BASF SE

Germany | Chemicals | MCap EUR 40,557m

19 September 2024

UPDATE

Rumored Agricultural IPO would Unlock Value; BUY

BUY (BUY)

Target price	**EUR 62.00** (62.00)
Current price	EUR 45.44
Up/downside	36.5%

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What's it all about?

Speculation is swirling around BASF, with rumors hinting at a major strategic shift that could be unveiled during its Capital Markets Day on September 26-27. The buzz suggests a potential IPO of its Agricultural Solutions division, valued at up to EUR 18bn based on an 8x EV/EBITDA multiple. This would represent about 45% of BASF's current market capitalization, despite contributing only 15% of total revenue and around 30% of total EBITDA. Given BASF's current valuation gap compared to peers like Corteva, an IPO could help highlight the true worth of its agricultural segment. Additionally, with its Coatings business contributing 6.5% of revenue and being less integrated into BASF's core operations, a divestment could streamline the portfolio while freeing up capital for growth areas like battery materials and sustainability-driven innovations. We maintain our BUY rating with an unchanged price target of EUR 62.00.

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BASF SE

Germany | Chemicals | MCap EUR 40,557m | EV EUR 61,798m

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Rumored Agricultural IPO would Unlock Value; BUY

Speculation. Rumors have been spreading since yesterday about BASF potentially planning a major strategic shift, which may be revealed at its upcoming Capital Markets Day. Investors speculate on a potential IPO of its Agricultural Solutions division and possible divestments or partnerships for its Coatings business. Investors are watching closely as BASF appears poised for a significant transformation.

Unlocking value for Shareholders. The rumored IPO of the Agricultural Solutions division could unlock substantial value. Peers like Corteva are valued at 12.7x EV/EBITDA 24E and the acquisition multiple of Syngenta even was 15x EV/EBITDA. Cautiously assuming an 8x EBITDA multiple, BASF's Agricultural Solutions segment would be valued at around EUR 18bn, representing about 45% of BASF's current market capitalization, despite contributing only 15% of total revenue and ~30% of total EBITDA. Given that BASF is undervalued compared to peers like KWS Saat and Bayer Crop Science, this IPO could help highlight the true worth of its agricultural segment. Similarly, exploring divestment options for the Coatings business (6.5% of revenue) makes strategic sense—this unit is profitable but less integrated into BASF's core operations. Offloading it would simplify the business and generate significant cash, allowing BASF to reinvest in future growth areas such as battery materials and sustainability-driven solutions.

Proactive Transformation? BUY. While these strategic adjustments remain speculative, they would signal a proactive approach by BASF to unlock shareholder value while sharpening its focus on future growth drivers. If these moves materialize, they could uncover the true intrinsic value of BASF, and a divestment of the Coatings business would streamline operations and free up capital for high-growth areas like battery materials, which are pivotal in the transition to electric vehicles and sustainability-focused solutions. These potential actions would reinforce BASF's commitment to becoming a more agile and innovation-driven company. Consequently, we reiterate our BUY rating with an unchanged price target of EUR 62.00.

BASF SE	2021	2022	2023	2024E	2025E	2026E
Sales	78,598	87,327	68,902	69,763	72,798	75,710
Growth yoy	32.9%	11.1%	-21.1%	1.3%	4.3%	4.0%
EBITDA	12,257	5,889	9,903	8,335	9,481	9,799
EBIT	7,823	632	3,187	4,709	5,787	6,019
Net profit	5,658	-218	1,388	2,968	3,899	4,042
Net debt (net cash)	15,430	17,426	17,890	16,832	15,207	13,167
Net debt/EBITDA	1.3x	3.0x	1.8x	2.0x	1.6x	1.3x
EPS reported	6.16	-0.24	1.55	3.32	4.37	4.53
DPS	3.40	3.40	3.40	3.32	3.52	3.52
Dividend yield	7.5%	7.5%	7.5%	7.3%	7.7%	7.7%
Gross profit margin	25.2%	23.6%	23.8%	24.0%	24.9%	25.0%
EBITDA margin	15.6%	6.7%	14.4%	11.9%	13.0%	12.9%
EBIT margin	10.0%	0.7%	4.6%	6.8%	8.0%	8.0%
ROCE	11.1%	0.9%	5.0%	6.9%	8.6%	8.7%
EV/EBITDA	5.1x	10.4x	6.2x	7.4x	6.3x	6.1x
EV/EBIT	8.0x	96.9x	19.4x	13.1x	10.4x	9.9x
PER	7.4x	-187.9x	29.2x	13.7x	10.4x	10.0x
FCF yield	17.3%	18.8%	20.0%	12.8%	13.0%	14.6%

