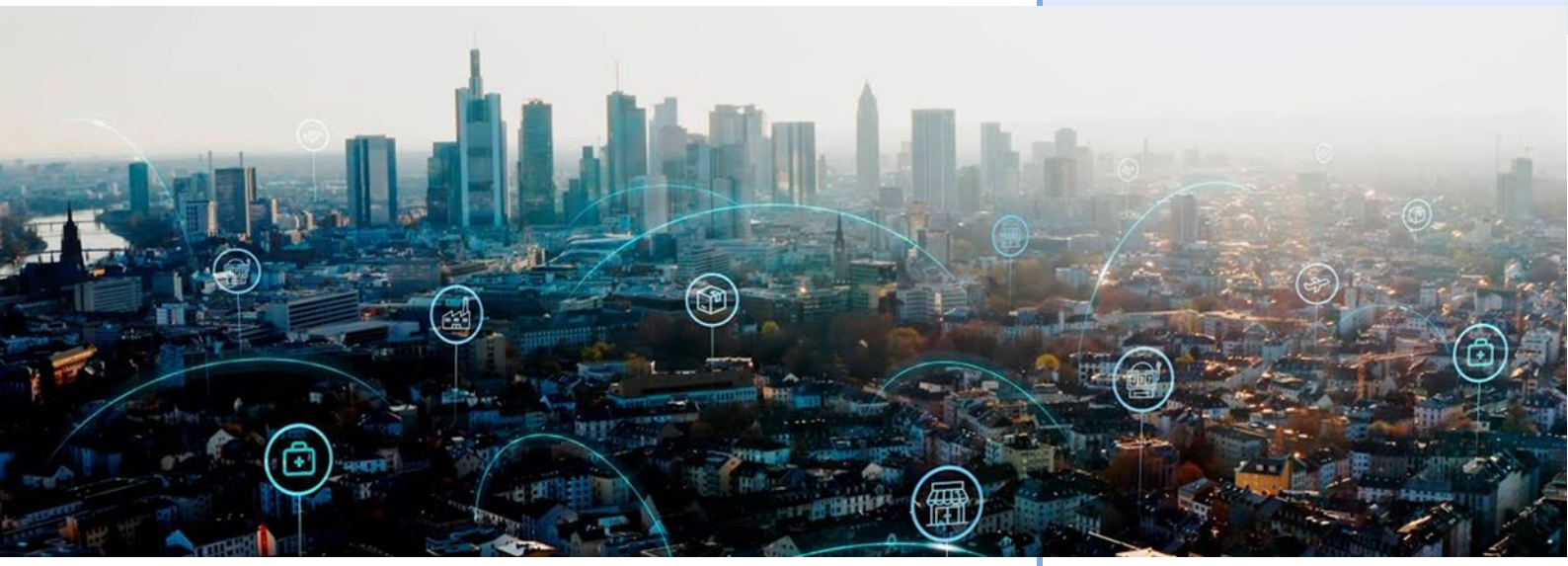
Kontron AG

Austria | Technology | MCap EUR 1,139m

5 December 2024

UPDATE



Compelling conference feedback; Reiterate to BUY

BUY (BUY)

Target price	**EUR 35.00** (35.00)
Current price	EUR 17.38
Up/downside	101.4%

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What's it all about?

CFO Clemens Billek presented at mwb research's German Select conference (watch under https://research-hub.de/events/video/2024-12-03-15-30/KTN-GR), highlighting Kontron's impressive transformation from traditional IT services to a leader in Industrial IoT (IIoT). With over 4,500 clients, including major blue-chip companies, Kontron is well-positioned in the growing B2B IoT market. In Q3 2024, Kontron reported 44.9% revenue growth, a significant increase in EBITDA to EUR 59.4m, and a strong order intake with a book-to-bill ratio of 1.21x. The integration of Katek is progressing well, improving margins and reducing costs. Kontron expects continued growth, forecasting EUR 1.8bn in revenue and EUR 190m EBITDA in 2024. We reiterate our BUY rating with a PT of EUR 35.00 reflects strong future potential.

MAIN AUTHOR
Thomas Wissler
t.wissler@mwb-research.com
+49 40 309 293-58

IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

mwb-research.com

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Kontron AG

Austria | Technology | MCap EUR 1,139m | EV EUR 1,071m

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Compelling conference feedback; Reiterate to BUY

CFO Clemens Billek presented on mwb research's well attended German Select conference. A recording of his presentation and the corresponding Q&A session can be view here. Kontron, as a leading company in Smart Industrial IoT Solutions has undergone a remarkable transformation in recent years, shifting its focus from traditional IT services to becoming a significant player in the Industrial Internet of Things (IIoT) market. The company is now dedicated to developing integrated technology platforms that connect large networks of edge devices and servers across various industries. With a customer base exceeding 4,500, including numerous blue-chip clients, Kontron is well-positioned in the rapidly growing B2B IoT market.

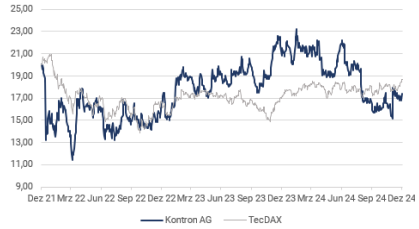
Recap Q3. In its Q3 2024 results, Kontron reported substantial growth, achieving a revenue increase of 44.9%, with organic growth of 6.2%. EBITDA rose significantly from EUR 34.9m to EUR 59.4m, while the net result improved to EUR 24.4m despite some one-off effects. The company also experienced a strong order intake, reflected in a book-to-bill ratio of 1.21x and a backlog of approximately EUR 2.1bn. A highlight for Kontron has been its impressive design wins, which surged to EUR 6.22bn in Q3 2024, up from EUR 4.10bn in the previous year. This increase underscores the company's robust market demand and successful product offerings.

