

Wärtsilä

Company report

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May the power be with you

Wärtsilä's Q2 figures were either above or in line with the consensus. A strong Q2 report, positive market comments and the increasing impact of price increases have led us to make moderate estimate hikes for 2023-2024. The valuation of the share is still attractive. We reiterate our Accumulate recommendation and EUR 9.50 target price as our EPS related estimate changes were minor.

Q2 figures in line with or above expectations

Wärtsilä's order intake in Q2 (+25 % y-o-y) exceeded both our (+13 % y-o-y) and the consensus estimate (+11 % y-o-y). In business operations, the biggest positive surprise was again Energy that was supported by the strong order growth in electricity storage solutions. In addition to equipment, the Group's service orders also grew nicely supported by the nearly 90% y-o-y growth in service orders in the cruise segment. The Group's net sales grew clearly faster than expected. Energy (+52 % y-o-y) once again exceeded expectations while the combined net sales of the Marine segments were in line with estimates. The Group's equipment net sales increased faster than service net sales, which weakened the sales mix from 2021. Despite higher-than-expected net sales, the adjusted EBIT margin (6.1%) was below our estimate but reached consensus (6.0%). The main factors that burdened profitability were the unfavorable sales mix, the increase in component and logistics costs, and the under-utilization of capacity in Marine Power.

Good base to raise estimates

Wärtsilä's market comments were slightly brighter than we expected: The demand environment is expected to be better in Q3'22 than in Q3'21. The outlook comments concerning different customer segments were also mostly positive. In Energy, Wärtsilä sees the market for both balancing power and especially electricity storage solutions as growing. Among Marine business customers, Wärtsilä noted that the LNG carrier market had clearly picked up as many European countries are trying to break away from Russian pipeline gas. In the cruise market, capacity utilization is already 90%. Wärtsilä also indicated improving margin development in the future. Since the beginning of the year, the company has significantly raised prices in new supply contracts. Due to the long lead time of the order backlog, price increases will not be reflected properly in margins until 2023. The strong Q2 report, positive market comments and increased visibility of implemented price increases have led us to raise our net sales estimates for 2022-2024 by 4-5%. In terms of margins we have roughly maintained our previous estimates to be cautious, but the upward trend of the adjusted EBIT margin is clear (2022e: 6.7%; 2023e: 8.5% and 2024e: 9.4%).

Valuation is still interesting

The total expected return of Wärtsilä's share is 9% y-o-y with 2023 multiples, which is slightly above the 8% COE requirement. Thus the share's risk-adjusted expected return is attractive. The P/E and EV/EBIT ratios for 2023 are 3-18% below the median of the peers and clearly below the share's own historical ratios. Multiple-based pricing is low as whole. Our DCF model indicates a 41% upside potential for the share, which is considerable. However, in the current market situation, the parameters of the DCF model are subject to increased uncertainty and therefore the suitability of the model is limited.

Recommendation

Accumulate

(previous Accumulate)

EUR 9.50

(previous EUR 9.50)

Share price:

8.58



Key figures

	2021	2022e	2023e	2024e
Revenue	4778	5588	5921	6180
growth-%	4%	17%	6%	4%
EBIT adj.	357	375	504	585
EBIT-% adj.	7.5 %	6.7 %	8.5 %	9.5 %
Net Income	193	62	338	409
EPS (adj.)	0.40	0.48	0.57	0.69

P/E (adj.)	31.0	17.8	15.0	12.4
P/B	3.2	2.3	2.2	2.1
Dividend yield-%	1.9 %	3.9 %	5.1 %	6.4 %
EV/EBIT (adj.)	22.5	15.6	11.4	9.7
EV/EBITDA	16.9	15.1	9.0	7.8
EV/S	1.7	1.0	1.0	0.9

