

Cargotec

Company report

8/11/2024 8:10 pm EEST



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This report is a summary translation of the report "Tuotto-riskisuhde ei ole nyt balanssissa" published on 8/11/2024 at 8:10 pm EEST.

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Risk/reward is no longer balanced

Cargotec's Q2 orders and revenue were almost in line with expectations, but MacGregor in particular surprised positively in terms of comparable profitability. The increase in Cargotec's guidance for 2024 has already been included in the forecasts. Our projections for 2025-2026 have risen quite markedly. Based on the sum-of-the-parts calculation, Cargotec's share is fully priced. Therefore, we are reiterating our Sell recommendation. However, we are raising our target price to EUR 44.0 (39.0) due to the increase in our forecasts.

Strong momentum in Q2 profitability

In Q2, Hiab's order intake (-7% y/y) was below both own and consensus forecasts. Hiab's bidding activity is stable for the sixth consecutive quarter, but high financing costs and prolonged economical uncertainty are holding back customer investments. MacGregor orders (+26% y/y) grew well above expectations due to strong demand from the car ferry sector. Hiab's Q2 revenue (-11% y/y) was stronger than expected, and the service business' share of revenue increased to 27% (Q2'23: 23%). MacGregor's revenue (+17% y/y) was disappointing, due to the termination of the offshore wind turbine installation vessel project. Hiab's Q2 comparable operating profit (margin 15.9%) exceeded both own and consensus expectations. Although profitability declined year-on-year, Hiab says that previous pricing actions, fixed cost management and cooperation with suppliers to reduce costs mitigated the impact of the decline in revenue. MacGregor's comparable EBIT margin was a respectable 11.1%. Profitability was supported by an increase in the share of commercial vessels, but the margin was lower (9.1%) if the impact on revenue of the above-mentioned project closure is excluded. The impact of the termination of the project (-29 MEUR) was included in the reported EBIT of MacGregor and of course of the group.

Guidance increase was already in the numbers

The demand growth outlook for Hiab in 2024 is sluggish. Demand for heavy trucks is expected to fall sharply in key markets, and the construction sector is anemic. The customer's decision process from sales signal to order has been extended in all product areas. While MacGregor's order intake this year will still benefit from vessel orders received by shipyards last year, Clarkson expects merchant and offshore vessel order volumes to decline in H2'24 and throughout 2024. For the full year 2024, Cargotec now expects Hiab to achieve a comparable EBIT margin of more than 13.5% (was >12%) and MacGregor to achieve a comparable EBIT of >55 MEUR (was >33 MEUR). In practice, the guidance increase had already been factored into the forecasts. Following Hiab's positive profitability surprise, we have raised our business EBIT margin forecasts for 2024-2026 by 0.9-1.7 percentage points and our revenue forecasts for 2025-2026 by 3-4%. Our forecast changes for MacGregor are focused on 2024 (revenue +2% and comparable EBIT margin +1.7pp).

The sum of the parts indicates full valuation

Based on our sum-of-the-parts calculation, the value of a Cargotec share in its current shape is EUR 39-49. The potential change from the current share price to the end of the range is -14 to +8% with a midpoint of -3%. Based on the calculation, Cargotec's share is fully priced and there is no justified upside. In addition, the sale price of MacGregor carries a significant risk that could be realized in H2'24.

Recommendation

Sell
(was Sell)
EUR 45.00
(was EUR 39.00)
Share price:
45.40



Key figures

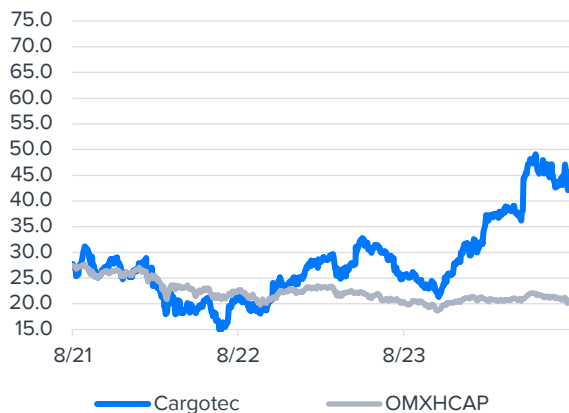
	2023	2024e	2025e	2026e
Revenue	2519	2512	2600	2618
growth-%	17%	0%	4%	1%
EBIT adj.	236.7	299.1	317.2	318.0
EBIT-% adj.	9.4 %	11.9 %	12.2 %	12.1 %
PTP	219.6	261.5	311.2	314.9
Net Income	164.2	179.6	223.6	226.2
EPS (adj.)	2.52	3.11	3.48	3.52
Dividend	n.a.	1.56	1.74	1.76
P/E (adj.)	n.a.	14.6	13.1	12.9
P/B	n.a.	2.5	2.3	2.1
Dividend yield-%	n.a.	3.4 %	3.8 %	3.9 %
EV/EBIT (adj.)	n.a.	9.9	9.0	8.6
EV/EBITDA	n.a.	9.3	7.7	7.3
EV/S	n.a.	1.2	1.1	1.0

