

Wärtsilä

Company report

7/23/2023



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This report is a summary translation of the report “Hyvillä matkaeväillä eteenpäin” published on 07/23/2023 at 7:59 pm.

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Well-equipped to move forward

Wärtsilä's Q2 order intake and net sales figures landed on both sides of estimates. Profitability was a significant positive surprise. The market outlook remained flat, as expected, but the company has several positive profitability drivers for the near term. Changes to our estimates are moderate. Positive earnings drivers and the still reasonable valuation of the stock justify reiterating our Accumulate recommendation. We raise the target price to EUR 12.50 (was EUR 11.00).

Good profitability despite one-off items

Wärtsilä's Q2 order intake (+17% y/y) clearly exceeded both our and consensus expectations. Orders exceeded expectations in all businesses. The group's net sales growth was service-driven (+16% y/y), while equipment sales declined (-9% y/y). The share of services in the group's net sales was higher than usual at 56%. In relation to the lower-than-expected net sales, Wärtsilä's profitability was excellent. Profitability was burdened by the following temporary factors: 1) Marine Systems' EUR -19 million cost provision for a Gas Solutions project with poor quality and cost management; 2) Deliveries from an old, low-margin order book. These should be practically resolved by the end of Q3; 3) The sub-optimal capacity utilization due to the further restructuring of the factory network and the Trieste shutdown; and 4) the EUR -45 million write-down of goodwill and other assets in Portfolio Business, which weighed on reported results. A positive surprise came from the energy storage business, where the rolling 12-month EBIT margin was only slightly in the red (-1%). Financial expenses exceeded expectations, which reduced EPS.

Paving the way for earnings growth

Wärtsilä reiterated its market prospects, i.e., the demand environment in Q3'23-Q2'24 is similar to the comparison period in both Marine and Energy. This was expected. In addition to the removal of the one-off items mentioned above, Wärtsilä's numbers will continue to be supported by 1) deliveries of old low-margin projects will be virtually completed in Q3'23; 2) the order pipeline for thermal power plants is now much stronger than six months ago; 3) demand for services is buoyant virtually everywhere; and 4) profitability of energy storage systems is improving much faster than previously expected. Our estimate revisions for 2023-2025 are small and bi-directional. Based on the above performance drivers, Wärtsilä's earnings development in the coming years is positive: our forecast for adjusted EPS growth (CAGR) between 2024 and 2025 is a healthy 26%.

Valuation is still at an interesting level

In our view, the most important aspect of the Q2 report for investors was the company's clearly positive profitability trend. As part of this, the improved profitability of energy storage systems in particular helped to lower Wärtsilä's risk profile. Based on P/E and EV/EBIT calculations, the total expected return on the stock is 14-16%, well above the required return of around 9%. Thus, the risk-adjusted expected return is attractive. The 2024 P/E and EV/EBIT multiples are 24-25% below the median of peers, which means that peer pricing is remarkably favorable. Our DCF model indicates an upside potential of around +15% for the share. In the model, the company's cash flow profile is backloaded, but this is offset by our very conservative expectation of the terminal EBIT margin.

Recommendation

Accumulate

(previous Accumulate)

EUR 12.50

(previous EUR 11.00)

Share price:

11.38



Key figures

	2022	2023e	2024e	2025e
Revenue	5843	6665	7286	7511
growth-%	22%	14%	9%	3%
EBIT adj.	324	488	649	700
EBIT-% adj.	5.5 %	7.3 %	8.9 %	9.3 %
Net Income	-67	273	424	462
EPS (adj.)	0.47	0.54	0.75	0.81

P/E (adj.)	16.7	21.2	15.3	14.1
P/B	2.2	3.0	2.7	2.6
Dividend yield-%	3.3 %	3.3 %	4.4 %	5.7 %
EV/EBIT (adj.)	15.9	15.2	11.3	10.3
EV/EBITDA	15.5	11.8	8.8	8.0
EV/S	0.9	1.1	1.0	1.0

