

TUI AG

Germany | Travel & Leisure | MCap EUR 3,551m

15 May 2024

UPDATE



FQ2: On track to reach FY24 guidance; BUY

What's it all about?

TUI's financial results for the second quarter of 2024 exceeded consensus expectations, with revenues of EUR 3.65bn, up 16% yoy, driven by a robust 25% growth in the Holiday Experiences segment and an exceptional 53% increase in Cruises. The company's underlying EBIT also exceeded expectations, improving by EUR 54m yoy to EUR -189m, with significant contributions from Hotels & Resorts and Cruises, partly offset by a slight decline in Markets & Airlines due to previous divestments. Despite a gradual slowdown in momentum, bookings for the summer of 2024 are healthy, up 5%, with ASPs also up 4%. The company's strong free cash flow of EUR 973m in Q2 has supported ongoing deleveraging, with TUI targeting further credit rating improvements. TUI has confirmed its guidance and is on track to meet or even exceed it. We reiterate our BUY recommendation with an unchanged price target of EUR 16.00.

BUY (BUY)

Target price	EUR 16.00 (16.00)
Current price	EUR 7.00
Up/downside	128.6%



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Germany | Travel & Leisure | MCap EUR 3,551m | EV EUR 6,464m

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FQ2: On track to reach FY24 guidance; BUY

FQ2 revenues beat consensus. TUI reported FQ2 results (to 31 March). FQ2 revenues of EUR 3.65bn were around 4% ahead of consensus expectations. The 16% yoy growth was mainly driven by Holiday Experiences, which reported growth of +25%, with Cruises (+53%) standing out. Markets & Airlines reported a still respectable 14% yoy growth, with all regions contributing. With H1 growth of 15%, TUI remains on track to achieve its confirmed FY24 guidance of at least 10% revenue growth.

A beat also in underlying EBIT. FQ2 is seasonally the weakest quarter and always loss-making. The reported underlying EBIT of EUR -189m represents an improvement of EUR 54m yoy and is EUR 15m ahead of consensus. The improvement was driven by Hotels & Resorts and Cruises. Hotels & Resorts improved by EUR 39m yoy, driven by a 9% increase in average daily rate (ADR). Cruises improved by an even more impressive EUR 55m yoy, driven by a 20% increase in ADR. In contrast, Markets & Airlines' underlying EBIT declined by EUR 18m yoy, partly due to a base effect as Q2 23 benefited from a positive contribution following the divestment of a Canadian tour operator business. Excluding this effect, we estimate that Markets & Airlines' underlying EBIT was roughly flat, suggesting a slight margin erosion given the 14% revenue growth. Finally, AOS (all other segments) made a negative contribution of EUR 20m, which are attributed to valuation effects, presumably on derivatives. Looking at H1, TUI has improved underlying EBIT by EUR 213m, well on track to meet or even beat the confirmed guidance of a 25% or EUR 244m increase.

No weakness in booking and pricing. In Markets & Airlines, Winter 23/24 closed with bookings up 9% and ASPs up 3%, showing the resilience of demand. For Summer 24 (S24), bookings are up 5% versus S23, slightly losing momentum versus the last update (+8%). ASPs continued their positive trend at +4%. The proportion of S24 program sold at 60% continues to be in line with last year.

Deleveraging continues, confirm BUY. FQ2 saw the seasonally strong cash inflows from customer prepayments for summer bookings, resulting in FCF of EUR 973m. The company continues to forecast a slight improvement in net debt for FY24 and is targeting a further improvement in its credit rating to BB/Ba territory in the medium term, from the current B+/B1. Given the positive outlook from both S&P and Moody's, this seems achievable soon. We leave our estimates unchanged, with an increasing probability of an upgrade in the course of FY24. BUY with a PT of EUR 16.00.

TUI AG	2021	2022	2023	2024E	2025E	2026E
Sales	4,732	16,545	20,666	22,836	23,475	24,297
<i>Growth yoy</i>	-40.4%	249.7%	24.9%	10.5%	2.8%	3.5%
EBITDA	-1,001	1,204	1,859	2,130	2,108	2,145
EBIT	-2,013	320	999	1,256	1,244	1,288
Net profit	-2,467	-277	306	508	579	689
Net debt (net cash)	5,463	3,962	2,277	1,998	1,262	397
Net debt/EBITDA	-5.5x	3.3x	1.2x	0.9x	0.6x	0.2x
EPS reported	-12.73	-0.98	0.60	1.00	1.14	1.36
DPS	0.00	0.00	0.00	0.00	0.00	1.09
<i>Dividend yield</i>	0.0%	0.0%	0.0%	0.0%	0.0%	15.5%
Gross profit margin	-25.9%	5.6%	7.8%	8.0%	8.0%	8.0%
EBITDA margin	-21.2%	7.3%	9.0%	9.3%	9.0%	8.8%
EBIT margin	-42.5%	1.9%	4.8%	5.5%	5.3%	5.3%
ROCE	-24.6%	4.2%	12.2%	15.3%	15.2%	15.8%
EV/EBITDA	-9.9x	6.7x	3.5x	2.9x	2.6x	2.2x
EV/EBIT	-4.9x	25.3x	6.5x	5.0x	4.4x	3.6x
PER	-0.5x	-7.1x	11.6x	7.0x	6.1x	5.2x
FCF yield	-11.2%	105.5%	46.1%	8.2%	22.0%	26.6%