Integration of Katek in full swing. The integration of Katek has also progressed effectively, with the termination of low-margin EMS business contributing to improved gross margins, which reached 40.1% in '24 compared to 32.5% in '23. The company has streamlined operations by reducing its workforce by 446 FTEs year-to-date and anticipates further efficiency measures, including an additional reduction of about 90 FTEs in Q4, which in total will lead to savings of c. EUR 20m in '25 and beyond.

Outlook confirmed Looking ahead, Kontron forecasts continued strong growth with expected revenues reaching EUR 1.8bn, marking approximately a 50% increase year-on-year. EBITDA is projected at EUR 190m, also representing a significant growth rate of around 50%, while adj. net income is anticipated to rise to EUR 100m, reflecting a 33% yoy increase. This optimistic outlook indicates that Kontron is poised for another leap forward in its performance as it capitalizes on its advancements in IIoT technology and strategic integrations. We therefore reiterate our BUY with unchanged PT of EUR 35.00, virtually allowing Kontron's shares to double from its current level.

Kontron AG	2021	2022	2023	2024E	2025E	2026E
Sales	1,003	1,064	1,226	1,850	1,998	2,118
Growth yoy	-20.1%	6.1%	15.3%	50.9%	8.0%	6.0%
EBITDA	90	70	126	181	248	275
EBIT	40	-2	86	122	148	169
Net profit	48	232	78	98	122	140
Net debt (net cash)	85	-75	-68	130	80	19
Net debt/EBITDA	0.9x	-1.1x	-0.5x	0.7x	0.3x	0.1x
EPS reported	0.74	3.59	1.19	1.49	1.86	2.14
DPS	0.35	1.00	0.50	0.67	0.84	0.96
Dividend yield	2.0%	5.8%	2.9%	3.9%	4.8%	5.6%
Gross profit margin	37.8%	36.9%	40.0%	38.3%	40.0%	40.1%
EBITDA margin	9.0%	6.6%	10.3%	9.8%	12.4%	13.0%
EBIT margin	4.0%	-0.2%	7.1%	6.6%	7.4%	8.0%
ROCE	4.5%	-0.2%	9.3%	12.0%	14.8%	17.0%
EV/Sales	1.2x	1.0x	0.9x	0.7x	0.6x	0.5x
EV/EBITDA	13.6x	15.2x	8.5x	7.0x	4.9x	4.2x
EV/EBIT	30.5x	-527.6x	12.4x	10.4x	8.3x	6.8x
PER	23.4x	4.8x	14.6x	11.7x	9.3x	8.1x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks	23.32 / 15.15
Price/Book Ratio	1.9x

Ticker / Symbols

ISIN	AT0000A0E9W5
WKN	A0X9EJ
Bloomberg	KTN:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	1,915	128	1.57
	Δ	-3.4%	-5.0%	-5.2%
2025E	old	2,068	149	1.89
	Δ	-3.4%	-1.2%	-1.2%
2026E	old	2,192	167	2.11
	Δ	-3.4%	1.7%	1.7%

Key share data

Number of shares: (in m pcs)	65.51
Book value per share: (in EUR)	9.19
Ø trading vol.: (12 months)	109,057

Major shareholders

Ennoconn Corp.	27.5%
PPF Group NV	4.8%
Amiral Gestion SA	3.8%
Free Float	56.9%

Company description

Kontron AG (formerly S&T AG) is a supplier of information technology (IT) solutions, specializing in Industry 4.0, embedded computer systems and Internet of Things (IoT) technology. Germany, Austria, Switzerland, France, Eastern Europe and North America are its core markets.

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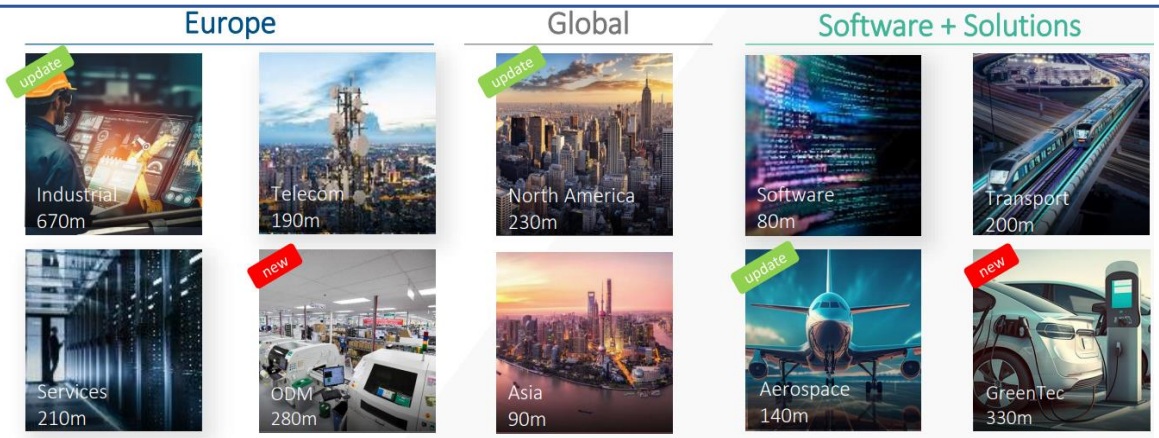
The following table displays the quarterly performance of **Kontron AG:**