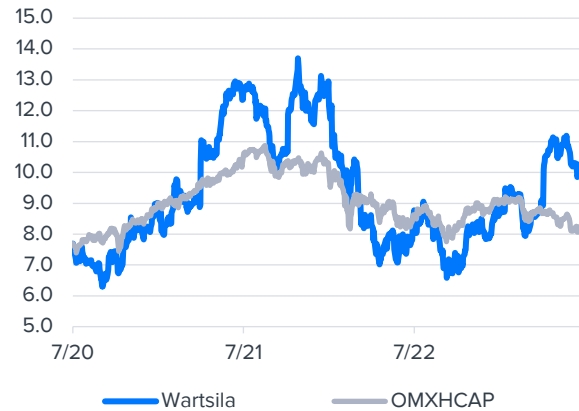
Source: Inderes

Guidance

(New guidance)

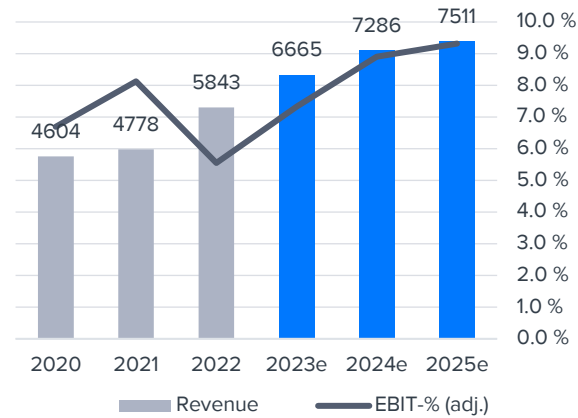
Wärtsilä expects the demand environment for both the Marine business (including Marine Power and Marine Systems) and Energy to in Q3'23-Q2'24 be similar as in the comparison period.

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 focus on storage solutions depresses margins

Valuation	2023e	2024e	2025e
Share price	11.4	11.4	11.4
Number of shares, millions	589.0	589.0	589.0
Market cap	6703	6703	6703
EV	7413	7336	7186
P/E (adj.)	21.2	15.3	14.1
P/E	24.5	15.8	14.5
P/FCF	>100	19.7	13.8
P/B	3.0	2.7	2.6
P/S	1.0	0.9	0.9
EV/Sales	1.1	1.0	1.0
EV/EBITDA	11.8	8.8	8.0
EV/EBIT (adj.)	15.2	11.3	10.3
Payout ratio (%)	82.0 %	69.5 %	82.8 %
Dividend yield-%	3.3 %	4.4 %	5.7 %

Source: Inderes

Good profitability despite one-off items

Promising Q2 figures

Wärtsilä's Q2 order intake and net sales figures landed on both sides of estimates. Profitability was a significant positive surprise.

Orders exceed expectations across the board

Wärtsilä's Q2 order intake (1687 MEUR; +17% y/y) clearly exceeded both our (+12% y/<sy) and the consensus estimate (+9% y/y). A significant part of the growth was explained by the booking of a large order (275 MEUR) for energy storage systems in Australia already in Q2, when we had expected this to happen in Q3. However, orders also exceeded expectations in all other businesses. Group service orders grew by 13% and equipment orders by 23% year-on-year. Q2 was the ninth consecutive quarter in which the rolling 12-month orders/deliveries ratio exceeded one.

Strong growth in services net sales

Wärtsilä's Q2 net sales were well below expectations, in particular due to Marine Systems and Energy. In Marine Systems, Gas Solutions and scrubbers saw the most pronounced decline in net sales. The group's net sales growth was service-driven (+16% y/y), while equipment sales declined (-9% y/y). The share of services in the group's net sales was higher than usual at 56%. The most positive development in services net sales was the 27% year-on-year growth in contract-based services, which Wärtsilä is after due to their high profitability. Contract-based services accounted for 26% of Wärtsilä's total services net sales in Q2.

Profitability in good shape despite one-off items

In relation to the lower-than-expected net sales, Wärtsilä's profitability was excellent. Profitability was also burdened by the following temporary factors: 1)

A EUR -19 million cost provision in Marine Systems for a Gas Solutions project with poor quality and cost management. Without this, the adjusted EBIT margin for Q2 would have been 8.8%; 2) Deliveries from the old low-margin order book of EUR 1.2 billion that were done at the beginning of the year. These should be practically resolved by the end of Q3; 3) The sub-optimal capacity utilization due to the further restructuring of the factory network and the Trieste shutdown; and 4) the EUR -45 million write-down of goodwill and other assets in Portfolio Business, which weighed on reported results. A positive surprise was seen in the energy storage business, where the rolling 12-month EBIT margin was -1%. On this basis, EBIT was already positive in Q2'23, well ahead of our expectations. Financial expenses exceeded expectations, which reduced EPS.