Source: Company data, mwb research

Source: Company data, mwb research

High/low 52 weeks	54.93 / 40.17
Price/Book Ratio	1.1x

Ticker / Symbols

ISIN	DE000BASF111
WKN	BASF11
Bloomberg	BAS:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	69,763	4,709	3.32
	Δ	0.0%	0.0%	0.0%
2025E	old	72,798	5,787	4.37
	Δ	0.0%	0.0%	0.0%
2026E	old	75,710	6,019	4.53
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs)	892.64
Book value per share: (in EUR)	39.52
Ø trading vol.: (12 months)	2,425,096

Major shareholders

Vanguard	3.5%
Norges Bank IM	1.8%
Blackrock	1.7%
Free Float	91.3%

Company description

BASF SE is a Germany-based chemical company. The Company operates through six segments, which include Chemicals, Materials, Industrial Solutions, Surface Technologies, Nutrition & Care and Agricultural Solutions. BASF is acting globally and is known for its VERBUND system.

The following table displays the quarterly performance of **BASF SE.**

P&L data	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Sales	21,946.0	19,324.0	19,991.0	17,305.0	15,735.0	15,871.0	17,553.0	16,111.0
yoy growth in %	11.6%	-2.3%	-13.4%	-24.7%	-28.3%	-17.9%	-12.2%	-6.9%
Gross profit	4,884.0	4,342.0	5,247.0	4,143.0	3,608.0	3,704.0	4,949.0	4,191.0
Gross margin in %	22.3%	22.5%	26.2%	23.9%	22.9%	23.3%	28.2%	26.0%
EBITDA	2,434.0	1,899.0	2,883.0	1,908.0	1,322.0	1,099.0	2,655.0	1,563.0
EBITDA margin in %	11.1%	9.8%	14.4%	11.0%	8.4%	6.9%	15.1%	9.7%
EBIT	1,460.0	918.0	1,785.0	1,007.0	722.0	292.0	1,689.0	969.0
EBIT margin in %	6.7%	4.8%	8.9%	5.8%	4.6%	1.8%	9.6%	6.0%
EBT	1,045.0	-1.0	1,930.0	851.0	-38.0	-1,323.0	1,772.0	398.0
taxes paid	287.0	258.0	326.0	296.0	171.0	248.0	361.0	-72.0
tax rate in %	27.5%	na	16.9%	34.8%	-450.0%	-18.7%	20.4%	-18.1%
net profit	910.0	-4,847.0	1,562.0	499.0	-249.0	-1,587.0	1,411.0	430.0
yoy growth in %	-29.8%	-644.0%	27.9%	-76.1%	-127.4%	-67.3%	-9.7%	-13.8%
EPS	**1.01**	**-5.36**	**1.75**	**0.56**	**-0.28**	**-1.78**	**1.53**	**0.48**

