/EBIT (adj.)	17.1	18.9	15.7	15.7	13.0	**9.7**	**8.5**	**7.6**	**7.1**
Payout ratio (%)	88.3 %	73.4 %	neg.	73.1 %	51.2 %	**50.4 %**	**53.1 %**	**54.5 %**	**55.7 %**
Dividend yield-%	2.5 %	1.9 %	3.3 %	2.4 %	2.6 %	**3.3 %**	**3.8 %**	**4.2 %**	**4.5 %**

Source: Inderes







The market value and enterprise value in the table take into account the projected 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	7772	8923	11.6	10.3	9.4	8.7	1.8	1.7	14.0	12.5	4.1	4.4	2.8
Kone Oyj	26840	25861	18.5	16.8	15.3	13.9	2.3	2.2	24.3	22.2	3.7	4.0	8.7
Konecranes Abp	4611	4785	9.0	8.4	7.4	7.0	1.1	1.1	12.1	11.2	3.0	3.3	2.2
Siemens Energy AG	54401	49696	31.5	14.8	15.9	10.3	1.3	1.2	68.1	26.3		1.4	5.4
Abb Ltd	85304	87086	16.6	15.3	14.5	13.4	2.9	2.7	21.3	19.5	2.0	2.1	6.1
Alfa Laval AB	15100	15643	14.1	13.4	11.9	11.3	2.4	2.3	18.5	17.3	2.3	2.5	3.5
Alstom SA	9567	9607	11.9	8.3	6.5	5.4	0.5	0.5	13.6	11.3		1.7	0.9
Caterpillar Inc	128828	156556	15.4	14.4	13.0	12.4	2.9	2.7	15.9	14.3	1.9	2.0	7.2
GE Vernova	89408	83429	49.5	27.0	30.0	20.6	2.6	2.4	57.3	34.5	0.3	0.4	9.6
Rolls-Royce Holdings PLC	74936	74248	22.1	19.2	17.1	15.3	3.3	3.0	31.0	26.3	1.0	1.3	
Woodward Inc	9496	10040	22.5	19.3	18.0	15.6	3.4	3.1	29.4	24.9	0.6	0.7	4.8
Wartsila (Inderes)	**9008**	**8101**	**9.7**	**8.5**	**8.3**	**7.4**	**1.1**	**1.0**	**15.0**	**13.6**	**3.3**	**3.8**	**3.2**
Average			**20.2**	**15.2**	**14.5**	**12.2**	**2.2**	**2.1**	**27.8**	**20.0**	**2.1**	**2.2**	**5.1**
Median			**16.6**	**14.8**	**14.5**	**12.4**	**2.4**	**2.3**	**21.3**	**19.5**	**2.0**	**2.0**	**5.1**
Diff-% to median			***-42%***	***-42%***	***-43%***	***-41%***	***-56%***	***-58%***	***-30%***	***-30%***	***65%***	***88%***	***-38%***