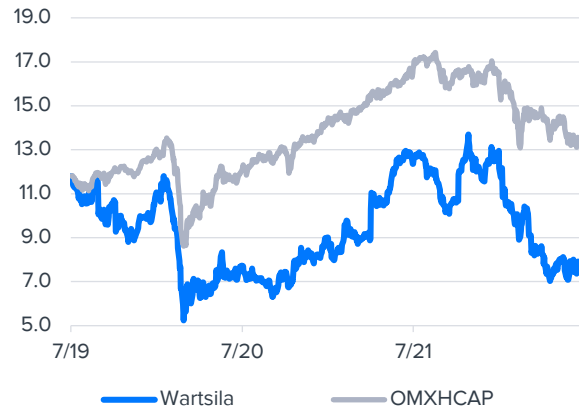
Source: Inderes

Guidance

(New guidance)

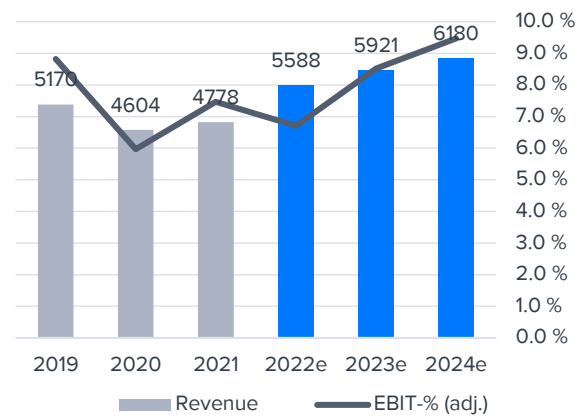
Wärtsilä expects the demand environment in the third quarter to be better than that of the corresponding period in the previous year. However, the prevailing market conditions make the outlook uncertain.

Share price



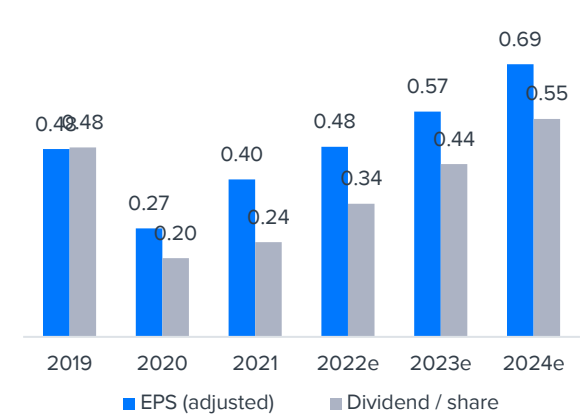
Source: Millstream Market Data AB

Net sales and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Strong position in selected segments
- Growing role of special-purpose vessels and automation in marine operations
- Extensive installed equipment portfolio and significant share of service business
- Proven good and predictable performance over the cycle



Risk factors

- Cyclicity of shipbuilding
- Uncertainty about the winning renewable energy production forms
- Energy's deliveries focusing on storage solutions depress margins

Valuation	2022e	2023e	2024e
Share price	8.58	8.58	8.58
Number of shares, millions	591.7	591.7	591.7
Market cap	5079	5079	5079
EV	5833	5764	5685
P/E (adj.)	17.8	15.0	12.4
P/E	82.1	15.0	12.4
P/FCF	52.3	18.4	14.7
P/B	2.3	2.2	2.1
P/S	0.9	0.9	0.8
EV/Sales	1.0	1.0	0.9
EV/EBITDA	15.1	9.0	7.8
EV/EBIT (adj.)	15.6	11.4	9.7
Payout ratio (%)	322.2 %	76.8 %	80.0 %
Dividend yield-%	3.9 %	5.1 %	6.4 %

Source: Inderes

Q2 figures in line with or above expectations

Decent Q2 figures

Wärtsilä's Q2 figures were either above (orders and net sales) or in line with consensus (adjusted EBIT margin). As in Q1, margins were still depressed by a further weakened sales mix and a strong rise in costs.

Rapid order growth on a broad front

Wärtsilä's Q2 order intake (1,440 MEUR; +25% y-o-y) exceeded both our (+13% y-o-y) and the consensus estimate(+11% y-o-y). In business operations, the biggest positive surprise was again Energy (+51% y-o-y vs. consensus +13% y-o-y) supported by the strong order growth in electricity storage solutions of 91% y-o-y. However, the growth was largely based on the rapid increase in the prices of storage solutions. In addition to equipment, the Group's service orders also grew nicely (+36% y-o-y) supported, e.g., by the nearly 90% y-o-y growth in service orders in the cruise segment. The order backlog (5,936 MEUR) still

grew by 13% y-o-y and corresponds to approximately 12 months of net sales, even though the Russian order backlog of EUR 240 million was removed in Q2.

