CARGOTEC

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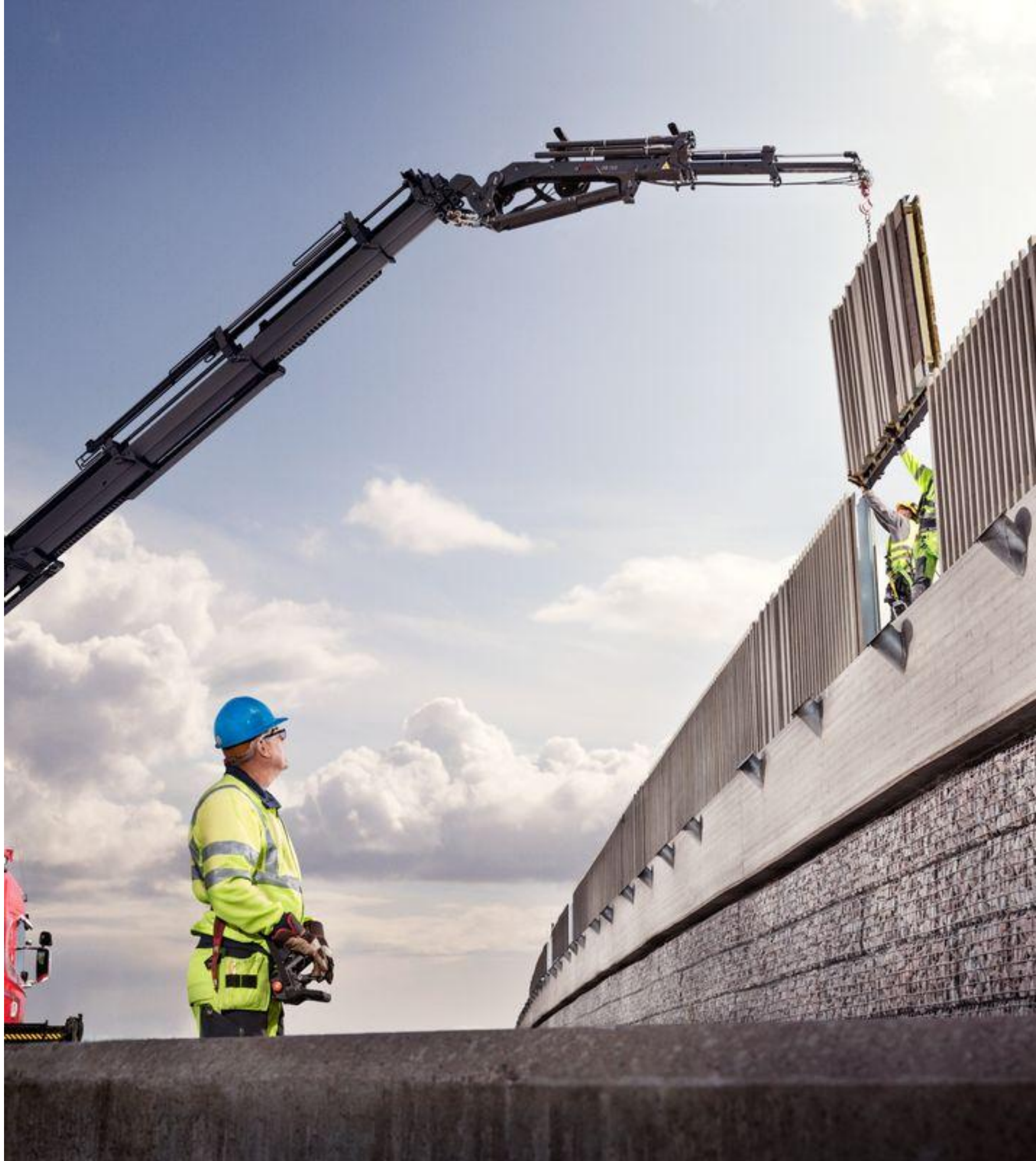
COMPANY REPORT



Too much yeast in the valuation dough

The adjusted Q4 numbers were better than consensus expectations, and the strong balance sheet now enables an additional dividend. Cargotec's demand outlook is flat and the 2025 margin guidance is cautious, but there was room for an increase. The share is still expensive by all metrics we use. We lower our recommendation to Sell and set our target price at EUR 42.00 (was EUR 51.00).

Q4 figures better than market expectations

Cargotec’s order intake (+3 % y/y) in Q4 exceeded both our (+2% y/y) and the consensus estimate (-7 % y/y). However, high financing costs continue to dampen activity and demand from the construction sector is weak. Q4 revenue (-8% y/y) was slightly higher than expected, although clearly down year-on-year. Cargotec recorded -15 MEUR of Hiab's restructuring costs above comparable EBIT in Q4, which resulted in EBIT being significantly below expectations. Excluding this expense item, the EBIT margin would have been 13.6%, which is between our and the consensus expectations. As a result of the restructuring, Cargotec's net debt from continuing operations at year-end was -70 MEUR, and if the still pending cash flow of 220 MEUR from the sale of MacGregor had already been realized in Q4'24, net debt would have been -290 MEUR. The board proposes an ordinary dividend of EUR 1.19/1.20 and, in the event of the sale of MacGregor, an additional dividend of EUR 1.56/1.57, which would bring the yield up to 5.8%.

First stable, then slight upturn

Cargotec’s comments on the demand outlook were almost unchanged. The demand situation in the Americas is better than in Europe or APAC. In Europe, demand is moderate in the retail as well as waste and recycling sectors, but weak in construction. Overall, Cargotec expects order intake to remain stable in the future. The company's guidance for 2025 is a comparable EBIT margin above 12.0%, compared to an actual EBIT margin of 13.2% in 2024. This is a clear disappointment as our own expectation before the report was 14.0% and the consensus was 13.8%. However, Cargotec considers 12% to be a base level and is aiming higher. Our forecasts for 2025 are almost unchanged, but we have raised our 2026 revenue estimate by 2% (now 4% y/y growth) and our adjusted EBIT estimate by 6% (margin now 14.3% vs. previous 13.7%). In our forecasts, we have given slightly more room than before to Cargotec's positive margin drivers (volume growth/operational leverage, excellence programs and an improving sales mix through an increasing share of services in revenue).

