WARTSILA

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COMPANY REPORT

Risk related to data center demand has increased

Wärtsilä's Q4 report corroborated the narrative of improved profitability, though Energy's order intake fell short of lofty expectations. The coming years will be marked by strong earnings growth for the company, as its order book provides visibility for deliveries and it has announced plans to increase production capacity in Vaasa with a relatively capital-light investment. While large orders related to data centers will play a significant role in earnings growth in the coming years, we question the sustainability of this demand driver. The valuation is tight and requires sustained strong data center demand beyond a few years. We lower our recommendation to Sell (was Reduce) and reiterate a target price of EUR 30 for the share.

Mixed report for Q4

The Q4 report was mixed, with favorable development in profitability but weaker-than-expected orders in Energy. Orders in the key segments of Marine and Energy grew by a total of 6% (11% organically) but remained 11% below our and consensus forecasts. Apart from the previously announced large data center order in the US, there were not many other orders in Energy's new equipment sales order intake. Revenue grew by 8% – organically by as much as 16% – but still fell short of the consensus by 2%. Despite this, adjusted EBIT exceeded the consensus by 3%. Cash flow from operating activities continued to develop strongly, growing by as much as 32% from the previous year to 1.6 BEUR in 2025. In addition to the ordinary dividend of EUR 0.54, the company's board of directors is proposing an extraordinary dividend of EUR 0.52, which would align the total dividend distribution for 2025 with the full earnings per share (EUR 1.06). The proposed dividend clearly exceeded expectations (EUR 0.51–0.52 per share). Strong net cash (2025: 2 BEUR) would in principle be sufficient for an even higher dividend.

Energy's upward guidance offsets disappointment over orders

Wärtsilä's new guidance for the 2026 demand environment largely aligns with our previous estimates and supports the expectation of continued growth led by Energy. Energy's upward guidance is based on both long-term drivers, such as the balancing of renewable energy, and energy solutions for data centers, for which a large order was received from the US early in the year. Overall, demand for Marine is at a good level, but it is not expected to improve beyond the strong comparison period. Our forecasts predict order growth of 7% for Energy and 1% for Marine in 2026. While we anticipate that the demand impact of data centers will diminish in the medium term, the robust order book at the end of 2025 (Marine + Energy: +18% y/y) bolsters the outlook for revenue and earnings growth in the coming years. The company also announced plans to increase its technical capacity for engine manufacturing in Vaasa by 35%. The 140-MEUR investment is scheduled for completion in early 2028.

Valuation will remain tight in the coming years, and earnings growth may not sustain after 2028

Although visibility for earnings growth in the coming years is strong, given the order book (EBIT growth 2026-28: ~10%/year), Wärtsilä's earnings-based valuation appears stretched in our view (EV/EBIT 2026e: 19x). Even the seemingly reasonable multiples for 2027–28 (16x and 15x) may ultimately prove to be expensive if earnings growth were to stall for a few years after 2028. A potential disappearance of data-center-driven demand would significantly hinder continued earnings growth by the end of the decade, despite favorable overall trends, such as increasing demand for low-carbon solutions and growth in service sales. Current estimates factor in a significant improvement in the profitability of new equipment sales, supported by growing volumes and a favorable market, but this may not prove sustainable in the long term.

Recommendation

Sell

(was Reduce)

Target price:

EUR 30.00

(was EUR 30.00)

Share price:

EUR 33.00

Business risk

●●○○○

Valuation risk

●●●○○

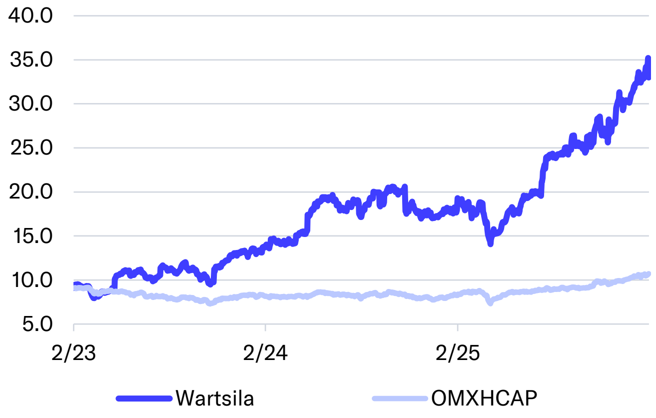
	2025	2026e	2027e	2028e
Revenue	6914	7083	7649	8195
growth-%	7%	2%	8%	7%
EBIT adj.	830	911	1023	1104
EBIT-% adj.	12.0 %	12.9 %	13.4 %	13.5 %
Net Income	625	652	770	837
EPS (adj.)	1.06	1.14	1.32	1.44
P/E (adj.)	28.7	28.9	24.9	23.0
P/B	6.2	6.6	5.8	5.1
Dividend yield-%	3.5 %	1.8 %	2.0 %	2.2 %
EV/EBIT (adj.)	19.1	19.0	16.4	14.8
EV/EBITDA	15.8	16.4	14.2	12.7
EV/S	2.3	2.4	2.2	2.0

Source: Inderes

Guidance (New guidance)

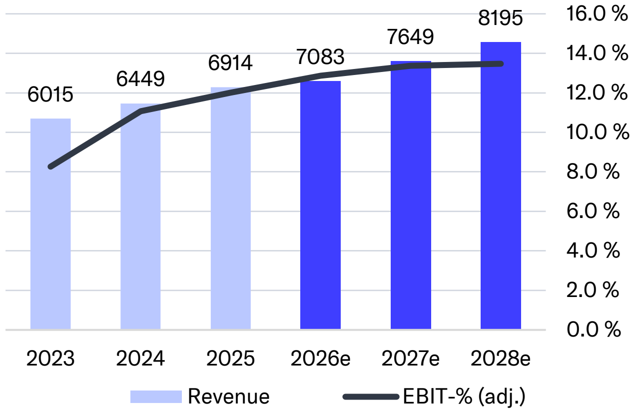
Wärtsilä expects that the demand environment for Energy and Energy Storage for the next 12 months will be better than in the comparison period. Marine's demand environment is estimated to be similar to that of the comparison period.