Source: Company data; mwb research

mwb research

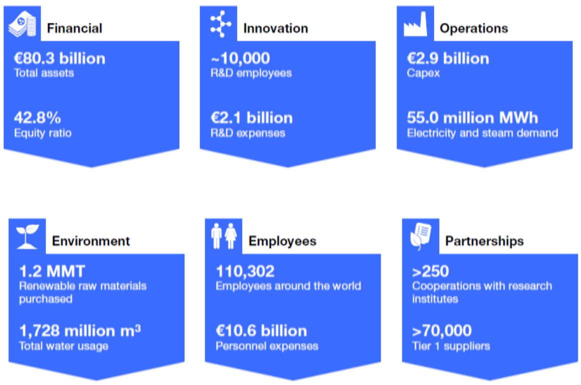
Investment case in six charts

World's #1 Chemicals Maker 2021

1	**BASF** Germany/Diversified	11 -3	**ExxonMobil** US/Petrochemicals
2	**Sinopec** China/Petrochemicals	12 -1	**Air Liquide** France/Industrial gases
3	**Dow** US/Diversified	13	**Petrochina** China/Petrochemicals
4 +2	**Ineos** UK/Petrochemicals	14	**DuPont** US/Diversified
5 -1	**SABIC** Saudi Arabia/Petrochemicals	15 +11	**Hengli Petrochemical** China/Petrochemicals
6 -1	**Formosa Plastics** Taiwan/Petrochemicals	16 +1	**Sumitomo Chemical** Japan/Petrochemicals
7 +5	**LG Chem** South Korea/Diversified	17 -2	**Toray Industries** Japan/Diversified
8 -1	**Mitsubishi Chemical** Japan/Diversified	18 +1	**Shin-Etsu Chemical** Japan/Diversified
9 +1	**Linde** UK/Industrial gases	19 -1	**Evonik Industries** Germany/Diversified
10 -1	**LyondellBasell Industries** US/Petrochemicals	20 -4	**Reliance Industries** India/Petrochemicals

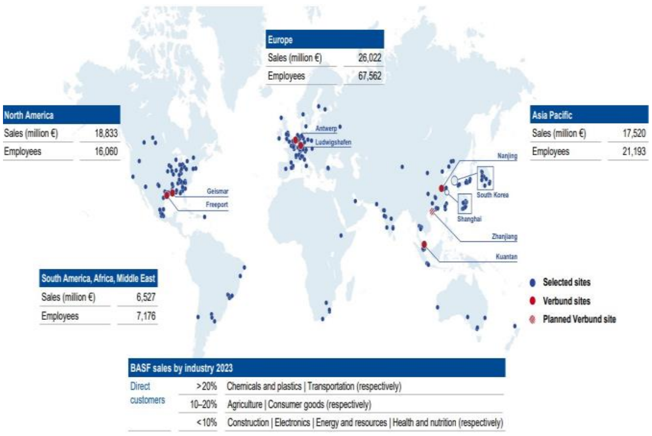
Source: c&en

Unmatched Resources



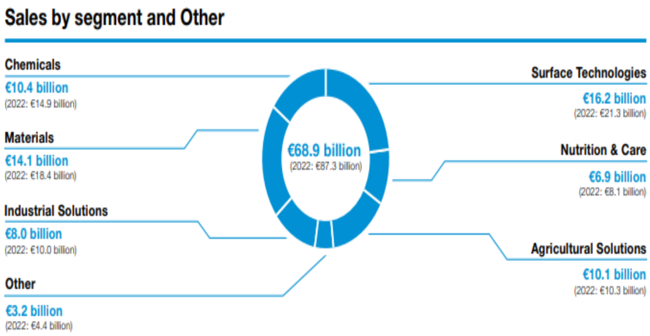
Source: BASF

Global Footprint



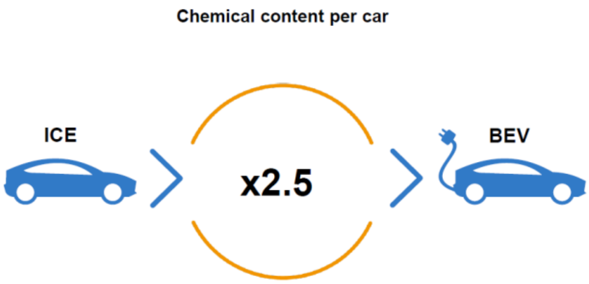
Source: BASF

Segments



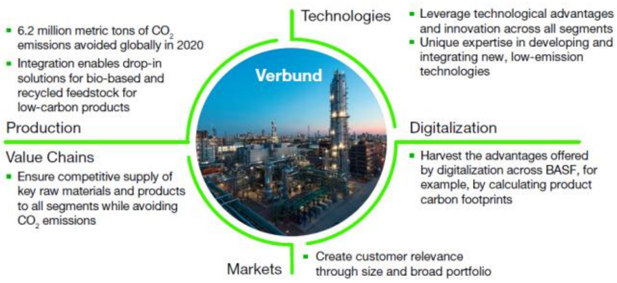
Source: BASF

Growth Opportunity Electromobility



Source: BASF

Integrated Value Chain (Verbund)



Source: BASF

Source: Company data; mwb research

SWOT analysis

Strengths

- Largest chemicals company in the world with top 3 market position in most business units
- Cost-efficient and resources-saving fully integrated production sites (Verbund)
- Attractive and stable dividend

Weaknesses

- Breadth of product portfolio and customer industries makes it difficult to decouple from GDP cycle

Opportunities

- Tailwinds from recovering end markets / GDP
- Growth opportunity in electromobility and Asia, esp. China
- Active portfolio management streamlining business and reducing cyclicality

Threats

- Exposure to volatile raw material supplies (e.g. natural gas)
- Low-cost Asian competitors
- Growing exposure to China could be vulnerable in trade wars

mwb research

Valuation

DCF Model

The DCF model results in a **fair value of EUR 62.06 per share**:

Top-line growth: We expect BASF SE to grow revenues at a CAGR of 2.8% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 6.9% in 2024E to 7.1% in 2031E.

