

Kone

Company report

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Erkki Vesola
+358 50 549 5512
erkki.vesola@inderes.fi

This report is a summary translation of the report “Tuloskunto lähtee kohoamaan” published on 7/21/2022 at 11:36 pm

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res.**

Performance starts improving

KONE's key Q2 figures had already been reported in advance in connection with the July 14th profit warning, so they contained no surprises. However, the underlying factors of the Q2 figures were interesting. With the exception of China, KONE anticipates nice market growth for 2022, while the conditions for margin improvement are starting to fall into place. Our estimate revisions are small. The share valuation is still reasonably attractive. We reiterate our Accumulate recommendation and EUR 51.00 target price.

Non-recurring items shrunk Q2 profitability

With reported figures KONE's order intake in Q2 increased by 8% y-o-y and by 1% y-o-y at comparable exchange rates. With reported figures orders also grew in China, by around 10% according to our estimate. Orders also increased elsewhere, i.e., in EMEA, the Americas and Rest of Asia-Pacific. KONE's reported Q2 net sales decreased by 9% y-o-y. The decrease was entirely due to China that was burdened by COVID restrictions, where net sales fell by 40% year-on-year. KONE's adjusted Q2 EBIT (margin 8.2%) was affected in particular by China's net sales loss, increased material and logistics costs, and currencies, the last of which had a positive earnings impact. KONE's EBIT margin adjusted from the above-mentioned items would have been at a normal level of around 12% in Q2.

Performance is improving, small estimate changes

What makes KONE's 2022 guidance interesting is that its implied H2'22 adjusted EBIT is 8% better in the middle of the range than the corresponding consensus estimate prior to the profit warning. The company's 2022 market outlook comment was exactly the same as in the Q1 report. KONE reported that the margins of its Q2 order intake improved for the third quarter in a row and this will begin to be reflected in the Group's margins next year. In addition, KONE has been very successful in reducing product costs: According to the company, costs have been cut 2-3 times more than the normal annual rate of 2-3%. KONE also reported it is seeing signs of improvement in global supply chains. Compared to the figures prior to the profit warning, our estimate revisions are small. The annual order intake growth we expect in 2022-2024 is still 5% (CAGR) and the corresponding net sales growth is 4%. Our adjusted EBIT margin estimate has decreased slightly for 2022, but our margin estimates for 2023-2024 remain practically unchanged at 12.8-12.9%.

The share's valuation picture is still favorable

The total expected return of KONE's share is around 9% y-o-y with 2023 multiples, which exceeds our 6-7% required return. Based on this, the risk-adjusted expected return for the share is attractive. As KONE has about EUR 1.3 billion in net assets, the EV/EBIT ratio is better suited than the P/E to assess peer group pricing. The 2023 EV/EBIT ratio is in line with the median of the peers and within -4...+2% from the nearest competitors Otis and Schindler. Overall, we consider the peer group valuation to be quite attractive, considering KONE's lower risk profile than for its average peer. Our DCF model indicates an upside of around 30% for KONE's share. 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 51.00

(previous EUR 51.00)

Share price:

44.38



Key figures

	2021	2022e	2023e	2024e
Revenue	10514	10835	11492	11922
growth-%	6%	4%	6%	4%
EBIT adj.	1309.8	1115.6	1466.3	1542.9
EBIT-% adj.	12.5 %	10.3 %	12,8 %	12,9 %
Net Income	1014.2	816,5	1125,4	1193.0
EPS (adj.)	1.98	1.66	2.17	2.30

P/E (adj.)	31.8	26.7	20.4	19.3
P/B	10.3	7.9	7.3	6.9
Dividend yield-%	3.3 %	3.8 %	4.3 %	4.5 %
EV/EBIT (adj.)	23.3	19.0	14.2	13.4
EV/EBITDA	19.9	16.0	11.9	11.2
EV/S	2.9	2.0	1.8	1.7

Source: Inderes

Guidance

(Unchanged)