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 8.02 / 4.37
Price/Book Ratio 3.2x

Ticker / Symbols

ISIN DE000TUAG500
WKN TUAG50
Bloomberg TUI1:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	22,836	1,256	1.00
	Δ	0.0%	0.0%	0.0%
2025E	old	23,475	1,244	1.14
	Δ	0.0%	0.0%	0.0%
2026E	old	24,297	1,288	1.36
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 507.40
Book value per share: (in EUR) 2.21
Ø trading vol.: (12 months) 2,855,572

Major shareholders

Unifirm Limited (Mordashov) 9.6%
Severgroup (Mordashov) 1.3%
Riu Hotels 1.1%
Free Float 88.0%

Company description

TUI AG is a Germany-based integrated tourism group. It operates through the different segments: Hotels & Resorts, Cruises, Musement, and Markets & Airlines.

The following table displays the quarterly performance of **TUI AG**.

P&L data	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Sales	4,433.2	7,614.0	3,750.5	3,152.9	5,286.0	8,476.5	4,302.5	3,650.0
yoy growth in %	582.3%	126.2%	58.3%	48.1%	19.2%	11.3%	14.7%	15.8%
Gross profit	119.8	1,048.6	89.1	-75.6	267.5	1,332.0	196.1	-1.3
Gross margin in %	2.7%	13.8%	2.4%	-2.4%	5.1%	15.7%	4.6%	-0.0%
EBITDA	128.0	1,047.1	58.3	-42.7	446.0	1,420.0	208.5	9.0
EBITDA margin in %	2.9%	13.8%	1.6%	-1.4%	8.4%	16.8%	4.8%	0.2%
EBIT	-85.8	806.4	-163.9	-247.6	175.4	1,230.0	6.0	-195.0
EBIT margin in %	-1.9%	10.6%	-4.4%	-7.9%	3.3%	14.5%	0.1%	-5.3%
EBT	-158.7	883.8	-272.6	-376.3	47.0	1,153.0	-103.1	-300.0
taxes paid	171.2	58.6	-40.8	-50.0	-5.5	192.0	-19.6	-53.0
tax rate in %	-107.9%	6.6%	15.0%	13.3%	-11.7%	16.7%	19.0%	17.7%
net profit	-355.4	798.1	-256.1	-364.3	52.5	904.0	-83.5	-294.0
yoy growth in %	na%	na%	na%	na%	na%	13.3%	na%	na%
EPS	-1.28	2.60	-0.81	-1.26	0.07	1.78	-0.24	-0.58

Source: Company data; mwb research

Investment case in six charts

Products & Services

<p>HOTELS & RESORTS</p>	<p>CRUISES</p>	<p>TUI MUSEMENT</p>
<p>360 Hotels¹</p> <p>Strong Brands: </p> <p>16% ROIC (RIUSA II 19% ROIC²)</p>	<p>16 Cruise Ships</p> <p>Strong Brands: </p> <p>20% ROIC</p>	<p>>45k Experiences</p> <p>Leading provider of experiences, transfers & tours</p> <p>31% Uptake Rate</p>

Travel Megatrend

- Favourable demographic supported by high disposable income and longevity
- Experiences – the new lifestyle & global trend in travel

According to a recent external consumer survey:

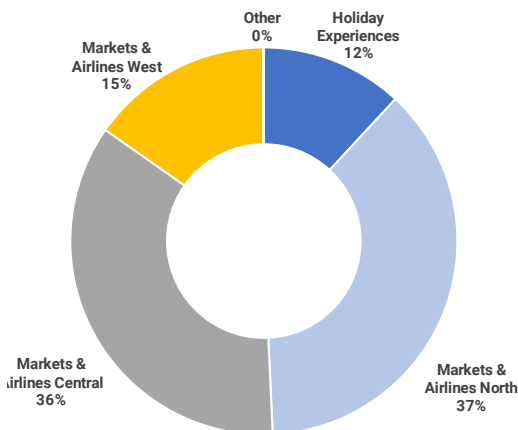
- Consumers expected to continue prioritising holidays abroad ahead of other forms of discretionary spend
- Higher share of typical package holiday customers anticipated to go on a package holiday vs. last year

Travel & Tourism market set for growth above GDP

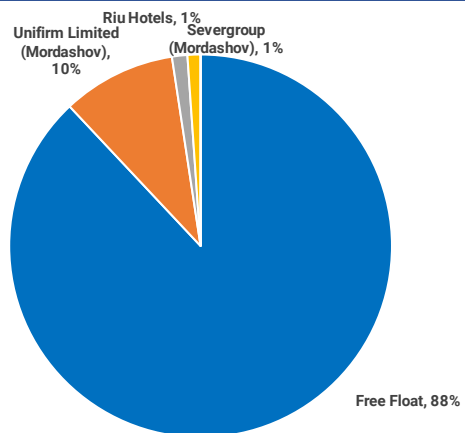
Market Growth¹

<p>HOTELS</p>	<p>>5%</p>
<p>CRUISE</p>	<p>>5%</p>
<p>TOURS & ACTIVITIES</p>	<p>>5%</p>

