

Cargotec

Company report

10/25/2024



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Happy mood and MacGregor to be sold soon

Cargotec's order intake in Q3 exceeded expectations, while revenue and margins were roughly in line. The increase in guidance for 2024 has again already been included in the forecasts. Our projections for 2024-2026 have nevertheless risen quite markedly. Based on the sum-of-the-parts calculation, there is still no justified upside in the Cargotec stock, and we maintain our Sell recommendation. However, the increase in value in the calculation brings the target price to EUR 51.0 (44.0), close to the mid-point of the sum-of-the-parts valuation range.

Solid performance in Q3

In Q3, Hiab's order intake was 361 MEUR (+16% y/y), exceeding both own and especially consensus forecasts. Hiab's tender base is quite high, but the time from offer to order has lengthened. Among the end customer markets, construction is challenging in the Nordic countries and Central Europe and fragmented in North America. Hiab emphasized that waiting for lower interest rates and thus lower financing costs is still slowing down decision-making. MacGregor's order intake of 236 MEUR (+12% y/y) fell between our and consensus estimates. The shipyards were described as fully booked until 2028 and as much as 40% of MacGregor's order book will be delivered in 2026 or later. Hiab's Q3 revenue (-8% y/y) was slightly ahead of expectations, while MacGregor's revenue (+13% y/y) clearly missed forecasts. Hiab's profitability (adj. EBIT margin 15.3%) came in between our and the consensus forecasts but benefited from higher-than-expected volumes. MacGregor's EBIT margin of 9.6% was above our and consensus forecasts and would have been as high as 13.5% without the loss-making offshore projects. The group's low tax rate drove adjusted EPS well above expectations. Net operating cash flow was strong in Q3 and for the first time in history, the company was net debt-free.

Forecasts keep going up

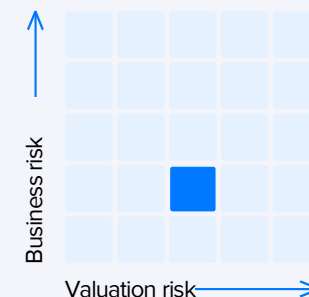
Demand growth prospects for Hiab are low in the short term. In the key markets of Europe and North America, Volvo Trucks forecasts a 12% decline in demand for heavy trucks in 2024 and zero change in 2025. Construction volume growth in 2025 is forecast to be in the range of +2% y/y in both regions. MacGregor's order intake will of course benefit from a solid flow of vessel orders from shipyards, which should ultimately increase the transaction price for the business. As in the Q2 report, Cargotec again raised its guidance for 2024, but both our and consensus forecasts were already in line with the new guidance prior to the report. With the strong Q3 report, our projections for the group for 2024-2026 have been increased. The changes are almost entirely revenue-based (Hiab: +5...+8%; MacGregor: -10...+10%), with margin expectations broadly unchanged.

There is little justified upside

The most meaningful way to look at the value of Cargotec in its current form is still the sum-of-the-parts calculation, which puts the value of the share at EUR 47...58. The potential change from the current share price to the end of the range is -13 to +6% with a midpoint of -3%. The sum-of-the-parts value is 15...20% higher than what was presented in connection with the Q2 report, driven by higher valuation multiples, forecast changes and Cargotec's strong cash flow. Based on the calculation, Cargotec's share has still no justified upside. Moreover, given the risk associated with MacGregor's sale price (which of course goes both ways), our cautious stance on the stock remains warranted.

Recommendation

Sell
(was Sell)
EUR 51.00
(was EUR 44.00)
Share price:
54.00



Key figures

	2023	2024e	2025e	2026e
Revenue	2519	2499	2715	2809
growth-%	17%	-1%	9%	3%
EBIT adj.	236.7	305.8	331.4	340.6
EBIT-% adj.	9.4 %	12.2 %	12.2 %	12.1 %
PTP	219.6	263.9	331.4	337.9
Net Income	164.2	193.1	241.4	242.8
EPS (adj.)	2.52	3.40	3.78	3.80
Dividend	n.a.	1.70	1.89	1.90

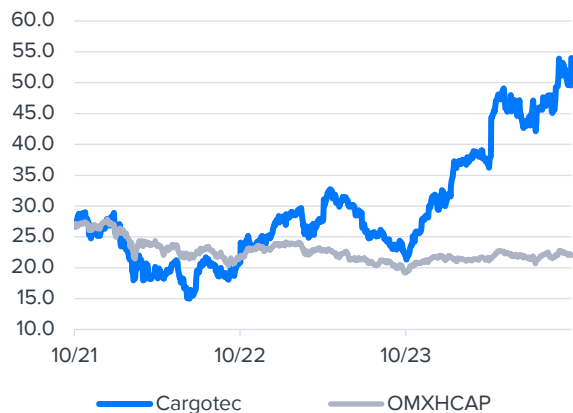
P/E (adj.)	n.a.	15.9	14.3	14.2
P/B	n.a.	2.9	2.6	2.4
Dividend yield-%	n.a.	3.1 %	3.5 %	3.5 %
EV/EBIT (adj.)	n.a.	11.2	10.1	9.5
EV/EBITDA	n.a.	10.4	8.7	8.1
EV/S	n.a.	1.4	1.2	1.2