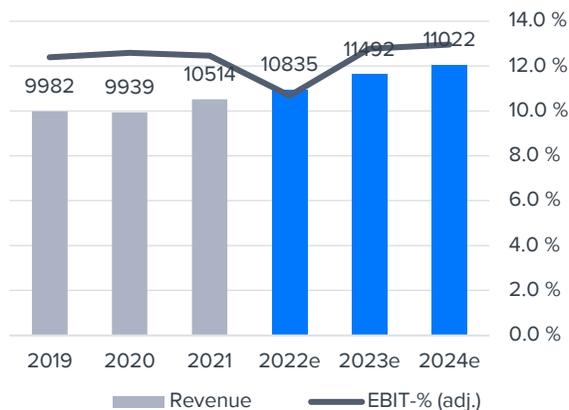
KONE estimates that in 2022, its sales growth will be in the range of -1 to +3% at comparable exchange rates as compared to 2021. The adjusted EBIT is expected to be in the range of EUR 1,130–1,210 million.

Share price



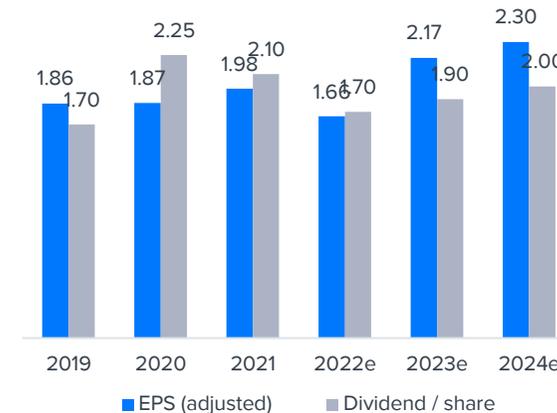
Source: Millstream Market Data AB

Revenue and EBIT %



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Market recovery on the Western market
- Growth in the maintenance markets in China and other Asian countries
- More dynamic pricing and operational efficiency measures support margins
- Rise of new digital services



Risk factors

- Deterioration of the Chinese construction market and tightening price competition
- Inability to transfer component price pressures to own product prices
- Standing out with digital services proves difficult

Valuation	2022e	2023e	2024e
Share price	44.4	44.4	44.4
Number of shares, millions	518.4	518.4	518.4
Market cap	23006	23006	23006
EV	21208	20883	20622
P/E (adj.)	26.7	20.4	19.3
P/E	28.2	20.4	19.3
P/FCF	31.2	19.3	18.
P/B	7.9	7.3	6.9
P/S	2.1	2.0	1.9
EV/Sales	2.0	1.8	1.7
EV/EBITDA	16.0	11.9	11.2
EV/EBIT (adj.)	19.0	14.2	13.4
Payout ratio (%)	107.8 %	87.4 %	86.8 %
Dividend yield-%	3.8 %	4.3 %	4.5 %

Source: Inderes

Non-recurring items shrunk Q2 profitability

Figures were already largely known

KONE's key Q2 figures had already been reported in advance in connection with the July 14th profit warning, so they contained no surprises. However, the underlying factors of the Q2 figures were interesting.

Orders grew across the board

With reported figures KONE's order intake in Q2 increased by 8% y-o-y and by 1% y-o-y at comparable exchange rates. With reported figures orders also grew in China, by around 10% according to our estimate. At the same time, the market for new lifts measured by the number fell by more than 20% in China while the drop in KONE's order volumes was about 7-8%. Reported orders also increased elsewhere, i.e., in EMEA, the Americas and Rest of

Asia-Pacific. KONE highlighted the good order development in India.

Chinese business took a hard hit

KONE's reported Q2 net sales decreased by 9% y-o-y. The decrease was entirely due to China that was burdened by COVID restrictions, where net sales fell by EUR 400-500 million (-40%) year-on-year. At comparable exchange rates, net sales decreased by -15% y-o-y (APAC -32%, EMEA -1% and Americas +2%). In terms of reported figures, KONE was satisfied with the 13% y-o-y increase in Maintenance and growth in Modernization was also reasonable (+5% y-o-y).

Profitability adjusted for non-recurring items was ok

KONE's adjusted Q2 EBIT (209 MEUR; margin 8.2%) was particularly affected by: 1) the impact of the loss

of net sales in China of about EUR -100 million; 2) the impact of the increase in material and logistics costs of about EUR -70 million, and 3) the EUR +22 million positive impact of exchange rates. KONE's EBIT margin adjusted for the above-mentioned items would have been at a normal level of around 12% in Q2 but this is primarily of academic interest.

