

INDUS Holding AG

Germany | Financial Services | MCap EUR 602m

2 September 2024

UPDATE



Flywheel in motion; Reiterate to BUY

What's it all about?

INDUS Holding AG has acquired a 75% stake in DECKMA, a German systems provider for technical ship equipment specializing in lighting, fire alarm systems, corrosion protection, and automation solutions. DECKMA generates EUR 19m in annual revenue and serves customers in shipbuilding and offshore industries. The acquisition includes a 33% stake in NEXTCORR Ltd, a British anti-fouling and corrosion protection provider. This strategic move strengthens INDUS's Engineering segment, particularly in measurement and control technology. It aligns with growing demand in offshore wind farm sectors and naval vessel outfitting. To date, INDUS has acquired two first-level investments and two additions to existing investments in 2024, including DECKMA. The company plans further acquisitions, focusing on infrastructure networks and energy technology sectors. We reiterate our BUY rating with unchanged PT of EUR 35.00.

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

BUY (BUY)

Target price	EUR 35.00 (35.00)
Current price	EUR 22.40
Up/downside	56.3%



MAIN AUTHOR

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INDUS Holding AG

Germany | Financial Services | MCap EUR 602m | EV EUR 1,109m

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Flywheel in motion; Reiterate to BUY

Entering the technical ship equipment market INDUS Holding AG ("INDUS") has announced the acquisition of a 75% stake in DECKMA Decksmaschinen und Automation Vertriebsgesellschaft mbH. DECKMA, based in Germany, is a systems provider for technical ship equipment, specializing in lighting and fire alarm systems, corrosion protection technology and automation solutions for ships. The company serves customers in the shipbuilding and offshore industries, including manufacturers of cruise ships, commercial vessels and large yachts.

DECKMA has 45 employees and annual sales of approx. EUR 19m. The acquisition also includes a 33% stake in the British company NEXTCORR Ltd, a system provider for anti-fouling and corrosion protection for ships. In line with INDUS' business model, the company has secured an option to acquire the remaining 25% of DECKMA's shares in 2026.

Rationale and strategic fit Strategically, this acquisition strengthens INDUS' Engineering segment, particularly in the field of instrumentation and control technology. The move is in line with the growing demand for service vessels and converter platforms in the offshore wind farm sector as well as potential growth in the outfitting of naval vessels.

Purchase price Based on previous announcements, INDUS targets acquisitions that are margin accretive, i.e. have EBIT margins in excess of 10%. In line with this strategy, we estimate that DECKMA will contribute approximately EUR 2.5m EBIT p.a. to INDUS' financial performance. Based on typical acquisition multiples in the range of 6-7x EBIT, we estimate the purchase price for DECKMA at EUR 13-16m. Based on INDUS' own valuation multiple of 7.4x EV/EBIT, we expect this acquisition to be accretive for investors with INDUS paying for this using its strong cash position.

Utilizing its annual M&A budget As far as INDUS' M&A activities are concerned, the company has actively expanded its portfolio. Including DECKMA, INDUS has already acquired two first-stage investments and two additions to existing investments in the current fiscal year. INDUS remains committed *-continued-*

INDUS Holding AG	2021	2022	2023	2024E	2025E	2026E
Sales	1,633	1,804	1,802	1,748	1,840	1,928
<i>Growth yoy</i>	4.8%	10.4%	-0.1%	-3.0%	5.3%	4.7%
EBITDA	251	262	258	248	263	258
EBIT	166	134	150	140	162	163
Net profit	47	-42	55	79	93	95
Net debt (net cash)	504	594	506	436	351	297
Net debt/EBITDA	2.0x	2.3x	2.0x	1.8x	1.3x	1.1x
EPS reported	1.78	-1.57	2.06	2.94	3.45	3.55
DPS	1.05	0.80	1.20	1.03	1.14	1.10
<i>Dividend yield</i>	4.7%	3.6%	5.4%	4.6%	5.1%	4.9%
Gross profit margin	55.0%	53.3%	54.6%	53.5%	53.3%	52.4%
EBITDA margin	15.4%	14.5%	14.3%	14.2%	14.3%	13.4%
EBIT margin	10.1%	7.4%	8.3%	8.0%	8.8%	8.4%
ROCE	10.1%	8.2%	8.8%	9.6%	11.3%	11.3%
EV/Sales	0.7x	0.7x	0.6x	0.6x	0.5x	0.5x
EV/EBITDA	4.4x	4.6x	4.3x	4.2x	3.6x	3.5x
EV/EBIT	6.7x	8.9x	7.4x	7.4x	5.9x	5.5x
PER	12.6x	-14.3x	10.9x	7.6x	6.5x	6.3x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 29.10 / 18.18
Price/Book Ratio 0.8x

Ticker / Symbols

ISIN DE0006200108
WKN 620010
Bloomberg INH:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	1,748	140	2.94
	Δ	0.0%	0.0%	0.0%
2025E	old	1,840	162	3.45
	Δ	0.0%	0.0%	0.0%
2026E	old	1,928	163	3.55
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 26.90
Book value per share: (in EUR) 26.71
Ø trading vol.: (12 months) 23,952