P&L data	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Sales	308.7	262.0	277.3	295.1	365.0	356.1	423.8	427.7
yoy growth in %	-1.8%	6.1%	12.9%	12.5%	18.2%	35.9%	52.8%	44.9%
Gross profit	102.3	112.0	120.2	124.3	134.4	155.0	180.2	191.3
Gross margin in %	30.0%	40.3%	42.5%	41.4%	36.8%	43.5%	42.5%	44.7%
EBITDA	1.5	29.6	31.3	34.9	30.2	35.4	46.5	59.4
EBITDA margin in %	0.5%	11.3%	11.3%	11.8%	8.3%	9.9%	11.0%	13.9%
EBIT	-34.7	20.6	22.2	25.0	18.6	22.0	26.4	36.6
EBIT margin in %	-11.2%	7.9%	8.0%	8.5%	5.1%	6.2%	6.2%	8.5%
EBT	-37.5	20.2	19.8	22.3	16.9	18.8	22.0	29.4
taxes paid	-0.8	3.6	2.3	3.4	-5.8	2.1	1.7	3.7
tax rate in %	2.1%	17.9%	11.8%	15.1%	-34.1%	11.3%	7.8%	12.7%
net profit	-36.5	16.6	17.4	18.8	22.5	16.2	21.6	24.4
yoy growth in %	-550.5%	66.4%	92.6%	256.5%	-161.5%	-2.4%	24.0%	29.8%
EPS	**3.14**	**0.26**	**0.30**	**0.30**	**0.37**	**0.26**	**0.35**	**0.38**

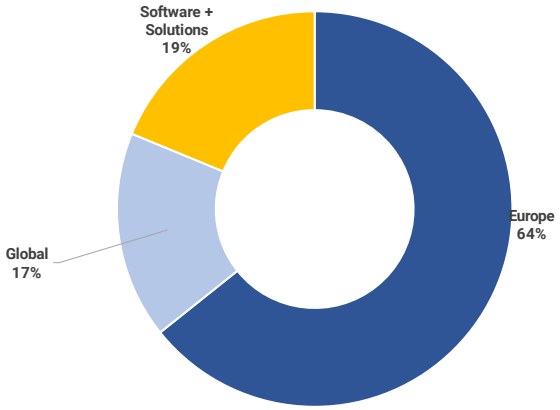
Source: Company data; mwb research

Investment case in six charts

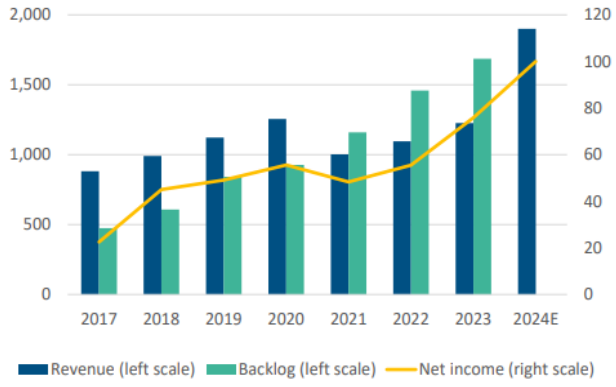
Business units and end markets



Segmental breakdown in %

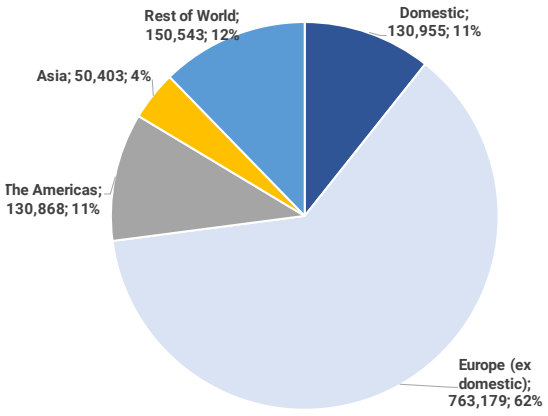


Guidance

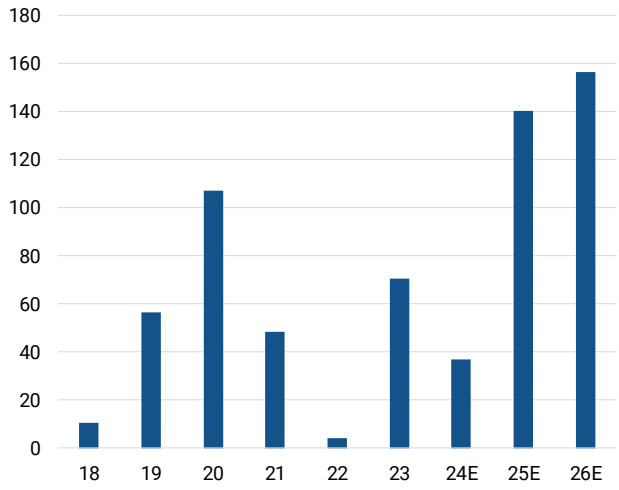


Agenda 2025: EUR 2bn in sales and EUR 140m in net income

Regional sales



FCF to strengthen going forward



Source: Company data, mwb research

SWOT analysis

Strengths

- Strong and strategic partnership with Foxconn
- Leading position in IoT market
- Strong presence in DACH and EE countries
- Has diversified clients and is present in multiple geographies, minimizing concentration risk

Weaknesses

- Lacks a scalable platform
- Ongoing restructuring

Opportunities

- Has a strong presence in medical and transport segments of IoT market, which are expected to grow well
- Has sufficient liquidity and balance sheet strength to undertake acquisitions in current market where valuations are attractive
- Margin expansion, as focus shifts to higher margin IoT segment and proprietary products
- Expanding presence in China, one of the fastest-growing IoT markets

Threats

- A relatively small player in the IoT market and could be hard pressed to defend its turf if a larger player enters its segment
- Dependent on Asia for hardware manufacturing and China for raw material. Geopolitical tension in the area could impair its supply chain
- Aggressive acquisitions could drag company's prospects if not properly synergized

Valuation

DCF Model

The DCF model results in a **fair value of EUR 34.91 per share**:

Top-line growth: We expect Kontron AG to grow revenues at a CAGR of 4.1% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 12.0% in 2024E to 13.9% in 2031E.