In Q2 reported figures attention was still drawn to negative net financing costs (-9 MEUR), which differs from normal. In its report, KONE did not explain the structure of its financing costs, but we assume that these were translation differences/hedging losses. We would like to point out that the table below is essentially the same as we presented after the profit warning on July 14th [in our company update](#) (in Finnish).

Estimates MEUR / EUR	Q2'21	Q2'22	Q2'22e	Q2'22e	Consensus		Difference (%)	2022e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	2811	2555	2739	2880	2722	- 3104	-7%	10835
EBIT (adj.)	374	209	282	286	224	- 325	-26%	1116
EBIT	367	189	282	285	224	- 320	-33%	1144
PTP	372	n.a.	290	290	232	- 325	-38%	1166
EPS (adj.)	0.56	n.a.	0.43	0.43	0.03	- 0.49	-30%	1.76
EPS (reported)	0.55	n.a.	0.43	0.43	0.35	- 0.49	-39%	1.71
Revenue growth-%	11.0 %	-9.1 %	-2.6 %	2.4 %	-3.2 %	- 10.4 %	-6.5 pp	9.0 %
EBIT-% (adj.)	13.3 %	8.2 %	10.3 %	9.9 %	8.2 %	- 10.5 %	-2.1 pp	10.3 %

Source: Inderes & Vara Research (consensus)

Performance is improving, small estimate changes

Growth and earnings outlook are quite acceptable

With the exception of China, KONE anticipates nice market growth for 2022, while the conditions for margin improvement are starting to fall into place. Our estimate revisions are small.

Good result expected in H2'22

KONE's new guidance for comparable growth in 2022 net sales is -1...+3 % y-o-y (previously +2...+5% y-o-y) and adjusted EBIT of EUR 1,130-1,210 million (previously 1,180-1,280 MEUR). What makes the 2022 guidance interesting is that its implied H2'22 adjusted EBIT is at EUR 699 million in the middle of the range while the corresponding consensus estimate prior to the profit warning was EUR 650 million.

The market and/or market share will grow in 2022

KONE's 2022 market outlook comment was exactly the same as in the Q1 report. However, the estimate for the full year drop in the Chinese lift market was specified from the previously presented -10...15% to -15%. All other regions and segments are expected to continue growing. For China, KONE indirectly stated that it is continuously winning market shares in the country. In addition, KONE has seen signs of stimulus packages for the housing market in China's local government, as well as increased liquidity, which sounds promising.

Preconditions for margin improvement get better

KONE reported that its Q2 order intake margins improved for the third quarter in a row. This should start to become visible in the Group's margins during 2023. In addition, KONE has been very successful in

reducing product costs: According to the company, costs have been cut 2-3 times more than the normal annual rate of 2-3%. Finally, KONE said it also sees signs of improvement in global supply chains.

We still expect a nice 4-5% growth

Compared to the figures prior the profit warning, our estimate revisions are small. The key changes are reflected in 2022 figures and are due to the weak Q2'22. We still expect the annual order intake in 2022-2024 to grow by 5% (CAGR) and the corresponding net sales growth is 4%. Our adjusted EBIT margin estimate has decreased slightly for 2022 (from 11.3% to 10.9%), but our margin estimates for 2023-2024 remain practically unchanged at 12.8-12.9%.

Estimate revisions	2022e	2022	Change	2023e	2023e	Change	2024e	2024e	Change
MEUR / EUR	Inderes	Toteutunut	%	Old	New	%	Old	New	%
Revenue	10955	10835	-1%	11620	11492	-1%	12055	11922	-1%
EBIT (exc. NRIs)	1169	1116	+5%	1484	1466	-1%	1562	1543	-1%
EBIT	1144	1070	-6%	1484	1466	-1%	1562	1543	-1%
PTP	1166	1074	-8%	1516	1480	-2%	1598	1563	-2%
EPS (excl. NRIs)	1.76	1.66	-6%	2.23	2.17	-2%	2.35	2.30	12%
DPS	1.80	1.70	-6%	1.90	1.90	0%	2.00	2.00	0%

Source: Inderes

The share's valuation picture is still favorable

Accumulate recommendation reiterated, profitability improvement acts as possible share price driver

KONE's biggest uncertainties in the near future are related to the development of the Chinese construction market, but the indications by the company concerning this were cautiously optimistic. Other earnings drivers appear to be gradually improving, as mentioned above. Potential positive share price drivers for the next few quarters are proof of margin improvement in line with expectations and normalizing of the Chinese construction market.