Share valuation hits ceiling

Although Cargotec's Q4 numbers were in line with or better than expectations and we have raised our estimates for 2026, the share is still expensive by all metrics we use. The company’s negative net debt lowers the risk profile, but the premium valuation is still too high. We believe that after the MacGregor divestment and the additional dividend distribution, investors will start to focus more clearly on earnings growth outlook and justified valuation levels. Signs of this were already visible in the share price decline on the day of the Q4 results (-6%).

Cargotec's total expected return on the share is negative based on EV/EBITDA and EV/EBIT multiples for 2025-2026, and the risk-adjusted expected return is therefore very weak. EV/EBIT suggests a valuation premium of +20...+36% for the stock at 2025-2026 multiples, i.e. the stock appears to be overpriced. The DCF model suggests a full valuation of the stock and a change potential of -4%, which is in line with other valuation models.

Recommendation
Sell
(was Reduce)

Target price:
42.00 EUR
(was EUR 51.00)

Share price:
47.68

Business risk
●●○○○

Valuation risk
●●●○○

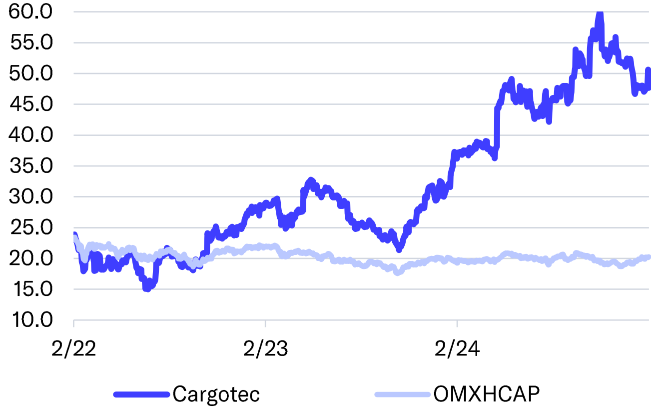
	2024	2025e	2026e	2027e
Revenue	1647	1650	1711	1787
growth-%	-8%	0%	4%	4%
EBIT adj.	217.1	230.9	244.2	259.1
EBIT-% adj.	13.2 %	14.0 %	14.3 %	14.5 %
PTP	213.4	223.9	241.8	258.7
Net Income	154.2	162.9	176.0	188.4
EPS (adj.)	2.38	2.55	2.75	2.95
Dividend	n.a.	1.35	1.38	1.47
P/E (adj.)	21.2	18.7	17.3	16.2
P/B	3.2	3.0	2.8	2.5
Dividend yield-%	5.4 %	2.8 %	2.9 %	3.1 %
EV/EBIT (adj.)	14.7	12.2	11.2	10.2
EV/EBITDA	12.3	10.6	9.8	9.0
EV/S	1.9	1.7	1.6	1.5

Source: Inderes

Guidance (New guidance)

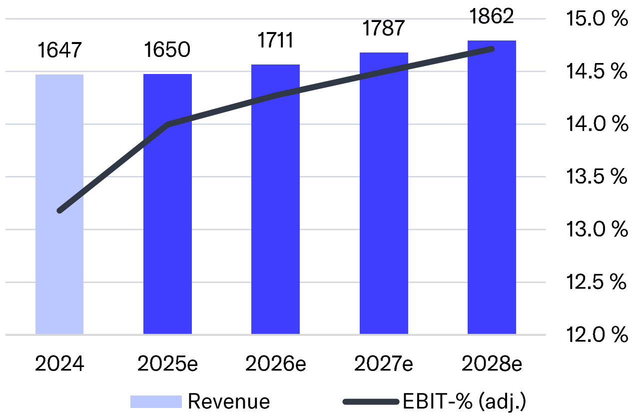
Cargotec estimates its continuing operations' comparable operating profit margin in 2025 to be above 12.0% (2024: 13.2%).

Share price



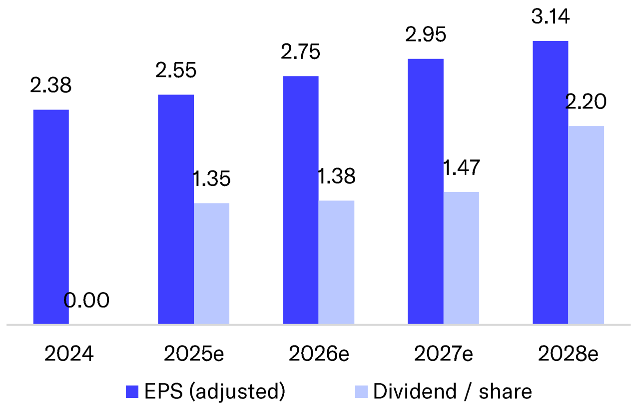
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Recovery of construction growth
- Investments in growth in North America
- Growth in service business
- Margin impact of Excellence programs

Risk factors

- Continued slowdown in customers' investment decisions
- General cyclicality of equipment demand

Valuation	2025e	2026e	2027e
Share price	47.7	47.7	47.7
Number of shares, millions	63.9	63.9	63.9
Market cap	3048	3048	3048
EV	2811	2736	2654
P/E (adj.)	18.7	17.3	16.2
P/E	18.7	17.3	16.2
P/B	3.0	2.8	2.5
P/S	1.8	1.8	1.7
EV/Sales	1.7	1.6	1.5
EV/EBITDA	10.6	9.8	9.0
EV/EBIT (adj.)	12.2	11.2	10.2
Payout ratio (%)	52.9 %	49.9 %	49.9 %
Dividend yield-%	2.8 %	2.9 %	3.1 %

Source: Inderes

Q4 figures better than market expectations

Q4 figures quite good

Q4 numbers overall and on an adjusted basis were better than consensus expectations. The strong balance sheet now allows for additional dividend payout.