Share price



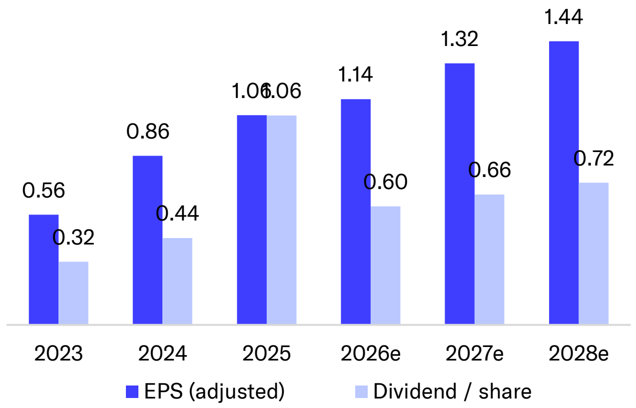
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Strong market position in the selected segments
- Extensive installed equipment portfolio and growth in high value-added service sales
- Reducing emissions in marine shipping supports demand for Marine
- Transformation of the energy system and increased electricity consumption support demand for Energy

Risk factors

- Cyclicality of shipbuilding
- Uncertainty about the winning renewable energy production forms
- Energy Storage dependent on individual large orders and variable investment activity
- Sustainability of data-center-driven demand

Valuation	2026e	2027e	2028e
Share price	33.0	33.0	33.0
Number of shares, millions	585.2	585.2	585.2
Market cap	19310	19310	19310
EV	17284	16807	16293
P/E (adj.)	28.9	24.9	23.0
P/E	29.6	25.1	23.1
P/B	6.6	5.8	5.1
P/S	2.7	2.5	2.4
EV/Sales	2.4	2.2	2.0
EV/EBITDA	16.4	14.2	12.7
EV/EBIT (adj.)	19.0	16.4	14.8
Payout ratio (%)	53.9 %	50.1 %	50.3 %
Dividend yield-%	1.8 %	2.0 %	2.2 %

Source: Inderes

Q4'25: Softness in orders, profitability developed well

Softness in Energy's new equipment sales orders relative to expectations

Wärtsilä's total order intake decreased by 11% in Q4, weighed down by exchange rate fluctuations (4%) and divestments (2%), among other things. Organic order growth was also negative (-4%), though this was explained by the exceptionally strong order intake in the comparison period for Energy Storage, which has a weak margin profile. Total order intake missed our estimate by 4%.

Order intake for Marine and Energy, key drivers of earnings growth, increased by 6% in Q4 to 1.746 BEUR (11% organic growth). However, orders for these segments were 11% below our and consensus estimates, as new equipment sales orders for Energy grew less than expected, despite a large data center order scheduled for Q4. Aside from the data center order, there were hardly any other new equipment orders for Energy. The value of the data center order was around 0.72 MEUR/MW, which is a fairly typical pricing level for Energy (2024: 0.69 MEUR/MW).

Strong organic growth, profitability at a good level

Wärtsilä's revenue increased by 8% in Q4, and by as much as 16% organically. The combined organic growth of Marine and Energy was strong (23%). Revenue fell short of consensus estimates by 2% due to minor deviations in Energy and Energy Storage.

While revenue fell slightly short of expectations, the group's adjusted EBIT exceeded consensus by 3% (2% above our forecast). Services accounted for 48% of revenue, slightly above the consensus forecast (47%), which may partly explain the good profitability.

Board proposes extraordinary dividend

The company also announced a dividend proposal that exceeded expectations. The proposed base dividend is EUR 0.54 per share (our forecast was EUR 0.52, consensus EUR 0.51), in addition to which the company is proposing an extraordinary dividend of EUR 0.52. The total proposed dividend is therefore EUR 1.06 per share.

The company's balance sheet has strengthened rapidly in recent times, supported by strong operating cash flow and divestments, among other factors. Cash flow from operating activities grew to 1.6 BEUR in 2025 (2024: 1.2 BEUR). At the end of 2025, the company had net cash assets of 2 BEUR and will also retain a very strong net cash position after paying the total dividend for 2025 (623 MEUR).

Estimates	Q4'24	Q4'25	Q4'25e	Q4'25e	Consensus			Difference (%)	2025
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low		High	Act. vs. inderes	Toteutunut
Revenue	1854	2002	2041	2055	1917	-	2170	-2%	6914
Orders	2491	2220	2306	2328	2080	-	2557	-4%	8101
EBIT (adj.)	209	256	250	249	218	-	277	2%	830
EBIT	229	251	251	243	218	-	267	0%	833
PTP	219	251	247	242	209	-	265	2%	827
EPS (reported)	0.27	0.32	0.30	0.29	0.22	-	0.33	5%	
DPS	0.44	1.06	0.52	0.51	0.45	-	0.56	104%	1.06
Revenue growth-%	12.8 %	8.0 %	10.1 %	10.8 %	3.4 %	-	17.0 %	-2.1 pp	7.2 %
EBIT-% (adj.)	11.3 %	12.8 %	12.3 %	12.1 %	11.4 %	-	12.8 %	0.5 pp	12.0 %

Source: Inderes & Vara Research (consensus)

Wärtsilä Q4'25: A record year (in English)