Source: Inderes

Guidance (Upgraded)

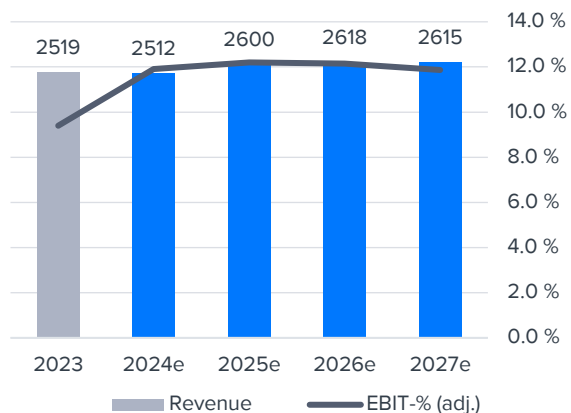
Cargotec expects Hiab's comparable EBIT margin in 2024 to be above 13.5% and MacGregor's comparable EBIT to be above 55 MEUR.

Share price



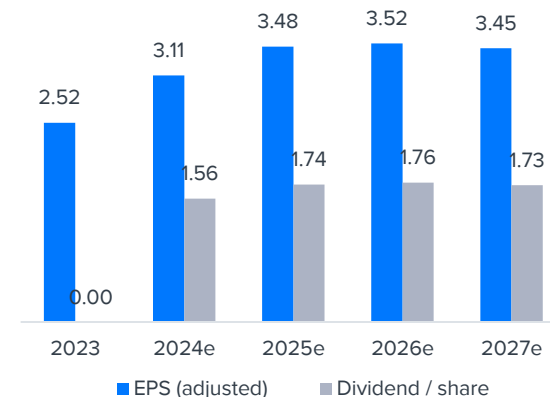
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Recovery in construction growth after H1'24
- 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	45.4	45.4	45.4
Number of shares, millions	64.3	64.3	64.3
Market cap	2920	2920	2920
EV	2955	2852	2745
P/E (adj.)	14.6	13.1	12.9
P/E	16.3	13.1	12.9
P/B	2.5	2.3	2.1
P/S	1.2	1.1	1.1
EV/Sales	1.2	1.1	1.0
EV/EBITDA	9.3	7.7	7.3
EV/EBIT (adj.)	9.9	9.0	8.6
Payout ratio (%)	55.7 %	50.0 %	50.0 %
Dividend yield-%	3.4 %	3.8 %	3.9 %

Source: Inderes

Strong momentum in Q2 profitability

MacGregor with a positive margin surprise

Cargotec's Q2 figures were almost in line with orders and sales, but MacGregor's comparable profitability in particular was a positive surprise.

Order intake both below and above expectations

In Q2, Hiab's order intake was 348 MEUR (-7% y/y), below both our own (-2% y/y) and consensus (+2% y/y) forecasts. Hiab's bidding activity is stable for the sixth consecutive quarter, but high financing costs and prolonged economical uncertainty are holding back customer investments. Demand in the construction sector is soft everywhere, and regionally Hiab's most challenging markets are still Germany and France. The order book (676 MEUR) has normalized after a drop of -33% year-on-year and -15% since the end of 2023.

MacGregor's orders (235 MEUR; +26% y/y) grew significantly above expectations (+12-14% y/y) due to strong demand from the car ferry sector. However, the unit's order book (1014 MEUR) grew by only +3% year-on-year. Offshore accounts for only 70 MEUR of the order book and the known loss-making offshore project for 30 MEUR.

MacGregor has a big revenue write-off

Hiab's Q2 revenue (433 MEUR; -11% y/y) was stronger than expected (-19...-20% y/y). Service business grew +2% year-on-year and its share of Hiab's revenue rose to 27% (Q2'23: 23%). MacGregor's 192 MEUR revenue (+17% y/y vs. Inderes' expectation of +47% year-on-year and consensus of +22% y/y) was disappointing, due to the termination of the offshore wind turbine installation vessel project (-39 MEUR).