KONE's share valuation is still reasonably attractive. We reiterate our Accumulate recommendation and EUR 51.00 target price.

Risk-adjusted expected return is attractive

The total expected return of KONE's share (upside potential in the share price based on earnings growth and expected change in valuation multiple plus dividend yield) is around 9% with 2023 multiples, which exceeds our 6-7% required return. Based on this, the risk-adjusted expected return for the share is attractive. A secure and growing dividend yield of around 4% also supports the overall expected return.

Valuation multiples are in line with the peers

As KONE has about EUR 1.3 billion in net assets, the EV/EBIT ratio is better suited than the P/E to assess peer group pricing. The 2023 EV/EBIT ratio (14x) is in line with the median of the peers and within -4...+2% from the nearest competitors Otis and Schindler. KONE's valuation multiples are also 15-20% lower than the share's own historical valuation multiples. However, the last point is explained by the slowdown in KONE's earnings growth outlook from the previous

years. Overall, we consider the peer group valuation quite attractive, considering KONE's risk profile that is better than for its average peer.

Upside to the DCF value reasonable

Our DCF model indicates a EUR 58 value for KONE's share to which the upside is 30%. 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.

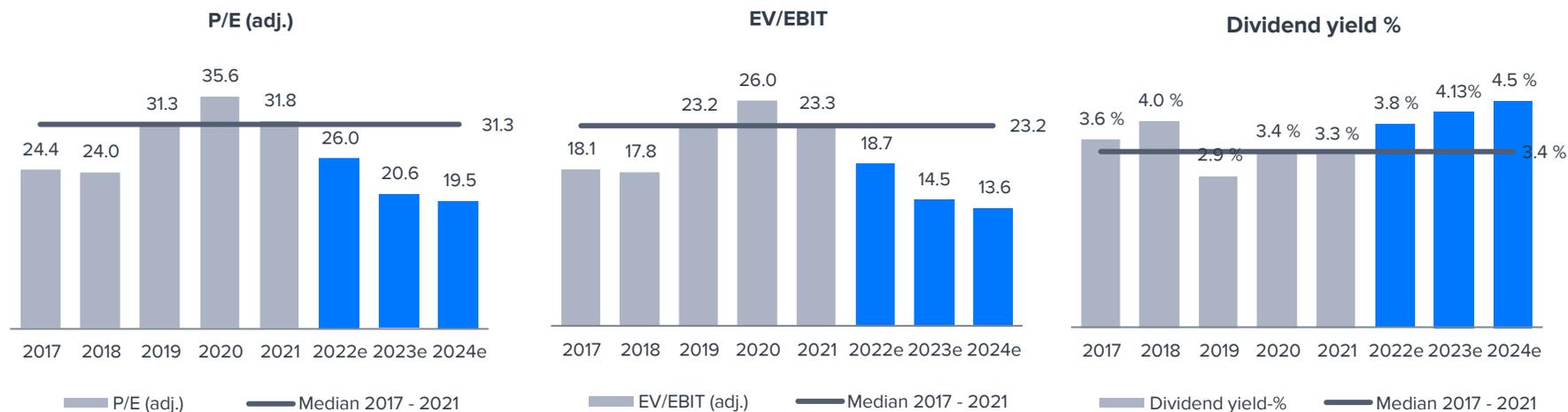
Valuation	2022e	2023e	2024e
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P/E	28.2	20.4	19.3
P/FCF	31.2	19.3	18.
P/B	7.9	7.3	6.9
P/S	2.1	2.0	1.9
EV/Sales	2.0	1.8	1.7
EV/EBITDA	16.0	11.9	11.2
EV/EBIT (adj.)	19.0	14.2	13.4
Payout ratio (%)	107.8 %	87.4 %	86.8 %
Dividend yield-%	3.8 %	4.3 %	4.5 %