Sales mix weakened slightly

The Group's net sales grew clearly faster than expected. Energy (+52 % y-o-y) once again exceeded expectations while the combined net sales of the Marine segments were in line with estimates. The Group's equipment net sales (+31% y-o-y) still increased faster than service net sales (+18% y-o-y), which weakened the sales mix from 2021. Services now accounted for 49% (Q2'21: 52%).

Margin burdens were largely unchanged

Despite higher-than-expected net sales, the adjusted EBIT margin (6.1%) was below our estimate but reached consensus (6.0%). The main factors that

burdened profitability were the unfavorable sales mix (equipment vs. services), the increase in component and logistics costs, and the under-utilization of capacity in Marine Power. Divestment and restructuring costs affecting comparability were at a normal level (-10 MEUR).

Cash remained tied up in working capital

The Group's operating cash flow was clearly weaker than normal (-91 MEUR vs. +248 MEUR in Q2'21), due to the increase in working capital in preparation for future deliveries. However, numerous related milestone payments are expected to in Q3, which will rectify the situation.

Estimates	Q2'21	Q2'22	Q2'22e	Q2'22e	Consensus		Difference (%)	2022e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	1132	1407	1318	1286	1226	- 1382	7%	5375
EBIT (adj.)	71	85	87	77	62	- 95	-1%	379
EBIT	58	75	87	75	53	- 94	-13%	167
PTP	53	72	83	73	53	- 89	-13%	157
EPS (adj.)	0.08	0.10	0.09	0.09	0.07	- 0.11	17%	0.44
EPS (reported)	0.06	0.09	0.09	0.09	0.06	- 0.11	1%	0.08
Revenue growth-%	-7.2 %	24.3 %	16.4 %	13.6 %	8.3 %	- 22.0 %	7.9 pp	16.9 %
EBIT-% (adj.)	6.2 %	6.1 %	6.6 %	6.0 %	5.1 %	- 6.9 %	-0.5 pp	7.1 %

Source: Inderes & Vara Research (consensus)

Good base to raise estimates

Preconditions for moderate estimate hikes

A strong Q2 report, positive market comments and the increasing impact of price increases have led us to make moderate estimate hikes for 2023-2024.

Many bright spots on the market

Wärtsilä's market comments were slightly brighter than we expected: The demand environment is expected to be better in Q3'22 than in Q3'21.

The outlook comments concerning different customer segments were mostly positive. In Energy, Wärtsilä sees the market for both balancing power and especially electricity storage solutions as growing. In the latter, Wärtsilä sees that after a short break, customers have adapted to the higher cost level and are progressing with their projects. Among Marine business customers, Wärtsilä noted that the

LNG carrier market had clearly picked up as many European countries are trying to break away from Russian pipeline gas. In the cruise market, the capacity utilization rate had already risen to 90% at the end of June (Q1'22: 70%) and shipping companies are very optimistic about their short-term outlook.

Conditions for rising margins begin to accumulate

Wärtsilä indicated improving margin development in the future. Since the beginning of the year, the company has significantly raised prices in new supply contracts, but the company was unwilling to indicate the size of the price increases. Due to the long lead time of Wärtsilä's order backlog, price increases will not be reflected properly in margins until 2023. At the same time, the company sees signs of the inflation peak being reached. In services, Wärtsilä sees

increased customer interest in comprehensive maintenance agreements instead of mere wear and spare part maintenance. This development also supports margins.

Net sales estimates up, margins unchanged

The strong Q2 report, positive market comments and increased visibility of implemented price increases in net sales (and profitability) led us to raise our net sales estimates for 2022-2024 by 4-5%. In terms of margins we have roughly maintained our previous estimates to be cautious. However, the upward trend of the adjusted EBIT margin is clear (2022e: 6.7%; 2023e: 8.5% and 2024e: 9.4%).

The clear increase in the estimated adjusted EPS for 2022 shown in the table is due to the downward revision in the expected group tax rate.