Growth outlook largely unchanged

No major changes in growth outlook, company invests in production

- Wärtsilä expects the demand environment for Energy to improve over the next 12 months compared to the 12-month period ending in 2025 (in the previous quarterly report, the outlook was stable). This upward outlook is influenced by a significant data center order from the US at the beginning of the year and the potential for additional orders from this segment. In addition, long-term drivers related to growth in electricity consumption and renewable energy are supporting demand.
- In Marine, demand is expected to remain stable relative to the comparison period, though still above normal levels.
- While the demand environment for Energy Storage is expected to improve, the company notes that this business area is particularly impacted by geopolitical uncertainty. The order book for Energy Storage in 2026 remains light, and the company may consider adjustment measures to protect profitability.
- Wärtsilä announced plans to increase its engine production capacity by 35% through investments in its technology center in Vaasa. This investment totals 140 MEUR (related to the previously announced 50 MEUR expansion) and is scheduled for completion in early 2028. Strong demand has increased the company's delivery times, and it wants to prepare for long-term business growth as well. Thus far, approximately 75% of technical capacity has been utilized, so a 35% expansion could theoretically increase production volumes by approximately 80%.
- We made only minor changes to our estimates, except for positive revisions to dividend estimates.

Estimate revisions	2025e	2025	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	6954	6914	-1%	7092	7083	0%	7718	7649	-1%
EBITDA	979	1005	3%	1032	1055	2%	1195	1185	-1%
EBIT (exc. NRIs)	824	830	1%	905	911	1%	1030	1023	-1%
EBIT	833	833	0%	885	894	1%	1011	1019	1%
PTP	823	827	1%	877	886	1%	1017	1027	1%
EPS (excl. NRIs)	1.04	1.06	2%	1.13	1.14	1%	1.33	1.32	0%
DPS	0.52	1.06	104%	0.55	0.60	9%	0.64	0.66	3%

Source: Inderes

Wärtsilä, Webcast, Q4'25

Valuation difficult to justify without data centers

Investment profile: Strong value creation in a growing market

We see Wärtsilä as having a strong market position in four-stroke engines, both in the marine business (Marine) and in the power plant business (Energy). The company's service operations, based on a large installed base, are very profitable, and they are being developed in line with the strategy by deepening cooperation with customers and thus increasing the share of high value-added services. Key long-term growth drivers for the market are the decarbonization of maritime transport and the transformation of the energy system, where weather-dependent power generation will need to be complemented by balancing power solutions. In addition, the growth in electricity demand and, e.g., data center investments affect Energy's growth outlook. Business is capital-light (2024 ROI: 23.7%), which, combined with growth, allows for significant value creation.

If data center demand proves temporary, there would be downside in the share

Wärtsilä's earnings-based valuation multiples have risen sharply over the past year, primarily supported by strong demand in Energy. Even based on projections for 2026, the valuation is expensive (EV/EBIT 19x). Forecasts for 2027–28 indicate strong deliveries of new equipment with high profitability – thanks to data center orders. If demand driven by data centers were to stall, Energy's new equipment sales could take a hit in terms of both volume and margins. This could lead to halted earnings growth after 2028, and the EV/EBIT multiples of 15-16x, which seem reasonable for 2027-28, could turn out to be expensive. Additionally, we consider it likely that competing energy solution providers, such as gas turbine manufacturers, will increase their production capacity in the long term, which could negatively impact market dynamics. In a positive scenario, Wärtsilä would succeed in convincing US customers of the excellence of its engine technology, thereby strengthening the company's position in the US more permanently. However, there is still relatively little evidence of this.

The company's EV/EBIT valuation multiples are still slightly below the peer group median (18-24%). Just a year ago, the company was valued 25-30% below its peers' median. There is strong variation in valuation multiples within the peer group, and we consider the group's median level to be high.

DCF: No upside, even though our forecasts exceed company's medium-term targets

The fair value of Wärtsilä's share in our cash flow model is EUR 31.3, which is supported by the company's capital-light business model in addition to its strong profitability and good growth. The calculation assumes an average growth rate of 8% for Marine and Energy in 2026-30 and 2.5% for the entire company in the long term. We assume that the EBIT margin for the terminal period will be slightly higher than the current level, reaching 13% (2025: 12 %) and that the weighted average cost of capital (WACC) will be 7.8%. Our medium-term forecasts exceed the targets set by the company for Marine and Energy.

To justify the current price, the long-term EBIT margin would need to be raised to as much as 14.2% in the model, which would significantly exceed the level set in the company's financial targets (14% for Marine and Energy, 3-5% for Energy Storage). Under the current assumptions, the ROI will rise to 30% in the medium term (2028e) and fall to 17% for the terminal period, which we believe is quite high, even for a global industrial technology company like Wärtsilä.

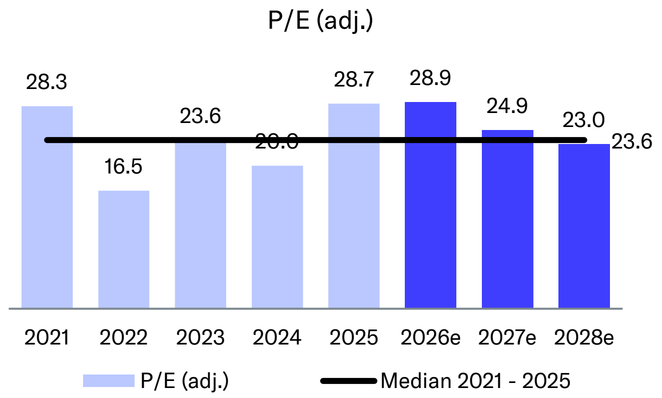
Valuation	2026e	2027e	2028e
Share price	33.0	33.0	33.0
Number of shares, millions	585.2	585.2	585.2
Market cap	19310	19310	19310
EV	17284	16807	16293
P/E (adj.)	28.9	24.9	23.0
P/E	29.6	25.1	23.1
P/B	6.6	5.8	5.1
P/S	2.7	2.5	2.4
EV/Sales	2.4	2.2	2.0
EV/EBITDA	16.4	14.2	12.7
EV/EBIT (adj.)	19.0	16.4	14.8
Payout ratio (%)	53.9 %	50.1 %	50.3 %
Dividend yield-%	1.8 %	2.0 %	2.2 %