Major shareholders

Versicherungskammer Bayern 13.0%
H.J. Selzer et al. 5.6%
Protector Forsikring 5.4%
Free Float 68.2%

Company description

INDUS Holding acquires small and medium-sized companies. Within its three segments (Engineering, Infrastructure and Materials) it operates a buy-and-hold strategy. INDUS is specializing in industries such as construction, automotive, engineering (including inert gas glove box systems and automated valves), healthcare and basic materials processing.

to making further acquisitions in 2024, with a focus on targets in the infrastructure networks and energy technology sectors. Recently, INDUS mentioned that it has earmarked EUR 70m for strategic acquisitions, of which we believe that c. 45-50m have already been spent (incl. DECKMA). Conversely, this implies that INDUS still can spend another EUR 20-25m in order to utilize the entire budget.

Conclusion We welcome Friday's news from both a financial and strategic perspective. With more than EUR 110m of FCF planned for 2024, INDUS is a cash generative company that is using its cash to keep the flywheel in motion. We therefore reiterate our BUY recommendation with an unchanged PT of EUR 35.00, offering a decent upside potential of c. 55%.

The following table displays the quarterly performance of **INDUS Holding AG**:

P&L data	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Sales	458.8	459.0	450.8	453.3	459.7	438.6	410.1	429.0
yoy growth in %	2.9%	3.1%	8.2%	-3.5%	0.2%	-4.4%	-9.0%	-5.4%
Gross profit	247.5	245.6	249.4	245.6	252.8	241.5	229.4	235.5
Gross margin in %	50.5%	66.5%	55.3%	54.2%	55.0%	55.1%	55.9%	54.9%
EBITDA	82.8	74.8	80.7	62.0	86.0	67.1	64.1	59.7
EBITDA margin in %	18.0%	16.3%	17.9%	13.7%	18.7%	15.3%	15.6%	13.9%
EBIT	61.6	51.3	59.4	40.1	63.1	44.0	42.4	37.3
EBIT margin in %	13.4%	11.2%	13.2%	8.8%	13.7%	10.0%	10.3%	8.7%
EBT	6.5	33.8	40.9	34.0	27.6	29.7	21.9	32.8
taxes paid	5.5	7.1	12.0	11.4	8.6	23.7	7.4	11.0
tax rate in %	85.3%	21.0%	29.3%	33.5%	31.1%	79.8%	33.9%	33.5%
net profit	-0.7	25.8	24.9	21.5	23.5	12.6	10.2	21.5
yoy growth in %	-106.6%	222.5%	-1.3%	-31.4%	-3,479.9%	-51.2%	-59.2%	-0.1%
EPS	-1.89	-0.44	0.60	0.83	0.80	0.47	0.38	0.83

Source: Company data; mwb research

Investment case in “six” charts

Products & Services

INFRASTRUCTURE

14 COMPANIES IN THE SEGMENT

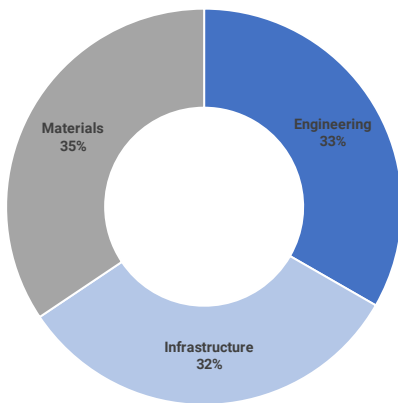
MATERIALS

14 COMPANIES IN THE SEGMENT

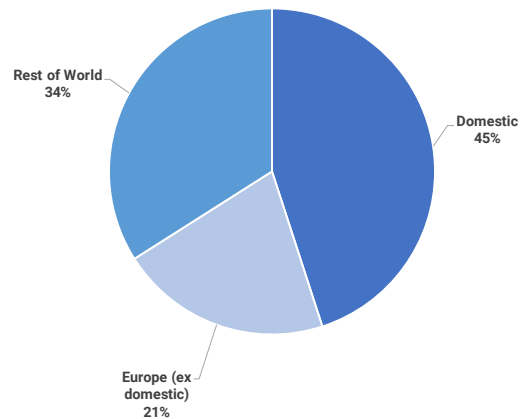
ENGINEERING

16 COMPANIES IN THE SEGMENT

Segmental breakdown in %



Regional sales split in %

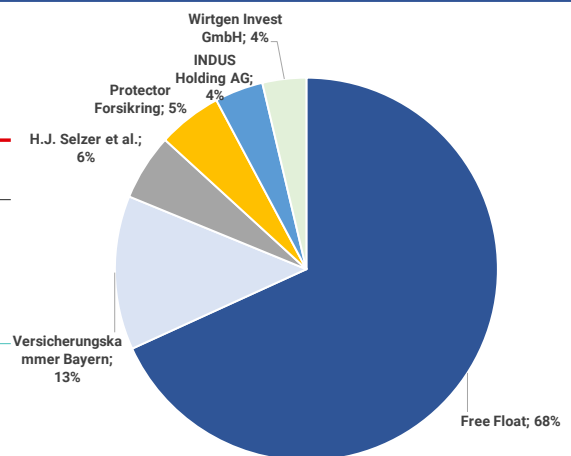


Guidance 2024

	GROUP	
	2023	Forecast Aug 2024
Sales (in EUR billion)	1.80	1.70 - 1.80
EBIT (in EUR million)	149.6	125 - 145
EBIT margin (in %)	8.3	7.0 bis 8.0
Free cash flow (in EUR million)*	198.9	>110