Source: Inderes

Guidance (Upgraded)

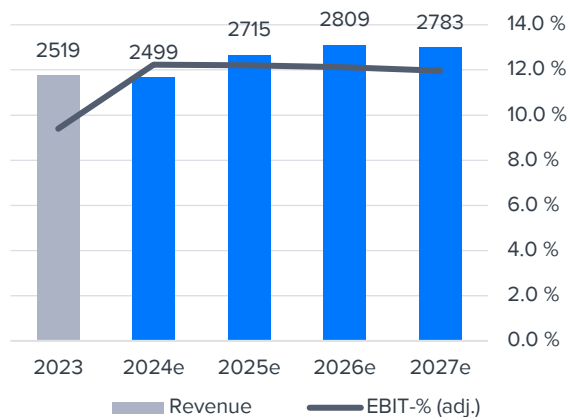
Cargotec expects Hiab's comparable EBIT margin in 2024 to be above 14.0% and MacGregor's comparable EBIT to be above 65 MEUR.

Share price



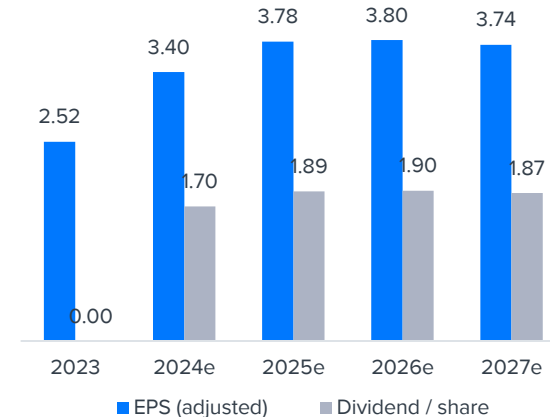
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Recovery of growth in construction
- Growth investments in North America
- Growth in service business
- Increase in MacGregor's value before divestment
- Margin effect of Excellence programs



Risk factors

- Continued slowdown in customers' investment decisions
- Delay in MacGregor divestment and/or price missing expectations
- General cyclicality of equipment demand

Valuation	2024e	2025e	2026e
Share price	54.0	54.0	54.0
Number of shares, millions	63.9	63.9	63.9
Market cap	3452	3452	3452
EV	3432	3339	3237
P/E (adj.)	15.9	14.3	14.2
P/E	17.9	14.3	14.2
P/B	2.9	2.6	2.4
P/S	1.4	1.3	1.2
EV/Sales	1.4	1.2	1.2
EV/EBITDA	10.4	8.7	8.1
EV/EBIT (adj.)	11.2	10.1	9.5
Payout ratio (%)	56.1%	50.0%	50.0%
Dividend yield-%	3.1%	3.5%	3.5%

Source: Inderes

Solid performance in Q3

A strong set of figures for Q3

Cargotec's order intake in Q3 exceeded expectations, while revenue and margins were roughly in line.

Good momentum on the order front

In Q3, Hiab's order intake was 361 MEUR (+16% y/y), exceeding both our (+11% y/y) and especially consensus (+3% y/y) forecasts. The figure included 10...20 MEUR of postponed orders from Q2, and overall Hiab's order intake was described as normal. Hiab's stock of offers is quite high, but the time from offer to order has lengthened. Among the end customer markets, construction is challenging in the Nordic countries and Central Europe and fragmented in North America. Demand from retail customers has remained strong, although even here the trend is uneven. Hiab emphasized that waiting for lower interest rates and thus lower financing costs is still influencing decision-making.

MacGregor's order intake of 236 MEUR (+12% y/y) fell between our (220 MEUR) and consensus (240 MEUR) estimates. MacGregor highlighted Clarkson's recent forecast increase (+17%) of global merchant ship orders for 2024. Shipyards were described as fully booked until 2028 and as much as 40% of MacGregor's order book (1055 MEUR) will be delivered in 2026 or later. Only 15 MEUR of the order book are now loss-making offshore projects, and these will be delivered during the rest of the year.

Mixed revenue development

Hiab's Q3 revenue (388 MEUR; -8% y/y) was slightly higher than expected (-12...-13% y/y). The impact of the US port strike remained limited and previous price increases continued to have a mildly positive effect. MacGregor's revenue (203 MEUR; +13% y/y) fell well short of expectations (approx. 210...230 MEUR) and was disappointing after the strong period of orders in Q3'23...Q2'24.

Margins close to expectations

Hiab's profitability (adj. EBIT margin 15.3%) came in between our and the consensus forecasts (14.5...16.0%) but benefited from higher-than-expected volumes. MacGregor's EBIT margin of 9.6% was better than our and the consensus forecast (both 9.1%). Excluding the loss-making offshore projects, MacGregor's margin would have been as high as 13.5%. The group's low tax rate (21% vs. own and consensus around 27...28%) pushed adjusted EPS well above expectations.