Source: Inderes

Valuation table

Valuation	2017	2018	2019	2020	2021	2022e	2023e	2024e	2025e
Share price	45.7	41.6	58.3	66.5	63.0	44.4	44.4	44.4	44.4
Number of shares, millions	514.8	516.1	518.4	518.4	518.4	518.4	518.4	518.4	518.4
Market cap	23525	21489	30212	34452	32679	23006	23006	23006	23006
EV	21777	19758	28677	32555	30582	21208	20883	20622	20415
P/E (adj.)	24.4	24.0	31.3	35.6	31.8	26.7	20.4	19.3	18.8
P/E	24.6	25.6	32.4	36.7	32.2	28.2	20.4	19.3	18.8
P/FCF	29.1	28.7	43.8	25.5	26.9	31.2	19.3	18.7	18.8
P/B	7.8	7.0	9.5	10.9	10.3	7.9	7.3	6.9	6.5
P/S	2.7	2.4	3.0	3.5	3.1	2.1	2.0	1.9	1.9
EV/Sales	2.5	2.2	2.9	3.3	2.9	2.0	1.8	1.7	1.7
EV/EBITDA	16.7	17.0	20.0	22.4	19.9	16.0	11.9	11.2	10.9
EV/EBIT (adj.)	18.1	17.8	23.2	26.0	23.3	19.0	14.2	13.4	12.9
Payout ratio (%)	88.8 %	101.1 %	94.5 %	124.1 %	107.2 %	107.8 %	87.4 %	86.8 %	90.0 %
Dividend yield-%	3.6 %	4.0 %	2.9 %	3.4 %	3.3 %	3.8 %	4.3 %	4.5 %	4.8 %

Source: Inderes



Peer group valuation

Peer group valuation Yhtiö	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
	MEUR	MEUR	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e	2023e	2022e
Schindler Holding AG	19827	17186	16.4	14.0	12.8	11.0	1.5	1.4	24.7	21.3	2.3	2.5	4.8
Assa Abloy AB	24417	27272	16.1	14.1	13.3	11.7	2.5	2.2	20.0	17.9	2.0	2.2	3.2
Koninklijke Philips NV	19120	24718	14.9	11.9	8.2	7.6	1.4	1.3	13.0	11.6	3.9	4.3	1.3
Otis Worldwide Corp	30085	34241	15.8	14.9	14.5	13.7	2.5	2.4	22.5	20.3	1.6	1.7	
Ingersoll Rand Inc	17517	18974	17.4	15.8	14.1	12.9	3.4	3.2	19.2	17.1	0.2	0.2	1.9
Johnson Controls International PLC	33494	42189	14.9	12.8	11.3	9.9	1.7	1.6	16.4	13.5	2.6	2.9	1.9
Gree Electric Appliances Inc of Zhuhai	27851	24704	6.3	5.6	5.4	4.8	0.8	0.8	7.8	7.0	7.0	7.8	1.7
Dover Corp	17744	20491	13.8	12.7	11.6	10.8	2.4	2.3	14.9	13.8	1.6	1.8	3.8
Daikin Industries Ltd	48003	48320			15243.0	13497.3	2263.3	1982.0	31.1	26.8	0.8	0.9	3.7
Honeywell International Inc	118821	128814	17.2	15.7	14.7	13.5	3.7	3.5	20.5	18.4	2.2	2.4	6.5
Lennox International Inc	7769	9308	14.2	13.5	12.8	12.1	2.1	2.0	15.6	14.7	1.6	1.5	
Melco International Development Ltd	1014	8778		44.7	37.4	9.7	4.4	2.5			0.3	0.1	3.7
Kone (Inderes)	23006	21208	19.0	14.2	16.0	11.9	2.0	1.8	26.7	20.4	3.8	4.3	7.9
Average			14.7	16.0	1283.3	1134.6	190.8	167.1	18.7	16.6	2.2	2.4	3.3
Median			15.4	14.0	13.1	11.4	2.5	2.3	19.2	17.1	1.8	2.0	3.5
Diff-% to median			24 %	2 %	22 %	5 %	-20 %	-20 %	39 %	19 %	110 %	117 %	129 %