Profitability was in great shape

Hiab's comparable EBIT in Q2 was 69 MEUR (margin 15.9%), exceeding both our own (14.5%) and consensus (15.6%) expectations. Although profitability declined year-on-year (Q2'23: 16.8%), Hiab said that previous pricing actions, fixed cost management and cooperation with suppliers to reduce costs mitigated the impact of the revenue decline.

MacGregor's comparable EBIT margin was a respectable 11.1% (Inderes: 6.8% and consensus: 7.6%). Profitability was supported by an increase in the share of commercial vessels, but the margin was lower (9.1%) if the impact on revenue of the above-mentioned project closure is excluded. The impact of the project termination (-29 MEUR) was included in the reported EBIT of MacGregor and the group, as shown in the table below.

Estimates MEUR / EUR	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	648	625	631	606	538	- 631	-1%	2512
EBIT (adj.)	80.6	82.0	63.3	65.1	52.8	- 74.0	30%	299
EBIT	78.6	51.9	63.3	41.0	22.8	- 64.0	-18%	268
PTP	74.0	51.4	61.8	38.0	20.3	- 61.8	-17%	262
EPS (adj.)	0.87	0.79	0.71	0.72	0.66	- 0.84	10%	3.11
EPS (reported)	0.85	0.48	0.71	0.45	0.24	- 0.71	-32%	2.79
Revenue growth-%	22.1 %	-3.6 %	-2.6 %	-6.5 %	-17.0 %	- -2.6 %	-1 pp	-0.3 %
EBIT-% (adj.)	12.4 %	13.1 %	10.0 %	10.7 %	9.8 %	- 11.7 %	3.1 pp	11.9 %

Source: Inderes & Vara Research (consensus)

Guidance increase was already in the numbers

Report brought support for forecasts

The increase in Cargotec's guidance for 2024 has already been included in the forecasts. Our projections for 2025-2026 have risen quite markedly.

Hiab's target markets are under pressure

As mentioned, Hiab's outlook for demand growth in 2024 is sluggish. Volvo Trucks forecasts a decline in demand for heavy trucks of -12 to -15% year-on-year in the key European and North American markets in 2024, and volume growth forecasts for construction in 2024 range from -2% year-on-year in Europe to +4% year-on-year in the US. Hiab itself stated that customers' decision-making from sales signal to order has been prolonged in all product areas. Although MacGregor's order intake this year will still benefit from ship orders received by shipyards last year, Clarkson expects merchant and offshore vessel

orders to decline by -31% year-on-year in H2'24 and -11% year-on-year in 2024 as a whole.

Increase in 2024 guidance already factored in

For the full year 2024, Cargotec now expects a comparable EBIT margin for Hiab of more than 13.5% instead of >12% and for MacGregor a comparable EBIT of >55 MEUR (was >33 MEUR). Before the report, Inderes' forecast for Hiab's margin was 14.3% and the consensus was 14.6%. In addition, our own forecast for MacGregor's comparable EBIT was 73 MEUR and the consensus was 66 MEUR. In practice, the guidance increase had already been factored into the forecasts. However, Cargotec stressed that the guidance refers to floor levels that can be well exceeded. According to Cargotec, the main risks to Hiab's H2'24 margins are (1) the partial dependence of the guidance on orders and deliveries still available

in H2'24 and (2) the potential impact of the new efficiency program on operating costs. For MacGregor, the risk is in the timing of major deliveries, as part of the order book will not be delivered until 2026.

Clear rise in our forecasts

Following Hiab's positive profitability surprise, we have raised our business EBIT margin forecasts for 2024-2026 by 0.9-1.7 percentage points and our revenue forecasts for 2025-2026 by 3-4%. Our comparable EBIT margin forecast for 2024 for Hiab is now 15.9% (14.3%). Our forecast changes for MacGregor are focused on 2024 (revenue +2% and comparable EBIT margin +1.7pp). Our 2024 forecast for MacGregor's comparable EBIT is now 91 MEUR (73 MEUR).

Estimate revisions MEUR / EUR	2024e	2024e	Change %	2025e	2025e	Change %	2026e	2026e	Change %
	Old	New		Old	New		Old	New	
Revenue	2469	2512	2%	2468	2600	5%	2519	2618	4%
EBITDA	311	318	2%	330	371	12%	348	374	7%
EBIT (exc. NRIs)	252	299	19%	276	317	15%	294	318	8%
EBIT	250	268	7%	276	317	15%	294	318	8%
PTP	244	262	7%	258	311	21%	278	315	13%
EPS (excl. NRIs)	2.77	3.11	12%	2.90	3.48	20%	3.13	3.52	12%
DPS	1.39	1.56	12%	1.45	1.74	20%	1.56	1.76	12%

Source: Inderes

The sum of the parts indicates full valuation

Few suitable tools for valuation

Cargotec did not provide any new information on the sale of MacGregor in its Q2 report. The company reiterated that the sale process began in May and that the goal remains to find a "solution" for the business by the end of 2024. Because of this, 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 benchmark pricing, nor from the point of view of the DCF model. Also, in the sum-of-the-parts analysis, the source data are somewhat incomplete regarding the distribution of Cargotec's liabilities.