The group's net operating cash flow in Q3 was +138 MEUR, and for the first time in Cargotec's history the company had net assets (+64 MEUR). Net debt/EBITDA ratio at the end of Q3 was -0.2x

Estimates MEUR / EUR	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	598	590	599	582	557	- 599	-1%	2472
EBIT (adj.)	60.9	69.6	70.0	66.0	58.0	- 69.3	-1%	295
EBIT	76.7	67.1	70.0	61.5	44.6	- 69.3	-4%	263
PTP	73.9	64.3	68.0	57.0	43.1	- 70.8	-5%	257
EPS (adj.)	0.78	0.84	0.76	0.72	0.62	- 0.79	11%	3.08
EPS (reported)	0.96	0.79	0.76	0.62	0.49	- 0.88	4%	2.76
Revenue growth-%	16.1 %	-1.3 %	0.2 %	-2.8 %	-6.9 %	- 0.2 %	-1.4 pp	-0.8 %
EBIT-% (adj.)	10.2 %	11.8 %	11.7 %	11.3 %	10.4 %	- 11.6 %	0.1 pp	11.9 %

Source: Inderes & Vara Research (consensus)

Forecasts keep going up

Guidance raised again

The increase in Cargotec's guidance for 2024 has again already been included in the forecasts. Our projections for 2024-2026 have nevertheless risen quite markedly.

Steady ahead for Hiab, upturn for MacGregor

Demand growth prospects for Hiab are low in the short term. In the key markets of Europe and North America, Volvo Trucks forecasts a 12% decline in demand for heavy trucks in 2024 and a change of -3...+3% in 2025. Construction volume growth in 2025 is forecast to be in the range of +2% y/y in both regions. The chart below illustrates how Hiab's revenue has historically been strongly correlated with truck registrations, even if it would be difficult to show a direct correlation otherwise. MacGregor's order intake will of course benefit from a solid flow of

vessel orders from shipyards, which should ultimately increase the transaction price for the business.

2024 guidance up again

As in the Q2 report, Cargotec again raised its guidance for 2024 and now expects Hiab to achieve a comparable EBIT margin of more than 14% (was >13.5%). The Inderes forecast prior to the report was 15.9% and the consensus forecast 15.3%, so the new guidance did not directly lead to a revision of forecasts. MacGregor is now guided for a comparable EBIT of >65 MEUR (was 55 MEUR), compared to Inderes' pre-report forecast of 86 MEUR and the consensus forecast of 76 MEUR. Therefore, the new guidance does not give reason to significantly change the profitability forecasts for MacGregor.

Further upward revision of our forecasts

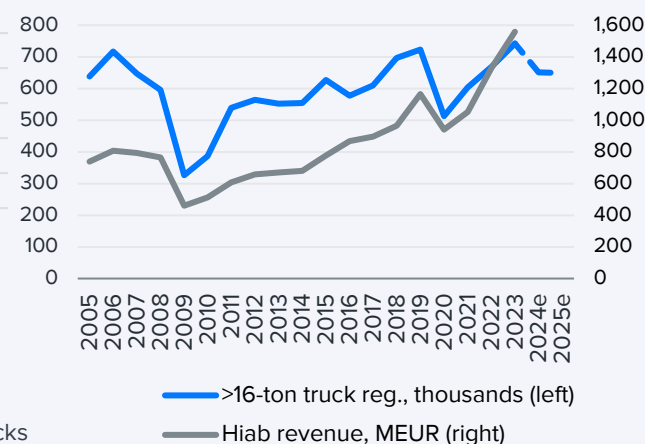
With the strong Q3 report, our projections for the group for 2024-2026 have been increased as shown in the table. The changes are almost entirely revenue-based (Hiab: +5...+8%; MacGregor: -10...+10%), with margin expectations broadly unchanged. The 2024 EPS forecast is also boosted by a lower-than-expected corporate tax rate.

Cargotec's better-than-forecast Q3 report and especially the strong cash flow have led to a faster-than-expected increase in the group's net assets. This is also reflected in the valuation in terms of net debt (i.e. assets) at the end of 2025.

Estimate revisions MEUR / EUR	2024e			2025e			2026e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
Revenue	2472	2499	1%	2599	2715	4%	2617	2809	7%
EBIT (exc. NRIs)	295	306	4%	317	331	4%	318	341	7%
EBIT	263	272	3%	317	331	4%	318	341	7%
PTP	257	264	3%	320	331	4%	315	338	7%
EPS (excl. NRIs)	3.08	3.40	10%	3.60	3.78	5%	3.54	3.80	7%
DPS	1.54	1.70	10%	1.80	1.89	5%	1.77	1.90	7%

Source: Inderes

Hiab's revenue in Europe and North America in relation to truck registrations



Source: Cargotec, Volvo Trucks

There is little justified upside

MacGregor sale date draws closer

The MacGregor sale process is on track and, following good progress in October, the aim is to sign the deal before the end of the year. No further details were provided. However, in the conference call Cargotec stated that the proceeds from the sale could be used for both acquisitions and an additional dividend payment. All options are thus open, and the decision is, of course, in the hands of the Board.