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	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue	9939	10514	2442	2555	2738	3101	10835	11492	11922	12334
Group	9939	10514	2442	2555	2738	3101	10835	11492	11922	12334
EBITDA	1452	1539	234	253	395	443	1326	1749	1834	1877
Depreciation	-239.0	-244.0	-62.9	-64.3	-64.3	-64.3	-255.8	-283.0	-291.1	-296.8
EBIT (excl. NRI)	1251	1310	197	209	331	379	1116	1466	1543	1581
EBIT	1213	1295	171	189	331	379	1070	1466	1543	1581
Group	1213	1295	171	189	331	379	1070	1466	1543	1581
Net financial items	11.4	25.5	-0.4	-8.9	6.0	7.0	3.7	13.6	20.6	26.1
PTP	1224	1321	171	180	337	386	1074	1480	1563	1607
Taxes	-276.9	-298.1	-39.3	-41.4	-77.5	-88.8	-246.9	-340.4	-359.6	-369.5
Minority interest	-8.1	-8.5	-2.2	-3.4	-2.5	-2.1	-10.2	-14.1	-10.8	-10.5
Net earnings	939	1014	129	135	257	295	817	1125	1193	1227
EPS (adj.)	1.868	1.981	0.298	0.300	0.495	0.569	1.663	2.171	2.301	2.366
EPS (rep.)	1.812	1.956	0.249	0.261	0.495	0.569	1.575	2.171	2.301	2.366

Key figures	2020	2021	Q1'22	Q2'22e	Q3'22e	Q4'22e	2022e	2023e	2024e	2025e
Revenue growth-%	-0.4 %	5.8 %	5.0 %	-9.1 %	4.9 %	12.1 %	3.1 %	6.1 %	3.7 %	3.5 %
Adjusted EBIT growth-%	1.1 %	4.7 %	-21.3 %	-44.1 %	1.3 %	5.5 %	-14.8 %	31.4 %	5.2 %	2.4 %
EBITDA-%	14.6 %	14.6 %	9.6 %	9.9 %	14.4 %	14.3 %	12.2 %	15.2 %	15.4 %	15.2 %
Adjusted EBIT-%	12.6 %	12.5 %	8.0 %	8.2 %	12.1 %	12.2 %	10.3 %	12.8 %	12.9 %	12.8 %
Net earnings-%	9.5 %	9.6 %	5.3 %	5.3 %	9.4 %	9.5 %	7.5 %	9.8 %	10.0 %	9.9 %

Source: Inderes

Balance sheet

Assets	2020	2021	2022e	2023e	2024e
Non-current assets	2748	2915	3006	3035	3055
Goodwill	1327	1405	1405	1405	1405
Intangible assets	223	217	214	213	214
Tangible assets	710	737	835	864	883
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	144	147	142	142	142
Other non-current assets	19.2	22.9	23.5	23.5	23.5
Deferred tax assets	325	386	388	388	388
Current assets	6044	6805	7013	7438	7717
Inventories	597	718	740	785	814
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	2818	3202	3300	3500	3631
Cash and equivalents	2629	2885	2973	3153	3272
Balance sheet total	8792	9720	10020	10473	10772

Source: Inderes

Liabilities & equity	2020	2021	2022e	2023e	2024e
Equity	3197	3199	2928	3173	3383
Share capital	66.2	66.2	66.2	66.2	66.2
Retained earnings	2747	2549	2278	2523	2732
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	362	559	559	559	559
Minorities	22.6	25.0	25.0	25.0	25.0
Non-current liabilities	790	1000	1310	1208	1104
Deferred tax liabilities	204	218	206	206	206
Provisions	155	152	164	164	164
Long term debt	244	435	788	686	582
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	187	194	153	153	153
Current liabilities	4805	5521	5781	6091	6285
Short term debt	265	117	211	184	156
Payables	4540	5405	5570	5907	6129
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	8792	9720	10020	10473	10772