Segmental revenue breakdown FY23 in %



Major Shareholders



Source: Company data; mwb research

SWOT analysis

SWOT analysis

Strengths

- well established brands
- scale: largest fully integrated tourism group worldwide
- flexibility due to asset ownership
- exposure to high growth segments (e.g. cruise)

Weaknesses

- highly competitive markets with limited scope to differentiate
- stretched balance sheet (due to Covid) and seasonal business
- asset ownership burdens ROCE

Opportunities

- trend from owning stuff to experiences
- digital mass customization
- growth opportunities outside Europe
- post-Covid rebound and revenge travel

Threats

- exposure to external shocks (geopolitical, natural disasters, terrorism etc.)
- the demise of packaged tours sold via bricks-and-mortar travel agencies
- self-packaging / unbundling and the emergence of Booking.com, Expedia etc.
- Flygskam, environmental backlash against cruises
- input price increases, for example for aircraft fuel

Valuation

DCF Model

The DCF model results in a **fair value of EUR 16.01 per share**:

Top-line growth: We expect TUI AG to grow revenues at a CAGR of 3.4% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 15.3% in 2024E to 11.7% in 2031E.

WACC. Starting point is a historical equity beta of 1.65. Unlevering and correcting for mean reversion yields an asset beta of 0.92. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 11.6%. With pre-tax cost of borrowing at 8.0%, a tax rate of 25% and target debt/equity of 1.0 this results in a long-term WACC of 8.8%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	851	822	847	760	697	633	651	618	
Depreciation & amortization	874	864	858	857	860	867	878	891	
Change in working capital	-639	-69	-38	-29	91	89	-73	75	
Chg. in long-term provisions	155	11	24	23	22	21	20	27	
Capex	-799	-822	-850	-880	-911	-943	-976	-1,010	
Cash flow	443	806	840	731	759	667	500	601	8,984
Present value	428	715	687	551	530	430	299	332	4,814
WACC	9.4%	9.1%	8.9%	8.8%	8.6%	8.5%	8.4%	8.4%	8.8%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	8,785	Planning horizon avg. revenue growth (2024E-2031E)	3.4%
Mid-year adj. total present value	9,162	Terminal value growth (2031E - infinity)	2.0%
Net debt / cash at start of year	2,277	Terminal year ROCE	11.7%
Financial assets	1,875	Terminal year WACC	8.8%
Provisions and off b/s debt	637		
Equity value	8,123		
No. of shares outstanding	507.4		
		Terminal WACC derived from	
		Cost of borrowing (before taxes)	8.0%
		Long-term tax rate	25%
		Equity beta	1.65
		Unlevered beta (industry or company)	0.92
		Target debt / equity	1.0
		Relevered beta	1.61
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	11.6%
Discounted cash flow / share upside/(downside)	16.01 128.8%		
Share price	7.00		

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%	11.7	12.1	12.4	12.9	13.4	2024E-2027E	27.1%
1.0%	13.0	13.5	14.0	14.6	15.3	2028E-2031E	18.1%
0.0%	14.7	15.3	16.0	16.8	17.8	terminal value	54.8%
-1.0%	16.8	17.7	18.7	19.9	21.4		
-2.0%	19.6	20.9	22.5	24.4	26.8		

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 26.96 per share based on 2024E and EUR 27.47 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	2,130	2,108	2,145	2,013	1,927
- Maintenance capex	787	777	772	771	774
- Minorities	179	173	183	165	157
- tax expenses	151	188	218	197	187
= Adjusted FCF	1,014	969	973	881	810
Actual Market Cap	3,551	3,551	3,551	3,551	3,551
+ Net debt (cash)	1,998	1,262	397	191	-121
+ Pension provisions	681	677	676	675	672
+ Off b/s financing	0	0	0	0	0
- Financial assets	1,875	1,875	1,875	1,875	1,875
- Acc. dividend payments	0	0	0	551	1,048
<i>EV Reconciliations</i>	804	64	-801	-1,560	-2,371
= Actual EV'	4,355	3,615	2,749	1,991	1,179
Adjusted FCF yield	23.3%	26.8%	35.4%	44.2%	68.7%
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	14,485	13,850	13,893	12,583	11,566
- <i>EV Reconciliations</i>	804	64	-801	-1,560	-2,371
Fair Market Cap	13,681	13,786	14,695	14,143	13,938
No. of shares (million)	507	507	507	507	507
Fair value per share in EUR	26.96	27.17	28.96	27.87	27.47
Premium (-) / discount (+)	285.3%	288.2%	313.8%	298.3%	292.5%

Sensitivity analysis fair value						
Adjusted hurdle rate	5.0%	38	38	40	38	37
	6.0%	32	32	34	32	31
	7.0%	27	27	29	28	27
	8.0%	23	24	26	25	25
	9.0%	21	21	23	22	22