Estimate revisions	2022e	2022e	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	5375	5588	4%	5705	5921	4%	5887	6180	5%
EBIT (exc. NRIs)	379	375	-1%	500	504	1%	570	585	3%
EBIT	167	152	-9%	500	504	1%	570	585	3%
PTP	157	144	-8%	490	497	1%	560	577	3%
EPS (excl. NRIs)	0.44	0.48	10%	0.56	0.57	1%	0.67	0.69	3%
DPS	0.31	0.34	10%	0.43	0.44	1%	0.54	0.55	3%

Source: Inderes

Valuation is still interesting

Positive overall picture and Accumulate recommendation remain

However, our confidence in positive long-term drivers of Wärtsilä's business remains unchanged. While there is uncertainty about the equipment demand of certain segments in the Marine businesses, Energy's outlook remains positive both in terms of balancing power and storage, and the same applies to the Group's service business as a whole. Wärtsilä has the expertise and track record of a very diverse power supply offering, and we consider the company a likely winner of the ongoing energy transition. We believe that the rising margin trend indicated by the company will be a positive share price driver in future quarters.

The valuation of the share remains attractive. We reiterate our Accumulate recommendation and EUR 9.50 target price as our EPS related estimate changes were minor.

Risk-adjusted expected return is still attractive

The total expected return of Wärtsilä's share (upside in the share price determined by earnings growth and change in valuation multiple plus dividend yield) is 9% y-o-y with 2023 multiples, which slightly exceeds the 8% COE requirement. Thus, the share's risk-adjusted expected return is attractive.

Peer group pricing reflects a clear upside

The 2023 P/E and EV/EBIT ratios (15x and 11x) of the share are 3-18% below the median of the peers and well below the share's own historical ratios. Multiple-based pricing is low as whole.

DCF potential is extensive

Our DCF model indicates a 41% upside potential for the share, which is considerable. In the current market situation, the parameters of the DCF model are subject to increased uncertainty and therefore the suitability of the model is limited.

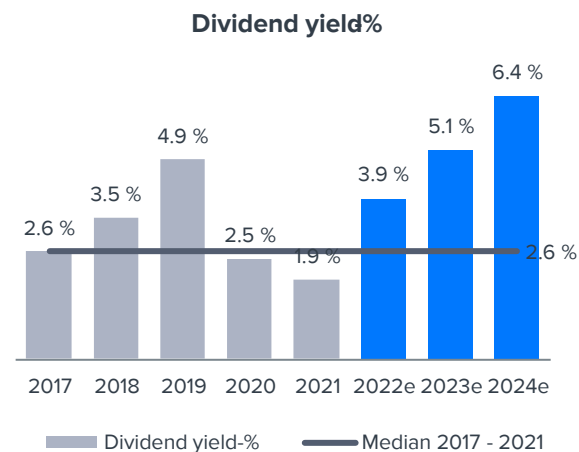
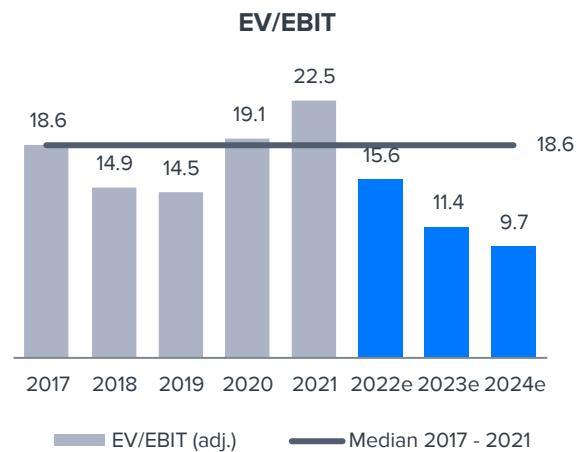
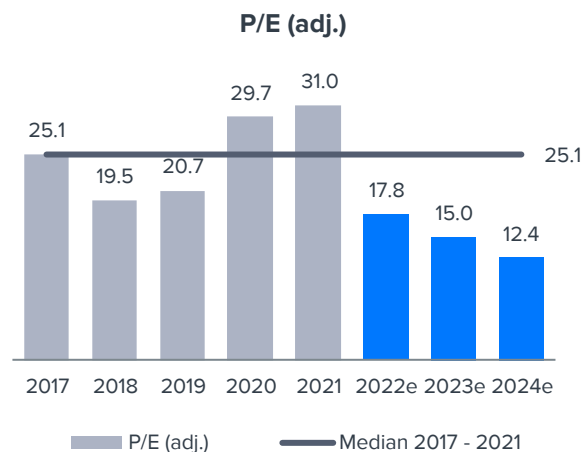
Valuation	2022e	2023e	2024e
Share price	8.58	8.58	8.58
Number of shares, millions	591.7	591.7	591.7
Market cap	5079	5079	5079
EV	5833	5764	5685
P/E (adj.)	17.8	15.0	12.4
P/E	82.1	15.0	12.4
P/FCF	52.3	18.4	14.7
P/B	2.3	2.2	2.1
P/S	0.9	0.9	0.8
EV/Sales	1.0	1.0	0.9
EV/EBITDA	15.1	9.0	7.8
EV/EBIT (adj.)	15.6	11.4	9.7
Payout ratio (%)	322.2 %	76.8 %	80.0 %
Dividend yield-%	3.9 %	5.1 %	6.4 %