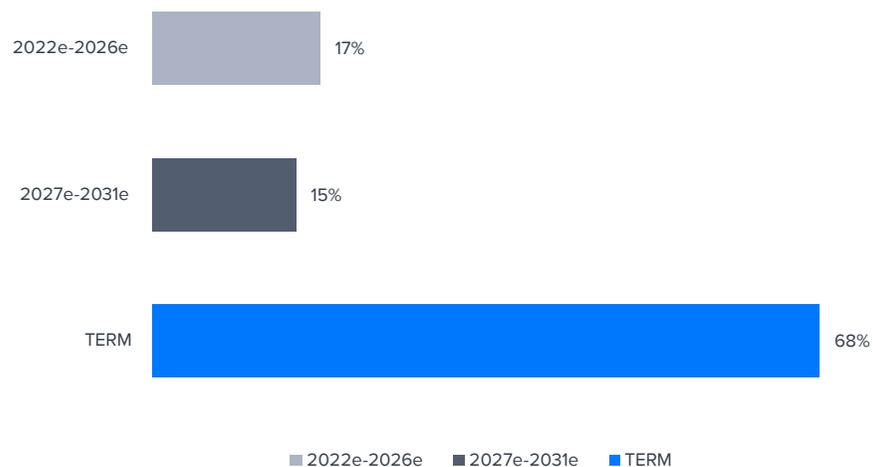
DCF calculation

DCF model	2021	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	TERM
EBIT (operating profit)	1295	1070	1466	1543	1581	1612	1641	1668	1692	1713	1757	
+ Depreciation	244	256	283	291	297	310	316	322	328	334	340	
- Paid taxes	-346.1	-260.4	-340.4	-359.6	-369.5	-377.8	-385.4	-392.6	-399.2	-405.2	-416.1	
- Tax, financial expenses	-5.5	-11.6	-10.3	-9.3	-8.5	-8.0	-7.5	-7.0	-6.4	-5.9	-5.3	
+ Tax, financial income	11.2	12.5	13.4	14.0	14.5	15.0	15.5	16.0	16.5	16.9	17.3	
- Change in working capital	359	45.4	92.7	60.8	58.1	57.4	56.3	55.2	53.8	52.2	50.4	
Operating cash flow	1558	1112	1505	1540	1572	1608	1636	1661	1685	1706	1743	
+ Change in other long-term liabilities	4.7	-29.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-349.3	-345.7	-311.2	-311.5	-347.5	-331.8	-338.5	-345.1	-351.6	-357.9	-374.5	
Free operating cash flow	1213	736	1194	1228	1224	1277	1297	1316	1333	1248	1369	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	1213	736	1194	1228	1224	1277	1297	1316	1333	1348	1369	35307
Discounted FCFF		716	1090	1054	986	966	922	878	836	794	757	19522
Sum of FCFF present value		28520	27804	26714	25661	24674	23708	22786	21908	21072	20279	19522
Enterprise value DCF		28520										
- Interesting bearing debt		-194.2										
+ Cash and cash equivalents		2885										
-Minorities		-198.1										
-Dividend/capital return		-1087.5										
Equity value DCF		29947										
Equity value DCF per share		57.8										

Wacc	
Tax-% (WACC)	23.5 %
Target debt ratio (D/(D+E))	1.0 %
Cost of debt	3.5 %
Equity Beta	0.95
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.0 %
Cost of equity	6.5 %
Weighted average cost of capital (WACC)	6.5 %