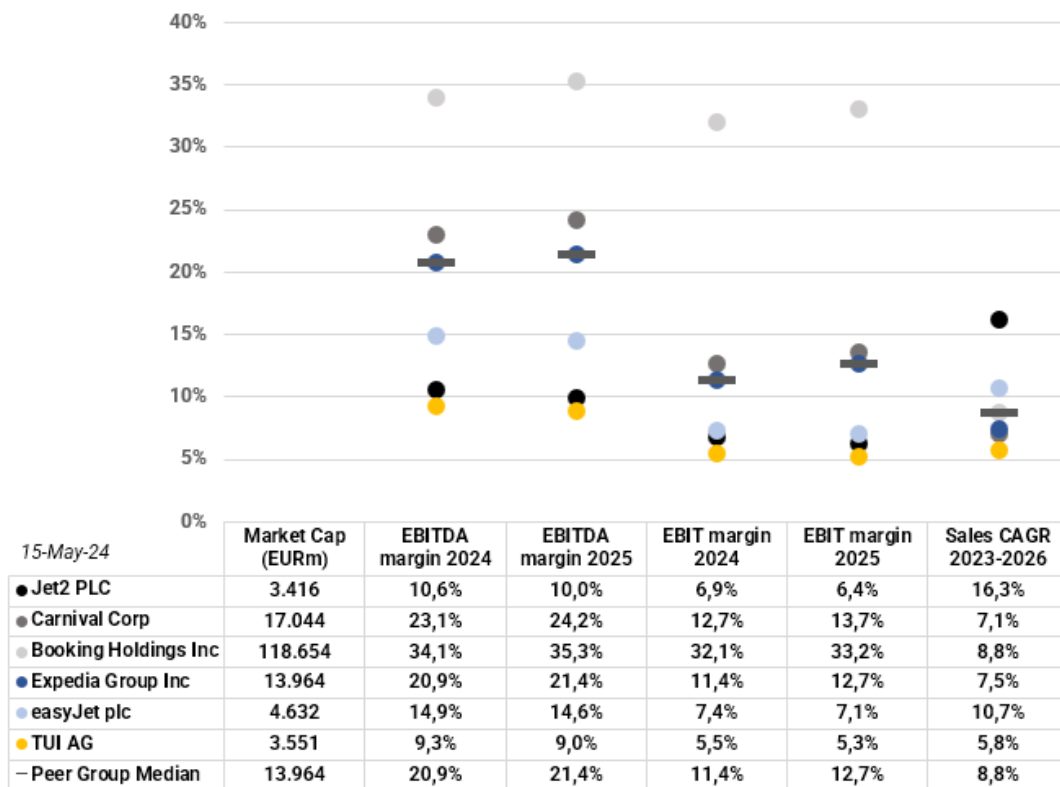
Source: Company data; mwb research

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 **TUI 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 TUI AG consists of the stocks displayed in the graphs below. As of 15 May 2024 the median market cap of the peer group was EUR 13,964m, compared to EUR 3,551m for TUI AG. In the period under review, the peer group was more profitable than TUI AG. The expectations for sales growth are higher for the peer group than for TUI AG.

Peer Group – Key data

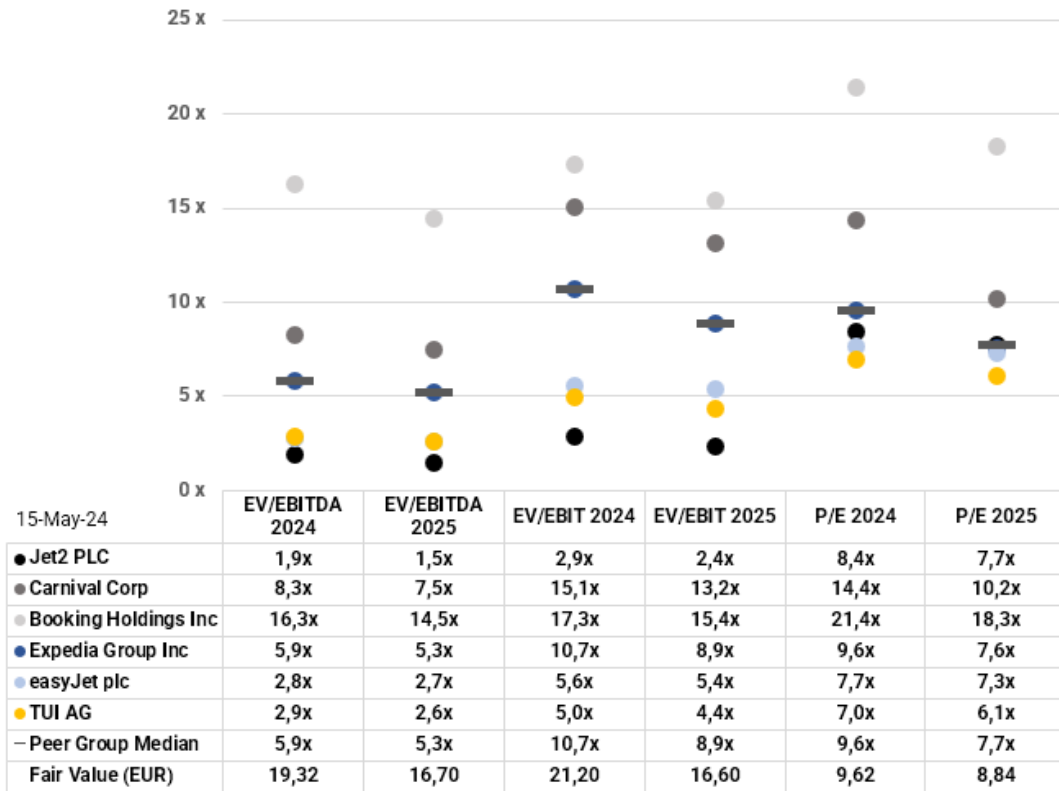


Source: AlphaSense, mwb research

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 TUI AG results in a range of fair values from EUR 8.84 to EUR 21.20.