Estimates	Q2'22	Q2'23	Q2'23e	Q2'23e	Consensus		Difference (%)	2023e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	1407	1454	1599	1553	1433	- 1688	-9%	6626
EBIT (adj.)	85	108	113	103	88	- 113	-4%	480
EBIT	75	66	63	74	44	- 106	5%	424
PTP	74	53	59	72	39	- 103	-10%	404
EPS (adj.)	0.10	0.11	0.16	0.13	0.10	- 0.16	-27%	0.57
EPS (reported)	0.09	0.05	0.07	0.09	0.04	- 0.12	-31%	0.49
Revenue growth-%	24.4 %	3.3 %	13.6 %	10.4 %	1.8 %	- 20.0 %	-10.3 pp	14.1 %
EBIT-% (adj.)	6.0 %	7.4 %	7.1 %	6.6 %	6.1 %	- 6.7 %	0.4 pp	7.3 %

Source: Inderes & Vara Research (consensus)

Paving the way for earnings growth

Positive trend in profitability

As expected, Wärtsilä's market outlook remained stable. However, the company has several positive profitability drivers for the near future. Changes to our estimates are moderate.

Demand prospects are flat

Wärtsilä reiterated its market prospects, i.e., the demand environment in Q3'23-Q2'24 is similar to the comparison period in both Marine and Energy. This was expected.

In a good position toward H2'23

In addition to the above-mentioned elimination of the one-off items that depressed Q2 results, Wärtsilä's figures will continue to be supported by 1) Deliveries of old low-cost projects will be virtually completed in Q3'23; 2) The thermal power plant order pipeline is

now much stronger than six months ago, e.g., in the US and Indonesia, and Wärtsilä expects H2'23 order intake in these markets to improve; 3) Demand for services is buoyant virtually everywhere. Among others, service orders in the cruise sector grew by +33% year-on-year in Q2 and activity in the sector is already higher than in 2019. Wärtsilä also believes in the rapid growth of contract-based services. Contract maintenance already covers 29% of the installed base in both Marine and Energy; 4) The profitability of Energy's storage systems is improving much faster than previously expected.

Slight estimate revisions in both directions

The estimate changes for 2023 are due to both positive (orders and underlying profitability) and negative items (project provision of -19 MEUR, which will not be adjusted and higher-than-estimated

financial expenses). The improvement in profitability in 2024 is mainly due to higher margin expectations for energy storage systems. The small negative estimate revisions for 2025 show the flip side of the storage business: although batteries are practically a pass-through item and Wärtsilä can protect its margins, the decline in battery prices is reflected in both the storage net sales and the absolute result.

Based on the above performance drivers, Wärtsilä's earnings development in the coming years will be positive even after our estimate adjustments. Our forecast for adjusted EPS growth (CAGR) between 2024 and 2025 is a healthy +26%.

Estimate revisions	2023e	2023e	Change	2024e	2024e	Change	2025e	2025e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	6626	6665	1%	7245	7286	1%	7627	7511	-2%
EBIT (exc. NRIs)	480	488	2%	614	649	6%	712	700	-2%
EBIT	424	440	4%	594	629	6%	692	680	-2%
PTP	404	401	-1%	569	598	5%	668	652	-2%
EPS (excl. NRIs)	0.57	0.54	-6%	0.72	0.75	4%	0.84	0.81	-3%
DPS	0.40	0.38	-5%	0.50	0.50	0%	0.65	0.65	0%

Source: Inderes

Valuation is still at an interesting level

Risk profile downgraded, Accumulate recommendation maintained

Despite the strong share price rally (+8%) following the Q2 report, we continue to find Wärtsilä an attractive investment. The company's strong service business, which is constantly improving its profitability, provides a solid basis for performance. The demand outlook for equipment sales is also positive in terms of earnings (good ordering activity for Wärtsilä's key vessel types, improving demand for thermal plants, and a still strongly growing market for energy storage systems). In addition, Wärtsilä said in its earnings call that it expects orders for the first ammonia-fueled engines either at the end of this year or in early 2024. However, we believe that the most important aspect of the Q2 report for investors was the company's clearly positive profitability trend. As part of this, the improved profitability of energy storage systems in particular helped to lower Wärtsilä's risk profile.