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**6015**	**1322**	**1555**	**1718**	**1854**	**6449**	**1560**	**1796**	**1973**	**2246**	**7574**	**7927**	**8287**	**8634**
Marine	2800	708	759	739	847	3053	827	875	845	928	3475	3778	3935	4081
Energy	1684	390	404	543	560	1897	415	459	608	636	2118	2211	2299	2382
Energy Storage	927	62	213	261	257	793	128	245	271	388	1032	981	1104	1214
Portfolio Business	604	162	179	175	190	706	190	217	249	294	950	958	950	956
EBITDA	**595**	**162**	**205**	**230**	**250**	**847**	**207**	**242**	**249**	**283**	**980**	**1057**	**1121**	**1152**
Depreciation	-193	-35	-37	-38	-21	-131	-41	-40	-40	-40	-162	-165	-167	-151
EBIT (excl. NRI)	**497**	**132**	**176**	**177**	**229**	**714**	**170**	**206**	**213**	**248**	**838**	**912**	**974**	**1001**
EBIT	**402**	**127**	**168**	**192**	**229**	**716**	**165**	**201**	**208**	**243**	**818**	**892**	**954**	**1001**
Marine	276	77	96	91	100	364	95	117	97	120	429	480	509	528
Energy	206	49	49	83	85	266	59	58	87	99	303	328	350	370
Energy Storage	3	1	15	2	15	33	-1	15	5	20	39	37	47	55
Portfolio Business	-83	0	8	16	28	52	12	11	20	5	47	46	47	48
Net financial items	-37	-9	-7	-2	-10	-28	-2	-4	-4	-4	-14	-6	0	5
PTP	**365**	**118**	**161**	**190**	**219**	**688**	**163**	**197**	**204**	**239**	**803**	**886**	**954**	**1006**
Taxes	-95	-32	-44	-46	-58	-180	-41	-52	-54	-63	-211	-235	-253	-267
Minority interest	-12	-1	-1	-1	-1	-4	-1	-3	-3	-3	-10	-11	-12	-12
Net earnings	**258**	**85**	**116**	**142**	**160**	**504**	**121**	**142**	**147**	**172**	**582**	**640**	**689**	**727**
EPS (adj.)	**0.56**	**0.15**	**0.21**	**0.22**	**0.27**	**0.86**	**0.21**	**0.25**	**0.26**	**0.30**	**1.03**	**1.13**	**1.21**	**1.24**
EPS (rep.)	**0.44**	**0.14**	**0.20**	**0.24**	**0.27**	**0.86**	**0.21**	**0.24**	**0.25**	**0.29**	**0.99**	**1.09**	**1.17**	**1.24**

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	2.9 %	-9.8 %	6.9 %	18.3 %	12.8 %	7.2 %	18.0 %	15.5 %	14.8 %	21.1 %	17.4 %	4.7 %	4.5 %	4.2 %
Adjusted EBIT growth-%	51.5 %	49.1 %	63.3 %	43.1 %	29.4 %	43.7 %	29.2 %	17.2 %	20.4 %	8.2 %	17.3 %	8.9 %	6.8 %	2.8 %
EBITDA-%	9.9 %	12.3 %	13.2 %	13.4 %	13.5 %	13.1 %	13.3 %	13.5 %	12.6 %	12.6 %	12.9 %	13.3 %	13.5 %	13.3 %
Adjusted EBIT-%	8.3 %	10.0 %	11.3 %	10.3 %	12.3 %	11.1 %	10.9 %	11.5 %	10.8 %	11.0 %	11.1 %	11.5 %	11.8 %	11.6 %
Net earnings-%	4.3 %	6.4 %	7.5 %	8.3 %	8.6 %	7.8 %	7.7 %	7.9 %	7.5 %	7.7 %	7.7 %	8.1 %	8.3 %	8.4 %

Source: Inderes

The full-year EPS was calculated using the number of shares at the end of the year.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**2553**	**2580**	**2588**	**2597**	**2609**
Goodwill	1273	1299	1299	1299	1299
Intangible assets	402	446	459	469	479
Tangible assets	562	557	552	551	553
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**	**5953**	**6238**	**6532**
Inventories	1485	1483	1818	1903	1989
Other current assets	5	187	0	0	0
Receivables	1943	1890	2310	2426	2546
Cash and equivalents	817	1554	1825	1910	1997
Balance sheet total	**6803**	**7694**	**8541**	**8836**	**9141**