*Free cash flow forecast of > 110 EUR million confirmed

Major Shareholders



Source: Company data, mwb research

SWOT analysis

Strengths

- High level management expertise through years of experience in a wide range of industries
- Well diversified portfolio by industries
- Wealth of expertise in the field of operational efficiency, automation, AI and lean management principles
- Access to financial resources
- Strong anchor shareholders

Weaknesses

- Disproportionately higher share of sales depending on the German market
- Focus on cyclical industries
- Relatively large Supervisory Board in relation to the size of the company

Opportunities

- Well filled M&A pipeline
- PARKOUR perform with the potential to strengthen INDUS' portfolio structure and to facilitate innovation
- Higher interest rates lead to normalization of valuations; Hence falling purchase prices open up new investment opportunities
- Increased government spending into infrastructure in order to achieve climate neutrality could support the company's growth outlook

Threats

- Macro economic headwinds and particularly risks of a recession in Germany
- Fierce competition from different angles of the market such as private equity firms or buy-out specialists
- Higher interest rates for a longer period of time

Valuation

DCF Model

The DCF model results in a **fair value of EUR 34.95 per share**:

Top-line growth: We expect INDUS Holding AG to grow revenues at a CAGR of 2.9% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 9.6% in 2024E to 11.2% in 2031E.

WACC. Starting point is a historical equity beta of 1.57. Unlevering and correcting for mean reversion yields an asset beta of 1.10. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 11.1%. 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 8.6%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	97	112	113	106	105	106	109	110	
Depreciation & amortization	109	101	96	92	90	88	87	86	
Change in working capital	-10	-20	-22	-13	-41	-40	-12	-13	
Chg. in long-term provisions	-8	10	-10	-6	-6	-7	-7	-7	
Capex	-69	-72	-76	-77	-79	-81	-82	-84	
Cash flow	119	131	101	103	68	67	95	91	1,406
Present value	116	118	83	78	48	44	56	50	767
WACC	8.4%	8.4%	8.4%	8.5%	8.5%	8.5%	8.6%	8.6%	8.6%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	1,360	Planning horizon avg. revenue growth (2024E-2031E)	2.9%
Mid-year adj. total present value	1,417	Terminal value growth (2031E - infinity)	2.0%
Net debt / cash at start of year	506	Terminal year ROCE	11.2%
Financial assets	30	Terminal year WACC	8.6%
Provisions and off b/s debt	27		
Equity value	940	Terminal WACC derived from	
No. of shares outstanding	26.9	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	25%
		Equity beta	1.57
		Unlevered beta (industry or company)	1.10
		Target debt / equity	0.5
		Relevered beta	1.51
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	11.1%

Discounted cash flow / share upside/(downside)	34.95 56.0%
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Share price	22.40
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Sensitivity analysis DCF							
Change in WACC (%-points)	Long term growth					Share of present value	
	1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%	22.1	23.2	24.4	25.7	27.2	2024E-2027E	29.1%
1.0%	26.0	27.4	29.0	30.8	32.9	2028E-2031E	14.5%
0.0%	30.8	32.7	34.9	37.5	40.6	terminal value	56.4%
-1.0%	37.1	39.9	43.1	46.9	51.5		
-2.0%	45.7	49.7	54.7	60.8	68.5		

Source: mwb research

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 34.53 per share based on 2024E and EUR 49.32 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	248	263	258	246	241
- Maintenance capex	109	101	96	92	90
- Minorities	1	1	1	1	1
- tax expenses	34	40	41	42	42
= Adjusted FCF	104	121	120	111	108
Actual Market Cap	602	602	602	602	602
+ Net debt (cash)	436	351	297	232	200
+ Pension provisions	0	0	0	0	0
+ Off B/S financing	0	0	0	0	0
- Financial assets	30	30	30	30	30
- Acc. dividend payments	32	60	91	120	150
<i>EV Reconciliations</i>	374	261	176	82	20
= Actual EV'	976	864	779	685	623
Adjusted FCF yield	10.7%	14.0%	15.4%	16.1%	17.3%
base hurdle rate	8.0%	8.0%	8.0%	8.0%	8.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	8.0%	8.0%	8.0%	8.0%	8.0%
Fair EV	1,303	1,509	1,500	1,382	1,347
- <i>EV Reconciliations</i>	374	261	176	82	20
Fair Market Cap	929	1,248	1,323	1,300	1,326
No. of shares (million)	27	27	27	27	27
Fair value per share in EUR	34.53	46.40	49.21	48.32	49.32
Premium (-) / discount (+)	54.2%	107.1%	119.7%	115.7%	120.2%