Order intake above expectations

In Q4, Cargotec's order intake was 414 MEUR (+3% y/y), exceeding both our (+2% y/y) and especially consensus (-7% y/y) forecasts. According to Cargotec, high financing costs continue to slow down demand, especially among smaller customers. Demand from the construction sector is weak. Demand is also subdued in some key European markets and in South Korea. The order book at the end of the year (648 MEUR; -19% y/y) represents approximately 5 months of revenue, with margins described as stable compared to six months ago.

Growth in Service revenue

Q4 revenue (-8% y/y) was slightly higher than expected, although clearly down year-on-year. Service revenue grew by 4% year-on-year, while Equipment revenue declined 12% year-on-year. The share of Service in total revenue increased to 29% (25%), contributing to profitability.

Gross margins rising

Cargotec recorded -15 MEUR of Hiab's restructuring costs above comparable EBIT in Q4, which resulted in EBIT being significantly below expectations. Excluding this charge, Cargotec's Q4 EBIT margin would have been 13.6%, which is between our and the consensus expectations. Of these costs, -11 MEUR resulted from the downsizing of the footprint in Italy. The reported gross margin for Q4'24 (26.3%) increased year-on-year (25.8%), but the comparability is questionable due to one-off costs associated with both quarters. However, the gross margin for the full year 2024 increased by 2.2 pp compared to 2023 (29.1% vs. 26.9%) and Cargotec referred to good progress in commercial operations (i.e. pricing) and sourcing. Both net finance costs and the tax rate in Q4'24 were higher than expected, further depressing reported EPS. Outside the result from continuing operations, Cargotec recorded a result from discontinued operations of -186 MEUR, including a loss of approximately 200 MEUR from the MacGregor divestment.

Strong balance sheet allows for robust additional dividend

As a result of the restructuring, Cargotec's net debt from continuing operations was -70 MEUR and gearing was -7% at the end of the year. If the still outstanding cash flow of 220 MEUR from the sale of MacGregor had been realized already in Q4'24, net debt would have been -290 MEUR. Cargotec's board of directors proposes an ordinary dividend of EUR 1.19/1.20 and, if the sale of MacGregor is completed as expected, an additional dividend of EUR 1.56/1.57 to be paid in the fall. If both proposals are implemented, the dividend would amount to EUR 2.77 per B share, representing a yield of 5.8% at the current share price.

Estimates	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus			Difference (%)	2024
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low		High	Act. vs. inderes	Actualized
Revenue	450	412	404	377	361	-	405	2%	1647
EBIT (adj.)	38.0	41.0	57.9	49.6	47.0	-	57.9	-29%	217
EBIT	38.0	41.0	57.9	48.6	42.0	-	57.9	-29%	217
PTP	35.7	39.3	57.2	47.0	41.0	-	57.2	-31%	213
EPS (adj.)	0.33	0.42	0.66	0.58	0.53	-	0.66	-36%	2.41
EPS (reported)	0.33	0.42	0.66	0.56	0.51	-	0.66	-36%	2.40
DPS	n.a.	2.77	1.33	1.37	1.00	-	1.60	108%	2.77
Revenue growth-%	-27.5 %	-8.4 %	-10.2 %	-16.3 %	-19.8 %	-	-10.0 %	1.9 pp	-7.8 %
EBIT-% (adj.)	8.4 %	9.9 %	14.3 %	13.2 %	13.0 %	-	14.3 %	-4.4 pp	13.2 %

Source: Inderes & Vara Research (consensus)

First stable, then slight upturn

Caution in guidance

Cargotec's demand outlook is stable. The margin guidance issued for 2025 was cautious, but there was room for an increase.

Steady overall demand on the horizon

Cargotec's comments on the demand outlook were largely unchanged, although the company pointed to increased geopolitical uncertainty. The demand situation in the Americas is better than in Europe or APAC. In Europe, demand is moderate in the retail as well as waste and recycling sectors, but weak in construction. The former segments together account for about 30% of Cargotec's revenue, and construction for the same 30%. Overall, Cargotec expects order intake to remain stable in the future. This view is in line with some demand indicators: Volvo Trucks expects demand for heavy trucks in the key markets of Europe and North America to decline by a total of 4...5% year-on-year. Construction volume growth forecasts for 2025 are in the range of +2% year-on-year in both Europe and North America.

Margin guidance set at floor level

Cargotec's guidance for 2025 is now a comparable EBIT margin above 12.0%, compared to an actual EBIT margin of 13.2% in 2024. This is a clear disappointment as our own expectation before the report was 14.0% and the consensus was 13.8%. The difference is also significant when taking into account the aforementioned one-off charges in the Q4 result (-15 MEUR), without which the comparable margin for 2024 would have been 14.1%. The guidance is also well behind the margin target for 2028 (16%), updated on Tuesday. However, Cargotec emphasized that 12% is a base level and the company is aiming higher. According to the company, the base level can be raised in the same way as in 2024 (12%→ 14%) as visibility improves.

2026 earnings forecasts raised

Our 2025 forecast is nearly unchanged (revenue ±0% y/y; comparable EBIT margin 14.0%) and in line with a stable market outlook. We have raised our 2026 revenue estimate by 2% (now 4% y/y growth) and our adjusted EBIT estimate by 6% (margin now 14.3% vs. previous 13.7%). In our forecasts, we have given slightly more room than before to Cargotec's positive margin drivers (volume growth/operational leverage, excellence programs and an improving sales mix through an increasing share of services in revenue).

On the dividend line in the table, it is worth noting that we have moved the extra dividend (proposed EUR 1.56/1.57) to be distributed on the 2024 result instead of our previous estimate (EUR 1.00 on the 2025 result).