Peer Group – Multiples and valuation

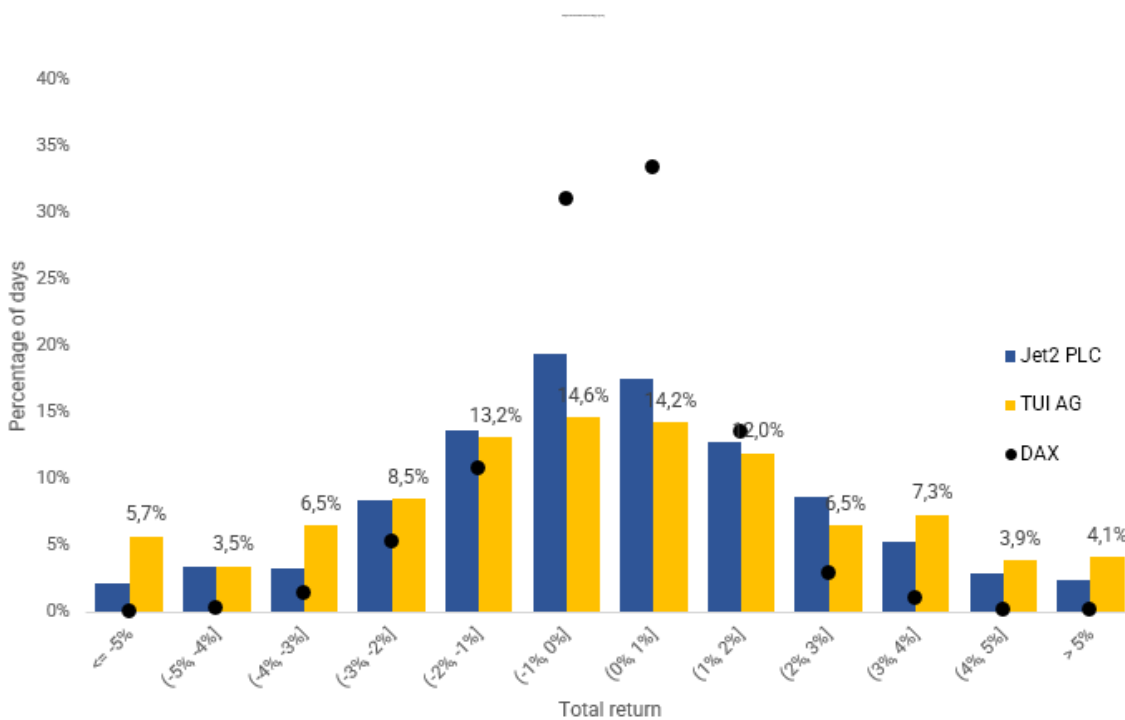


Source: AlphaSense, mwb research

Risk

The chart displays the **distribution of daily returns of TUI AG** over the last 3 years, compared to the same distribution for Jet2 PLC. We have also included the distribution for the index DAX. 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 TUI AG, the worst day during the past 3 years was 18/05/2022 with a share price decline of -12.6%. The best day was 06/12/2023 when the share price increased by 15.3%.

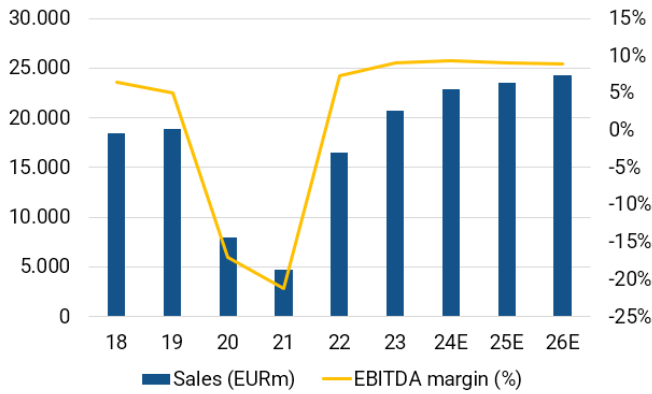
Risk – Daily Returns Distribution (trailing 3 years)