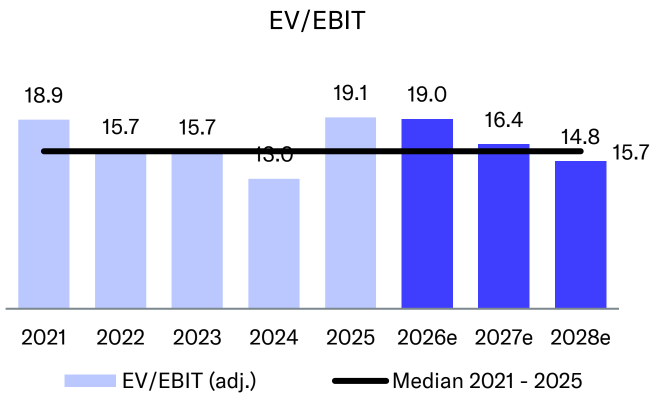
Source: Inderes

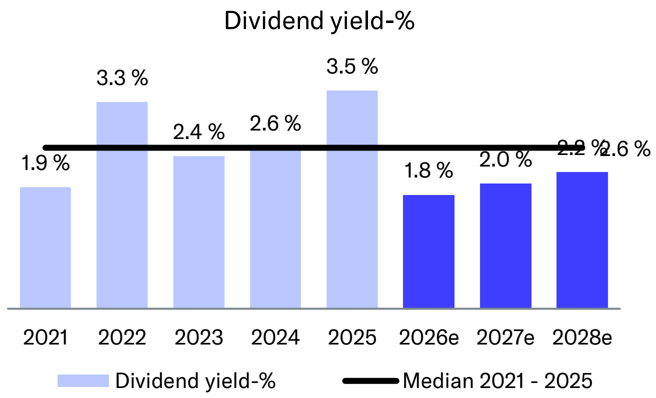
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	12.4	7.87	13.1	17.1	30.4	33.0	33.0	33.0	33.0
Number of shares, millions	590.0	590.0	589.0	586.4	586.4	585.2	585.2	585.2	585.2
Market cap	7293	4643	7734	10034	17828	19310	19310	19310	19310
EV	7326	5158	7804	9270	15857	17284	16807	16293	15748
P/E (adj.)	28.3	16.5	23.6	20.0	28.7	28.9	24.9	23.0	21.5
P/E	37.8	neg.	30.0	19.9	28.5	29.6	25.1	23.1	21.6
P/B	3.2	2.2	3.5	4.0	6.2	6.6	5.8	5.1	4.5
P/S	1.5	0.8	1.3	1.6	2.6	2.7	2.5	2.4	2.2
EV/Sales	1.5	0.9	1.3	1.4	2.3	2.4	2.2	2.0	1.8
EV/EBITDA	14.4	15.3	13.1	10.9	15.8	16.4	14.2	12.7	11.7
EV/EBIT (adj.)	18.9	15.7	15.7	13.0	19.1	19.0	16.4	14.8	13.4
Payout ratio (%)	73.4 %	neg.	73.1 %	51.2 %	99.5 %	53.9 %	50.1 %	50.3 %	51.0 %
Dividend yield-%	1.9 %	3.3 %	2.4 %	2.6 %	3.5 %	1.8 %	2.0 %	2.2 %	2.4 %

Source: Inderes







The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
Metso Corp	14287	15392	17.6	15.6	14.7	13.2	2.8	2.6	23.0	20.1	2.4	2.7	4.7
Kone Oyj	33087	32472	21.5	19.4	17.6	16.3	2.8	2.6	28.0	25.2	3.2	3.5	10.4
Konecranes Abp	8215	8160	13.4	12.2	11.2	10.4	1.8	1.7	18.3	16.5	1.9	2.0	3.4
Siemens Energy AG	132868	127016	30.5	21.9	20.9	16.3	2.9	2.6	40.0	29.6	1.1	1.5	10.5
Abb Ltd	137013	138947	23.1	21.5	20.6	19.2	4.5	4.2	27.5	27.2	1.3	1.4	8.8
Alfa Laval AB	19884	21304	17.6	16.6	14.7	13.9	3.1	2.9	22.5	21.2	2.0	2.1	4.2
Alstom SA	12863	13658	12.0	10.1	7.9	7.0	0.7	0.7	15.7	12.9	0.1	1.2	1.2
Caterpillar Inc	278452	306683	27.1	23.3	23.4	20.0	4.9	4.5	30.9	25.5	0.9	0.9	15.2
GE Vernova	178023	171276	45.2	27.7	36.4	24.2	4.6	4.1	56.5	35.6	0.3	0.3	16.1
Rolls-Royce Holdings PLC	120858	119093	28.1	25.1	22.4	20.3	4.7	4.4	37.8	33.1	0.9	1.0	43.4
Woodward Inc	18811	19178	32.5	28.7	27.5	24.2	5.6	5.2	44.1	38.0	0.3	0.4	8.3
Wartsila (Inderes)	19310	17284	19.0	16.4	16.4	14.2	2.4	2.2	28.9	24.9	1.8	2.0	6.6
Average			24.4	20.2	19.8	16.8	3.5	3.2	31.3	25.9	1.3	1.5	11.5
Median			23.1	21.5	20.6	16.3	3.1	2.9	28.0	25.5	1.1	1.4	8.8
Diff-% to median			-18%	-24%	-21%	-13%	-21%	-25%	3%	-2%	73%	42%	-24%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	6449	1560	1720	1633	2001	6914	1611	1702	1674	2096	7083	7649	8195	8682
Marine	3053	827	862	870	936	3495	888	925	937	1066	3817	3967	4180	4301
Energy	1897	415	529	382	722	2048	512	568	589	859	2527	3006	3263	3542
Energy Storage	793	128	125	235	206	694	136	133	134	139	541	623	697	781
Portfolio Business	706	190	204	146	137	677	75	76	15	32	198	53	55	58
EBITDA	847	207	252	232	314	1005	224	254	252	325	1055	1185	1279	1346
Depreciation	-131	-42	-66	-2	-62	-172	-39	-40	-41	-41	-161	-166	-178	-176
EBIT (excl. NRI)	714	171	207	195	257	830	190	219	216	286	911	1023	1104	1173
EBIT	716	165	186	230	251	833	185	214	211	284	894	1019	1101	1170
Marine	364	95	115	105	135	449	107	123	117	134	480	517	548	569
Energy	266	63	75	61	116	315	77	86	89	138	391	477	523	567
Energy Storage	33	-5	3	16	9	23	0	4	5	9	18	24	29	32
Portfolio Business	52	12	-6	49	-8	46	1	1	-1	3	5	1	2	2
Net financial items	-28	-2	0	-3	0	-5	-2	-2	-2	-2	-8	8	15	23
PTP	688	163	186	227	251	827	183	212	209	282	886	1027	1116	1194
Taxes	-180	-41	-49	-45	-63	-198	-48	-55	-54	-73	-230	-252	-273	-292
Minority interest	-4	-1	-1	-1	-1	-4	-1	-1	-1	-1	-4	-5	-5	-5
Net earnings	504	120	136	181	187	625	135	156	154	208	652	770	837	896
EPS (adj.)	0.86	0.22	0.27	0.25	0.33	1.06	0.24	0.28	0.27	0.36	1.14	1.32	1.44	1.54
EPS (rep.)	0.86	0.20	0.23	0.31	0.32	1.07	0.23	0.27	0.26	0.35	1.11	1.32	1.43	1.53