Estimate revisions MEUR / EUR	2024e Inderes	2024 Actualized	Change %	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %
Revenue	1639	1647	1%	1631	1650	1%	1675	1711	2%
EBIT (exc. NRIs)	234	217	-7%	229	231	1%	230	244	6%
EBIT	234	217	-7%	229	231	1%	230	244	6%
PTP	231	213	-8%	222	224	1%	229	242	6%
EPS (excl. NRIs)	2.66	2.40	-10%	2.53	2.55	1%	2.66	2.75	4%
DPS	1.33	2.77	108%	2.35	1.35	-43%	1.33	1.38	4%

Source: Inderes

Share valuation hits ceiling

Share is overpriced

Although Cargotec's Q4 numbers, at least adjusted, were in line with or better than expectations and we have raised our estimates for 2026, the share is still expensive by all metrics we use. Of course, the company's negative net debt lowers the risk profile and gives the company more room to maneuver, e.g. for acquisitions, but even taking these factors into account, we believe the valuation premium is too high. We believe that once the MacGregor divestment is completed and the additional dividend distribution has taken place, investors will start to focus more clearly on Cargotec's/Hiab's earnings growth prospects and the justified valuation level based on them. We believe that a decline in the valuation level accepted by the market is likely, as already shown by the decline on the day of the Q4 results (-6%).

We lower our recommendation on Cargotec to Sell. We set our target price to EUR 42.00 (was EUR 51.00). When changing the target price, it is important to take into account the ambiguity that existed when the previous target price was set, especially in the balance sheet, and not to interpret the change as, for example, a revision of the earnings forecasts. At our new target price, Cargotec's EV/EBIT multiple for 2026 would be 10x, in line with Metso and Konecranes, among others. Similarly, the 2026 P/E ratio would be 15x at our price target, but given Cargotec's negative net gearing, the multiple is not optimal to use now.

Total return remains negative

The expected total return for Cargotec's stock (growth in earnings and anticipated changes in the valuation multiples, combined with dividend yield) is negative when calculated based on the EV/EBITDA and EV/EBIT multiples for the years 2025-2026. The expected earnings growth is in the range of +4...+6% p.a., but at the same time the expected decline in the valuation multiples is more than -20% p.a. The dividend yield cannot compensate for this, and the expected risk-adjusted return on the stock is therefore very low.

Peer pricing indicates a clear premium

Since the peers are almost across the board clearly more indebted than Cargotec, the EV/EBIT ratio is more suitable for comparison than P/E. EV/EBIT suggests a valuation premium of +20...+36% for Cargotec's stock at 2025-2026 multiples. Even on this basis, Cargotec's share appears to be overpriced.

Cash flow model agrees

The DCF model suggests a full valuation of the share and a change potential of -4%. The result is unambiguous despite the fact that we have set Cargotec's expected terminal EBIT margin at 13.5%. This can be seen as a demanding level in relation to the company's own target of 16%. Overall, the result of the DCF model is in line with other valuation models and indicates that the share is overvalued.

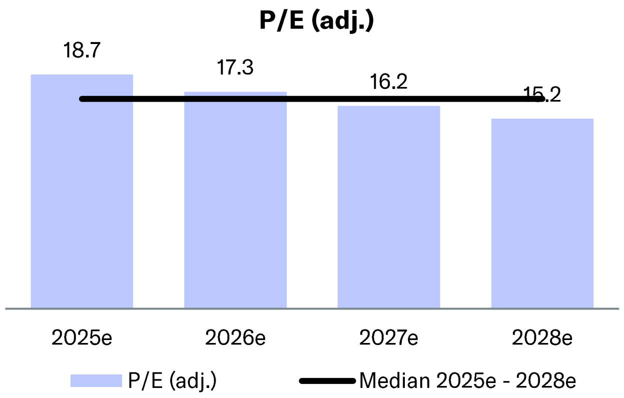
Valuation	2025e	2026e	2027e
Share price	47.7	47.7	47.7
Number of shares, millions	63.9	63.9	63.9
Market cap	3048	3048	3048
EV	2811	2736	2654
P/E (adj.)	18.7	17.3	16.2
P/E	18.7	17.3	16.2
P/B	3.0	2.8	2.5
P/S	1.8	1.8	1.7
EV/Sales	1.7	1.6	1.5
EV/EBITDA	10.6	9.8	9.0
EV/EBIT (adj.)	12.2	11.2	10.2
Payout ratio (%)	52.9 %	49.9 %	49.9 %
Dividend yield-%	2.8 %	2.9 %	3.1 %

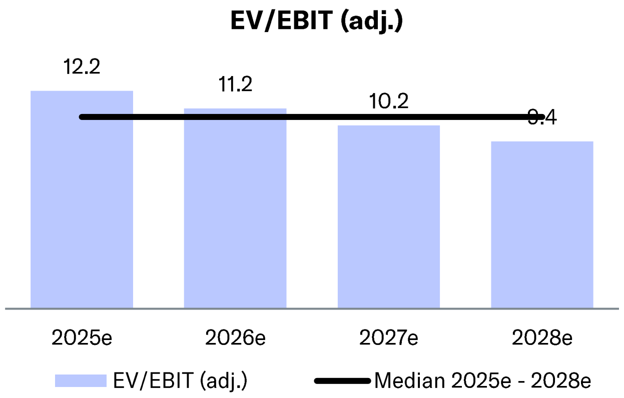
Source: Inderes

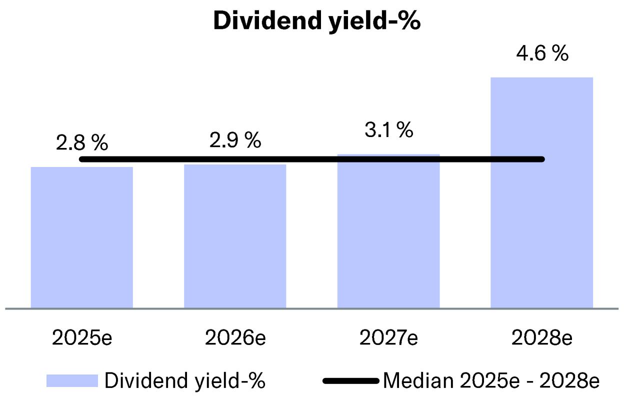
Valuation table

Valuation	2024	2025e	2026e	2027e	2028e
Share price	51.1	**47.7**	**47.7**	**47.7**	**47.7**
Number of shares, millions	63.9	**63.9**	**63.9**	**63.9**	**63.9**
Market cap	3265	**3048**	**3048**	**3048**	**3048**
EV	3202	**2811**	**2736**	**2654**	**2564**
P/E (adj.)	21.2	**18.7**	**17.3**	**16.2**	**15.2**
P/E	21.2	**18.7**	**17.3**	**16.2**	**15.2**
P/B	3.2	**3.0**	**2.8**	**2.5**	**2.3**
P/S	2.0	**1.8**	**1.8**	**1.7**	**1.6**
EV/Sales	1.9	**1.7**	**1.6**	**1.5**	**1.4**
EV/EBITDA	12.3	**10.6**	**9.8**	**9.0**	**8.2**
EV/EBIT (adj.)	14.7	**12.2**	**11.2**	**10.2**	**9.4**
Payout ratio (%)	114.7 %	**52.9 %**	**49.9 %**	**49.9 %**	**70.0 %**
Dividend yield-%	5.4 %	**2.8 %**	**2.9 %**	**3.1 %**	**4.6 %**