Sensitivity analysis FV						
Adjusted hurdle rate	6.0%	51	65	68	65	66
	7.0%	41	54	57	56	56
	8.0%	35	46	49	48	49
	9.0%	29	40	43	43	44
	10.0%	25	35	38	38	39

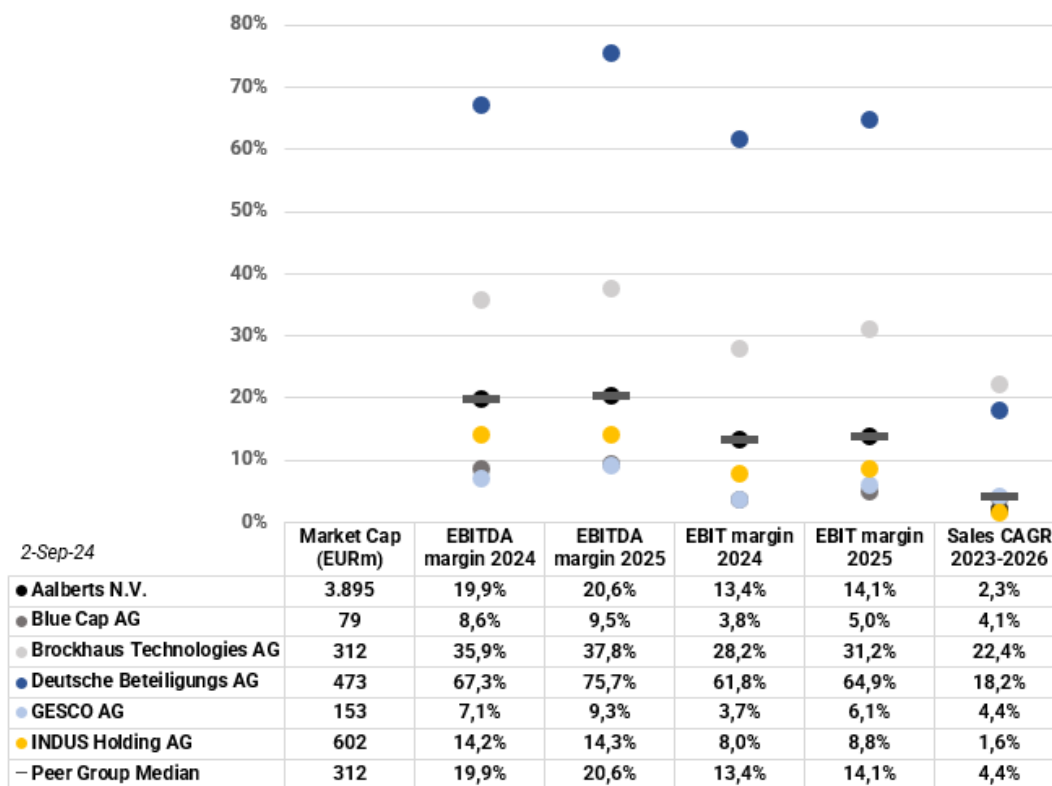
Source: Company data; mwb research

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 8.0%. 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 **INDUS Holding 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 INDUS Holding AG consists of the stocks displayed in the chart below. As of 2 September 2024 the median market cap of the peer group was EUR 312m, compared to EUR 602m for INDUS Holding AG. In the period under review, the peer group was more profitable than INDUS Holding AG. The expectations for sales growth are higher for the peer group than for INDUS Holding AG.

Peer Group – Key data

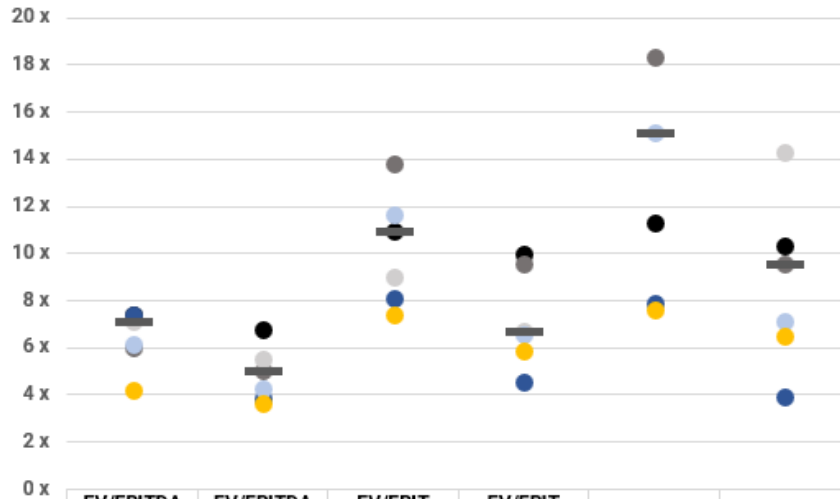


Source: FactSet, mwb research

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 INDUS Holding AG results in a range of fair values from EUR 24.05 to EUR 49.29.