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	7.2 %	18.0 %	10.6 %	-4.9 %	7.9 %	7.2 %	3.3 %	-1.0 %	2.5 %	4.8 %	2.4 %	8.0 %	7.1 %	5.9 %
Adjusted EBIT growth-%	43.7 %	29.5 %	17.8 %	10.0 %	12.1 %	16.2 %	11.2 %	5.8 %	10.7 %	11.4 %	9.8 %	12.3 %	7.9 %	6.3 %
EBITDA-%	13.1 %	13.3 %	14.7 %	14.2 %	15.7 %	14.5 %	13.9 %	14.9 %	15.0 %	15.5 %	14.9 %	15.5 %	15.6 %	15.5 %
Adjusted EBIT-%	11.1 %	11.0 %	12.1 %	11.9 %	12.8 %	12.0 %	11.8 %	12.9 %	12.9 %	13.6 %	12.9 %	13.4 %	13.5 %	13.5 %
Net earnings-%	7.8 %	7.7 %	7.9 %	11.1 %	9.4 %	9.0 %	8.4 %	9.2 %	9.2 %	9.9 %	9.2 %	10.1 %	10.2 %	10.3 %

Source: Inderes

2025 2026e 2027e 2028e

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	2580	2490	2516	2540	2557
Goodwill	1299	1214	1214	1214	1214
Intangible assets	446	413	393	376	359
Tangible assets	557	558	604	645	678
Associated companies	41	45	45	45	45
Other investments	17	13	13	13	13
Other non-current assets	45	48	48	48	48
Deferred tax assets	175	199	199	199	199
Current assets	5114	5985	5827	6302	6762
Inventories	1483	1440	1417	1530	1639
Other current assets	187	205	0	0	0
Receivables	1890	1750	1757	1907	2053
Cash and equivalents	1554	2590	2653	2865	3070
Balance sheet total	7694	8475	8343	8842	9318

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	2532	2884	2914	3334	3785
Share capital	336	336	336	336	336
Retained earnings	2337	2695	2725	3145	3596
Hybrid bonds	0	0	0	0	0
Revaluation reserve	61	61	61	61	61
Other equity	-208	-214	-214	-214	-214
Minorities	6	6	6	6	6
Non-current liabilities	1319	1284	1251	1043	799
Deferred tax liabilities	141	174	174	174	174
Provisions	433	328	328	328	328
Interest bearing debt	624	503	470	262	18
Convertibles	0	0	0	0	0
Other long term liabilities	121	279	279	279	279
Current liabilities	3843	4307	4178	4465	4734
Interest bearing debt	142	79	117	65	4
Payables	3556	3825	4060	4400	4730
Other current liabilities	145	403	0	0	0
Balance sheet total	7694	8475	8343	8842	9318