WACC. Starting point is a historical equity beta of 0.67. Unleverering and correcting for mean reversion yields an asset beta of 1.00. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.3%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25% and target debt/equity of 0.5 this results in a long-term WACC of 8.1%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	103	125	143	150	153	156	161	167	
Depreciation & amortization	60	100	106	112	118	123	128	133	
Change in working capital	23	-6	-3	-2	-1	-2	-2	-2	
Chg. in long-term provisions	33	3	6	3	3	3	3	3	
Capex	-111	-130	-138	-142	-146	-150	-155	-160	
Cash flow	108	93	114	122	126	130	137	143	2,395
Present value	107	85	97	96	92	88	85	83	1,382
WACC	8.3%	8.2%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%

DCF per share derived from	
Total present value	2,115
Mid-year adj. total present value	2,199
Net debt / cash at start of year	-68
Financial assets	20
Provisions and off b/s debt	24
Equity value	2,287
No. of shares outstanding	65.5
Discounted cash flow / share	**34.91**
upside/(downside)	**100.9%**
Share price	**17.38**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	4.1%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	13.9%
Terminal year WACC	8.1%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25%
Equity beta	0.67
Unlevered beta (industry or company)	1.00
Target debt / equity	0.5
Relevered beta	1.38
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	10.3%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	25.3	26.1	27.0	28.0	29.2
1.0%	28.1	29.1	30.4	31.8	33.5
0.0%	31.6	33.1	34.9	37.0	39.5
-1.0%	36.4	38.6	41.2	44.4	48.4
-2.0%	43.0	46.4	50.6	56.0	63.1

Share of present value	
2024E-2027E	18.2%
2028E-2031E	16.4%
terminal value	65.3%

Source: mwb research

ResearchHub

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 21.39 per share based on 2024E and EUR 39.30 per share on 2028E estimates.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2024E	2025E	2026E	2027E	2028E
EBITDA	**181**	**248**	**275**	**290**	**299**
- Maintenance capex	60	100	106	112	118
- Minorities	3	4	4	5	5
- tax expenses	15	19	22	23	23
= Adjusted FCF	**104**	**125**	**143**	**151**	**153**
Actual Market Cap	**1,149**	**1,149**	**1,149**	**1,149**	**1,149**
+ Net debt (cash)	130	80	19	-41	-103
+ Pension provisions	0	0	0	0	0
+ Off B/S financing	0	0	0	0	0
- Financial assets	20	20	20	20	20
- Acc. dividend payments	33	77	132	195	261
EV Reconciliations	77	-17	-132	-256	-384
= Actual EV'	**1,226**	**1,132**	**1,016**	**893**	**764**
Adjusted FCF yield	**8.4%**	**11.0%**	**14.1%**	**16.9%**	**20.1%**
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	**1,479**	**1,786**	**2,049**	**2,154**	**2,190**
- EV Reconciliations	77	-17	-132	-256	-384
Fair Market Cap	**1,401**	**1,802**	**2,182**	**2,410**	**2,575**
No. of shares (million)	66	66	66	66	66
Fair value per share in EUR	**21.39**	**27.51**	**33.30**	**36.79**	**39.30**
Premium (-) / discount (+)	**23.1%**	**58.3%**	**91.6%**	**111.7%**	**126.1%**

Sensitivity analysis FV						
Adjusted hurdle rate	5.0%	30	38	46	50	53
	6.0%	25	32	39	42	45
	7.0%	**21**	**28**	**33**	**37**	**39**
	8.0%	19	24	29	33	35
	9.0%	16	21	26	29	32

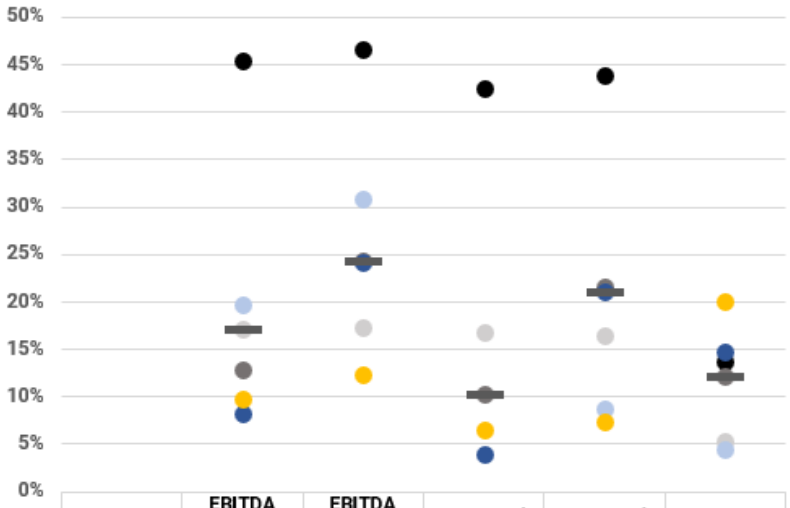
Source: Company data; mwb research

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

Peer group analysis

A peer group or comparable company ("comps") analysis is a methodology that calculates a company's relative value — how much it should be worth based on how it compares to other similar companies. Given that **Kontron AG** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. The peer group of Kontron AG consists of the stocks displayed in the chart below. As of 5 December 2024 the median market cap of the peer group was EUR 23,751m, compared to EUR 1,139m for Kontron AG. In the period under review, the peer group was more profitable than Kontron AG. The expectations for sales growth are lower for the peer group than for Kontron AG.