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**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**
Konecranes Abp	5355	5530	10.1	9.5	8.4	8.0	1.3	1.3	13.8	12.7	2.7	2.8	2.5
Metso Corp	8058	9174	11.4	10.3	9.6	8.7	1.8	1.7	14.1	12.4	3.9	4.3	2.8
Manitou BF	867	1281	7.4	6.8	5.1	4.7	0.5	0.5	7.5	7.1	5.6	6.4	0.8
Palfinger AG	882	1645	10.0	8.2	6.3	5.5	0.7	0.7	9.8	7.4	3.4	4.3	1.1
Wacker Neuson SE	1184	1667	10.6	7.8	6.0	4.9	0.7	0.7	12.5	8.7	4.0	5.5	0.8
Terex Corp	2926	5050	9.1	8.2	7.8	7.2	1.0	0.9	9.4	8.3	1.5	1.6	1.4
Deere & Co	124916	180959	28.2	25.8	23.6	21.6	4.8	4.6	24.5	21.1	1.3	1.5	6.0
Caterpillar Inc	169118	199602	17.0	15.7	14.5	13.7	3.3	3.1	18.1	16.2	1.6	1.7	8.4
Hyundai Construction Equipment Co Ltd	897	1172	8.4	6.7	6.4	5.4	0.5	0.5	9.6	7.9	1.2	1.3	0.7
Kongsberg	17182	16201	23.7	20.1	19.6	16.8	3.3	2.9	31.1	26.3	1.6	2.3	9.3
Nov Inc.	6133	6626	8.6	7.7	6.0	5.6	0.8	0.8	11.7	9.7	2.0	1.9	1.0
Cargotec (Inderes)	**3048**	**2811**	**12.2**	**11.2**	**10.6**	**9.8**	**1.7**	**1.6**	**18.7**	**17.3**	**2.8**	**2.9**	**3.0**
Average			**13.1**	**11.5**	**10.3**	**9.3**	**1.7**	**1.6**	**14.7**	**12.5**	**2.6**	**3.0**	**3.2**
Median			**10.1**	**8.2**	**7.8**	**7.2**	**1.0**	**0.9**	**12.5**	**9.7**	**2.0**	**2.3**	**1.4**
Diff-% to median			***20%***	***36%***	***36%***	***36%***	***76%***	***72%***	***50%***	***78%***	***41%***	***26%***	***115%***

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**1647**	**393**	**426**	**389**	**442**	**1650**	**1711**	**1787**	**1862**
MacGregor	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hiab	1647	393	426	389	442	1650	1711	1787	1862
Group	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**261**	**61.1**	**75.1**	**62.2**	**67.9**	**266**	**280**	**296**	**313**
Depreciation	-44.0	-8.9	-8.9	-8.9	-8.9	-35.4	-35.8	-37.3	-39.1
EBIT (excl. NRI)	**217**	**52.3**	**66.3**	**53.3**	**59.0**	**231**	**244**	**259**	**274**
EBIT	**217**	**52.3**	**66.3**	**53.3**	**59.0**	**231**	**244**	**259**	**274**
MacGregor	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hiab	245	59.3	72.7	59.2	67.0	258	273	288	302
Group	-27.6	-7.1	-6.4	-5.8	-8.0	-27.3	-29.1	-28.6	-27.9
Net financial items	-3.7	-1.8	-1.8	-1.8	-1.8	-7.0	-2.5	-0.3	2.1
PTP	**213**	**50.5**	**64.5**	**51.6**	**57.3**	**224**	**242**	**259**	**276**
Taxes	-58.4	-13.6	-17.4	-13.9	-15.5	-60.5	-65.3	-69.9	-74.5
Minority interest	-0.8	0.0	0.0	-0.2	-0.4	-0.5	-0.5	-0.5	-0.5
Net earnings	**154**	**36.9**	**47.1**	**37.5**	**41.5**	**163**	**176**	**188**	**201**
EPS (adj.)	**2.41**	**0.58**	**0.74**	**0.59**	**0.65**	**2.55**	**2.75**	**2.95**	**3.14**
EPS (rep.)	**2.41**	**0.58**	**0.74**	**0.59**	**0.65**	**2.55**	**2.75**	**2.95**	**3.14**

Key figures	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-7.8 %	-5.1 %	-1.6 %	0.3 %	7.1 %	0.2 %	3.7 %	4.4 %	4.2 %
Adjusted EBIT growth-%	-1.0 %	-14.7 %	5.5 %	2.6 %	43.9 %	6.4 %	5.8 %	6.1 %	5.7 %
EBITDA-%	15.9 %	15.5 %	17.6 %	16.0 %	15.4 %	16.1 %	16.4 %	16.6 %	16.8 %
Adjusted EBIT-%	13.2 %	13.3 %	15.6 %	13.7 %	13.4 %	14.0 %	14.3 %	14.5 %	14.7 %
Net earnings-%	9.4 %	9.4 %	11.1 %	9.6 %	9.4 %	9.9 %	10.3 %	10.5 %	10.8 %

Source: Inderes

Balance sheet

Assets	2024	2025e	2026e	2027e
Non-current assets	**501**	**501**	**507**	**515**
Goodwill	240	240	240	240
Intangible assets	18.0	18.0	18.7	19.5
Tangible assets	159	159	164	171
Associated companies	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0
Other non-current assets	2.0	2.0	2.0	2.0
Deferred tax assets	82.1	82.1	82.1	82.1
Current assets	**1944**	**1154**	**1191**	**1238**
Inventories	334	334	347	362
Other current assets	930	138	138	138
Receivables	241	241	250	261
Cash and equivalents	439	440	456	476
Balance sheet total	**2450**	**1663**	**1710**	**1767**