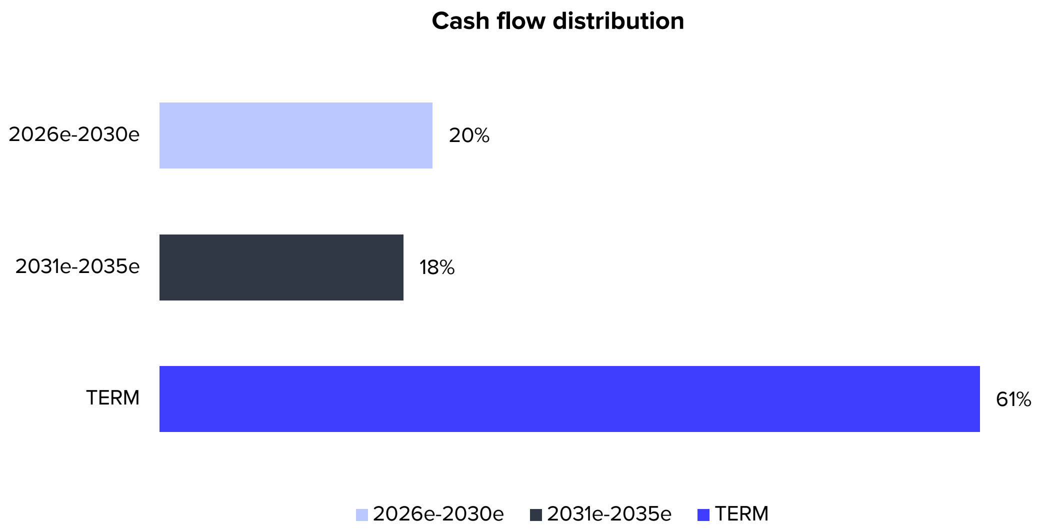
DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	7.2 %	2.4 %	8.0 %	7.1 %	5.9 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	12.0 %	12.6 %	13.3 %	13.4 %	13.5 %	13.7 %	13.9 %	14.1 %	14.1 %	13.0 %	13.0 %	13.0 %
EBIT (operating profit)	833	894	1019	1101	1170	1247	1328	1415	1486	1440	1476	
+ Depreciation	172	161	166	178	176	168	168	168	168	169	170	
- Paid taxes	-189	-230	-252	-273	-292	-314	-336	-360	-380	-372	-383	
- Tax, financial expenses	-5	-9	-5	-4	-2	-1	0	0	0	0	0	
+ Tax, financial income	4	7	7	7	8	10	11	13	16	19	22	
- Change in working capital	692	53	77	75	51	44	45	47	49	50	33	
Operating cash flow	1506	876	1013	1085	1110	1153	1216	1283	1339	1307	1318	
+ Change in other long-term liabilities	53	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-54	-187	-191	-194	-159	-162	-167	-171	-172	-173	-179	
Free operating cash flow	1505	689	822	890	951	991	1049	1111	1166	1134	1138	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	1505	689	822	890	951	991	1049	1111	1166	1134	1138	21951
Discounted FCFF		644	712	716	709	685	673	661	644	580	540	10418
Sum of FCFF present value		16982	16338	15626	14910	14201	13516	12843	12182	11539	10959	10418

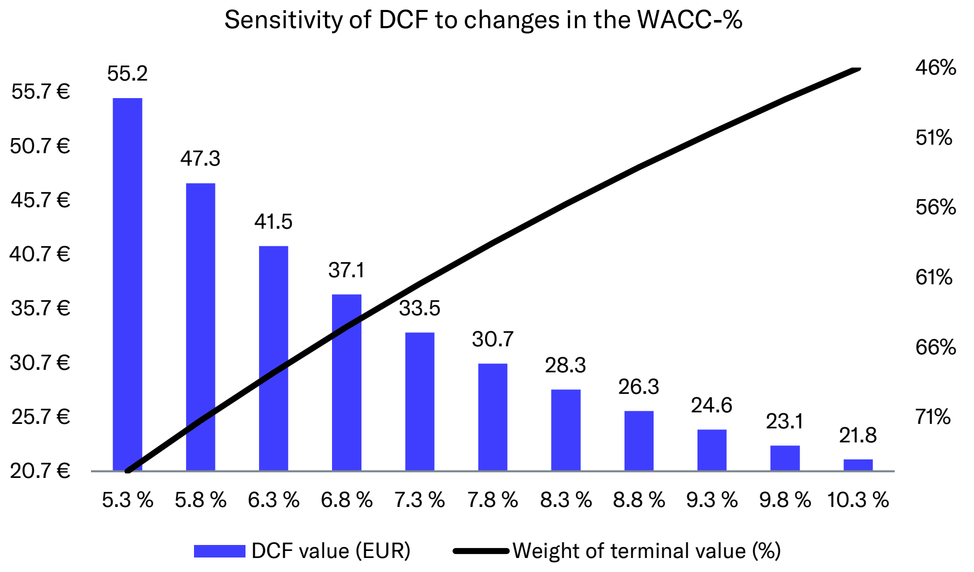
Enterprise value DCF		16982
- Interest bearing debt		-582
+ Cash and cash equivalents		2590
-Minorities		-40
-Dividend/capital return		-622
Equity value DCF		18329
Equity value DCF per share		31.3

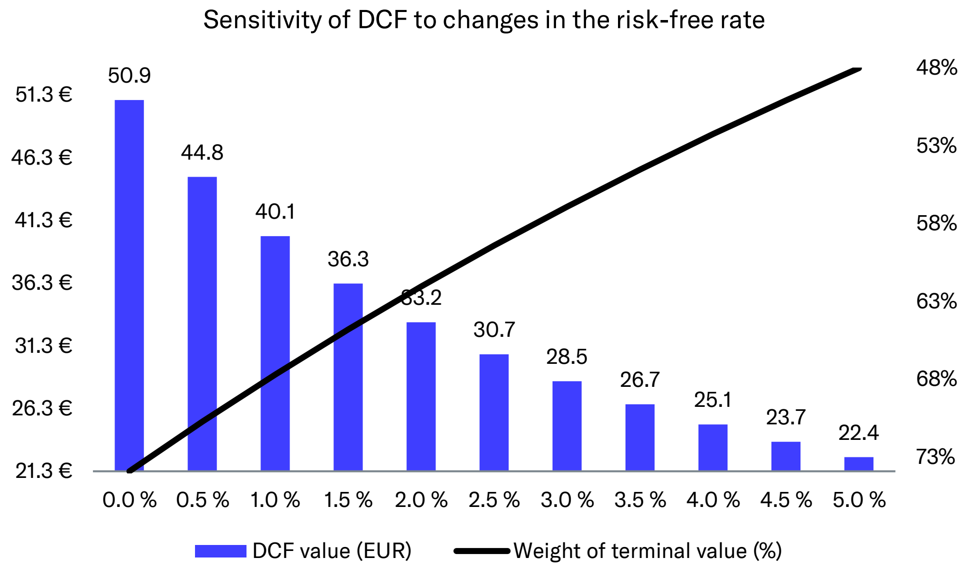
WACC	
Tax-% (WACC)	26.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	3.0 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.4 %
Weighted average cost of capital (WACC)	7.8 %