Source: Inderes

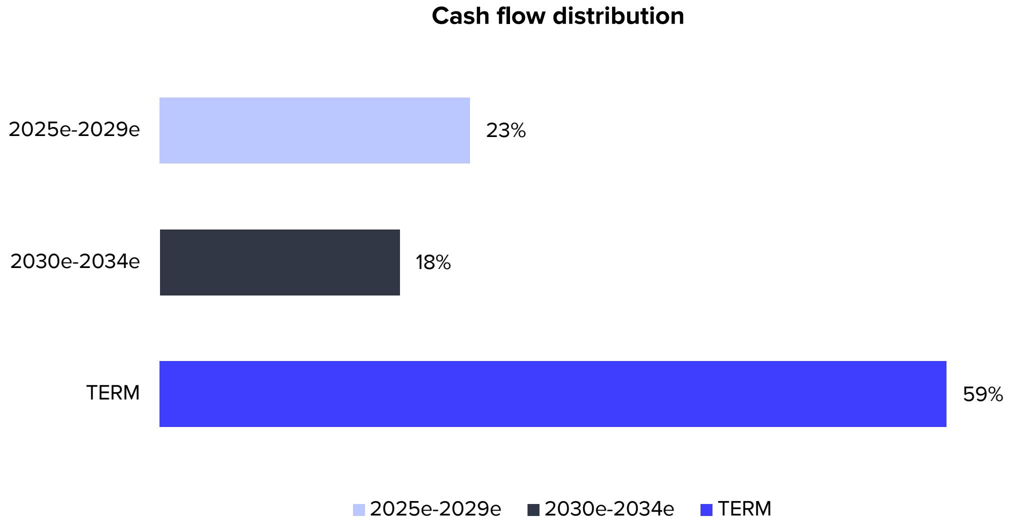
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**2233**	**2532**	**2856**	**3203**	**3552**
Share capital	336	336	336	336	336
Retained earnings	1989	2337	2661	3008	3357
Hybrid bonds	0	0	0	0	0
Revaluation reserve	61	61	61	61	61
Other equity	-161	-208	-208	-208	-208
Minorities	8	6	6	6	6
Non-current liabilities	**1405**	**1319**	**1415**	**1221**	**1030**
Deferred tax liabilities	69.0	141	141	141	141
Provisions	372	433	433	433	433
Interest bearing debt	739	624	720	526	335
Convertibles	0	0	0	0	0
Other long term liabilities	225	121	121	121	121
Current liabilities	**3165**	**3843**	**4270**	**4412**	**4558**
Interest bearing debt	120	142	180	131	83
Payables	3045	3556	4090	4281	4475
Other current liabilities	0	145	0	0	0
Balance sheet total	**6803**	**7694**	**8541**	**8836**	**9141**