Peer Group – Key data



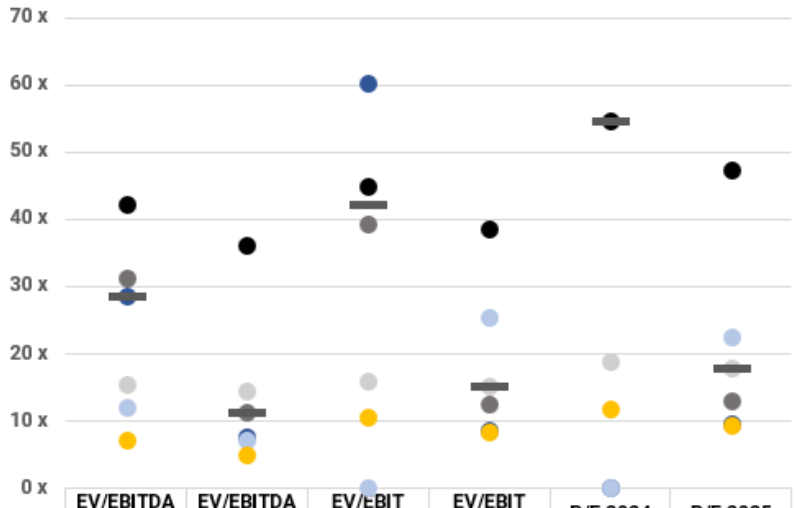
5-Dec-24	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
Cadence Design Systems, Inc.	84.533	45,4%	46,6%	42,5%	43,9%	13,7%
Seagate Technology Holdings PLC	19.613	12,9%	24,4%	10,3%	21,7%	12,2%
Logitech International S.A.	13.448	17,2%	17,4%	16,8%	16,5%	5,4%
Western Digital Corporation	23.751	8,3%	24,1%	3,9%	21,2%	14,8%
Intel Corporation	89.951	19,8%	30,9%	-1,9%	8,8%	4,4%
Kontron AG	1.149	9,8%	12,4%	6,6%	7,4%	20,1%
Peer Group Median	23.751	17,2%	24,4%	10,3%	21,2%	12,2%

Source: FactSet, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/EBIT 2024, EV/EBIT 2025, P/E 2024 and P/E 2025.

Applying these to Kontron AG results in a range of fair values from EUR 32.47 to EUR 81.55.

Peer Group – Multiples and valuation

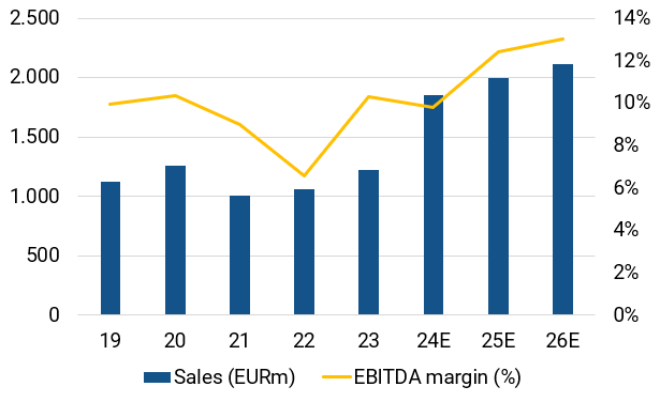


5-Dec-24	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
Cadence Design Systems, Inc.	42,1x	36,2x	45,0x	38,5x	54,8x	47,4x
Seagate Technology Holdings PLC	31,4x	11,2x	39,4x	12,6x	75,7x	13,0x
Logitech International S.A.	15,4x	14,5x	15,8x	15,3x	18,8x	17,9x
Western Digital Corporation	28,5x	7,6x	60,2x	8,6x	0,0x	9,7x
Intel Corporation	12,0x	7,2x	0,0x	25,6x	0,0x	22,5x
Kontron AG	7,1x	5,0x	10,5x	8,3x	11,7x	9,3x
Peer Group Median	28,5x	11,2x	42,2x	15,3x	54,8x	17,9x
Fair Value (EUR)	76,89	40,34	76,33	32,47	81,55	33,43