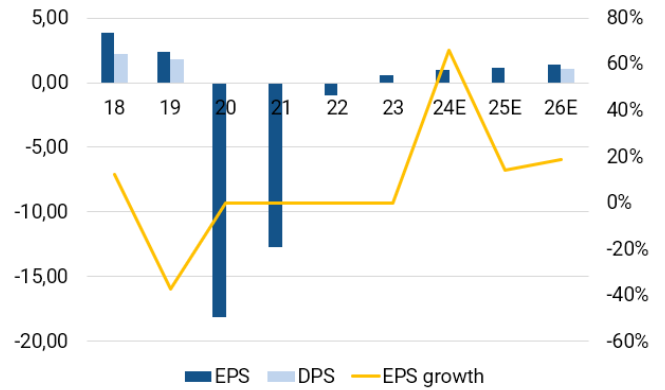
Source: AlphaSense, mwb research

Financials in six charts

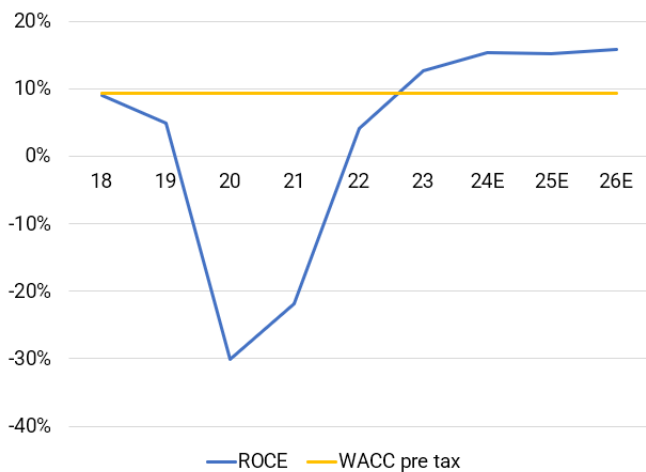
Sales vs. EBITDA margin development



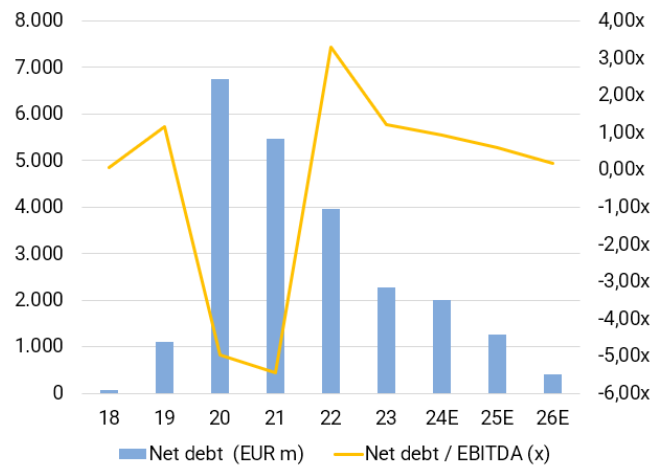
EPS, DPS in EUR & yoy EPS growth



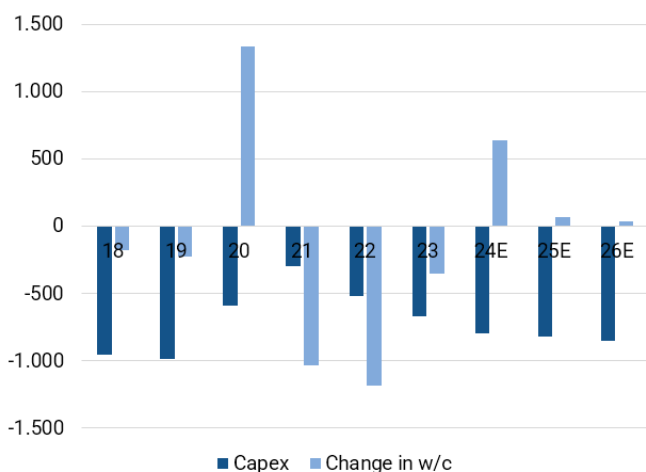
ROCE vs. WACC (pre tax)