Source: Inderes

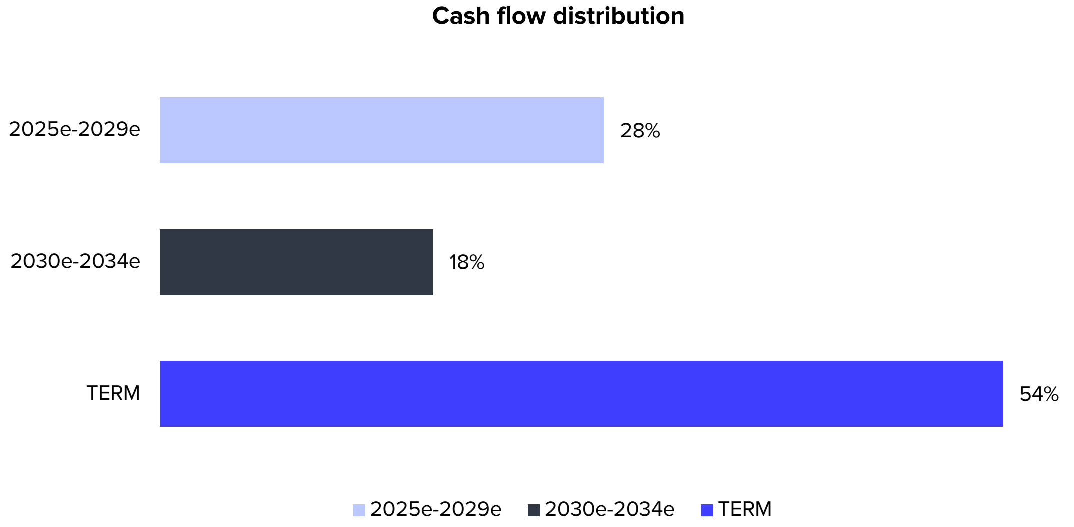
Liabilities & equity	2024	2025e	2026e	2027e
Equity	**1027**	**1013**	**1103**	**1204**
Share capital	20.0	20.0	20.0	20.0
Retained earnings	1003	989	1078	1179
Hybrid bonds	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0
Other equity	2.9	2.9	2.9	2.9
Minorities	1.9	1.9	1.9	1.9
Non-current liabilities	**268**	**195**	**152**	**105**
Deferred tax liabilities	11.7	11.7	11.7	11.7
Provisions	0.3	0.3	0.3	0.3
Interest bearing debt	221	148	105	57.9
Convertibles	0.0	0.0	0.0	0.0
Other long term liabilities	35.3	35.3	35.3	35.3
Current liabilities	**1155**	**454**	**455**	**458**
Interest bearing debt	149	49.4	34.8	19.3
Payables	1006	405	420	439
Other current liabilities	0.0	0.0	0.0	0.0
Balance sheet total	**2450**	**1663**	**1710**	**1767**

DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-7.8 %	0.2 %	3.7 %	4.4 %	4.2 %	3.9 %	3.6 %	3.4 %	3.1 %	2.8 %	2.5 %	2.5 %
EBIT-%	13.2 %	14.0 %	14.3 %	14.5 %	14.7 %	14.5 %	14.2 %	14.0 %	13.7 %	13.5 %	13.5 %	13.5 %
EBIT (operating profit)	**217**	**231**	**244**	**259**	**274**	**280**	**285**	**290**	**293**	**296**	**304**	
+ Depreciation	44.0	35.4	35.8	37.3	39.1	40.9	42.5	44.0	45.5	46.8	48.1	
- Paid taxes	-28.5	-60.5	-65.3	-69.9	-74.5	-76.7	-78.5	-80.0	-81.3	-82.3	-84.3	
- Tax, financial expenses	-2.1	-3.1	-2.0	-1.6	-1.1	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	
+ Tax, financial income	1.0	1.2	1.3	1.5	1.7	2.0	2.3	2.6	2.9	3.1	3.2	
- Change in working capital	-5.1	190	-6.3	-7.8	-7.7	-7.5	-7.2	-6.9	-6.6	-6.2	-5.6	
Operating cash flow	**226**	**394**	**208**	**219**	**231**	**238**	**243**	**249**	**253**	**257**	**264**	
+ Change in other long-term liabilities	-146.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	979	-38.6	-44.8	-47.5	-48.8	-50.0	-51.1	-52.1	-52.9	-53.7	-54.8	
Free operating cash flow	**1059**	**355**	**163**	**171**	**183**	**188**	**192**	**197**	**200**	**203**	**209**	
+/- Other	913	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	1972	355	163	171	183	188	192	197	200	203	209	3638
Discounted FCFF		**331**	**140**	**136**	**134**	**127**	**120**	**113**	**106**	**99.8**	**94.8**	**1648**
Sum of FCFF present value		3049	2719	2578	2443	2309	2182	2062	1949	1842	1743	1648
Enterprise value DCF		**3049**										
- Interest bearing debt		-369.4										
+ Cash and cash equivalents		439										
-Minorities		-5.7										
-Dividend/capital return		-176.9										
Equity value DCF		**2936**										
Equity value DCF per share		**45.9**										