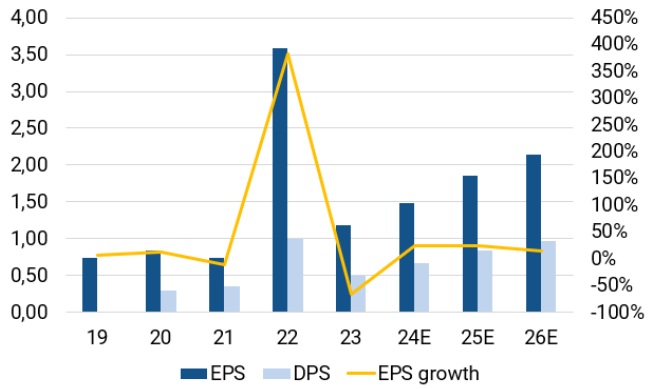
Source: FactSet, mwb research

Financials in six charts

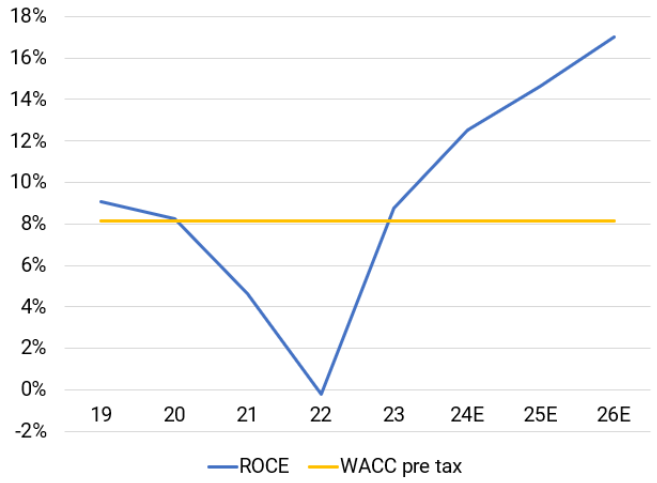
Sales vs. EBITDA margin development



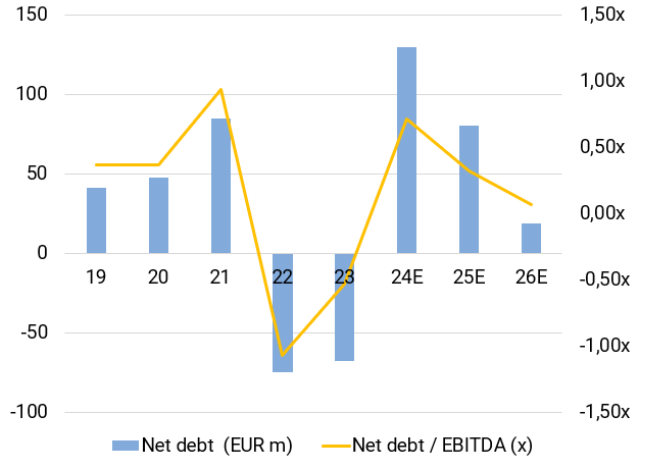
EPS, DPS in EUR & yoy EPS growth



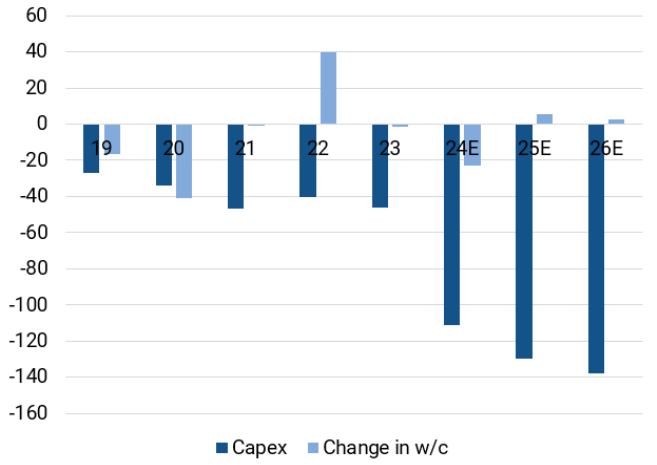
ROCE vs. WACC (pre tax)



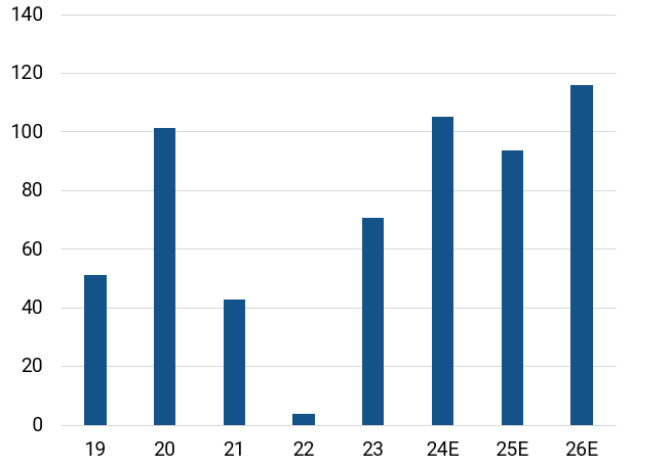
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

ResearchHub

Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Net sales	**1,003**	**1,064**	**1,226**	**1,850**	**1,998**	**2,118**
Sales growth	-20.1%	6.1%	15.3%	50.9%	8.0%	6.0%
Change in finished goods and work-in-process	21	23	25	28	30	32
Total sales	**1,024**	**1,087**	**1,251**	**1,878**	**2,028**	**2,150**
Material expenses	645	694	760	1,169	1,229	1,300
Gross profit	**379**	**393**	**491**	**709**	**799**	**849**
Other operating income	15	20	15	33	30	32
Personnel expenses	238	259	292	431	450	466
Other operating expenses	66	84	89	130	132	140
EBITDA	**90**	**70**	**126**	**181**	**248**	**275**
Depreciation	25	24	24	33	60	62
EBITA	65	46	102	148	188	214
Amortisation of goodwill and intangible assets	25	48	15	27	40	44
EBIT	**40**	**-2**	**86**	**122**	**148**	**169**
Financial result	-8	-9	-7	-6	-3	-3
Recurring pretax income from continuing operations	32	-11	79	116	145	166
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	32	-11	79	116	145	166
Taxes	2	2	4	15	19	22
Net income from continuing operations	30	-13	76	101	126	145
Result from discontinued operations (net of tax)	19	245	3	0	0	0
Net income	**49**	**232**	**78**	**101**	**126**	**145**
Minority interest	-1	1	-0	-3	-4	-4
Net profit (reported)	48	232	78	98	122	140
Average number of shares	64.96	64.83	65.51	65.51	65.51	65.51
EPS reported	**0.74**	**3.59**	**1.19**	**1.49**	**1.86**	**2.14**