Peer Group – Multiples and valuation



2-Sep-24

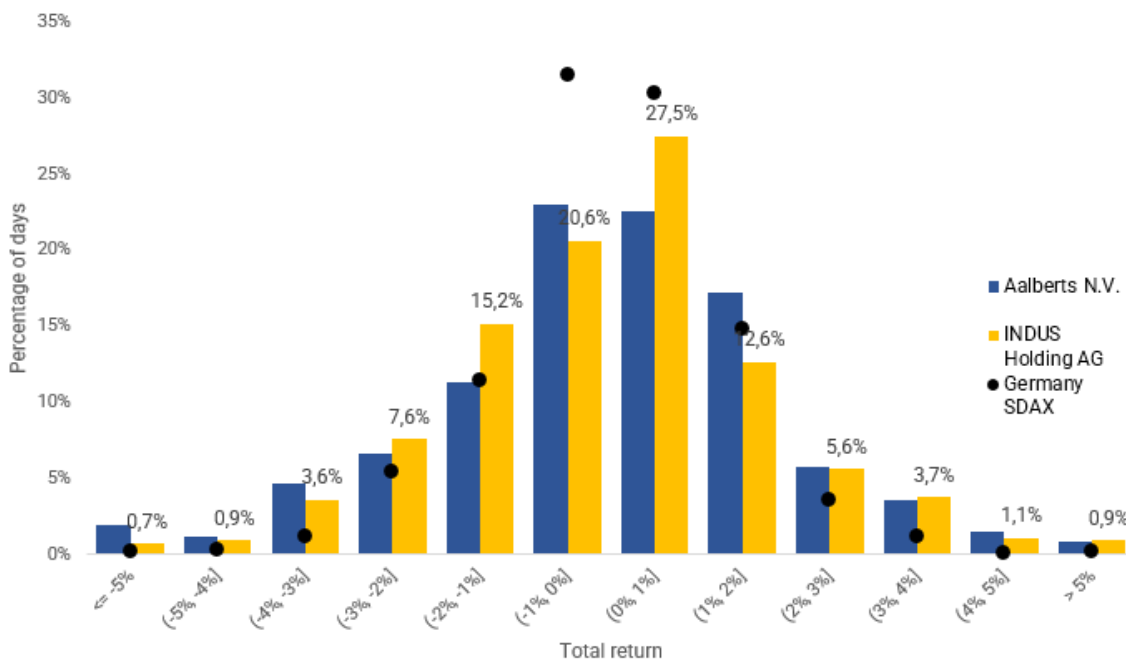
	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
● Aalberts N.V.	7,4x	6,8x	10,9x	10,0x	11,3x	10,4x
● Blue Cap AG	6,0x	5,1x	13,8x	9,6x	18,3x	9,5x
● Brockhaus Technologies AG	7,1x	5,5x	9,0x	6,7x	36,1x	14,3x
● Deutsche Beteiligungs AG	7,4x	3,9x	8,1x	4,5x	7,9x	3,9x
● GESCO AG	6,1x	4,3x	11,7x	6,5x	15,1x	7,1x
● INDUS Holding AG	4,2x	3,6x	7,4x	5,9x	7,6x	6,5x
– Peer Group Median	7,1x	5,1x	10,9x	6,7x	15,1x	9,5x
Fair Value (EUR)	49,29	33,34	40,53	24,05	44,52	32,88

Source: FactSet, mwb research

Risk

The chart displays the **distribution of daily returns of INDUS Holding AG** over the last 3 years, compared to the same distribution for Aalberts N.V.. We have also included the distribution for the index Germany SDAX. The distribution gives a better understanding of risk than measures like volatility, which assume that log returns are normally distributed. In reality, they are skewed (down moves are larger) and have fat tails (large moves occur more often than predicted). Also, volatility treats up and down moves the same, while investors are more worried about down moves. For INDUS Holding AG, the worst day during the past 3 years was 30/11/2023 with a share price decline of -7.4%. The best day was 30/03/2023 when the share price increased by 7.1%.

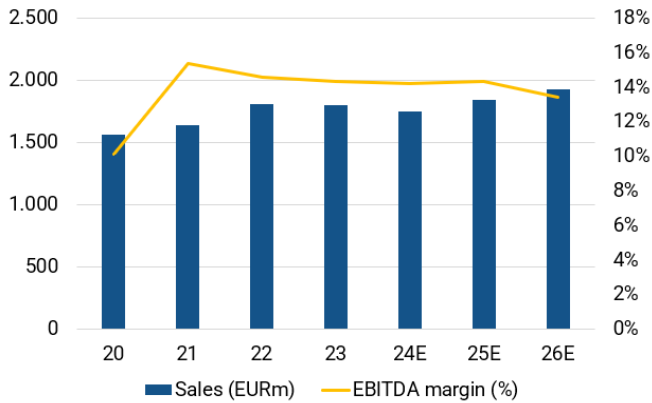
Risk – Daily Returns Distribution (trailing 3 years)