Source: Inderes

Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	17.5	13.9	9.85	8.15	12.4	8.58	8.58	8.58	8.58
Number of shares, millions	591.7	591.7	591.7	591.7	591.7	591.7	591.7	591.7	591.7
Market cap	10375	8225	5828	4823	7314	5079	5079	5079	5079
EV	10721	8608	6601	5255	8022	5833	5764	5685	5594
P/E (adj.)	25.1	19.5	20.7	29.7	31.0	17.8	15.0	12.4	11.1
P/E	27.7	21.3	27.0	36.0	37.9	82.1	15.0	12.4	11.1
P/FCF	38.3	32.8	neg.	6.9	neg.	52.3	18.4	14.7	11.9
P/B	4.4	3.4	2.4	2.2	3.2	2.3	2.2	2.1	2.0
P/S	2.1	1.6	1.1	1.0	1.5	0.9	0.9	0.8	0.8
EV/Sales	2.2	1.7	1.3	1.1	1.7	1.0	1.0	0.9	0.9
EV/EBITDA	15.5	12.8	12.2	12.9	16.9	15.1	9.0	7.8	7.2
EV/EBIT (adj.)	18.6	14.9	14.5	19.1	22.5	15.6	11.4	9.7	8.8
Payout ratio (%)	72.6 %	73.5 %	131.5 %	88.3 %	73.6 %	322.2 %	76.8 %	80.0 %	90.0 %
Dividend yield-%	2.6 %	3.5 %	4.9 %	2.5 %	1.9 %	3.9 %	5.1 %	6.4 %	8.1 %

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	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
Metso Outotec Corp	6010	6415	10.7	9.1	8.6	7.5	1.3	1.2	13.4	11.8	3.9	4.5	2.4
Kone Oyj	24088	22534	18.9	16.8	15.6	14.1	2.0	2.0	25.2	22.4	4.1	4.2	7.8
Konecranes Abp	1977	2527	9.0	7.7	6.4	5.7	0.7	0.7	10.0	8.8	5.1	5.5	1.4
Siemens Energy AG	10885	8482	66.4	8.7	5.8	3.6	0.3	0.3	36.0	15.5	1.4	2.1	0.7
Abb Ltd	54162	57198	14.6	12.8	12.1	10.8	2.0	1.9	18.7	16.5	3.2	3.4	3.7
Alfa Laval AB	11468	12372	17.7	15.1	13.8	12.1	2.7	2.4	22.0	18.7	2.2	2.5	3.5
Alstom SA	8687	10588	19.5	15.2	9.6	8.7	0.7	0.6	22.6	13.9	1.4	1.7	0.9
Caterpillar Inc	93993	124432	15.8	14.0	12.7	11.3	2.2	2.1	14.4	12.9	2.6	2.8	5.6
General Electric Co	73168	84123	13.9	9.7	9.6	7.4	1.1	1.1	24.5	14.6	0.5	0.5	1.8
Rolls-Royce Holdings PLC	9046	15084	26.0	15.8	9.3	7.6	1.1	1.0	48.5	20.9		0.6	
Woodward Inc	5709	6219	22.0	16.9	15.1	12.6	2.6	2.4	29.6	21.6	0.8	0.9	2.2
Wartsila (Inderes)	5079	5833	15.6	11.4	15.1	9.0	1.0	1.0	17.8	15.0	3.9	5.1	2.3
Average			21.3	12.9	10.8	9.2	1.5	1.4	24.1	16.1	2.5	2.6	3.0
Median			17.7	14.0	9.6	8.7	1.3	1.2	22.6	15.5	2.4	2.5	2.3
Diff-% to median			-12%	-18%	57%	4%	-19%	-19%	-21%	-3%	66%	107%	2%