Positive earnings drivers and a still reasonable valuation of the stock by all measures justify renewing our Accumulate recommendation. At the same time, we are raising our target price to EUR 12.50 (was EUR 11.00), as our previous target price was set unnecessarily conservatively. At our new target price, the total expected return would be at the level of the required return, while the 2024 P/E and EV/EBIT multiples would still be 17-18% below the peer group median.

No complaints about the total return

The total expected return on the stock (the upside margin determined by earnings growth and the change in valuation multiples plus the dividend yield) is 14-16% 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.

Multiples clearly below peers

The share's 2024 P/E and EV/EBIT ratios (15x and 11x) are 24-25% below the median of the peers. Overall, peer-based pricing is still remarkably favorable.

DCF potential only moderate, but so are the estimates

Our DCF model indicates an upside potential of around 15% for the share. In the model, the company's cash flow profile is backloaded (terminal period = 64% 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%.

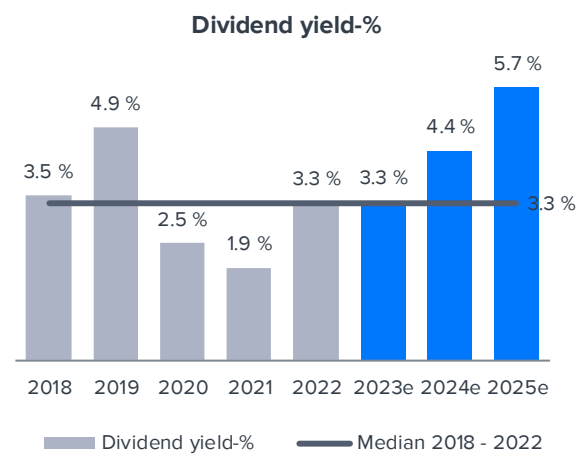
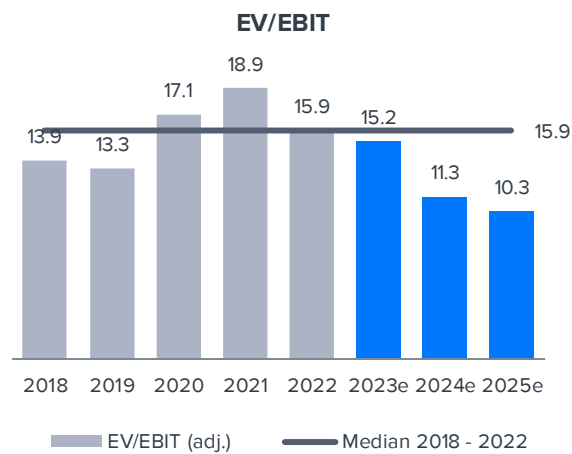
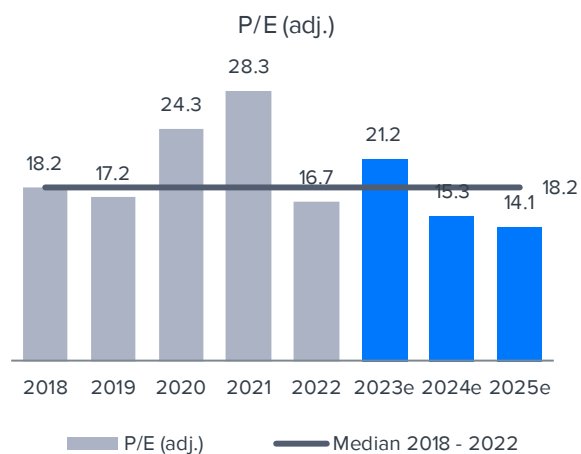
Valuation	2023e	2024e	2025e
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Number of shares, millions	589.0	589.0	589.0
Market cap	6703	6703	6703
EV	7413	7336	7186
P/E (adj.)	21.2	15.3	14.1
P/E	24.5	15.8	14.5
P/FCF	>100	19.7	13.8
P/B	3.0	2.7	2.6
P/S	1.0	0.9	0.9
EV/Sales	1.1	1.0	1.0
EV/EBITDA	11.8	8.8	8.0
EV/EBIT (adj.)	15.2	11.3	10.3
Payout ratio (%)	82.0 %	69.5 %	82.8 %
Dividend yield-%	3.3 %	4.4 %	5.7 %