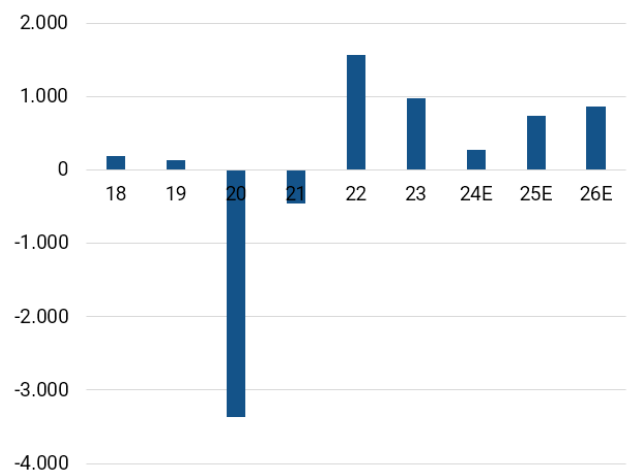
Net debt and net debt/EBITDA



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
Sales	4,732	16,545	20,666	22,836	23,475	24,297
Sales growth	-40.4%	249.7%	24.9%	10.5%	2.8%	3.5%
Cost of sales	5,955	15,613	19,053	21,009	21,597	22,353
Gross profit	-1,224	932	1,613	1,827	1,878	1,944
SG&A expenses	709	673	1,016	1,096	1,127	1,166
Research and development	0	0	0	0	0	0
Other operating expenses (income)	-51	-135	-402	-525	-493	-510
EBITDA	-1,001	1,204	1,859	2,130	2,108	2,145
Depreciation	1,012	884	859	874	864	858
EBITA	-2,013	320	999	1,256	1,244	1,288
Amortisation of goodwill and intangible assets	0	0	0	0	0	0
EBIT	-2,013	320	999	1,256	1,244	1,288
Financial result	-449	-466	-454	-418	-304	-198
Recurring pretax income from continuing operations	-2,462	-146	546	838	940	1,090
Extraordinary income/loss	0	0	5	0	0	0
Earnings before taxes	-2,462	-146	551	838	940	1,090
Taxes	19	67	96	151	188	218
Net income from continuing operations	-2,481	-213	456	687	752	872
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	-2,481	-213	456	687	752	872
Minority interest	14	-65	-150	-179	-173	-183
Net profit (reported)	-2,467	-277	306	508	579	689
Average number of shares	193.76	281.54	507.40	507.40	507.40	507.40
EPS reported	-12.73	-0.98	0.60	1.00	1.14	1.36

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Sales	100%	100%	100%	100%	100%	100%
Cost of sales	126%	94%	92%	92%	92%	92%
Gross profit	-26%	6%	8%	8%	8%	8%
SG&A expenses	15%	4%	5%	5%	5%	5%
Research and development	0%	0%	0%	0%	0%	0%
Other operating expenses (income)	-1%	-1%	-2%	-2%	-2%	-2%
EBITDA	-21%	7%	9%	9%	9%	9%
Depreciation	21%	5%	4%	4%	4%	4%
EBITA	-43%	2%	5%	6%	5%	5%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	-43%	2%	5%	6%	5%	5%
Financial result	-9%	-3%	-2%	-2%	-1%	-1%
Recurring pretax income from continuing operations	-52%	-1%	3%	4%	4%	4%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-52%	-1%	3%	4%	4%	4%
Taxes	0%	0%	0%	1%	1%	1%
Net income from continuing operations	-52%	-1%	2%	3%	3%	4%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-52%	-1%	2%	3%	3%	4%
Minority interest	0%	-0%	-1%	-1%	-1%	-1%
Net profit (reported)	-52%	-2%	1%	2%	2%	3%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	499	508	538	538	538	538
Goodwill	2,993	2,971	2,949	2,949	2,949	2,949
Property, plant and equipment	6,169	6,372	6,244	6,169	6,127	6,119
Financial assets	1,562	1,501	1,875	1,875	1,875	1,875
FIXED ASSETS	11,222	11,352	11,606	11,531	11,489	11,482
Inventories	43	56	62	58	59	61
Accounts receivable	260	399	412	563	579	599
Other current assets	855	1,141	1,184	1,184	1,184	1,184
Liquid assets	1,087	1,297	2,060	1,502	1,438	1,403
Deferred taxes	0	0	41	41	41	41
Deferred charges and prepaid expenses	689	1,011	787	913	939	972
CURRENT ASSETS	2,934	3,904	4,547	4,261	4,240	4,260
TOTAL ASSETS	14,156	15,256	16,152	15,792	15,729	15,742
SHAREHOLDERS EQUITY	-1,086	-142	1,123	1,810	2,562	3,434
MINORITY INTEREST	667	787	824	824	824	824
Long-term debt	5,642	4,240	3,415	3,000	2,200	1,300
Provisions for pensions and similar obligations	902	568	637	681	677	676
Other provisions	1,166	1,059	1,276	1,387	1,402	1,427
Non-current liabilities	7,711	5,867	5,328	5,068	4,279	3,403
short-term liabilities to banks	908	1,019	922	500	500	500
Accounts payable	2,052	3,317	3,374	3,663	3,647	3,652
Advance payments received on orders	2,379	2,999	3,530	2,740	2,700	2,673
Other liabilities (incl. from lease and rental contracts)	1,367	1,254	938	1,028	1,056	1,093
Deferred taxes	123	121	114	114	114	114
Deferred income	33	33	0	46	47	49
Current liabilities	6,864	8,743	8,877	8,090	8,063	8,080
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	14,156	15,256	16,152	15,792	15,729	15,742