Source: Refinitiv / Inderes. NB: The market cap Inderes uses does not consider own shares held by the company.

Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue	4604	4778	1231	1408	1322	1627	5588	5921	6180	6432
Marine Power	1748	1863	455	503	450	561	1969	2091	2191	2291
Marine Systems	808	654	163	185	192	268	808	777	804	824
Voyage	248	279	60	58	67	105	291	310	334	361
Energy	1620	1861	535	633	578	631	2377	2615	2731	2841
Portfolio Business	181	121	18	28	34	62	142	127	120	114
EBITDA	408	476	-25	109	133	169	386	642	724	774
Depreciation	-174	-162	-122	-34	-39	-39	-234	-138	-139	-142
EBIT (excl. NRI)	275	357	65	86	94	130	375	504	585	632
EBIT	234	314	-147	75	94	130	152	504	585	632
Marine Power	134	180	-35	47	37	50	100	233	269	279
Marine Systems	81	47	5	11	14	22	52	72	79	85
Voyage	-42	-39	-134	-24	3	7	-149	8	15	22
Energy	91	134	20	41	40	47	148	190	220	244
Portfolio Business	-29	-9	-3	0	0	4	2	2	3	3
Net financial items	-43	-18	0	-2	-2	-2	-7	-8	-8	-8
PTP	191	296	-147	73	91	127	144	497	577	624
Taxes	-58	-103	5	-21	-26	-37	-79	-156	-166	-162
Minority interest	1	0	-1	-1	0	-1	-3	-3	-3	-3
Net earnings	134	193	-143	51	65	89	62	338	409	459
EPS (adj.)	0.27	0.40	0.12	0.10	0.11	0.15	0.48	0.57	0.69	0.78
EPS (rep.)	0.23	0.33	-0.24	0.09	0.11	0.15	0.10	0.57	0.69	0.78

Key figures	2020	2021	Q1'22	Q2'22	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	-10.9 %	3.8 %	30.1 %	24.4 %	19.8 %	1.9 %	16.9 %	6.0 %	4.4 %	4.1 %
Adjusted EBIT growth-%	-39.7 %	29.8 %	57.2 %	21.7 %	7.8 %	-17.8 %	5.0 %	34.6 %	16.1 %	8.0 %
EBITDA-%	8.9 %	10.0 %	-2.0 %	7.7 %	10.0 %	10.4 %	6.9 %	10.8 %	11.7 %	12.0 %
Adjusted EBIT-%	6.0 %	7.5 %	5.3 %	6.1 %	7.1 %	8.0 %	6.7 %	8.5 %	9.5 %	9.8 %
Net earnings-%	2.9 %	4.0 %	-11.6 %	3.6 %	4.9 %	5.5 %	1.1 %	5.7 %	6.6 %	7.1 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	2427	2539	2452	2458	2480
Goodwill	1325	1374	1299	1299	1299
Intangible assets	391	401	363	365	367
Tangible assets	444	504	530	534	554
Associated companies	23	27	27	27	27
Other investments	19	18	18	18	18
Other non-current assets	42	48	48	48	48
Deferred tax assets	183	167	167	167	167
Current assets	3805	3984	3923	4156	4338
Inventories	1192	1185	1296	1374	1434
Other current assets	99	2	0	0	0
Receivables	1595	1833	2123	2250	2348
Cash and equivalents	919	964	503	533	556
Balance sheet total	6232	6523	6375	6615	6819

Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	2187	2259	2179	2317	2466
Share capital	336	336	336	336	336
Retained earnings	2030	2105	2025	2163	2312
Hybrid bonds	0	0	0	0	0
Revaluation reserve	61	61	61	61	61
Other equity	-251	-251	-251	-251	-251
Minorities	11	8	8	8	8
Non-current liabilities	1720	1936	1602	1571	1528
Deferred tax liabilities	76.0	66.0	66.0	66.0	66.0
Provisions	324	324	324	324	324
Long term debt	1129	1325	991	960	917
Convertibles	0	0	0	0	0
Other long term liabilities	191	221	221	221	221
Current liabilities	2325	2328	2594	2726	2824
Short term debt	198	321	247	240	229
Payables	2059	2007	2347	2487	2596
Other current liabilities	68	0	0	0	0
Balance sheet total	6232	6523	6375	6615	6819

DCF calculation

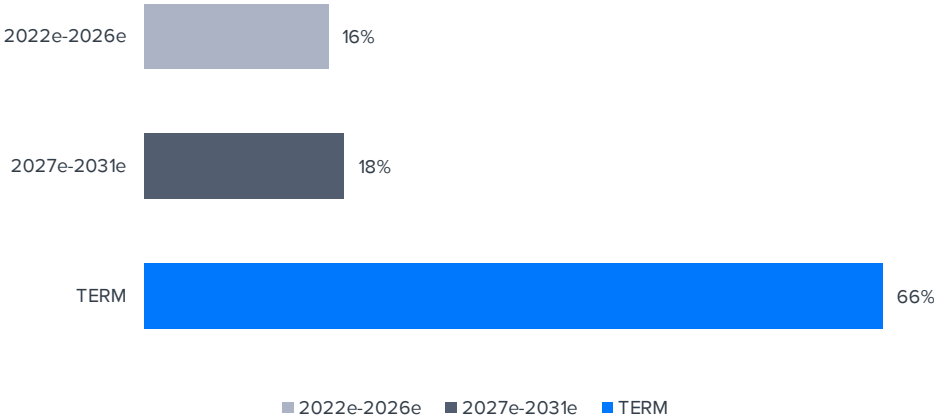
DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
EBIT (operating profit)	314	152	504	585	632	701	734	723	709	707	703	
+ Depreciation	162	234	138	139	142	141	142	142	141	140	144	
- Paid taxes	-97	-79	-156	-166	-162	-180	-189	-185	-181	-180	-179	
- Tax, financial expenses	-8	-4	-3	-3	-3	-3	-4	-4	-5	-5	-6	
+ Tax, financial income	2	1	1	1	1	1	1	1	2	2	2	
- Change in working capital	-254	-60	-64	-50	-48	-48	-46	-45	-44	-42	-40	
Operating cash flow	118	244	420	506	562	613	638	631	622	621	624	
+ Change in other long-term liabilities	30	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-286	-147	-144	-161	-136	-144	-141	-138	-134	-164	-169	
Free operating cash flow	-138	97	276	346	426	469	497	493	488	458	455	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-138	97	276	346	426	469	497	493	488	458	455	10268
Discounted FCFF		94	249	291	334	343	339	314	289	253	234	5287
Sum of FCFF present value		8027	7933	7684	7393	7059	6716	6377	6063	5774	5522	5287
Enterprise value DCF		8027										
- Interesting bearing debt		-1647										
+ Cash and cash equivalents		964										
-Minorities		-19										
-Dividend/capital return		-142										
Equity value DCF		7184										
Equity value DCF per share		12.1										