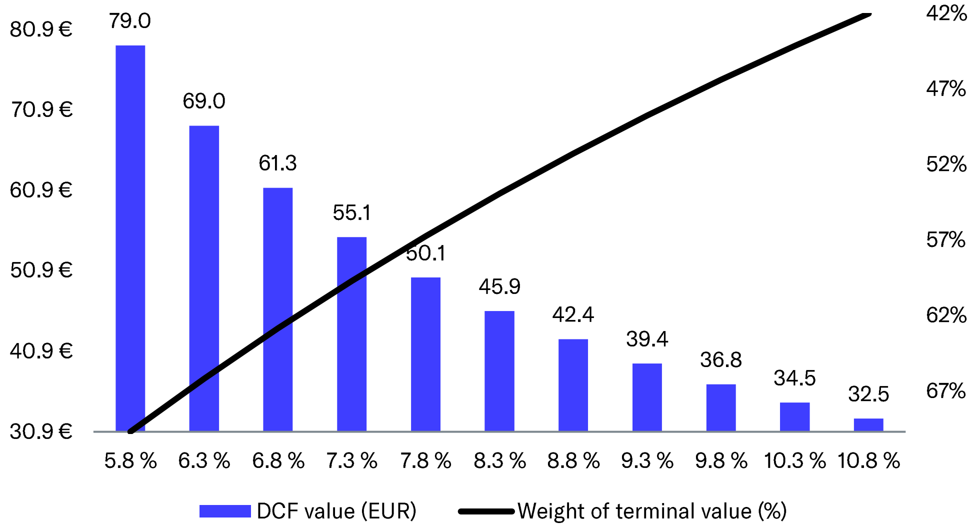
WACC	
Tax-% (WACC)	25.5 %
Target debt ratio (D/(D+E)	10.0 %
Cost of debt	3.0 %
Equity Beta	1.45
Market risk premium	4.50%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**9.0 %**
Weighted average cost of capital (WACC)	**8.3 %**

Source: Inderes

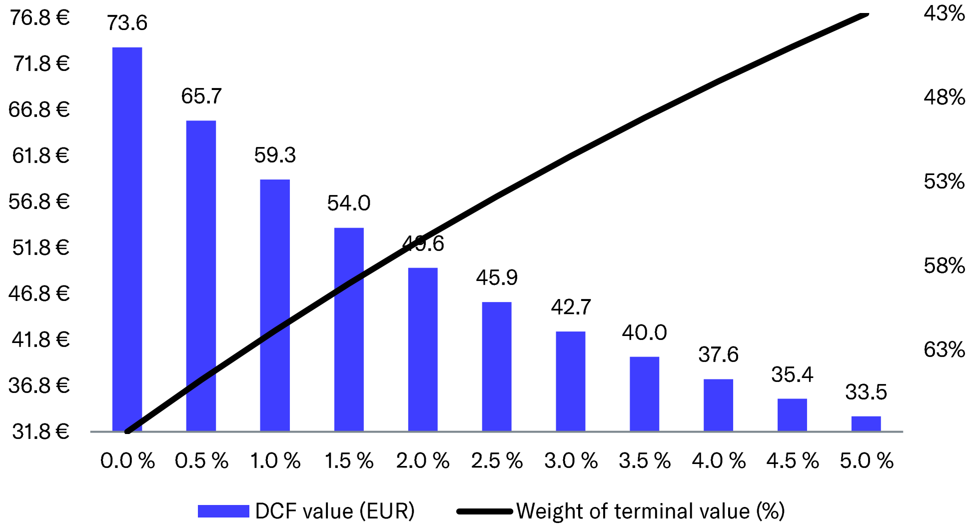


DCF sensitivity calculations and key assumptions in graphs

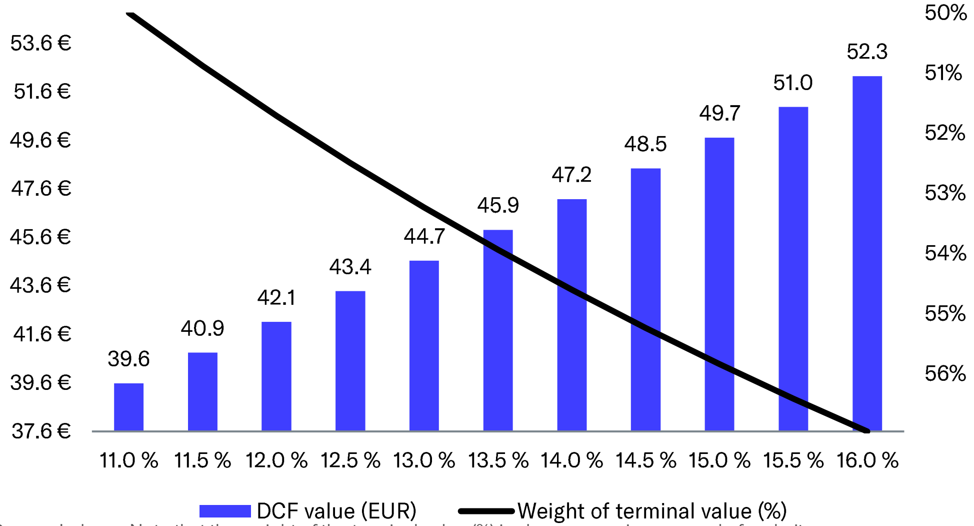
Sensitivity of DCF to changes in the WACC-%



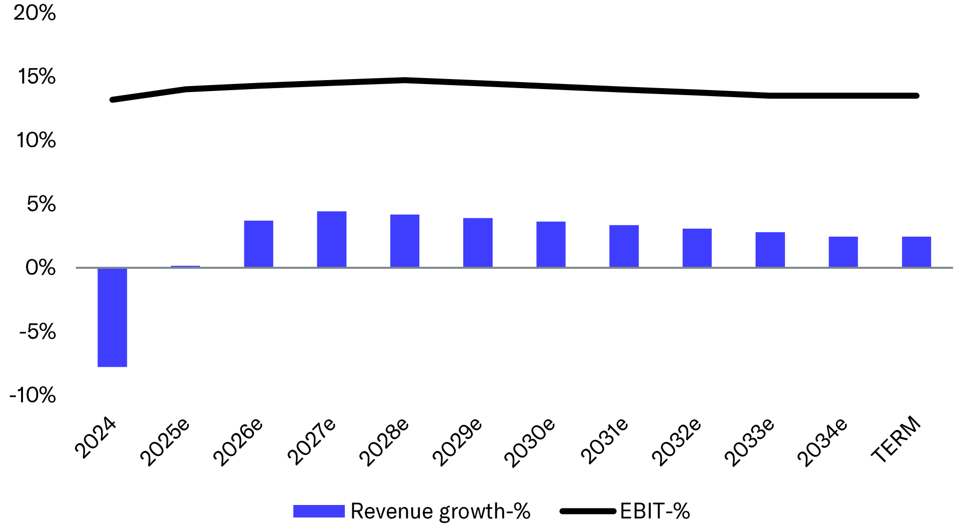
Sensitivity of DCF to changes in the risk-free rate