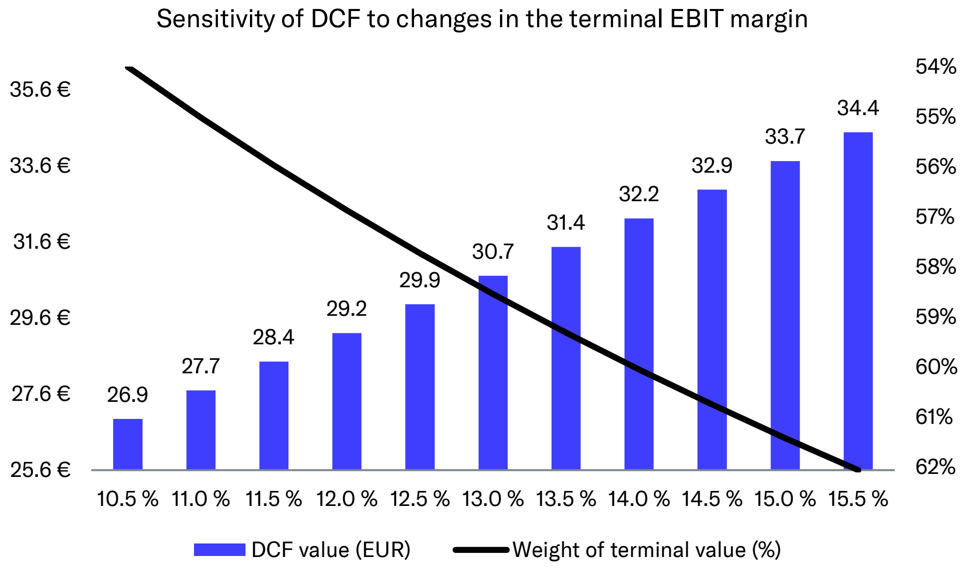
Source: Inderes

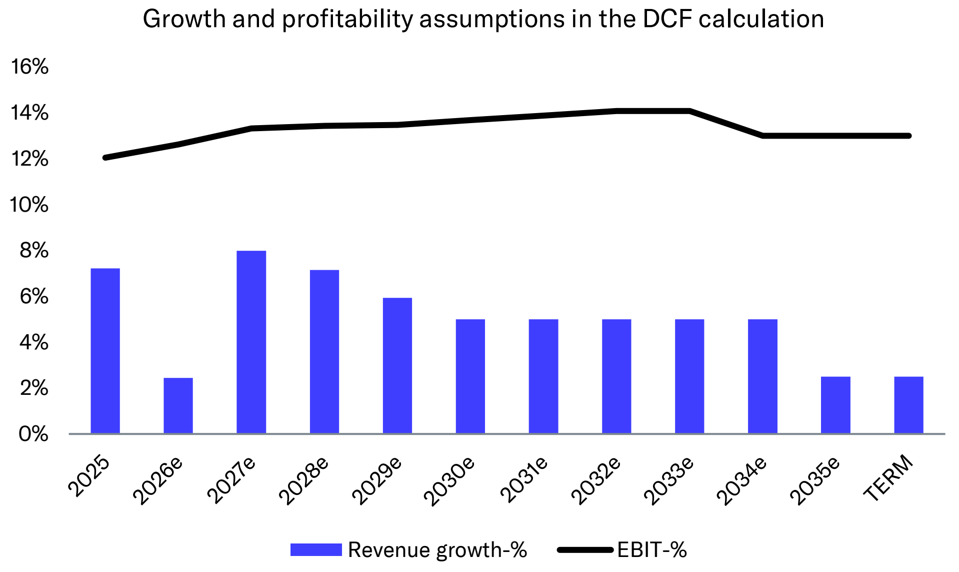


DCF sensitivity calculations and key assumptions in graphs









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

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	6015.0	6449.0	6914.1	7083.3	7648.6
EBITDA	595.0	846.8	1005.2	1055.4	1185.4
EBIT	402.0	716.1	832.8	894.4	1019.0
PTP	365.0	688.1	827.4	886.4	1026.6
Net Income	258.0	503.8	625.0	651.9	770.4
Extraordinary items	-95.0	2.0	2.8	-17.0	-4.0

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	6803.0	7694.0	8475.0	8343.3	8841.8
Equity capital	2233.0	2532.0	2884.0	2914.3	3333.6
Goodwill	1273.0	1299.0	1214.0	1214.0	1214.0
Net debt	42.0	-788.0	-2008.0	-2065.6	-2537.5

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	595.0	846.8	1005.2	1055.4	1185.4
Change in working capital	304.0	529.0	692.0	53.2	76.8
Operating cash flow	783.4	1297.5	1506.5	876.0	1012.6
CAPEX	-168.0	-186.7	-54.4	-186.9	-190.6
Free cash flow	662.4	1067.9	1505.1	689.2	822.0

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	1.3	1.4	2.3	2.4	2.2
EV/EBITDA	13.1	10.9	15.8	16.4	14.2
EV/EBIT (adj.)	15.7	13.0	19.1	19.0	16.4
P/E (adj.)	23.6	20.0	28.7	28.9	24.9
P/B	3.5	4.0	6.2	6.6	5.8
Dividend-%	2.4 %	2.6 %	3.5 %	1.8 %	2.0 %

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	0.44	0.86	1.07	1.11	1.32
EPS (adj.)	0.56	0.86	1.06	1.14	1.32
OCF / share	1.33	2.21	2.57	1.50	1.73
OFCF / share	1.12	1.82	2.57	1.18	1.40
Book value / share	3.78	4.31	4.91	4.97	5.69
Dividend / share	0.32	0.44	1.06	0.60	0.66

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	3%	7%	7%	2%	8%
EBITDA growth-%	148%	42%	19%	5%	12%
EBIT (adj.) growth-%	52%	44%	16%	10%	12%
EPS (adj.) growth-%	17%	54%	24%	8%	16%
EBITDA-%	9.9 %	13.1 %	14.5 %	14.9 %	15.5 %
EBIT (adj.)-%	8.3 %	11.1 %	12.0 %	12.9 %	13.4 %
EBIT-%	6.7 %	11.1 %	12.0 %	12.6 %	13.3 %
ROE-%	11.8 %	21.2 %	23.1 %	22.5 %	24.7 %
ROI-%	13.2 %	22.7 %	25.1 %	26.4 %	29.2 %
Equity ratio	36.2 %	36.1 %	37.2 %	38.3 %	41.5 %
Gearing	1.9 %	-31.1 %	-69.6 %	-70.9 %	-76.1 %

The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the number of shares at year-end.