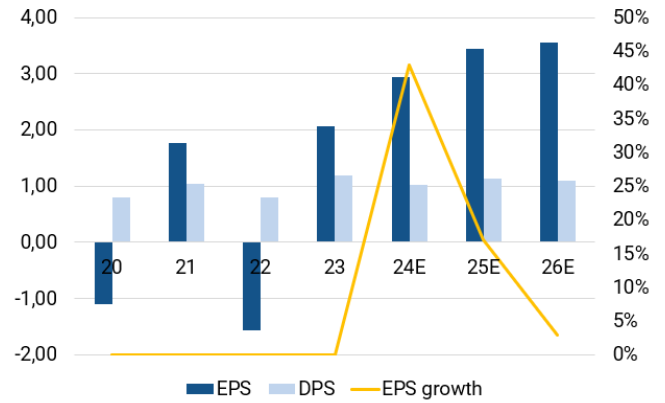
Source: FactSet, mwb research

Financials in six charts

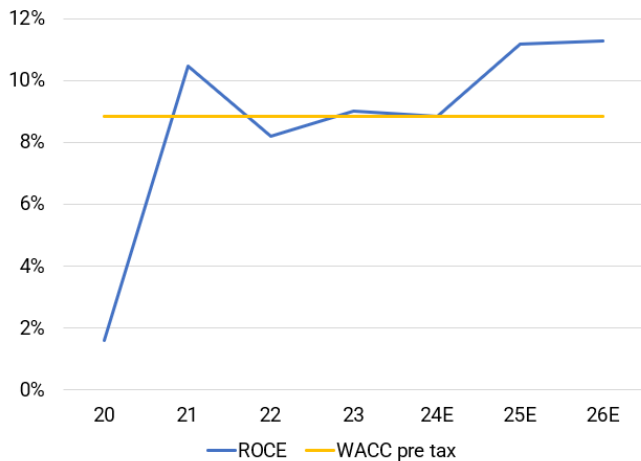
Sales vs. EBITDA margin development



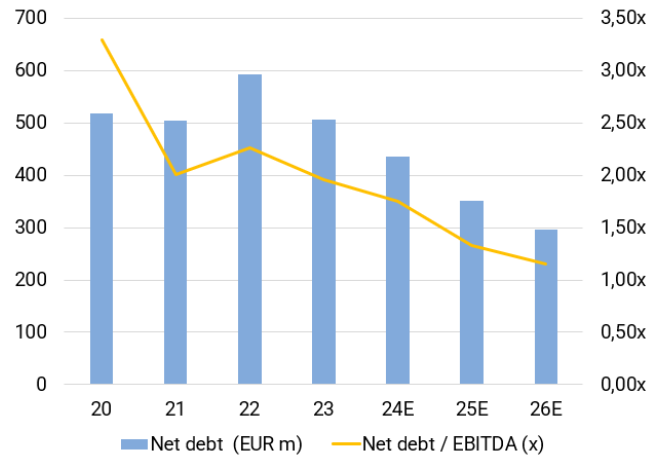
EPS, DPS in EUR & yoy EPS growth



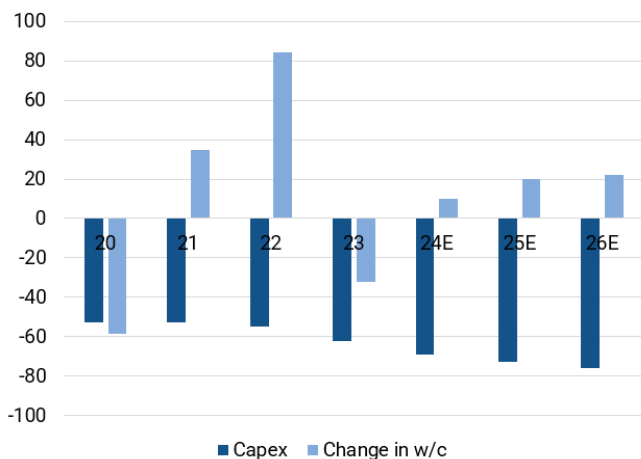
ROCE vs. WACC (pre tax)



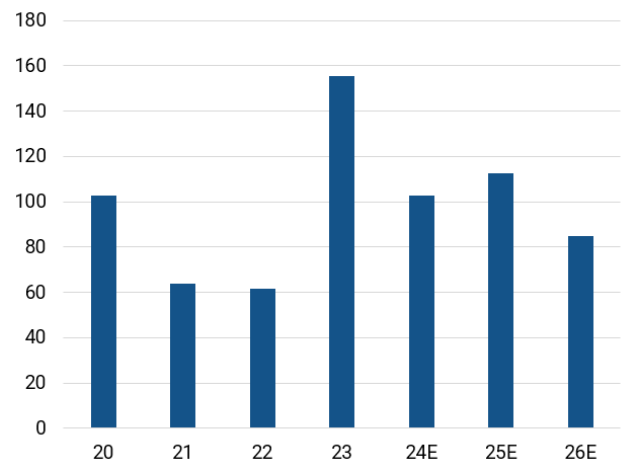
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Net sales	1,633	1,804	1,802	1,748	1,840	1,928
Sales growth	4.8%	10.4%	-0.1%	-3.0%	5.3%	4.7%
Change in finished goods and work-in-process	22	30	-17	38	33	15
Total sales	1,655	1,834	1,785	1,787	1,874	1,943
Material expenses	757	872	801	851	893	933
Gross profit	898	962	984	935	981	1,010
Other operating income	28	29	26	24	26	27
Personnel expenses	467	495	522	493	515	540
Other operating expenses	207	233	230	219	228	239
EBITDA	251	262	258	248	263	258
Depreciation	83	86	89	90	84	79
EBITA	168	176	169	158	179	179
Amortisation of goodwill and intangible assets	3	43	19	18	17	16
EBIT	166	134	150	140	162	163
Financial result	-16	-18	-10	-25	-28	-25
Recurring pretax income from continuing operations	150	116	140	115	134	138
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	150	116	140	115	134	138
Taxes	52	33	56	34	40	41
Net income from continuing operations	98	82	84	80	94	97
Result from discontinued operations (net of tax)	-50	-124	-28	0	0	0
Net income	48	-41	56	80	94	97
Minority interest	-1	-1	-1	-1	-1	-1
Net profit (reported)	47	-42	55	79	93	95
Average number of shares	26.33	26.90	26.90	26.90	26.90	26.90
EPS reported	1.78	-1.57	2.06	2.94	3.45	3.55