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Net sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Change in finished goods and work-in-process	2%	2%	2%	2%	2%	2%
Total sales	**102%**	**102%**	**102%**	**101%**	**102%**	**101%**
Material expenses	64%	65%	62%	63%	62%	61%
Gross profit	**38%**	**37%**	**40%**	**38%**	**40%**	**40%**
Other operating income	1%	2%	1%	2%	2%	2%
Personnel expenses	24%	24%	24%	23%	23%	22%
Other operating expenses	7%	8%	7%	7%	7%	7%
EBITDA	**9%**	**7%**	**10%**	**10%**	**12%**	**13%**
Depreciation	2%	2%	2%	2%	3%	3%
EBITA	7%	4%	8%	8%	9%	10%
Amortisation of goodwill and intangible assets	3%	5%	1%	1%	2%	2%
EBIT	**4%**	**-0%**	**7%**	**7%**	**7%**	**8%**
Financial result	-1%	-1%	-1%	-0%	-0%	-0%
Recurring pretax income from continuing operations	3%	-1%	6%	6%	7%	8%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	3%	-1%	6%	6%	7%	8%
Taxes	0%	0%	0%	1%	1%	1%
Net income from continuing operations	3%	-1%	6%	5%	6%	7%
Result from discontinued operations (net of tax)	2%	23%	0%	0%	0%	0%
Net income	**5%**	**22%**	**6%**	**5%**	**6%**	**7%**
Minority interest	-0%	0%	-0%	-0%	-0%	-0%
Net profit (reported)	**5%**	**22%**	**6%**	**5%**	**6%**	**7%**

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (exl. Goodwill)	**104**	**72**	**102**	**201**	**221**	**240**
Goodwill	208	189	217	217	217	217
Property, plant and equipment	133	95	110	333	343	355
Financial assets	34	22	20	20	20	20
FIXED ASSETS	**479**	**379**	**449**	**771**	**800**	**832**
Inventories	188	193	230	325	342	362
Accounts receivable	265	202	252	355	383	406
Other current assets	43	160	42	42	42	42
Liquid assets	297	438	332	120	70	31
Deferred taxes	54	46	60	60	60	60
Deferred charges and prepaid expenses	27	22	5	7	8	8
CURRENT ASSETS	**873**	**1,062**	**921**	**910**	**905**	**910**
TOTAL ASSETS	**1,352**	**1,441**	**1,371**	**1,680**	**1,705**	**1,742**
SHAREHOLDERS EQUITY	**419**	**634**	**602**	**670**	**752**	**842**
MINORITY INTEREST	5	2	2	2	2	2
Long-term debt	277	220	93	250	150	50
Provisions for pensions and similar obligations	0	0	0	0	0	0
Other provisions	84	46	60	93	96	102
Non-current liabilities	**362**	**266**	**153**	**343**	**246**	**152**
short-term liabilities to banks	104	143	171	0	0	0
Accounts payable	270	226	273	420	441	467
Advance payments received on orders	0	0	0	0	0	0
Other liabilities (incl. from lease and rental contracts)	189	159	152	229	248	263
Deferred taxes	4	11	17	17	17	17
Deferred income	0	0	0	0	0	0
Current liabilities	**567**	**539**	**614**	**666**	**706**	**746**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**1,352**	**1,441**	**1,371**	**1,680**	**1,705**	**1,742**

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	**8%**	**5%**	**7%**	**12%**	**13%**	**14%**
Goodwill	15%	13%	16%	13%	13%	12%
Property, plant and equipment	10%	7%	8%	20%	20%	20%
Financial assets	3%	2%	1%	1%	1%	1%
FIXED ASSETS	**35%**	**26%**	**33%**	**46%**	**47%**	**48%**
Inventories	14%	13%	17%	19%	20%	21%
Accounts receivable	20%	14%	18%	21%	22%	23%
Other current assets	3%	11%	3%	3%	2%	2%
Liquid assets	22%	30%	24%	7%	4%	2%
Deferred taxes	4%	3%	4%	4%	4%	3%
Deferred charges and prepaid expenses	2%	2%	0%	0%	0%	0%
CURRENT ASSETS	**65%**	**74%**	**67%**	**54%**	**53%**	**52%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**31%**	**44%**	**44%**	**40%**	**44%**	**48%**
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	21%	15%	7%	15%	9%	3%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	6%	3%	4%	6%	6%	6%
Non-current liabilities	**27%**	**18%**	**11%**	**20%**	**14%**	**9%**
short-term liabilities to banks	8%	10%	13%	0%	0%	0%
Accounts payable	20%	16%	20%	25%	26%	27%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	14%	11%	11%	14%	15%	15%
Deferred taxes	0%	1%	1%	1%	1%	1%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	**42%**	**37%**	**45%**	**40%**	**41%**	**43%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	32	-11	79	101	126	145
Depreciation of fixed assets (incl. leases)	35	30	24	33	60	62
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	29	55	15	27	40	44
Others	-7	10	-3	33	3	6
Cash flow from operations before changes in w/c	89	84	115	193	229	256
Increase/decrease in inventory	-26	-18	-15	-96	-17	-20
Increase/decrease in accounts receivable	-41	-37	-6	-103	-28	-23
Increase/decrease in accounts payable	69	24	19	147	21	26
Increase/decrease in other w/c positions	-2	-9	4	75	18	14
Increase/decrease in working capital	1	-40	2	23	-6	-3
Cash flow from operating activities	**90**	**44**	**117**	**216**	**224**	**254**
CAPEX	-47	-40	-46	-111	-130	-138
Payments for acquisitions	-19	-25	-53	-270	0	0
Financial investments	-8	206	121	0	0	0
Income from asset disposals	4	3	4	0	0	0
Cash flow from investing activities	**-70**	**144**	**26**	**-381**	**-130**	**-138**
Cash flow before financing	20	188	143	-165	94	116
Increase/decrease in debt position	29	-57	-73	-15	-100	-100
Purchase of own shares	-21	0	-46	0	0	0
Capital measures	0	0	6	0	0	0
Dividends paid	-19	-22	-63	-33	-44	-55
Others	-0	0	0	0	0	0
Effects of exchange rate changes on cash	4	0	-3	0	0	0
Cash flow from financing activities	**-7**	**-79**	**-180**	**-47**	**-144**	**-155**
Increase/decrease in liquid assets	13	110	-37	-212	-50	-39
Liquid assets at end of period	**297**	**438**	**332**	**120**	**70**	**31**