Based on the SOTP, the stock is fully valued

Our sum-of-the-parts analysis is based on the median EV/EBIT multiple of the Hiab peer group for 2025 (9x), around which we have chosen lower and upper

bound multiples (8x and 10x) that represent a realistic price range. There is no comparable meaningful peer group for MacGregor and due to the higher risk of the transaction we have chosen slightly lower relevant valuation multiples for Hiab (7x and 9x). The EBIT forecasts for Hiab and MacGregor include the companies' share of group costs. We have also allocated Cargotec's assumed net interest-bearing debt (12/31/2025e) to Hiab and MacGregor in proportion to their committed capital. In the calculation, both Hiab and MacGregor are slightly net positive. The results of the calculation 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 39-49. The potential change from the current share price to the end of the range is -14 to +8% with a midpoint of -3%. In addition, our calculation shows an

EBIT margin of 9.2% 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, realizing the estimated value of MacGregor's shares in the sale of the business of approximately 700-900 MEUR would be an excellent performance by Cargotec.

Based on the calculation, Cargotec's share is fully priced and there is no justified upside. Furthermore, taking into account the risk associated with the sale price of MacGregor (which may materialize in H2'24), we reiterate our Sell recommendation on Cargotec. However, given the sharp increase in our forecasts (see previous page), we are raising our target price to EUR 44.0 (39.0), i.e. the midpoint of the sum-of-parts valuation range.

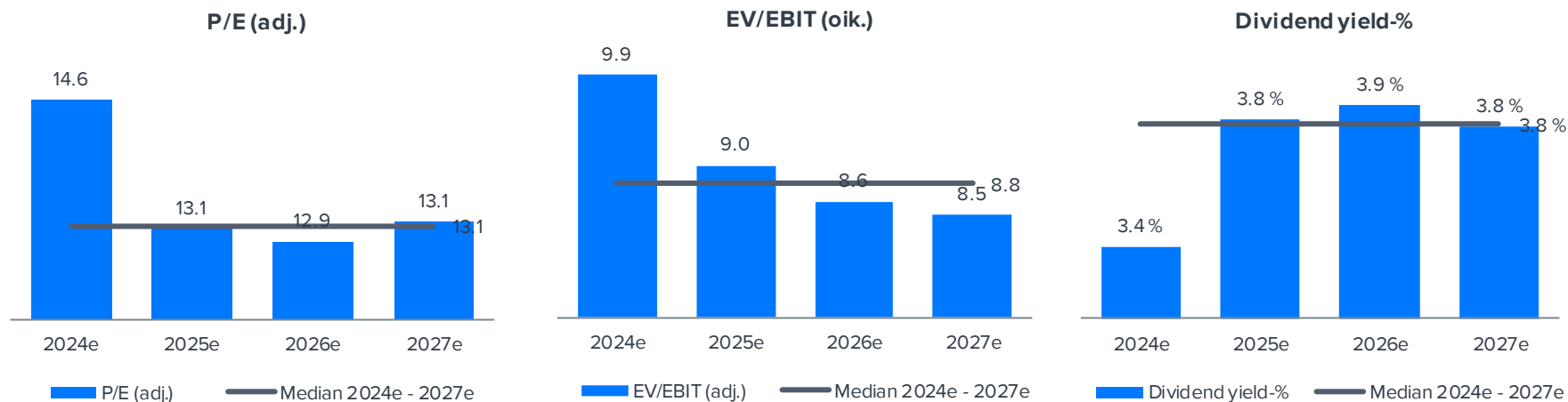
Sum-of-the-parts valuation

MEUR	Hiab		MacGregor		Total	
	Lower	Upper	Lower	Upper	Lower	Upper
Adj. EBIT 2025e	224	224	95	95	318	318
EV/ EBIT 2025e, lower/upper	8.0x	10.0x	7.0x	9.0x	7.7x	9.7x
EV 2025e	1,788	2,235	663	852	2,451	3,087
./. Net liabilities	44	44	28	28	72	72
Value of entire stock	1,832	2,279	691	880	2,523	3,159
- per share, EUR	28.5	35.4	10.7	13.7	39.2	49.1
Cargotec's present value					2,920	2,920
- per share, EUR					45.4	45.4
Discount (-) / premium (+)					+16%	-8%