The stock is still fully valued

Looking at the value of Cargotec in its current form does not make sense neither from the point of view of risk-adjusted returns, nor from the point of view of peer group valuation multiples, nor from the point of view of the DCF model. Of the remaining options, we believe that the sum-of-the-parts approach is the best.

Our sum-of-the-parts calculation is based on the median EV/EBIT multiple of the Hiab peer group for

2025 (10x), around which we have chosen lower and upper bound multiples (9x and 11x) that represent a realistic price range. MacGregor does not have a comparable peer group and due to the higher risk profile, we have chosen slightly lower relevant valuation multiples (8x and 10x) than for Hiab. The EBIT forecasts for Hiab and MacGregor include the companies' share of group costs. We have allocated Cargotec's assumed net interest-bearing assets (2025e) to Hiab and MacGregor in proportion to the capital employed. In the calculation, both Hiab and MacGregor have net financial assets. The results are shown in the adjacent table.

Based on our rather rough calculation, the value of a Cargotec share in its current form is between EUR 47...58. The potential change from the current share price to the end of the range is -13 to +6% with a midpoint of -3%. The sum-of-the-parts value is 15...20% higher than what was presented in connection with

the Q2 report, driven by higher peer group valuation multiples, forecast changes and Cargotec's strong cash flow. Our calculation shows an EBIT margin of 9.0% for MacGregor, taking into account group expenses, compared to a median of 6.2% for the 20-year business cycle (2004-2023). On this basis, a sale price of the estimated value of MacGregor's shares of approximately 800-1,000 MEUR would be a solid performance by Cargotec.

Based on the calculation, Cargotec's share has still no justified upside. Furthermore, taking into account the risk associated with the sale price of MacGregor (which of course goes both ways), we maintain our Sell recommendation on Cargotec. However, the increase in value in the sum-of-the-parts calculation brings the target price to EUR 51.0 (44.0), close to the mid-point of the sum-of-the-parts valuation range.

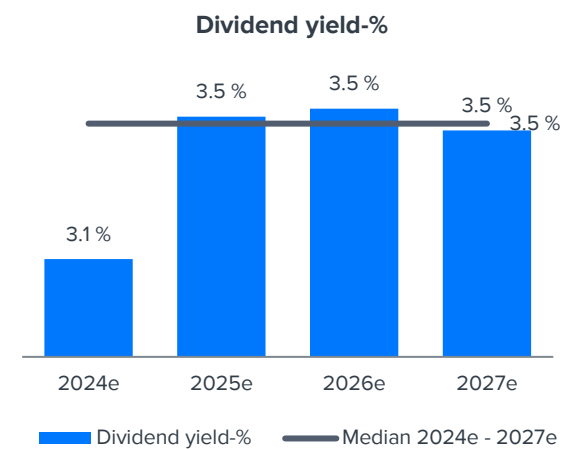
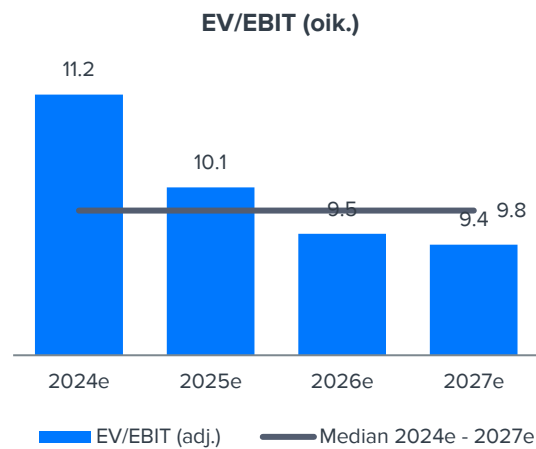
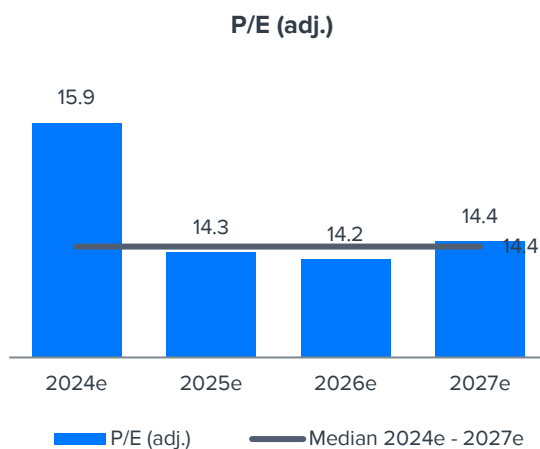
Sum-of-the-parts valuation