DCF-calculation

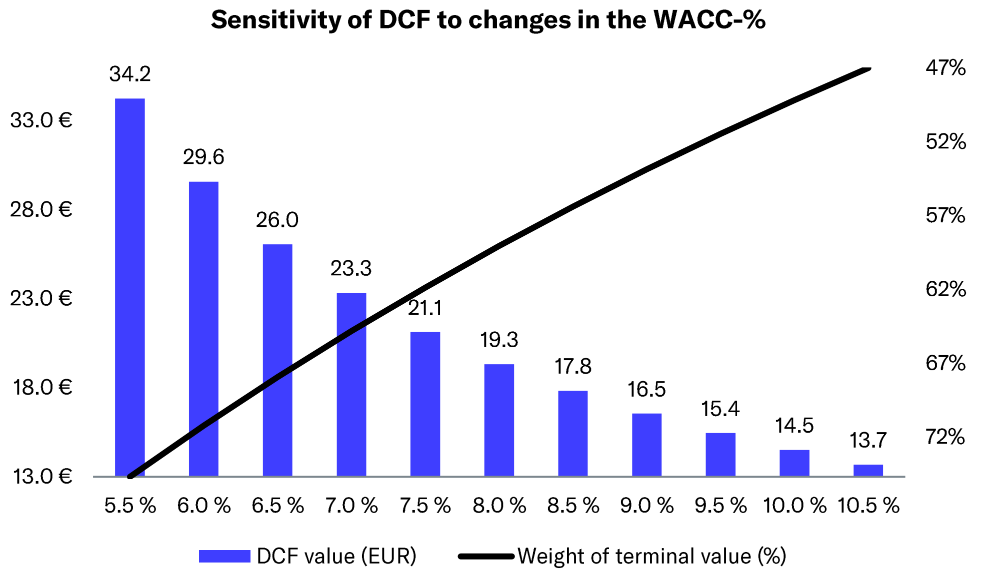
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	7.2 %	17.4 %	4.7 %	4.5 %	4.2 %	3.4 %	2.6 %	2.6 %	2.8 %	2.8 %	2.5 %	2.5 %
EBIT-%	11.1 %	10.8 %	11.3 %	11.5 %	11.6 %	11.3 %	11.1 %	10.8 %	10.5 %	10.0 %	10.0 %	10.0 %
EBIT (operating profit)	**716**	**818**	**892**	**954**	**1001**	**1012**	**1016**	**1018**	**1014**	**993**	**1018**	
+ Depreciation	131	162	165	167	151	154	158	163	167	172	177	
- Paid taxes	-71	-211	-235	-253	-267	-273	-275	-276	-277	-273	-281	
- Tax, financial expenses	-10	-8	-7	-5	-4	-1	0	0	0	-1	-1	
+ Tax, financial income	2	4	5	5	5	6	6	7	8	10	12	
- Change in working capital	529	-179	-10	-12	-13	-13	-13	-14	-15	-15	-4	
Operating cash flow	**1298**	**587**	**811**	**857**	**873**	**885**	**892**	**897**	**898**	**886**	**921**	
+ Change in other long-term liabilities	-43	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-187	-170	-174	-179	-184	-188	-193	-198	-203	-209	-196	
Free operating cash flow	**1068**	**417**	**636**	**678**	**690**	**697**	**698**	**699**	**694**	**677**	**725**	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	1068	417	636	678	690	697	698	699	694	677	725	13440
Discounted FCFF		**395**	**559**	**551**	**519**	**486**	**450**	**417**	**384**	**347**	**343**	**6364**
Sum of FCFF present value		10815	10420	9861	9310	8791	8305	7855	7438	7054	6708	6364
Enterprise value DCF		**10815**										
- Interest bearing debt		-766										
+ Cash and cash equivalents		1554										
-Minorities		-19										
-Dividend/capital return		-258										
Equity value DCF		**11329**										
Equity value DCF per share		**19.3**										

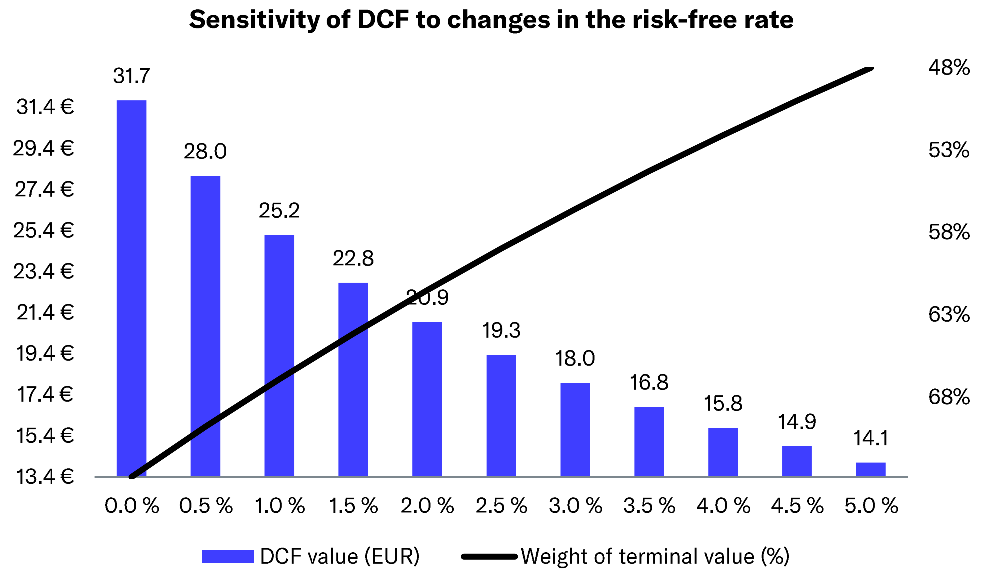
WACC	
Tax-% (WACC)	26.0 %
Target debt ratio (D/(D+E)	10.0 %
Cost of debt	3.0 %
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**8.7 %**
Weighted average cost of capital (WACC)	**8.0 %**