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	4%	3%	3%	3%	3%	3%
Goodwill	21%	19%	18%	19%	19%	19%
Property, plant and equipment	44%	42%	39%	39%	39%	39%
Financial assets	11%	10%	12%	12%	12%	12%
FIXED ASSETS	79%	74%	72%	73%	73%	73%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	2%	3%	3%	4%	4%	4%
Other current assets	6%	7%	7%	7%	8%	8%
Liquid assets	8%	8%	13%	10%	9%	9%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	5%	7%	5%	6%	6%	6%
CURRENT ASSETS	21%	26%	28%	27%	27%	27%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	-8%	-1%	7%	11%	16%	22%
MINORITY INTEREST	5%	5%	5%	5%	5%	5%
Long-term debt	40%	28%	21%	19%	14%	8%
Provisions for pensions and similar obligations	6%	4%	4%	4%	4%	4%
Other provisions	8%	7%	8%	9%	9%	9%
Non-current liabilities	54%	38%	33%	32%	27%	22%
short-term liabilities to banks	6%	7%	6%	3%	3%	3%
Accounts payable	14%	22%	21%	23%	23%	23%
Advance payments received on orders	17%	20%	22%	17%	17%	17%
Other liabilities (incl. from lease and rental contracts)	10%	8%	6%	7%	7%	7%
Deferred taxes	1%	1%	1%	1%	1%	1%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	48%	57%	55%	51%	51%	51%
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	-2,481	-213	456	687	752	872
Depreciation of fixed assets (incl. leases)	1,012	884	859	874	864	858
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	0	0	0
Others	283	226	-30	155	11	24
Cash flow from operations before changes in w/c	-1,186	897	1,285	1,716	1,627	1,754
Increase/decrease in inventory	16	-16	-6	5	-2	-2
Increase/decrease in accounts receivable	391	-692	-12	-151	-16	-20
Increase/decrease in accounts payable	0	0	57	289	-16	5
Increase/decrease in other w/c positions	627	1,889	314	-780	-36	-21
Increase/decrease in working capital	1,034	1,181	353	-639	-69	-38
Cash flow from operating activities	-151	2,078	1,637	1,078	1,557	1,715
CAPEX	-300	-516	-666	-799	-822	-850
Payments for acquisitions	-5	0	0	0	0	0
Financial investments	-21	-3	-84	0	0	0
Income from asset disposals	925	185	258	0	0	0
Cash flow from investing activities	599	-333	-492	-799	-822	-850
Cash flow before financing	448	1,744	1,145	278	736	865
Increase/decrease in debt position	-1,571	-2,046	-1,776	-837	-800	-900
Purchase of own shares	0	0	0	0	0	0
Capital measures	1,084	1,523	1,761	0	0	0
Dividends paid	0	-51	-137	0	0	0
Others	138	109	-682	0	0	0
Effects of exchange rate changes on cash	33	12	13	0	0	0
Cash flow from financing activities	-316	-453	-822	-837	-800	-900
Increase/decrease in liquid assets	132	1,292	324	-558	-64	-35
Liquid assets at end of period	1,586	1,737	2,060	1,502	1,438	1,403

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	0	0	0	0	0	0
Europe (ex domestic)	0	0	0	0	0	0
The Americas	0	0	0	0	0	0
Asia	0	0	0	0	0	0
Rest of World	4,732	16,545	20,666	22,836	23,475	24,297
Total sales	4,732	16,545	20,666	22,836	23,475	24,297

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Europe (ex domestic)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
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	-12.73	-0.98	0.60	1.00	1.14	1.36
Cash flow per share	-0.78	7.38	3.23	0.57	1.54	1.86
Book value per share	-5.60	-0.50	2.21	3.57	5.05	6.77
Dividend per share	0.00	0.00	0.00	0.00	0.00	1.09
Valuation						
P/E	-0.5x	-7.1x	11.6x	7.0x	6.1x	5.2x
P/CF	-9.0x	0.9x	2.2x	12.2x	4.6x	3.8x
P/BV	-1.2x	-13.9x	3.2x	2.0x	1.4x	1.0x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	15.5%
FCF yield (%)	-11.2%	105.5%	46.1%	8.2%	22.0%	26.6%
EV/Sales	2.1x	0.5x	0.3x	0.3x	0.2x	0.2x
EV/EBITDA	-9.9x	6.7x	3.5x	2.9x	2.6x	2.2x
EV/EBIT	-4.9x	25.3x	6.5x	5.0x	4.4x	3.6x
Income statement (EURm)						
Sales	4,732	16,545	20,666	22,836	23,475	24,297
yoy chg in %	-40.4%	249.7%	24.9%	10.5%	2.8%	3.5%
Gross profit	-1,224	932	1,613	1,827	1,878	1,944
Gross margin in %	-25.9%	5.6%	7.8%	8.0%	8.0%	8.0%
EBITDA	-1,001	1,204	1,859	2,130	2,108	2,145
EBITDA margin in %	-21.2%	7.3%	9.0%	9.3%	9.0%	8.8%
EBIT	-2,013	320	999	1,256	1,244	1,288
EBIT margin in %	-42.5%	1.9%	4.8%	5.5%	5.3%	5.3%
Net profit	-2,467	-277	306	508	579	689
Cash flow statement (EURm)						
CF from operations	-151	2,078	1,637	1,078	1,557	1,715
Capex	-300	-516	-666	-799	-822	-850
Maintenance Capex	0	0	0	787	777	772
Free cash flow	-451	1,562	971	278	736	865
Balance sheet (EURm)						
Intangible assets	3,492	3,478	3,487	3,487	3,487	3,487
Tangible assets	6,169	6,372	6,244	6,169	6,127	6,119
Shareholders' equity	-1,086	-142	1,123	1,810	2,562	3,434
Pension provisions	902	568	637	681	677	676
Liabilities and provisions	8,618	6,886	6,250	5,568	4,779	3,903
Net financial debt	5,463	3,962	2,277	1,998	1,262	397
w/c requirements	-4,129	-5,860	-6,430	-5,782	-5,708	-5,664
Ratios						
ROE	228.5%	150.1%	40.6%	38.0%	29.4%	25.4%
ROCE	-24.6%	4.2%	12.2%	15.3%	15.2%	15.8%
Net gearing	-503.2%	-2,798.2%	202.7%	110.4%	49.3%	11.6%
Net debt / EBITDA	-5.5x	3.3x	1.2x	0.9x	0.6x	0.2x

Source: Company data; mwb research

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