MEUR	Hiab		MacGregor		Total	
	Lower	Upper	Lower	Upper	Lower	Upper
Adj. EBIT 2025e	237	237	95	95	332	332
EV/EBIT 2025e lower/upper	9.0x	11.0x	8.0x	10.0x	8.7x	10.7x
EV 2025e	2,139	2,614	760	950	2,900	3,564
./. Net debt/assets 2025e	71	71	46	46	117	117
Value of share capital	2,210	2,685	807	996	3,017	3,682
- per share, EUR	34.6	42.0	12.6	15.6	47.2	57.6
Cargotec's present value					3,452	3,452
- per share, EUR					54.0	54.0
Discount (-) / premium (+)					+14 %	-6%

Valuation table

Valuation	2024e	2025e	2026e	2027e
Share price	54.0	54.0	54.0	54.0
Number of shares, millions	63.9	63.9	63.9	63.9
Market cap	3452	3452	3452	3452
EV	3432	3339	3237	3119
P/E (adj.)	15.9	14.3	14.2	14.4
P/E	17.9	14.3	14.2	14.4
P/B	2.9	2.6	2.4	2.2
P/S	1.4	1.3	1.2	1.2
EV/Sales	1.4	1.2	1.2	1.1
EV/EBITDA	10.4	8.7	8.1	7.9
EV/EBIT (adj.)	11.2	10.1	9.5	9.4
Payout ratio (%)	56.1 %	50.0 %	50.0 %	50.0 %
Dividend yield-%	3.1 %	3.5 %	3.5 %	3.5 %

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	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Konecranes Abp	5217	5650	11.0	10.6	9.1	8.9	1.4	1.4	14.3	13.9	2.4	2.6	2.8
Metso Corp	7826	8866	11.6	10.7	9.7	9.1	1.8	1.7	14.8	13.5	3.9	4.1	3.0
Manitou BF	674	1089	5.6	6.2	4.1	4.2	0.4	0.4	5.2	5.4	7.9	8.1	0.7
Palfinger AG	789	1620	9.6	10.2	6.1	6.4	0.7	0.7	9.0	9.3	4.0	4.2	1.0
Wacker Neuson SE	1024	1585	11.3	9.0	6.1	5.3	0.7	0.7	11.6	8.9	4.4	5.8	0.7
Terex Corp	3343	3664	6.7	7.0	6.2	6.3	0.8	0.8	9.2	9.8	1.3	1.3	1.9
Deere & Co	102926	157465	19.9	22.4	14.6	17.8	3.8	4.0	16.3	18.2	1.4	1.5	5.3
Caterpillar Inc	174256	204764	16.0	16.7	13.8	13.9	3.4	3.3	17.6	17.2	1.4	1.5	10.3
Hyundai Construction Equipment Co Ltd	664	1044	6.9	6.3	5.5	4.9	0.4	0.4	7.3	6.4	2.2	2.4	0.6
Kongsberg	16520	16335	30.8	25.8	25.1	21.4	4.0	3.5	38.2	31.9	1.4	1.5	10.6
Nov Inc.	5613	6755	8.6	7.6	6.5	5.7	0.8	0.8	9.6	8.9	1.8	2.0	0.9
Cargotec (Inderes)	3452	3432	11.2	10.1	10.4	8.7	1.4	1.2	15.9	14.3	3.1	3.5	2.9
Average			12.5	12.0	9.7	9.4	1.7	1.6	13.9	13.0	2.9	3.2	3.4
Median			11.0	10.2	6.5	6.4	0.8	0.8	11.6	9.8	2.2	2.4	1.9
Diff-% to median			2%	-1%	62%	36%	70%	54%	37%	46%	42%	48%	58%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue	2519	617	625	591	667	2499	2715	2809	2783
MacGregor	733	203	192	203	239	837	1057	1097	1045
Hiab	1787	415	432	388	428	1663	1658	1713	1738
Group	0.0	-0.7	0.7	-0.4	0.0	-0.4	0.0	0.0	0.0
EBITDA	294	87.2	63.1	81.6	97.2	329	385	399	394
Depreciation	-57.8	-17.4	-11.2	-14.5	-14.4	-57.5	-53.9	-58.6	-60.9
EBIT (excl. NRI)	237	71.3	82.0	69.6	82.9	306	331	341	333
EBIT	236	69.8	51.9	67.1	82.9	272	331	341	333
MacGregor	31.8	10.7	-8.3	19.4	24.0	45.8	113	120	113
Hiab	252	68.7	68.7	59.4	68.6	265	259	263	264
Group	-47.9	-9.6	-8.5	-11.7	-9.7	-39.5	-41.0	-42.5	-44.0
Net financial items	-16.4	-1.5	-0.5	-2.9	-2.9	-7.8	0.0	-2.8	-0.3
PTP	220	68.3	51.4	64.2	80.0	264	331	338	333
Taxes	-57.2	-21.2	-20.3	-13.4	-15.0	-69.9	-89.5	-94.6	-93.2
Minority interest	1.8	-0.1	-0.2	-0.2	-0.3	-0.8	-0.5	-0.5	-0.5
Net earnings	164	47.0	30.9	50.6	64.6	193	241	243	239
EPS (adj.)	2.55	0.75	0.79	0.84	1.01	3.40	3.78	3.80	3.74
EPS (rep.)	2.54	0.74	0.48	0.79	1.01	3.02	3.78	3.80	3.74