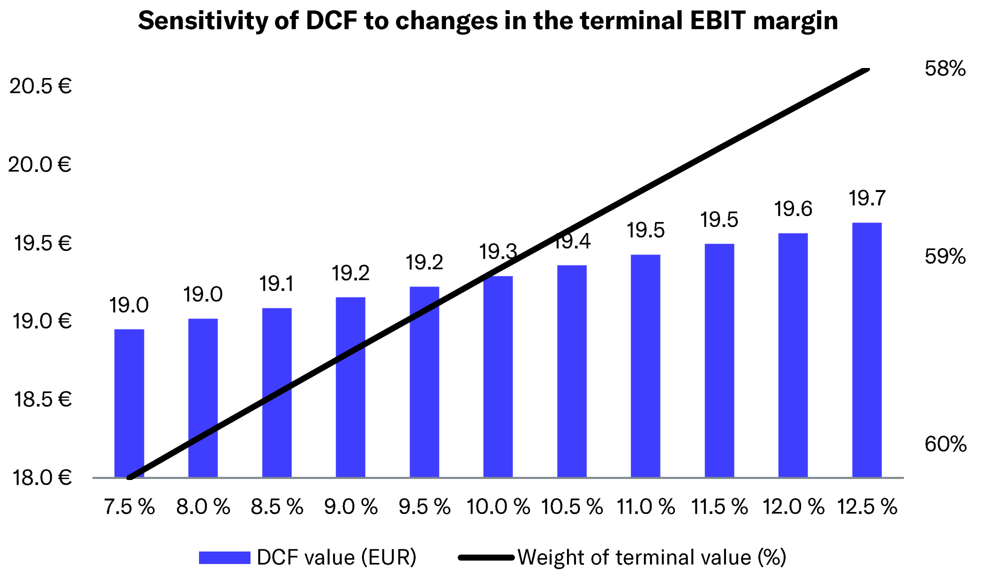
Source: Inderes

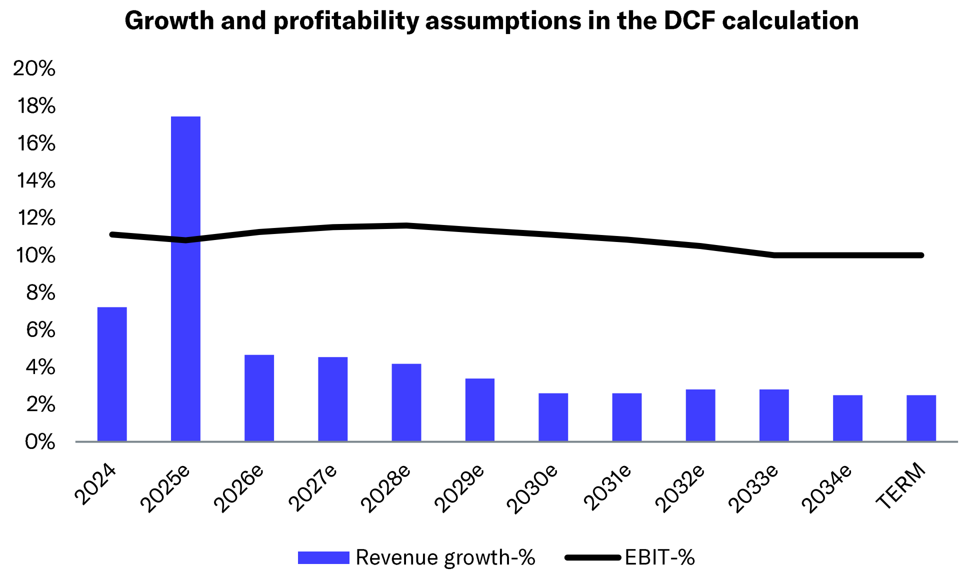


DCF sensitivity calculations and key assumptions in graphs









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
Revenue	5843.0	6015.0	6449.0	**7574.2**	**7927.2**
EBITDA	240.0	595.0	846.8	**980.2**	**1056.8**
EBIT	-23.0	402.0	716.1	**817.8**	**892.1**
PTP	-30.0	365.0	688.1	**803.4**	**885.8**
Net Income	-63.0	258.0	503.8	**582.3**	**640.1**
Extraordinary items	-351.0	-95.0	2.0	**-20.0**	**-20.0**

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	-0.11	0.44	0.86	**0.99**	**1.09**
EPS (adj.)	0.48	0.56	0.86	**1.03**	**1.13**
OCF / share	-0.30	1.33	2.21	**1.00**	**1.38**
OFCF / share	-0.60	1.12	1.82	**0.71**	**1.08**
Book value / share	3.62	3.78	4.31	**4.86**	**5.45**
Dividend / share	0.26	0.32	0.44	**0.50**	**0.58**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	6608.0	6803.0	7694.0	**8540.6**	**8835.8**
Equity capital	2148.0	2233.0	2532.0	**2856.3**	**3203.2**
Goodwill	1288.0	1273.0	1299.0	**1299.0**	**1299.0**
Net debt	488.0	42.0	-788.0	**-925.9**	**-1253.3**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	22%	3%	7%	**17%**	**5%**
EBITDA growth-%	-50%	148%	42%	**16%**	**8%**
EBIT (adj.) growth-%	-15%	52%	44%	**17%**	**9%**