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	1%	2%	-1%	2%	2%	1%
Total sales	101%	102%	99%	102%	102%	101%
Material expenses	46%	48%	44%	49%	48%	48%
Gross profit	55%	53%	55%	54%	53%	52%
Other operating income	2%	2%	1%	1%	1%	1%
Personnel expenses	29%	27%	29%	28%	28%	28%
Other operating expenses	13%	13%	13%	13%	12%	12%
EBITDA	15%	15%	14%	14%	14%	13%
Depreciation	5%	5%	5%	5%	5%	4%
EBITA	10%	10%	9%	9%	10%	9%
Amortisation of goodwill and intangible assets	0%	2%	1%	1%	1%	1%
EBIT	10%	7%	8%	8%	9%	8%
Financial result	-1%	-1%	-1%	-1%	-2%	-1%
Recurring pretax income from continuing operations	9%	6%	8%	7%	7%	7%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	9%	6%	8%	7%	7%	7%
Taxes	3%	2%	3%	2%	2%	2%
Net income from continuing operations	6%	5%	5%	5%	5%	5%
Result from discontinued operations (net of tax)	-3%	-7%	-2%	0%	0%	0%
Net income	3%	-2%	3%	5%	5%	5%
Minority interest	-0%	-0%	-0%	-0%	-0%	-0%
Net profit (reported)	3%	-2%	3%	5%	5%	5%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (exl. Goodwill)	143	172	164	155	146	140
Goodwill	410	404	396	396	396	396
Property, plant and equipment	510	413	418	388	367	354
Financial assets	23	14	30	30	30	30
FIXED ASSETS	1,085	1,003	1,008	968	939	919
Inventories	404	449	429	443	465	486
Accounts receivable	167	195	181	176	185	194
Other current assets	51	94	23	23	23	23
Liquid assets	136	128	266	64	49	53
Deferred taxes	14	20	21	21	21	21
Deferred charges and prepaid expenses	0	0	0	0	0	0
CURRENT ASSETS	772	887	921	728	743	777
TOTAL ASSETS	1,857	1,890	1,929	1,696	1,683	1,697
SHAREHOLDERS EQUITY	787	693	718	766	832	898
MINORITY INTEREST	2	2	2	2	2	2
Long-term debt	477	581	618	400	400	350
Provisions for pensions and similar obligations	0	0	0	0	0	0
Other provisions	204	210	200	192	202	193
Non-current liabilities	681	790	818	592	602	543
short-term liabilities to banks	163	141	154	100	0	0
Accounts payable	76	74	64	68	71	72
Advance payments received on orders	0	0	0	0	0	0
Other liabilities (incl. from lease and rental contracts)	133	172	147	142	149	156
Deferred taxes	15	17	26	26	26	26
Deferred income	0	0	0	0	0	0
Current liabilities	387	404	391	336	246	254
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,857	1,890	1,929	1,696	1,683	1,697