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	17.4 %	4.8 %	-3.6 %	-1.2 %	-2.5 %	-0.8 %	8.6 %	3.5 %	-0.9 %
Adjusted EBIT growth-%	35.9 %	43.5 %	1.7 %	14.3 %	82.1 %	29.2 %	8.4 %	2.8 %	-2.3 %
EBITDA-%	11.7 %	14.1 %	10.1 %	13.8 %	14.6 %	13.2 %	14.2 %	14.2 %	14.2 %
Adjusted EBIT-%	9.4 %	11.6 %	13.1 %	11.8 %	12.4 %	12.2 %	12.2 %	12.1 %	12.0 %
Net earnings-%	6.5 %	7.6 %	4.9 %	8.6 %	9.7 %	7.7 %	8.9 %	8.6 %	8.6 %

Source: Inderes

Balance sheet

Assets	2023	2024e	2025e	2026e
Non-current assets	908	909	925	931
Goodwill	618	609	609	609
Intangible assets	19.6	19.4	21.1	21.9
Tangible assets	172	173	187	193
Associated companies	27.8	26.1	26.1	26.1
Other investments	0.0	0.0	0.0	0.0
Other non-current assets	3.3	5.2	5.2	5.2
Deferred tax assets	67.8	76.6	76.6	76.6
Current assets	1541	1499	1624	1678
Inventories	573	587	638	660
Other current assets	50.3	49.1	49.1	49.1
Receivables	605	562	611	632
Cash and equivalents	312	300	326	337
Balance sheet total	2530	2478	2625	2693

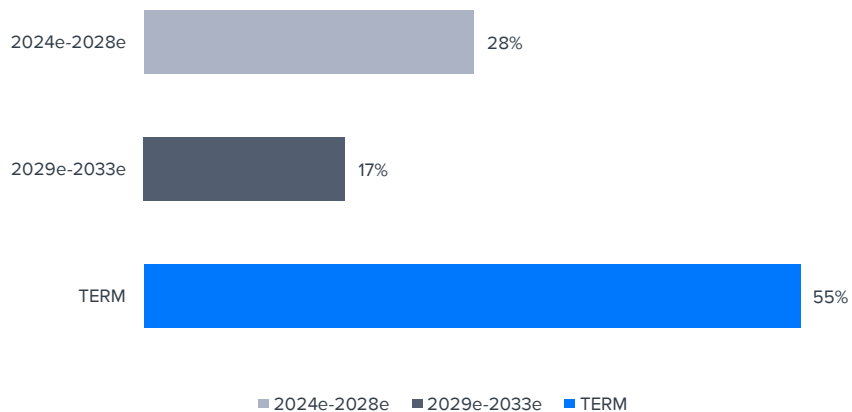
Source: Inderes

Liabilities & equity	2023	2024e	2025e	2026e
Equity	936	1178	1311	1433
Share capital	44.3	20.0	20.0	20.0
Retained earnings	815	1144	1276	1399
Hybrid bonds	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0
Other equity	74.4	13.2	13.2	13.2
Minorities	1.5	1.6	1.6	1.6
Non-current liabilities	669	282	232	165
Deferred tax liabilities	12.0	9.4	9.4	9.4
Provisions	2.4	2.5	2.5	2.5
Interest bearing debt	594	206	156	88.4
Convertibles	0.0	0.0	0.0	0.0
Other long term liabilities	60.2	64.2	64.2	64.2
Current liabilities	926	1017	1082	1095
Interest bearing debt	17.9	68.8	52.1	29.5
Payables	908	948	1030	1066
Other current liabilities	0.0	0.0	0.0	0.0
Balance sheet total	2530	2478	2625	2693

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	17.4 %	-0.8 %	8.6 %	3.5 %	-0.9 %	4.0 %	3.7 %	3.4 %	3.1 %	2.8 %	2.5 %	2.5 %
EBIT-%	9.4 %	10.9 %	12.2 %	12.1 %	12.0 %	11.6 %	11.2 %	10.8 %	10.4 %	10.0 %	10.0 %	10.0 %
EBIT (operating profit)	236	272	331	341	333	335	335	334	332	329	337	
+ Depreciation	57.8	57.5	53.9	58.6	60.9	61.0	63.4	65.6	67.6	69.4	71.0	
- Paid taxes	-15.0	-81.3	-89.5	-94.6	-93.2	-94.3	-94.9	-95.1	-94.8	-94.1	-96.5	
- Tax, financial expenses	-7.3	-3.3	-0.8	-1.8	-1.2	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	
+ Tax, financial income	3.1	1.2	0.8	1.0	1.1	1.4	1.9	2.3	2.6	2.9	3.1	
- Change in working capital	135	69.4	-17.4	-7.6	2.1	-9.0	-8.6	-8.2	-7.8	-7.2	-6.5	
Operating cash flow	409	315	278	296	303	293	296	298	299	299	307	
+ Change in other long-term liabilities	-100.8	4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	498	-39.3	-77.0	-71.2	-63.4	-73.1	-74.4	-75.6	-76.6	-77.4	-79.0	
Free operating cash flow	806	280	201	225	239	220	222	223	222	221	228	
+/- Other	186	64.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	992	344	201	225	239	220	222	223	222	221	228	4246
Discounted FCFF		339	184	190	188	160	149	139	128	118	113	2103
Sum of FCFF present value		3810	3471	3287	3097	2909	2750	2601	2463	2334	2215	2103
Enterprise value DCF		3810										
- Interest bearing debt		-612.1										
+ Cash and cash equivalents		312										
-Minorities		-4.7										
-Dividend/capital return		-139.0										
Equity value DCF		3367										
Equity value DCF per share		52.7										