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	30.2	33.8	43.8	41.3	n.a.	45.4	45.4	45.4	45.4
Number of shares, millions	64.4	64.5	64.5	64.5	64.7	64.3	64.3	64.3	64.3
Market cap	1948	2181	2827	2664	n.a.	2920	2920	2920	2920
EV	2754	2879	3263	3051	n.a.	2955	2852	2745	2640
P/E (adj.)	13.8	20.1	19.8	neg.	n.a.	14.6	13.1	12.9	13.1
P/E	21.8	>100	11.4	neg.	n.a.	16.3	13.1	12.9	13.1
P/B	1.4	1.7	1.8	1.7	n.a.	2.5	2.3	2.1	1.9
P/S	0.5	0.7	0.9	1.2	n.a.	1.2	1.1	1.1	1.1
EV/Sales	0.7	0.9	1.0	1.4	n.a.	1.2	1.1	1.0	1.0
EV/EBITDA	8.8	13.4	12.6	18.2	n.a.	9.3	7.7	7.3	7.2
EV/EBIT (adj.)	10.4	14.1	15.1	17.5	n.a.	9.9	9.0	8.6	8.5
Payout ratio (%)	86.3 %	858.6 %	28.2 %	neg.	n.a.	55.7 %	50.0 %	50.0 %	50.0 %
Dividend yield-%	4.0 %	3.2 %	2.5 %	3.3 %	n.a.	3.4 %	3.8 %	3.9 %	3.8 %

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	4844	5278	10.5	9.9	8.7	8.3	1.3	1.3	13.8	13.1	2.6	2.9	2.7
Metso Corp	7139	8179	10.5	9.8	8.8	8.3	1.6	1.5	13.4	12.2	4.3	4.6	2.6
Manitou BF	777	1192	6.0	6.2	4.4	4.4	0.4	0.4	5.7	5.8	6.8	7.0	0.8
Palfinger AG	827	1658	10.2	9.0	6.6	6.0	0.7	0.7	10.2	8.1	3.9	4.4	1.1
Wacker Neuson SE	983	1455	8.5	6.7	5.0	4.3	0.6	0.6	9.0	6.9	5.5	6.8	0.6
Terex Corp	3310	3627	5.9	6.2	5.4	5.6	0.8	0.8	7.5	8.0	1.3	1.3	1.8
Deere & Co	87300	142403	17.7	18.1	15.4	16.1	3.4	3.5	13.7	14.0	1.6	1.7	4.7
Caterpillar Inc	150165	180357	14.2	14.7	12.5	12.4	3.0	2.9	15.3	14.8	1.6	1.7	8.7
Hyundai Construction Equipment Co Ltd	724	1011	6.5	5.9	5.2	4.7	0.4	0.4	7.2	6.2	2.2	2.4	0.6
Kongsberg	15866	15680	28.1	26.5	24.1	21.4	3.9	3.5	33.8	32.8	1.6	1.9	10.4
Nov Inc.	6434	7565	9.8	8.4	7.2	6.2	0.9	0.9	11.1	9.9	1.5	1.7	1.1
Cargotec (Inderes)	2920	2955	9.9	9.0	9.3	7.7	1.2	1.1	14.6	13.1	3.4	3.8	2.5
Average			11.6	11.0	9.4	8.9	1.6	1.5	12.8	12.0	3.0	3.3	3.2
Median			10.2	9.0	7.2	6.2	0.9	0.9	11.1	9.9	2.2	2.4	1.8
Diff-% to median			-3%	0%	29%	24%	28%	28%	32%	31%	59%	59%	40%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	2519	617	625	599	671	2512	2600	2618	2615
MacGregor	733	203	192	235	340	970	1027	998	971
Hiab	1787	415	432	364	331	1542	1573	1620	1644
Group	0.0	-0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	294	87.2	63.1	80.4	87.7	318	371	374	368
Depreciation	-57.8	-17.4	-11.2	-11.1	-11.1	-50.8	-53.9	-56.4	-57.4
EBIT (excl. NRI)	237	71.3	82.0	69.3	76.6	299	317	318	310
EBIT	236	69.8	51.9	69.3	76.6	268	317	318	310
MacGregor	31.8	10.7	-8.3	21.4	35.9	59.7	110	112	107
Hiab	252	68.7	68.7	57.6	50.4	245	248	249	247
Group	-47.9	-9.6	-8.5	-9.7	-9.7	-37.5	-41.0	-42.5	-44.0
Net financial items	-16.4	-1.5	-0.5	-2.0	-2.0	-6.0	-6.0	-3.2	-1.0
PTP	220	68.3	51.4	67.3	74.6	262	311	315	309
Taxes	-57.2	-21.2	-20.3	-18.8	-20.9	-81.2	-87.1	-88.2	-86.6
Minority interest	1.8	-0.1	-0.2	-0.2	-0.2	-0.7	-0.5	-0.5	-0.5
Net earnings	164	47.0	30.9	48.2	53.5	180	224	226	222
EPS (adj.)	2.55	0.75	0.79	0.75	0.83	3.11	3.48	3.52	3.45
EPS (rep.)	2.54	0.73	0.48	0.75	0.83	2.79	3.48	3.52	3.45