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	11.4	11.4	11.4	11.4
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	6703	6703	6703	6703
EV	8608	6601	5255	7326	5158	7413	7336	7186	7132
P/E (adj.)	18.2	17.2	24.3	28.3	16.7	21.2	15.3	14.1	12.6
P/E	21.3	27.0	36.0	37.8	neg.	24.5	15.8	14.5	13.0
P/FCF	32.8	neg.	6.9	15.4	neg.	>100	19.7	13.8	14.0
P/B	3.4	2.4	2.2	3.2	2.2	3.0	2.7	2.6	2.4
P/S	1.6	1.1	1.0	1.5	0.8	1.0	0.9	0.9	0.8
EV/Sales	1.7	1.3	1.1	1.5	0.9	1.1	1.0	1.0	0.9
EV/EBITDA	12.5	11.0	12.1	14.4	15.5	11.8	8.8	8.0	7.3
EV/EBIT (adj.)	13.9	13.3	17.1	18.9	15.9	15.2	11.3	10.3	9.2
Payout ratio (%)	73.5 %	131.5 %	88.3 %	73.4 %	neg.	82.0 %	69.5 %	82.8 %	74.1 %
Dividend yield-%	3.5 %	4.9 %	2.5 %	1.9 %	3.3 %	3.3 %	4.4 %	5.7 %	5.7 %

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	8683	9497	11.3	10.6	9.5	9.0	1.6	1.6	13.9	13.2	3.4	3.7	3.3
Kone Oyj	24474	23623	19.5	16.7	15.9	14.1	2.1	2.1	25.2	21.9	4.0	4.2	8.4
Konecranes Abp	2724	3295	8.2	7.8	6.6	6.2	0.8	0.8	9.9	9.4	4.0	4.5	1.7
Siemens Energy AG	12345	11592		11.6	10.2	4.5	0.4	0.3		15.7		2.0	0.8
Abb Ltd	68248	72589	16.4	15.7	13.9	13.4	2.5	2.4	21.0	20.6	2.4	2.5	5.7
Alfa Laval AB	13704	15357	18.4	16.4	15.0	13.6	2.8	2.7	22.7	20.3	1.8	2.1	4.1
Alstom SA	10455	12014	19.0	15.1	10.8	8.5	0.7	0.7	20.7	17.7	1.1	1.3	1.1
Caterpillar Inc	119473	146711	13.8	13.8	12.2	12.3	2.5	2.5	14.3	14.1	1.9	2.0	6.7
General Electric Co	108103	107094	23.7	15.4	16.4	12.2	1.9	1.8	53.6	27.3	0.4	0.4	3.4
Rolls-Royce Holdings PLC	15156	18902	17.9	14.1	9.0	7.7	1.2	1.1	31.3	20.7		1.0	
Woodward Inc	6508	7164	27.3	22.4	19.1	16.5	2.9	2.7	33.5	27.9	0.7	0.8	2.6
Wartsila (Inderes)	6703	7413	15.2	11.3	11.8	8.8	1.1	1.0	21.2	15.3	3.3	4.4	3.0
Average			17.5	14.5	12.6	10.7	1.8	1.7	24.6	19.0	2.2	2.2	3.8
Median			18.2	15.1	12.2	12.2	1.9	1.8	21.9	20.3	1.9	2.0	3.4
Diff-% to median			-16%	-25%	-4%	-28%	-42%	-42%	-3%	-25%	75%	115%	-11%

Source: Refinitiv / Inderes

Income statement

Income statement	2021	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	4778	5843	1465	1454	1526	2220	6665	7286	7511	7973
Marine Power	1863	2078	604	636	590	733	2563	2784	2875	3060
Marine Systems	654	680	138	106	146	185	575	727	753	779
Energy	1861	2721	645	633	680	1091	3049	3322	3452	3725
Portfolio Business	121	364	78	79	110	211	478	454	431	410
	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	476	236	130	141	148	211	630	837	901	977
Depreciation	-162	-263	-38	-76	-38	-38	-190	-208	-221	-223
EBIT (excl. NRI)	388	324	88	107	115	178	488	649	700	774
EBIT	314	-27	92	65	110	173	440	629	680	754
Marine Power	180	-109	55	78	52	90	276	280	297	316
Marine Systems	47	53	8	-9	11	15	25	57	63	66
Energy	134	82	34	41	47	65	187	289	317	369
Portfolio Business	-9	-52	-5	-45	0	2	-48	3	3	3
	1	-1	0	0	0	0	0	0	0	0
Net financial items	-18	-7	-8	-13	-9	-9	-39	-30	-28	-25
PTP	296	-34	84	52	101	164	401	598	652	729
Taxes	-103	-27	-23	-24	-26	-43	-116	-156	-170	-190
Minority interest	0	-6	-6	-2	-2	-2	-12	-19	-20	-23
Net earnings	193	-67	55	26	73	119	273	424	462	517
EPS (adj.)	0.44	0.47	0.08	0.11	0.13	0.21	0.54	0.75	0.81	0.90
EPS (rep.)	0.33	-0.11	0.09	0.04	0.12	0.20	0.46	0.72	0.78	0.88