Cash flow distribution



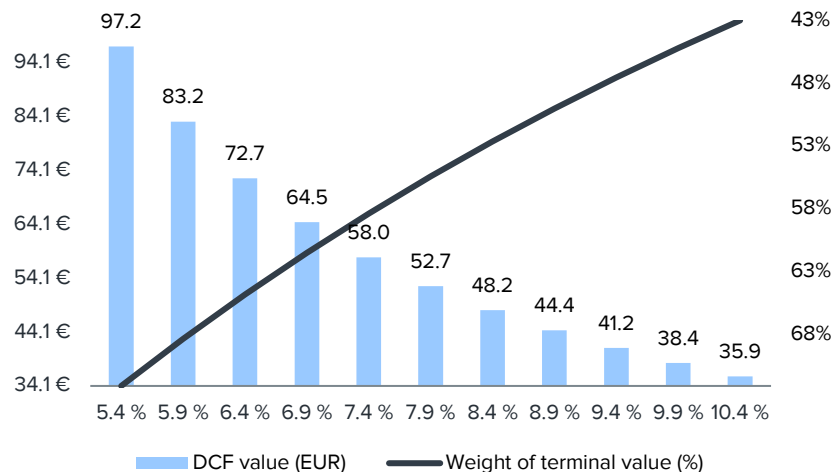
WACC

Tax-% (WACC)	27.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	3.0 %
Equity Beta	1.45
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.4 %
Weighted average cost of capital (WACC)	7.9 %

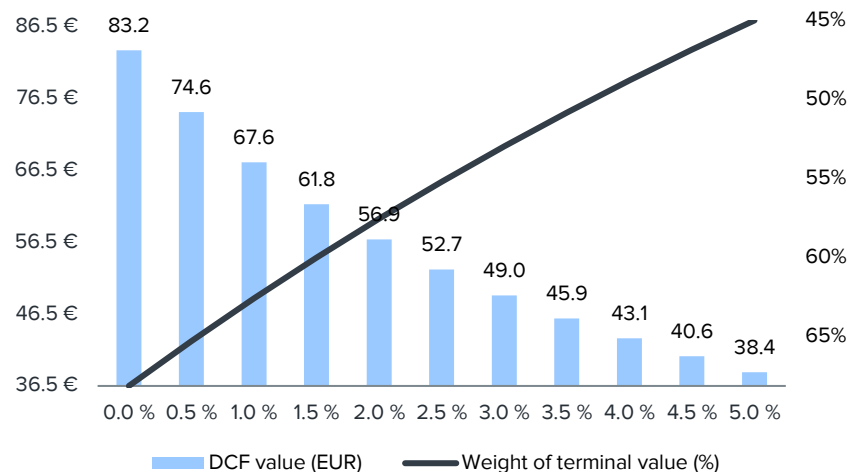
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

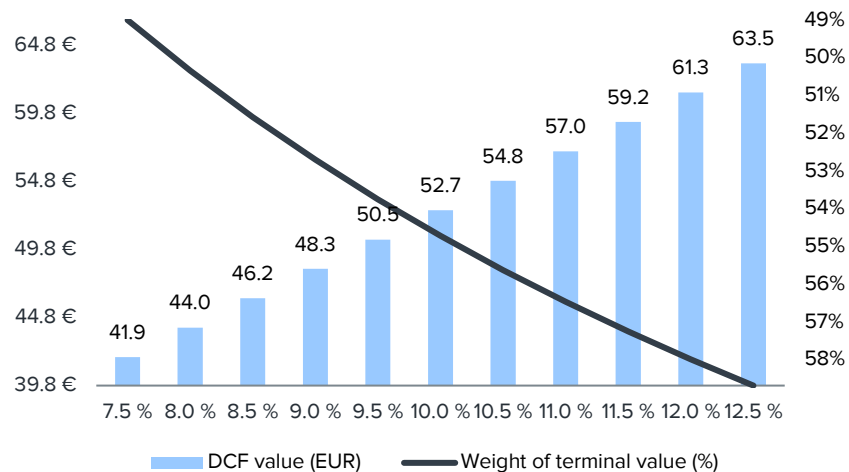
Sensitivity of DCF to changes in the WACC-%