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	8%	9%	9%	9%	9%	8%
Goodwill	22%	21%	21%	23%	24%	23%
Property, plant and equipment	27%	22%	22%	23%	22%	21%
Financial assets	1%	1%	2%	2%	2%	2%
FIXED ASSETS	58%	53%	52%	57%	56%	54%
Inventories	22%	24%	22%	26%	28%	29%
Accounts receivable	9%	10%	9%	10%	11%	11%
Other current assets	3%	5%	1%	1%	1%	1%
Liquid assets	7%	7%	14%	4%	3%	3%
Deferred taxes	1%	1%	1%	1%	1%	1%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	42%	47%	48%	43%	44%	46%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	42%	37%	37%	45%	49%	53%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	26%	31%	32%	24%	24%	21%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	11%	11%	10%	11%	12%	11%
Non-current liabilities	37%	42%	42%	35%	36%	32%
short-term liabilities to banks	9%	7%	8%	6%	0%	0%
Accounts payable	4%	4%	3%	4%	4%	4%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	7%	9%	8%	8%	9%	9%
Deferred taxes	1%	1%	1%	2%	2%	2%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	21%	21%	20%	20%	15%	15%
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	98	-41	84	80	94	97
Depreciation of fixed assets (incl. leases)	86	129	109	90	84	79
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	18	17	16
Others	-32	113	-7	-8	10	-10
Cash flow from operations before changes in w/c	151	201	186	181	205	183
Increase/decrease in inventory	0	0	0	-14	-21	-21
Increase/decrease in accounts receivable	0	0	0	5	-9	-9
Increase/decrease in accounts payable	0	0	0	4	3	1
Increase/decrease in other w/c positions	-35	-84	32	-5	7	7
Increase/decrease in working capital	-35	-84	32	-10	-20	-22
Cash flow from operating activities	117	116	218	172	185	161
CAPEX	-53	-55	-62	-69	-72	-76
Payments for acquisitions	-67	-59	-9	0	0	0
Financial investments	-25	-0	-1	0	0	0
Income from asset disposals	15	19	21	0	0	0
Cash flow from investing activities	-130	-94	-50	-69	-72	-76
Cash flow before financing	-14	22	168	103	113	85
Increase/decrease in debt position	-85	106	42	-272	-100	-50
Purchase of own shares	0	0	0	0	0	0
Capital measures	85	0	0	0	0	0
Dividends paid	-22	-28	-22	-32	-28	-31
Others	-19	-22	-21	0	0	0
Effects of exchange rate changes on cash	-0	-0	-1	0	0	0
Cash flow from financing activities	-41	56	-1	-304	-128	-81
Increase/decrease in liquid assets	-55	78	166	-202	-15	4
Liquid assets at end of period	136	128	266	64	49	53

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	849	902	811	787	828	868
Europe (ex domestic)	327	343	379	367	386	405
The Americas	0	0	0	0	0	0
Asia	0	0	0	0	0	0
Rest of World	457	559	613	594	626	655
Total sales	1,633	1,804	1,802	1,748	1,840	1,928

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	52.0%	50.0%	45.0%	45.0%	45.0%	45.0%
Europe (ex domestic)	20.0%	19.0%	21.0%	21.0%	21.0%	21.0%
The Americas	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	28.0%	31.0%	34.0%	34.0%	34.0%	34.0%
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	1.78	-1.57	2.06	2.94	3.45	3.55
Cash flow per share	4.43	4.33	8.09	2.34	3.12	2.41
Book value per share	29.89	25.77	26.71	28.49	30.95	33.40
Dividend per share	1.05	0.80	1.20	1.03	1.14	1.10
Valuation						
P/E	12.6x	-14.3x	10.9x	7.6x	6.5x	6.3x
P/CF	5.1x	5.2x	2.8x	9.6x	7.2x	9.3x
P/BV	0.7x	0.9x	0.8x	0.8x	0.7x	0.7x
Dividend yield (%)	4.7%	3.6%	5.4%	4.6%	5.1%	4.9%
FCF yield (%)	19.8%	19.3%	36.1%	10.4%	13.9%	10.8%
EV/Sales	0.7x	0.7x	0.6x	0.6x	0.5x	0.5x
EV/EBITDA	4.4x	4.6x	4.3x	4.2x	3.6x	3.5x
EV/EBIT	6.7x	8.9x	7.4x	7.4x	5.9x	5.5x
Income statement (EURm)						
Sales	1,633	1,804	1,802	1,748	1,840	1,928
yoy chg in %	4.8%	10.4%	-0.1%	-3.0%	5.3%	4.7%
Gross profit	898	962	984	935	981	1,010
Gross margin in %	55.0%	53.3%	54.6%	53.5%	53.3%	52.4%
EBITDA	251	262	258	248	263	258
EBITDA margin in %	15.4%	14.5%	14.3%	14.2%	14.3%	13.4%
EBIT	166	134	150	140	162	163
EBIT margin in %	10.1%	7.4%	8.3%	8.0%	8.8%	8.4%
Net profit	47	-42	55	79	93	95
Cash flow statement (EURm)						
CF from operations	117	116	218	172	185	161
Capex	-53	-55	-62	-69	-72	-76
Maintenance Capex	0	0	0	109	101	96
Free cash flow	64	62	156	103	113	85
Balance sheet (EURm)						
Intangible assets	553	576	560	550	542	535
Tangible assets	510	413	418	388	367	354
Shareholders' equity	787	693	718	766	832	898
Pension provisions	0	0	0	0	0	0
Liabilities and provisions	844	931	972	692	602	543
Net financial debt	504	594	506	436	351	297
w/c requirements	495	570	547	551	579	608
Ratios						
ROE	6.0%	-6.0%	7.8%	10.5%	11.3%	10.8%
ROCE	10.1%	8.2%	8.8%	9.6%	11.3%	11.3%
Net gearing	64.0%	85.6%	70.5%	56.9%	42.1%	33.0%
Net debt / EBITDA	2.0x	2.3x	2.0x	1.8x	1.3x	1.1x

Source: Company data; mwb research

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