Key figures	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	17.4 %	4.8 %	-3.6 %	0.2 %	-2.0 %	-0.3 %	3.5 %	0.7 %	-0.1 %
Adjusted EBIT growth-%	35.9 %	43.5 %	1.7 %	13.8 %	68.3 %	26.4 %	6.0 %	0.3 %	-2.4 %
EBITDA-%	11.7 %	14.1 %	10.1 %	13.4 %	13.1 %	12.7 %	14.3 %	14.3 %	14.1 %
Adjusted EBIT-%	9.4 %	11.6 %	13.1 %	11.6 %	11.4 %	11.9 %	12.2 %	12.1 %	11.9 %
Net earnings-%	6.5 %	7.6 %	4.9 %	8.1 %	8.0 %	7.2 %	8.6 %	8.6 %	8.5 %

Source: Inderes

Balance sheet

Assets	2023	2024e	2025e	2026e
Non-current assets	908	923	929	930
Goodwill	618	618	618	618
Intangible assets	19.6	19.5	20.2	20.4
Tangible assets	172	173	178	179
Associated companies	27.8	29.7	29.7	29.7
Other investments	0.0	0.0	0.0	0.0
Other non-current assets	3.3	4.3	4.3	4.3
Deferred tax assets	67.8	78.8	78.8	78.8
Current assets	1541	1521	1572	1626
Inventories	573	590	611	615
Other current assets	50.3	63.9	63.9	63.9
Receivables	605	565	585	589
Cash and equivalents	312	301	312	358
Balance sheet total	2530	2514	2578	2639

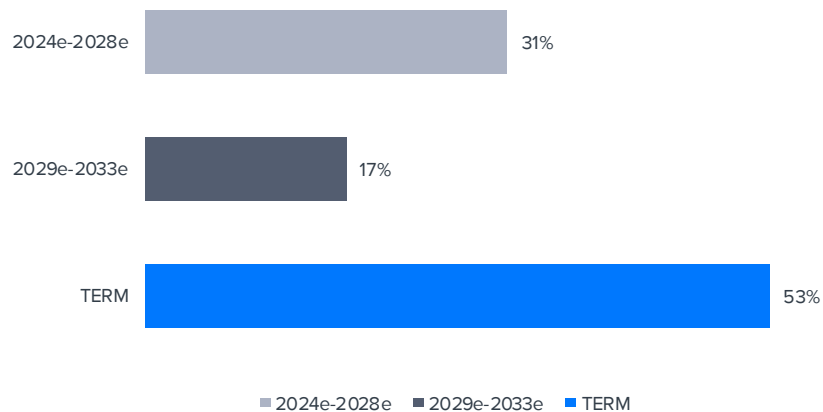
Source: Inderes

Liabilities & equity	2023	2024e	2025e	2026e
Equity	936	1159	1283	1397
Share capital	44.3	20.0	20.0	20.0
Retained earnings	815	1130	1254	1368
Hybrid bonds	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0
Other equity	74.4	8.0	8.0	8.0
Minorities	1.5	1.4	1.4	1.4
Non-current liabilities	669	338	269	224
Deferred tax liabilities	12.0	10.6	10.6	10.6
Provisions	2.4	2.5	2.5	2.5
Interest bearing debt	594	264	195	150
Convertibles	0.0	0.0	0.0	0.0
Other long term liabilities	60.2	60.6	60.6	60.6
Current liabilities	926	1016	1026	1018
Interest bearing debt	17.9	68.1	45.1	30.0
Payables	908	948	981	988
Other current liabilities	0.0	0.0	0.0	0.0
Balance sheet total	2530	2514	2578	2639