Wacc

Tax-% (WACC)	26.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	3.0 %
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.0 %
Cost of equity	8.2 %
Weighted average cost of capital (WACC)	7.3 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	5170.0	4604.0	4778.0	5587.7	5920.7	EPS (reported)	0.37	0.23	0.33	0.10	0.57
EBITDA	541.0	408.0	476.0	385.7	642.4	EPS (adj.)	0.48	0.27	0.40	0.48	0.57
EBIT	361.0	234.0	314.0	151.7	504.2	OCF / share	0.26	1.30	0.20	0.41	0.71
PTP	314.0	191.0	296.0	144.2	496.6	FCF / share	-0.26	1.18	-0.23	0.16	0.47
Net Income	216.0	134.0	193.0	61.9	337.7	Book value / share	4.05	3.68	3.80	3.67	3.90
Extraordinary items	-95.0	-41.0	-43.0	-223.0	0.0	Dividend / share	0.48	0.20	0.24	0.34	0.44
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	6398.0	6232.0	6523.0	6374.6	6614.6	Revenue growth-%	0%	-11%	4%	17%	6%
Equity capital	2409.0	2187.0	2258.7	2178.5	2316.8	EBITDA growth-%	-20%	-25%	17%	-19%	67%
Goodwill	1380.0	1325.0	1374.0	1299.0	1299.0	EBIT (adj.) growth-%	-21%	-40%	30%	5%	35%
Net debt	738.0	408.0	682.6	735.3	667.2	EPS (adj.) growth-%	-33%	-42%	45%	21%	19%
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	10.5 %	8.9 %	10.0 %	6.9 %	10.8 %
EBITDA	541.0	408.0	476.0	385.7	642.4	EBIT (adj.)-%	8.8 %	6.0 %	7.5 %	6.7 %	8.5 %
Change in working capital	-235.0	469.0	-254.2	-59.6	-63.9	EBIT-%	7.0 %	5.1 %	6.6 %	2.7 %	8.5 %
Operating cash flow	152.5	770.9	118.5	244.0	420.2	ROE-%	9.0 %	5.9 %	8.7 %	2.8 %	15.1 %
CAPEX	-329.0	-73.0	-286.0	-147.0	-144.4	ROI-%	11.2 %	6.7 %	8.4 %	4.2 %	14.6 %
Free cash flow	-155.5	695.9	-137.5	97.0	275.8	Equity ratio	41.4 %	37.8 %	37.5 %	37.6 %	38.6 %
						Gearing	30.6 %	18.7 %	30.2 %	33.8 %	28.8 %
Valuation multiples	2019	2020	2021	2022e	2023e						
EV/S	1.3	1.1	1.7	1.0	1.0						
EV/EBITDA (adj.)	12.2	12.9	16.9	15.1	9.0						
EV/EBIT (adj.)	14.5	19.1	22.5	15.6	11.4						
P/E (adj.)	20.7	29.7	31.0	17.8	15.0						
P/E	2.4	2.2	3.2	2.3	2.2						
Dividend-%	4.9 %	2.5 %	1.9 %	3.9 %	5.1 %						

Source: Inderes

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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 price	Share price
31-01-19	Accumulate	15.50 €	14.82 €
23-04-19	Reduce	15.00 €	15.52 €
29-04-19	Reduce	14.50 €	14.41 €
19-07-19	Reduce	11.50 €	10.93 €
19-09-19	Reduce	10.50 €	10.06 €
28-10-19	Reduce	9.00 €	9.27 €
27-11-19	Accumulate	10.00 €	9.08 €
20-01-20	Accumulate	12.00 €	10.83 €
31-01-20	Accumulate	12.50 €	11.45 €
26-03-20	Accumulate	7.50 €	6.78 €
22-04-20	Accumulate	7.00 €	6.36 €
20-07-20	Accumulate	8.00 €	7.51 €
26-10-20	Accumulate	8.00 €	7.44 €
21-01-21	Reduce	9.40 €	9.01 €
29-01-21	Reduce	8.70 €	8.11 €
23-04-21	Reduce	10.00 €	10.31 €
21-07-21	Reduce	12.00 €	12.35 €
27-10-21	Accumulate	12.60 €	11.88 €
19-11-21	Accumulate	14.00 €	13.16 €
31-01-22	Accumulate	13.00 €	10.84 €
30-03-22	Accumulate	11.50 €	9.11 €
21-04-22	Accumulate	10.60 €	8.41 €
29-04-22	Accumulate	9.50 €	7.75 €
22-07-22	Accumulate	9.50 €	8.58 €



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