Source: Inderes

Cash flow distribution



Summary

Income statement	2019	2020	2021	2022e	2023e	Per share data	2019	2020	2021	2022e	2023e
Revenue	9981.8	9938.5	10514.1	10835.5	11491.9	EPS (reported)	1.80	1.81	1.96	1.58	2.17
EBITDA	1434.0	1451.9	1539.3	1325.8	1749.2	EPS (adj.)	1.86	1.87	1.98	1.66	2.17
EBIT	1192.5	1212.9	1295.3	1070.0	1466.3	OCF / share	2.45	2.80	3.00	2.14	2.90
PTP	1217.6	1224.3	1320.8	1073.7	1479.9	FCF / share	1.33	2.61	2.34	1.42	2.30
Net Income	931.4	939.3	1014.2	816.5	1125.4	Book value / share	6.12	6.12	6.12	5.60	6.07
Extraordinary items	-44.9	-37.6	-14.5	-45.6	0.0	Dividend / share	1.70	2.25	2.10	1.70	1.90
Balance sheet	2019	2020	2021	2022e	2023e	Growth and profitability	2019	2020	2021	2022e	2023e
Balance sheet total	8613.3	8792.0	9720.4	10019.6	10472.6	Revenue growth-%	10 %	0 %	6 %	3 %	6 %
Equity capital	3192.8	3197.2	3199.2	2928.2	3173.4	EBITDA growth-%	23 %	1 %	6 %	-14 %	32 %
Goodwill	1366.5	1327.0	1405.2	1405.2	1405.2	EBIT (adj.) growth-%	11 %	1 %	5 %	-15 %	31 %
Net debt	-1703.2	-2120.8	-2332.9	-1974.2	-2283.9	EPS (adj.) growth-%	7 %	0 %	6 %	-16 %	31 %
Cash flow	2019	2020	2021	2022e	2023e	EBITDA-%	14.4 %	14.6 %	14.6 %	12.2 %	15.2 %
EBITDA	1434.0	1451.9	1539.3	1325.8	1749.2	EBIT (adj.)-%	12.4 %	12.6 %	12.5 %	10.3 %	12.8 %
Change in working capital	102.5	314.2	358.7	45.4	92.7	EBIT-%	11.9 %	12.2 %	12.3 %	9.9 %	12.8 %
Operating cash flow	1271.3	1453.9	1557.7	1111.6	1504.7	ROE-%	29.9 %	29.6 %	31.9 %	26.9 %	37.2 %
CAPEX	-595.8	-144.0	-349.3	-345.7	-311.2	ROI-%	35.3 %	33.7 %	36.1 %	29.3 %	38.3 %
Free cash flow	689.1	1351.8	1213.1	736.2	1193.5	Equity ratio	46.5 %	45.5 %	41.2 %	36.8 %	38.3 %
Valuation multiples	2019	2020	2021	2022e	2023e	Gearing	-53.3 %	-66.3 %	-72.9 %	-67.4 %	-72.0 %
EV/S	2.9	3.3	2.9	2.0	1.8						
EV/EBITDA (adj.)	20.0	22.4	19.9	16.0	11.9						
EV/EBIT (adj.)	23.2	26.0	23.3	19.0	14.2						
P/E (adj.)	31.3	35.6	31.8	26.7	20.4						
P/E	9.5	10.9	10.3	7.9	7.3						
Dividend-%	2.9 %	3.4 %	3.3 %	3.8 %	4.3 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target price	Share price
28-04-17	Reduce	41.00 €	42.84 €
19-07-17	Reduce	41.00 €	43.44 €
29-09-17	Reduce	41.00 €	44.80 €
27-10-17	Sell	41.00 €	47.09 €
26-01-18	Reduce	43.00 €	45.24 €
27-04-18	Reduce	43.00 €	42.03 €
20-07-18	Reduce	43.00 €	47.30 €
26-10-18	Reduce	42.00 €	40.60 €
25-01-19	Reduce	40.00 €	42.73 €
29-04-19	Sell	41.00 €	48.90 €
19-07-19	Sell	41.00 €	51.12 €
24-10-19	Sell	42.00 €	54.18 €
29-01-20	Sell	45.00 €	61.02 €
24-03-20	Sell	42.00 €	46.90 €
23-04-20	Sell	46.00 €	55.00 €
20-07-20	Sell	48.00 €	64.28 €
23-09-20	Sell	61.00 €	73.38 €
23-10-20	Sell	61.00 €	71.26 €
29-01-21	Sell	61.00 €	67.08 €
30-04-21	Sell	61.00 €	66.12 €
21-07-21	Sell	61.00 €	70.82 €
01-11-21	Reduce	59.00 €	58.72 €
03-02-22	Reduce	57.00 €	56.80 €
02-05-22	Accumulate	51.00 €	46.09 €
15-07-22	Accumulate	51.00 €	45.85 €
22-07-22	Accumulate	51.00 €	44.38 €



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