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	17.4 %	-0.3 %	3.5 %	0.7 %	-0.1 %	0.3 %	0.7 %	1.2 %	2.8 %	2.8 %	2.5 %	2.5 %
EBIT-%	9.4 %	10.7 %	12.2 %	12.1 %	11.9 %	11.4 %	10.9 %	10.4 %	10.0 %	9.5 %	9.5 %	9.5 %
EBIT (operating profit)	236	268	317	318	310	299	288	279	274	268	275	
+ Depreciation	57.8	50.8	53.9	56.4	57.4	57.9	58.6	59.3	60.1	61.6	63.0	
- Paid taxes	-15.0	-93.6	-87.1	-88.2	-86.6	-83.8	-81.3	-79.0	-77.7	-76.2	-78.1	
- Tax, financial expenses	-7.3	-3.8	-3.0	-2.4	-2.1	-2.1	-2.1	-2.1	-2.1	-2.1	-2.1	
+ Tax, financial income	3.1	1.9	1.3	1.5	1.8	2.3	2.7	3.0	3.1	3.2	3.3	
- Change in working capital	135	49.0	-7.3	-1.5	0.2	-0.7	-1.6	-2.5	-6.2	-6.4	-5.7	
Operating cash flow	409	272	275	284	281	272	265	258	251	248	255	
+ Change in other long-term liabilities	-100.8	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	498	-41.1	-67.2	-63.2	-61.7	-62.3	-63.1	-64.0	-67.6	-68.8	-70.1	
Free operating cash flow	806	231	208	221	219	210	202	194	183	179	185	
+/- Other	186	64.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	992	295	208	221	219	210	202	194	183	179	185	3449
Discounted FCFF		287	187	184	169	150	134	119	104	94.5	90.3	1684
Sum of FCFF present value		3203	2916	2729	2545	2376	2225	2092	1973	1869	1774	1684
Enterprise value DCF		3203										
- Interest bearing debt		-612.1										
+ Cash and cash equivalents		312										
-Minorities		-3.5										
-Dividend/capital return		-139.0										
Equity value DCF		2760										
Equity value DCF per share		42.9										

Cash flow distribution



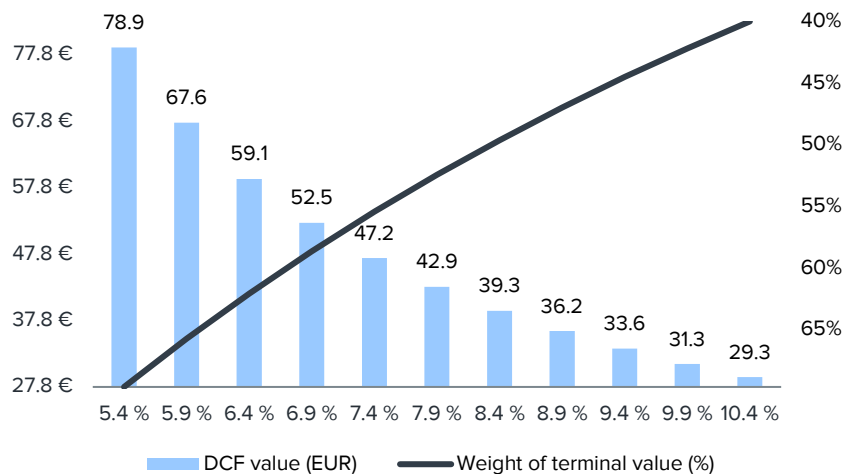
WACC

Tax-% (WACC)	28.0 %
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 %

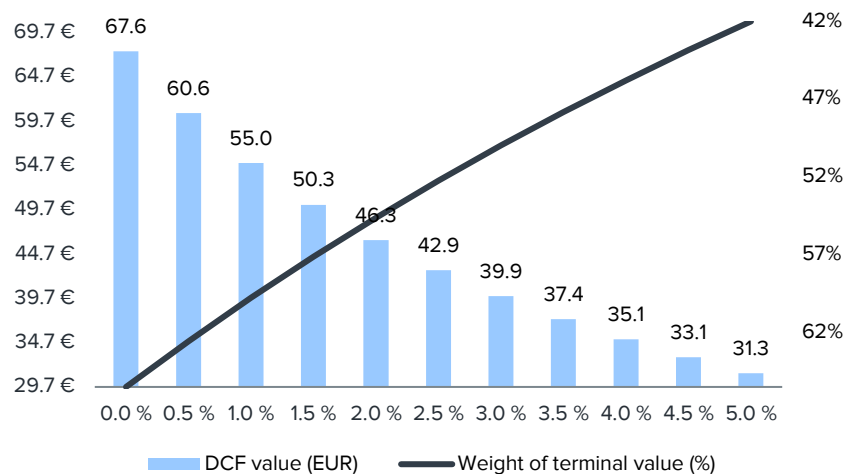
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