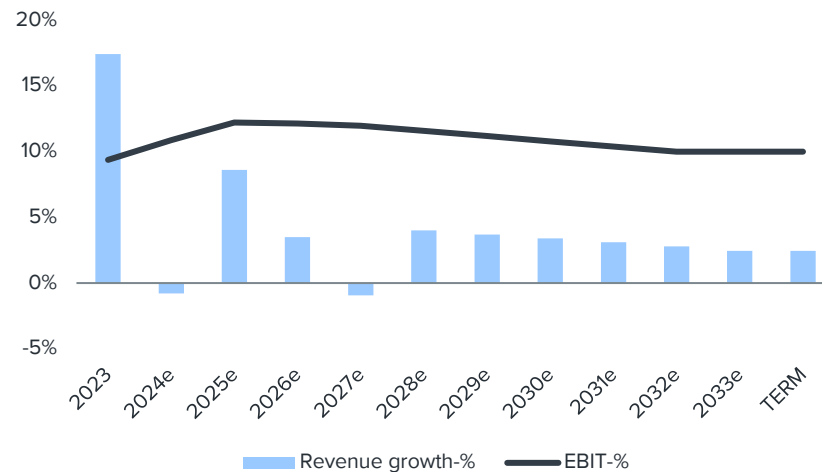
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2023	2024e	2025e	Per share data	2023	2024e	2025e
Revenue	2519	2499	2715	EPS (reported)	2.54	3.02	3.78
EBITDA	294	329	385	EPS (adj.)	2.55	3.40	3.78
EBIT	236	272	331	OCF / share	6.33	4.93	4.36
PTP	220	264	331	FCF / share	15.34	5.38	3.15
Net Income	350	257	241	Book value / share	14.44	18.41	20.49
Extraordinary items	-1	-34	0	Dividend / share	2.15	1.70	1.89
Balance sheet	2023	2024e	2025e	Growth and profitability	2023	2024e	2025e
Balance sheet total	2530	2478	2625	Revenue growth-%	17%	-1%	9%
Equity capital	936	1178	1311	EBITDA growth-%	75%	12%	17%
Goodwill	618	609	609	EBIT (adj.) growth-%	36%	29%	8%
Net debt	300	-25	-117	EPS (adj.) growth-%	-5704%	35%	11%
Cash flow	2023	2024e	2025e	EBITDA-%	11.7 %	13.2 %	14.2 %
EBITDA	294	329	385	EBIT (adj.)-%	9.4 %	12.2 %	12.2 %
Change in working capital	135	69	-17	EBIT-%	9.4 %	10.9 %	12.2 %
Operating cash flow	409	315	278	ROE-%	13.3 %	18.3 %	19.4 %
CAPEX	498	-39	-77	ROI-%	12.7 %	18.4 %	22.5 %
Free cash flow	992	344	201	Equity ratio	43.4 %	56.0 %	59.0 %
				Gearing	32.0 %	-2.1 %	-8.9 %

Source: Inderes

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
4/18/2019	Sell	31.50 €	36.72 €
4/26/2019	Sell	33.00 €	38.46 €
5/14/2019	Reduce	33.00 €	32.12 €
7/19/2019	Reduce	30.00 €	28.28 €
10/23/2019	Reduce	31.00 €	29.60 €
2/10/2020	Accumulate	35.00 €	32.54 €
3/19/2020	Accumulate	19.00 €	16.78 €
4/24/2020	Accumulate	18.00 €	17.09 €
6/3/2020	Accumulate	23.00 €	20.74 €
7/20/2020	Accumulate	27.50 €	25.52 €
9/16/2020	Accumulate	31.00 €	27.94 €
10/2/2020	Reduce	36.00 €	35.74 €
10/23/2020	Reduce	33.00 €	31.78 €
2/5/2021	Reduce	39.00 €	41.90 €
3/29/2021	Reduce	41.00 €	44.80 €
4/26/2021	Accumulate	53.00 €	48.54 €
4/29/2021	Accumulate	55.00 €	50.20 €
7/29/2021	Accumulate	55.00 €	45.10 €
11/1/2021	Buy	55.00 €	44.84 €
1/1/2022	Buy	54.00 €	44.70 €
2/4/2022	Accumulate	44.00 €	40.36 €
4/5/2022	Accumulate	38.00 €	34.06 €
5/1/2022	Accumulate	38.00 €	33.18 €
7/21/2022	Accumulate	38.00 €	30.30 €
10/27/2022	Reduce	41.00 €	40.14 €
2/3/2023	Accumulate	50.00 €	44.96 €
4/28/2023	Accumulate	58.00 €	51.85 €
7/21/2023	Accumulate	54.00 €	45.50 €
10/27/2023	Buy	49.00 €	35.56 €
12/19/2023	Accumulate	57.00 €	51.10 €
2/1/2024	Accumulate	62.00 €	55.55 €
5/2/2024	Reduce	72.00 €	74.00 €
7/1/2024	Sell	39.00 €	47.16 €
8/11/2024	Sell	44.00 €	45.40 €
10/24/2024	Sell	51.00 €	54.00 €



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