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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
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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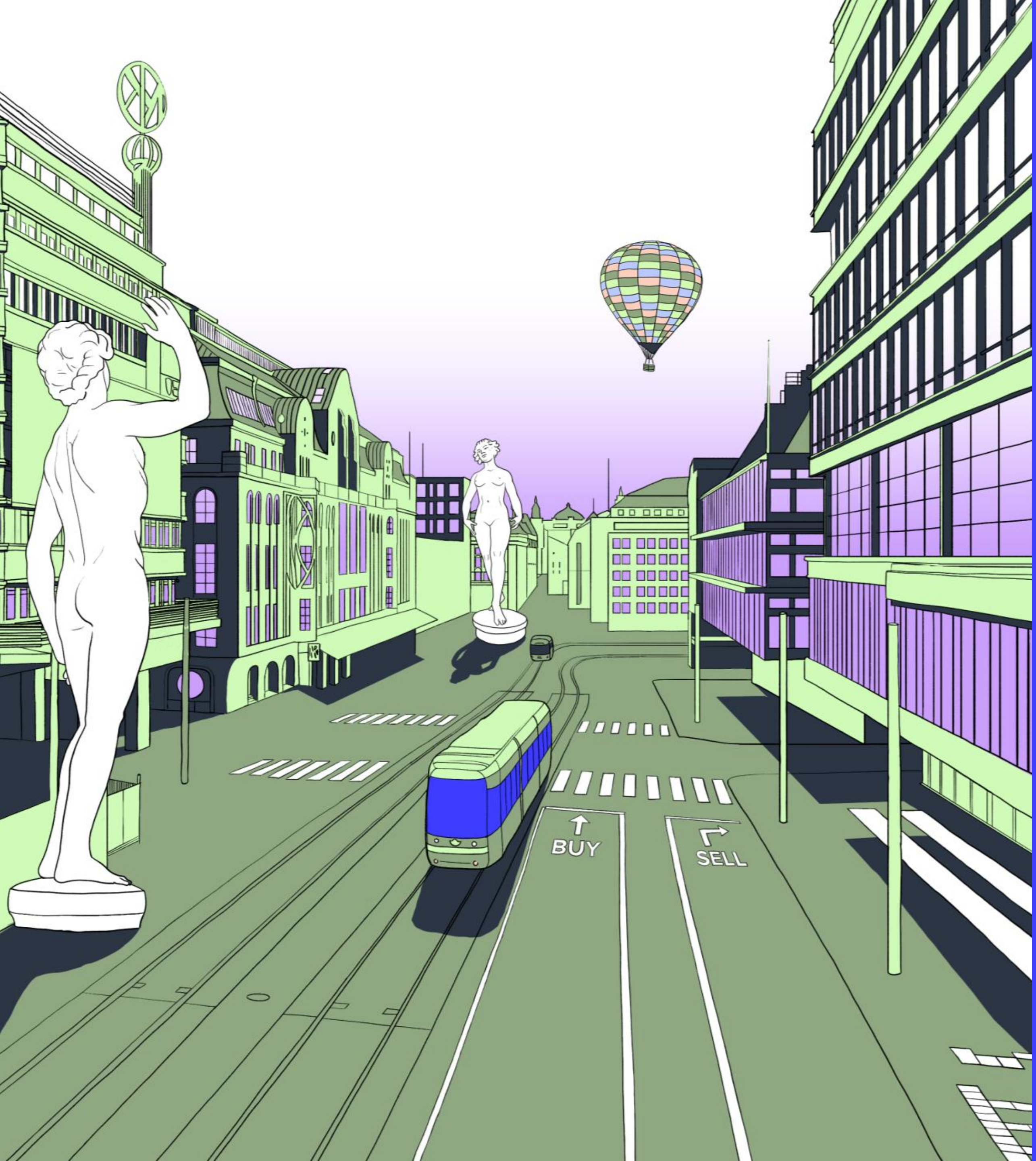
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/1/2023	Accumulate	9.50 €	8.71 €
4/26/2023	Accumulate	11.00 €	10.10 €
7/24/2023	Accumulate	12.50 €	11.38 €
11/1/2023	Accumulate	12.50 €	11.24 €
1/5/2024	Accumulate	13.50 €	12.96 €
1/31/2024	Accumulate	15.00 €	13.70 €
4/29/2024	Reduce	16.50 €	17.40 €
7/22/2024	Reduce	17.00 €	18.49 €
10/11/2024	Reduce	18.00 €	19.98 €
10/30/2024	Accumulate	19.50 €	17.82 €
2/5/2025	Accumulate	21.00 €	19.29 €
4/17/2025	Accumulate	18.50 €	15.23 €
4/27/2025	Accumulate	18.50 €	15.36 €
7/18/2025	Reduce	21.00 €	22.30 €
10/22/2025	Reduce	22.00 €	25.65 €
10/29/2025	Reduce	22.00 €	25.65 €
1/20/2026	Reduce	30.00 €	32.43 €
2/5/2026	Sell	30.00 €	33.00 €



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