Key figures	2021	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	3.8 %	22.3 %	19.0 %	3.3 %	6.5 %	25.3 %	14.1 %	9.3 %	3.1 %	6.1 %
Adjusted EBIT growth-%	26.0 %	-16.5 %	33.3 %	23.0 %	45.9 %	93.3 %	50.6 %	32.9 %	7.9 %	10.6 %
EBITDA-%	10.0 %	4.0 %	8.9 %	9.7 %	9.7 %	9.5 %	9.5 %	11.5 %	12.0 %	12.3 %
Adjusted EBIT-%	8.1 %	5.5 %	6.0 %	7.4 %	7.5 %	8.0 %	7.3 %	8.9 %	9.3 %	9.7 %
Net earnings-%	4.0 %	-1.1 %	3.8 %	1.8 %	4.8 %	5.4 %	4.1 %	5.8 %	6.2 %	6.5 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	2539	2557	2627	2674	2662
Goodwill	1374	1288	1288	1288	1288
Intangible assets	401	392	414	420	406
Tangible assets	504	562	610	650	652
Associated companies	27	29	30	30	30
Other investments	18	19	19	19	19
Other non-current assets	48	72	65	65	65
Deferred tax assets	167	195	202	202	202
Current assets	3984	4049	4404	4809	4958
Inventories	1185	1361	1533	1676	1728
Other current assets	2	54	5	0	0
Receivables	1833	2173	2366	2586	2667
Cash and equivalents	964	461	500	546	563
Balance sheet total	6523	6606	7031	7482	7620

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	2323	2146	2250	2451	2618
Share capital	336	336	336	336	336
Retained earnings	2094	1889	1998	2199	2366
Hybrid bonds	0	0	0	0	0
Revaluation reserve	61	61	61	61	61
Other equity	-176	-152	-152	-152	-152
Minorities	8	12	7	7	7
Non-current liabilities	1394	1355	1544	1522	1416
Deferred tax liabilities	65.0	65.0	43.0	43.0	43.0
Provisions	314	396	396	396	396
Long term debt	851	740	951	929	823
Convertibles	0	0	0	0	0
Other long term liabilities	164	154	154	154	154
Current liabilities	2806	3105	3237	3510	3585
Short term debt	121	209	238	232	205
Payables	2685	2874	2999	3279	3380
Other current liabilities	0	22	0	0	0
Balance sheet total	6523	6606	7031	7482	7620

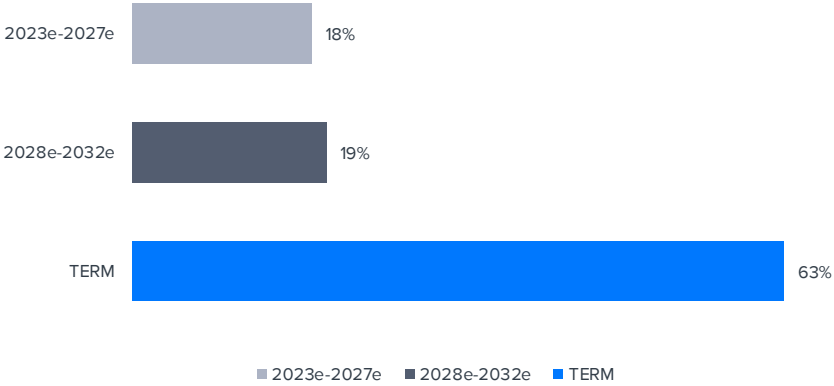
DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	22.3 %	14.1 %	9.3 %	3.1 %	6.1 %	5.5 %	4.8 %	4.1 %	3.4 %	2.7 %	2.0 %	2.0 %
EBIT-%	-0.5 %	6.6 %	8.6 %	9.1 %	9.5 %	9.7 %	9.3 %	8.9 %	8.5 %	8.5 %	8.2 %	8.2 %
EBIT (operating profit)	-27.0	440	629	680	754	816	819	816	806	827	814	
+ Depreciation	263	190	208	221	223	223	218	223	227	230	237	
- Paid taxes	-55	-145	-156	-170	-190	-206	-207	-205	-201	-206	-202	
- Tax, financial expenses	-10	-14	-11	-10	-10	-10	-10	-11	-13	-14	-15	
+ Tax, financial income	8	3	3	3	3	4	4	4	4	5	5	
- Change in working capital	-357	-213	-79	-30	-62	-59	-54	-48	-42	-34	-26	
Operating cash flow	-178	261	595	694	719	768	770	778	781	808	813	
+ Change in other long-term liabilities	72	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-251	-252	-255	-210	-242	-243	-243	-241	-243	-261	-260	
Free operating cash flow	-357	9	340	484	477	525	527	538	538	547	552	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-357	9	340	484	477	525	527	538	538	547	552	10463
Discounted FCFF		8	307	407	373	382	358	340	317	300	282	5341
Sum of FCFF present value		8414	8406	8099	7692	7318	6936	6579	6239	5922	5622	5341
Enterprise value DCF		8414										
- Interest bearing debt		-949										
+ Cash and cash equivalents		461										
-Minorities		-21										
-Dividend/capital return		-153										
Equity value DCF		7752										
Equity value DCF per share		13.2										