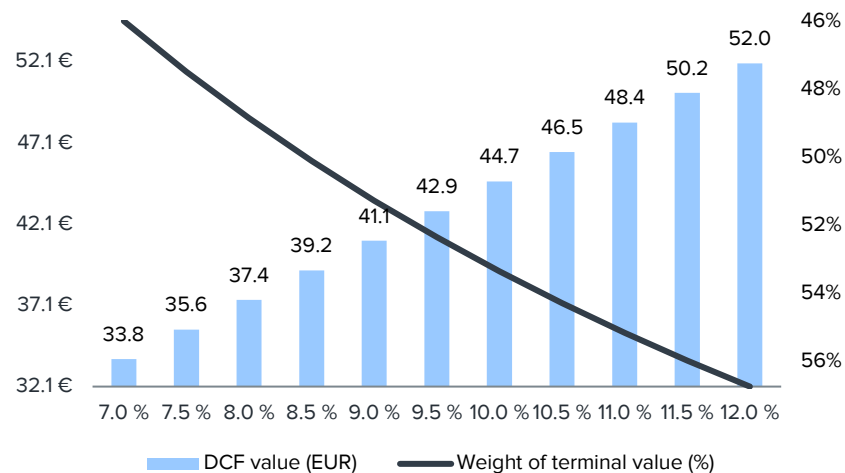
Sensitivity of DCF to changes in the WACC-%



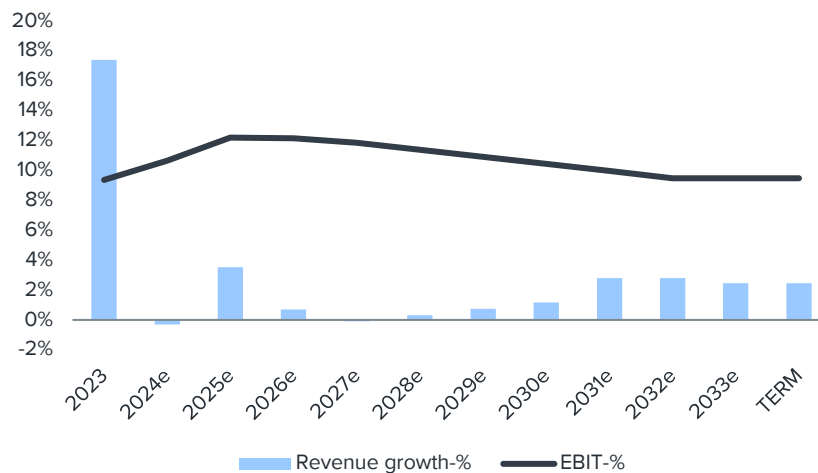
Sensitivity of DCF to changes in the risk-free rate



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	2512	2600	EPS (reported)	2.54	2.79	3.48
EBITDA	294	318	371	EPS (adj.)	2.55	3.11	3.48
EBIT	236	268	317	OCF / share	6.33	4.23	4.28
PTP	220	262	311	FCF / share	15.34	4.59	3.23
Net Income	350	244	224	Book value / share	14.44	18.00	19.92
Extraordinary items	-1	-32	0	Dividend / share	2.15	1.56	1.74
Balance sheet	2023	2024e	2025e	Growth and profitability	2023	2024e	2025e
Balance sheet total	2530	2514	2578	Revenue growth-%	17%	0%	4%
Equity capital	936	1159	1283	EBITDA growth-%	75%	8%	17%
Goodwill	618	618	618	EBIT (adj.) growth-%	36%	26%	6%
Net debt	300	31	-72	EPS (adj.) growth-%	-5704%	24%	12%
Cash flow	2023	2024e	2025e	EBITDA-%	11.7 %	12.7 %	14.3 %
EBITDA	294	318	371	EBIT (adj.)-%	9.4 %	11.9 %	12.2 %
Change in working capital	135	49	-7	EBIT-%	9.4 %	10.7 %	12.2 %
Operating cash flow	409	272	275	ROE-%	13.3 %	17.2 %	18.3 %
CAPEX	498	-41	-67	ROI-%	12.7 %	18.0 %	21.3 %
Free cash flow	992	295	208	Equity ratio	43.4 %	54.2 %	58.5 %
				Gearing	32.0 %	2.7 %	-5.6 %

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	45.00 €	45.54 €



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