EPS (adj.) growth-%	9%	17%	54%	**20%**	**10%**
EBITDA-%	4.1 %	9.9 %	13.1 %	**12.9 %**	**13.3 %**
EBIT (adj.)-%	5.6 %	8.3 %	11.1 %	**11.1 %**	**11.5 %**
EBIT-%	-0.4 %	6.7 %	11.1 %	**10.8 %**	**11.3 %**
ROE-%	-2.8 %	11.8 %	21.2 %	**21.7 %**	**21.2 %**
ROI-%	0.2 %	13.2 %	22.7 %	**23.7 %**	**23.9 %**
Equity ratio	35.8 %	36.2 %	36.1 %	**36.9 %**	**40.0 %**
Gearing	22.7 %	1.9 %	-31.1 %	**-32.4 %**	**-39.1 %**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	240.0	595.0	846.8	**980.2**	**1056.8**
Change in working capital	-357.0	304.0	529.0	**-178.9**	**-9.7**
Operating cash flow	-175.8	783.4	1297.5	**586.5**	**810.7**
CAPEX	-251.0	-168.0	-186.7	**-170.0**	**-174.4**
Free cash flow	-354.8	662.4	1067.9	**416.5**	**636.3**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	0.9	1.3	1.4	**1.1**	**1.0**
EV/EBITDA	15.3	13.1	10.9	**8.3**	**7.4**
EV/EBIT (adj.)	15.7	15.7	13.0	**9.7**	**8.5**
P/E (adj.)	16.5	23.6	20.0	**15.0**	**13.6**
P/B	2.2	3.5	4.0	**3.2**	**2.8**
Dividend-%	3.3 %	2.4 %	2.6 %	**3.3 %**	**3.8 %**

Source: Inderes

The market value and enterprise value in the table take into account the projected change in the number of shares and net debt for the forecast years. Key figures per share have been calculated using the number of shares at the end of the year.