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	6664.9	7285.9	EPS (reported)	0.23	0.33	-0.11	0.46	0.72
EBITDA	408.0	476.0	236.0	630.0	836.8	EPS (adj.)	0.33	0.44	0.47	0.54	0.75
EBIT	234.0	314.0	-27.0	440.0	628.6	OCF / share	1.30	1.35	-0.30	0.44	1.01
PTP	191.0	296.0	-34.0	401.0	598.2	FCF / share	1.18	0.80	-0.60	0.01	0.58
Net Income	134.0	193.0	-67.0	273.1	424.0	Book value / share	3.68	3.92	3.62	3.81	4.15
Extraordinary items	-74.0	-74.0	-351.0	-48.0	-20.0	Dividend / share	0.20	0.24	0.26	0.38	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	7031.2	7482.4	Revenue growth-%	-11%	4%	22%	14%	9%
Equity capital	2187.0	2323.0	2146.0	2250.4	2450.6	EBITDA growth-%	-25%	17%	-50%	167%	33%
Goodwill	1325.0	1374.0	1288.0	1288.0	1288.0	EBIT (adj.) growth-%	-38%	26%	-16%	51%	33%
Net debt	408.0	8.0	488.0	688.8	613.7	EPS (adj.) growth-%	-42%	30%	8%	14%	39%
Cash flow	2020	2021	2022	2023e	2024e	EBITDA-%	8.9 %	10.0 %	4.0 %	9.5 %	11.5 %
EBITDA	408.0	476.0	236.0	630.0	836.8	EBIT (adj.)-%	6.7 %	8.1 %	5.5 %	7.3 %	8.9 %
Change in working capital	469.0	424.0	-357.0	-212.8	-78.8	EBIT-%	5.1 %	6.6 %	-0.5 %	6.6 %	8.6 %
Operating cash flow	770.9	795.7	-177.8	261.1	594.6	ROE-%	5.9 %	8.6 %	-3.0 %	12.5 %	18.1 %
CAPEX	-73.0	-286.0	-251.0	-252.4	-254.5	ROI-%	6.7 %	9.5 %	0.1 %	13.7 %	18.1 %
Free cash flow	695.9	472.7	-356.8	8.7	340.0	Equity ratio	37.8 %	38.6 %	35.8 %	35.5 %	36.5 %
						Gearing	18.7 %	0.3 %	22.7 %	30.6 %	25.0 %
Valuation multiples	2020	2021	2022	2023e	2024e						
EV/S	1.1	1.5	0.9	1.1	1.0						
EV/EBITDA (adj.)	12.1	14.4	15.5	11.8	8.8						
EV/EBIT (adj.)	17.1	18.9	15.9	15.2	11.3						
P/E (adj.)	24.3	28.3	16.7	21.2	15.3						
P/B	2.2	3.2	2.2	3.0	2.7						
Dividend-%	2.5 %	1.9 %	3.3 %	3.3 %	4.4 %						

Source: Inderes

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Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
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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 €



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