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	106	103	131	198	213	226
Europe (ex domestic)	604	618	763	1,152	1,244	1,318
The Americas	96	110	131	197	213	226
Asia	62	67	50	76	82	87
Rest of World	134	167	151	227	245	260
Total sales	**1,003**	**1,064**	**1,226**	**1,850**	**1,998**	**2,118**

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	10.5%	9.6%	10.7%	10.7%	10.7%	10.7%
Europe (ex domestic)	60.3%	58.1%	62.3%	62.3%	62.3%	62.3%
The Americas	9.6%	10.3%	10.7%	10.7%	10.7%	10.7%
Asia	6.2%	6.3%	4.1%	4.1%	4.1%	4.1%
Rest of World	13.4%	15.7%	12.3%	12.3%	12.3%	12.3%
Total sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported	0.74	3.59	1.19	1.49	1.86	2.14
Cash flow per share	1.38	0.69	1.78	2.39	1.88	2.25
Book value per share	6.44	9.78	9.19	10.22	11.47	12.85
Dividend per share	0.35	1.00	0.50	0.67	0.84	0.96
Valuation						
P/E	23.4x	4.8x	14.6x	11.7x	9.3x	8.1x
P/CF	12.6x	25.4x	9.7x	7.3x	9.2x	7.7x
P/BV	2.7x	1.8x	1.9x	1.7x	1.5x	1.4x
Dividend yield (%)	2.0%	5.8%	2.9%	3.9%	4.8%	5.6%
FCF yield (%)	8.0%	3.9%	10.3%	13.8%	10.8%	13.0%
EV/Sales	1.2x	1.0x	0.9x	0.7x	0.6x	0.5x
EV/EBITDA	13.6x	15.2x	8.5x	7.0x	4.9x	4.2x
EV/EBIT	30.5x	-527.6x	12.4x	10.4x	8.3x	6.8x
Income statement (EURm)						
Sales	1,003	1,064	1,226	1,850	1,998	2,118
yoy chg in %	-20.1%	6.1%	15.3%	50.9%	8.0%	6.0%
Gross profit	379	393	491	709	799	849
Gross margin in %	37.8%	36.9%	40.0%	38.3%	40.0%	40.1%
EBITDA	90	70	126	181	248	275
EBITDA margin in %	9.0%	6.6%	10.3%	9.8%	12.4%	13.0%
EBIT	40	-2	86	122	148	169
EBIT margin in %	4.0%	-0.2%	7.1%	6.6%	7.4%	8.0%
Net profit	48	232	78	98	122	140
Cash flow statement (EURm)						
CF from operations	90	44	117	216	224	254
Capex	-47	-40	-46	-111	-130	-138
Maintenance Capex	0	0	0	60	100	106
Free cash flow	43	4	71	105	94	116
Balance sheet (EURm)						
Intangible assets	312	262	319	418	438	457
Tangible assets	133	95	110	333	343	355
Shareholders' equity	419	634	602	670	752	842
Pension provisions	0	0	0	0	0	0
Liabilities and provisions	466	409	324	343	246	152
Net financial debt	85	-75	-68	130	80	19
w/c requirements	184	169	208	260	284	301
Ratios						
ROE	11.7%	36.6%	13.0%	15.0%	16.7%	17.2%
ROCE	4.5%	-0.2%	9.3%	12.0%	14.8%	17.0%
Net gearing	20.2%	-11.8%	-11.2%	19.4%	10.6%	2.3%
Net debt / EBITDA	0.9x	-1.1x	-0.5x	0.7x	0.3x	0.1x

Source: Company data; mwb research

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Contacts

mwb research AG
Mittelweg 142
20148 Hamburg
Germany

Tel.: +49 40 309 293-52
Email.: contact@mwb-research.com
Website: www.mwb-research.com
Research: www.research-hub.de

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-53
E-Mail: h.hof@mwb-research.com

LEON MÜHLENBRUCH
Analyst
Tel: +49 40 309 293-57
E-Mail: l.muehlenbruch@mwb-research.com

ABED JARAD
Junior Analyst
Tel: +49 40 309 293-54
E-Mail: a.jarad@mwb-research.com

JENS-PETER RIECK
Junior Analyst
Tel: +49 40 309 293-54
E-Mail: jp.rieck@mwb-research.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-58
E-Mail: t.wissler@mwb-research.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-55
E-Mail: o.wojahn@mwb-research.com

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-56
E-Mail: a.zienkowicz@mwb-research.com

Sales

HOLGER NASS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: h.nass@mwb-research.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-52
E-Mail: h.gabert@mwb-research.com

mwb fairtrade
Wertpapierhandelsbank AG
Rottenbucher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
Website: www.mwbfairtrade.com
E-Mail: info@mwbfairtrade.com

Sales / Designated Sponsoring /Corporate Finance

ALEXANDER DEUSS
Institutional Sales
Tel: +49 40 36 0995-22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995-23
E-Mail: sguenon@mwbfairtrade.com

JAN NEYNABER
Institutional Sales
Tel: +49 69 1387-1255
E-Mail: jneynaber@mwbfairtrade.com

DIRK WEYERHÄUSER
Corporate Finance
Tel: +49 69 1387-1250
E-Mail: dweyerhaeuser@mwbfairtrade.com

Locations

HAMBURG (Research)
Mittelweg 142
20148 Hamburg
+49 40 309 293-52

HAMBURG (Corporates & Markets)
Kleine Johannisstraße 4
20457 Hamburg
+49 40 360 995-0

FRANKFURT A.M.
Unterlindau 29
60323 Frankfurt am Main
+49 40 360 995-22

MUNICH
Rottenbucher Str. 28
82166 Gräfelfing
+49 89-85852-0

BERLIN
Kurfürstendamm 151
10709 Berlin

HANNOVER
An der Börse 2
30159 Hannover

Our research can be found at

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