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
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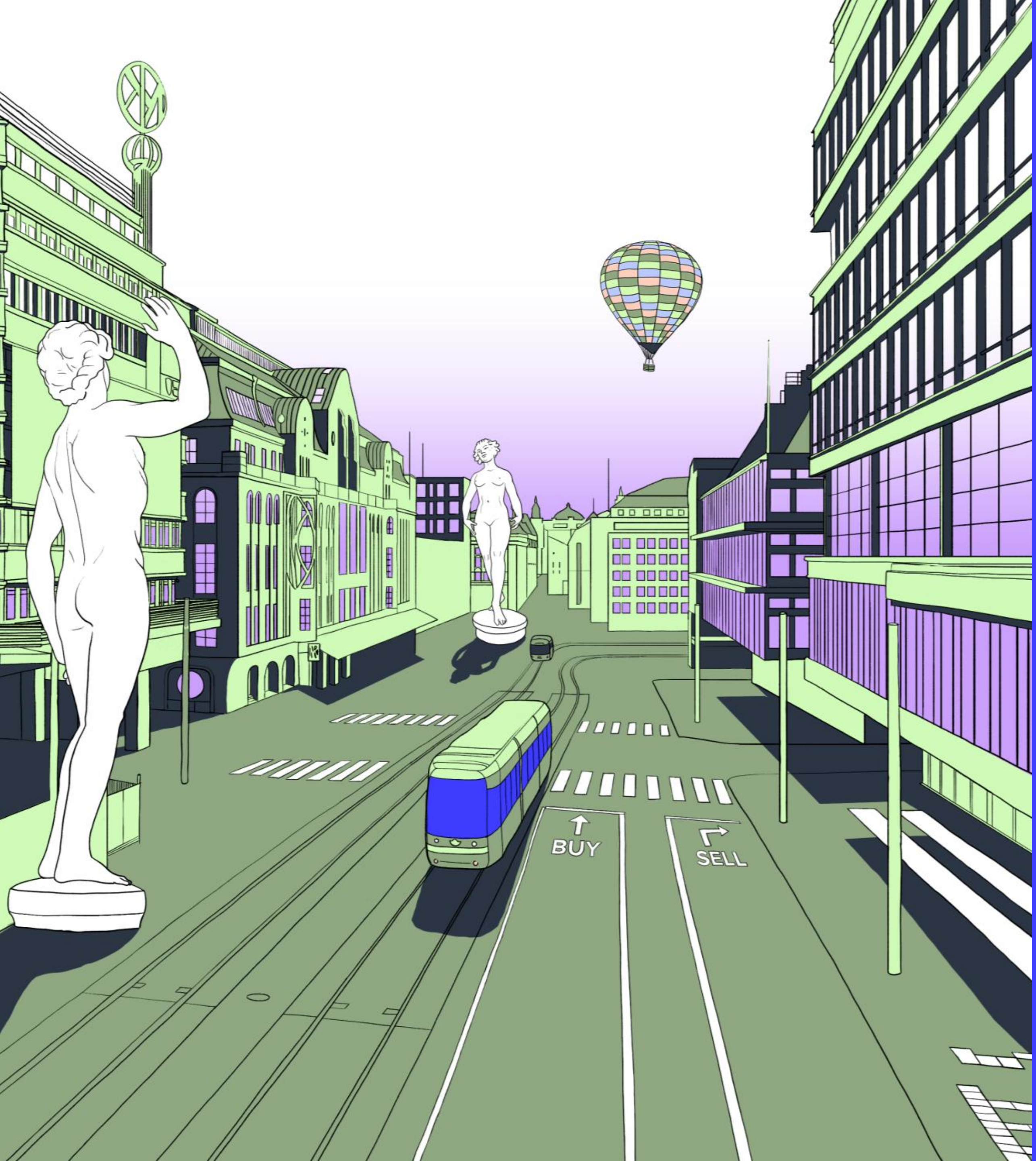
Recommendation history (>12 mo)

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 €
4/28/2025	Accumulate	18.50 €	15.36 €



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