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	2024	2025e	2026e
Revenue	1647	1650	1711
EBITDA	261	266	280
EBIT	217	231	244
PTP	213	224	242
Net Income	1067	163	176
Extraordinary items	0	0	0

Balance sheet	2024	2025e	2026e
Balance sheet total	2450	1663	1710
Equity capital	1027	1013	1103
Goodwill	240	240	240
Net debt	-70	-242	-317

Cash flow	2024	2025e	2026e
EBITDA	261	266	280
Change in working capital	-5	190	-6
Operating cash flow	226	394	208
CAPEX	979	-39	-45
Free cash flow	1972	355	163

Per share data	2024	2025e	2026e
EPS (reported)	2.41	2.55	2.75
EPS (adj.)	2.41	2.55	2.75
OCF / share	3.54	6.16	3.25
FCF / share	30.85	5.55	2.55
Book value / share	16.04	15.82	17.23
Dividend / share	2.77	1.35	1.38

Growth and profitability	2024	2025e	2026e
Revenue growth-%	-8%	0%	4%
EBITDA growth-%	0%	2%	5%
EBIT (adj.) growth-%	-1%	6%	6%
EPS (adj.) growth-%	2%	7%	8%
EBITDA-%	15.9 %	16.1 %	16.4 %
EBIT (adj.)-%	13.2 %	14.0 %	14.3 %
EBIT-%	13.2 %	14.0 %	14.3 %
ROE-%	11.1 %	16.0 %	16.7 %
ROI-%	11.0 %	18.0 %	20.3 %
Equity ratio	48.8 %	76.8 %	81.5 %
Gearing	-6.8 %	-23.9 %	-28.7 %

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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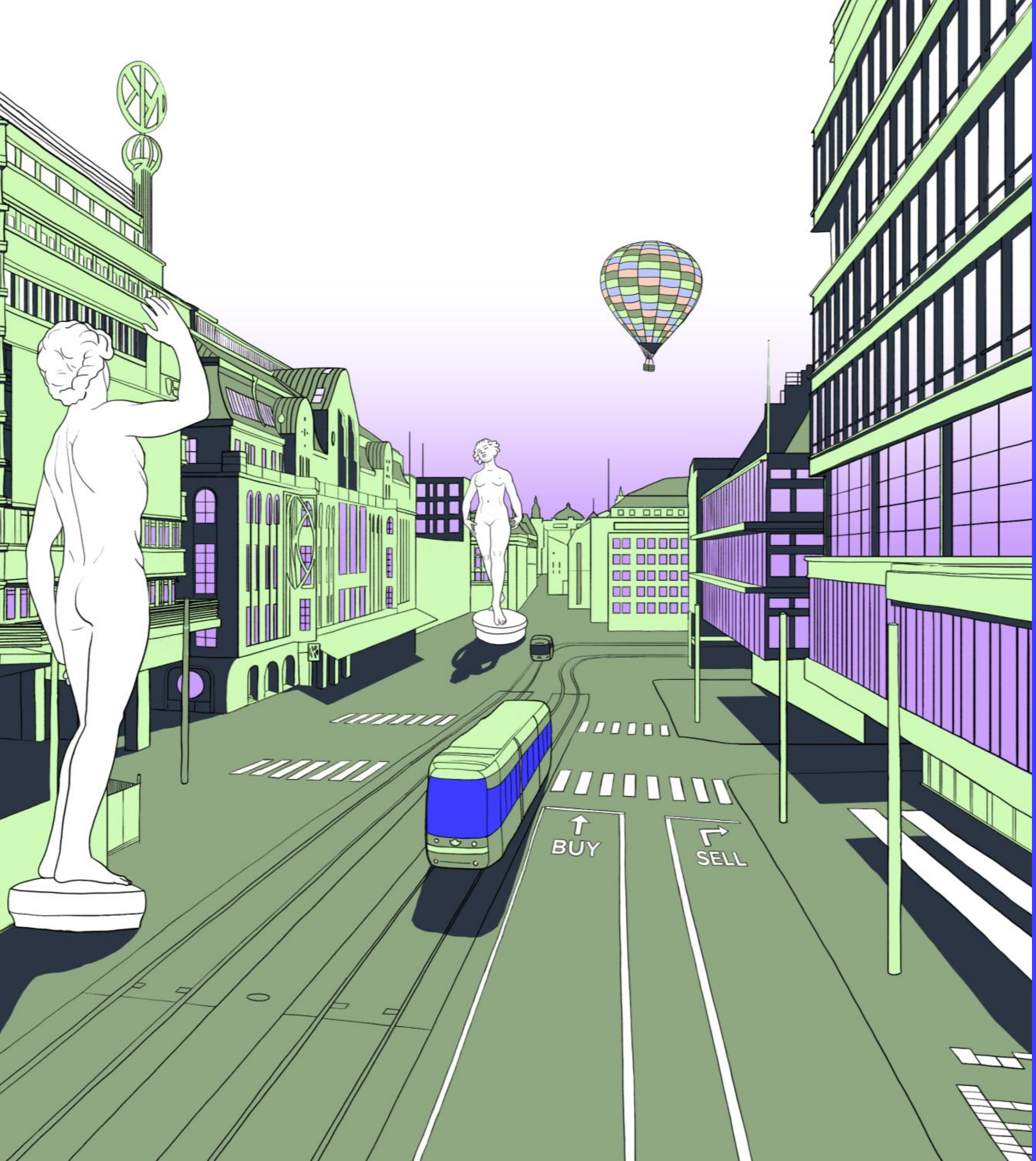
Recommendation history (>12 mo)

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 €
1/11/2022	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 €
1/14/2025	Reduce	51.00 €	50.00 €
1/14/2025	Reduce	51.00 €	50.00 €
2/12/2025	Sell	42.00 €	47.68 €



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