WACC. Starting point is a historical equity beta of 1.23. Unlevering and correcting for mean reversion yields an asset beta of 0.87. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 9.2%. 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 7.4%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	3,581	4,435	4,633	3,813	3,644	3,623	3,695	3,736	
Depreciation & amortization	3,626	3,693	3,780	4,171	4,791	4,790	4,802	4,824	
Change in working capital	-458	216	-30	-479	-285	-272	-277	-283	
Chg. in long-term provisions	2,590	1,062	1,864	318	218	223	227	232	
Capex	-6,134	-4,363	-4,537	-4,283	-4,687	-4,781	-4,876	-4,974	
Cash flow	3,205	5,043	5,710	3,540	3,681	3,583	3,570	3,536	66,869
Present value	3,140	4,595	4,837	2,789	2,698	2,443	2,265	2,086	39,777
WACC	7.6%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.4%

DCF per share derived from	
Total present value	64,631
Mid-year adj. total present value	67,015
Net debt / cash at start of year	17,890
Financial assets	9,627
Provisions and off b/s debt	3,351
Equity value	55,401
No. of shares outstanding	892.6
Discounted cash flow / share	**62.06**
upside/(downside)	**36.6%**
Share price	**45.44**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	2.8%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	7.1%
Terminal year WACC	7.4%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25%
Equity beta	1.23
Unlevered beta (industry or company)	0.87
Target debt / equity	0.5
Relevered beta	1.20
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	9.2%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	40.4	42.2	44.2	46.5	49.2
1.0%	46.5	48.9	51.7	55.0	59.0
0.0%	54.4	57.9	62.1	67.0	73.1
-1.0%	65.4	70.6	77.1	85.2	95.6
-2.0%	81.2	89.8	100.8	115.7	136.9

Share of present value	
2024E-2027E	23.8%
2028E-2031E	14.7%
terminal value	61.5%

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 59.16 per share based on 2024E and EUR 75.41 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	**8,335**	**9,481**	**9,799**	**9,123**	**9,524**
- Maintenance capex	3,626	3,693	3,780	4,171	4,791
- Minorities	92	80	62	50	47
- tax expenses	863	1,122	1,157	931	889
= Adjusted FCF	**3,754**	**4,586**	**4,800**	**3,971**	**3,796**
Actual Market Cap	**40,612**	**40,612**	**40,612**	**40,612**	**40,612**
+ Net debt (cash)	16,832	15,207	13,167	13,281	13,094
+ Pension provisions	4,186	4,368	6,057	6,238	6,363
+ Off b/s financing	0	0	0	0	0
- Financial assets	8,217	8,217	8,217	8,217	8,217
- Acc. dividend payments	3,035	5,998	9,138	12,280	15,283
EV Reconciliations	9,765	5,361	1,869	-978	-4,042
= Actual EV'	**50,378**	**45,973**	**42,482**	**39,634**	**36,570**
Adjusted FCF yield	**7.5%**	**10.0%**	**11.3%**	**10.0%**	**10.4%**
base hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
Fair EV	**62,572**	**76,430**	**79,998**	**66,181**	**63,274**
- EV Reconciliations	9,765	5,361	1,869	-978	-4,042
Fair Market Cap	**52,806**	**71,069**	**78,129**	**67,159**	**67,316**
No. of shares (million)	893	893	893	893	893
Fair value per share in EUR	**59.16**	**79.62**	**87.53**	**75.24**	**75.41**
Premium (-) / discount (+)	**30.2%**	**75.2%**	**92.6%**	**65.6%**	**66.0%**

Sensitivity analysis fair value						
	4.0%	94	122	132	112	111
	5.0%	73	97	105	90	90
Adjusted hurdle rate	**6.0%**	**59**	**80**	**88**	**75**	**75**
	7.0%	49	67	75	65	65
	8.0%	42	58	65	57	58

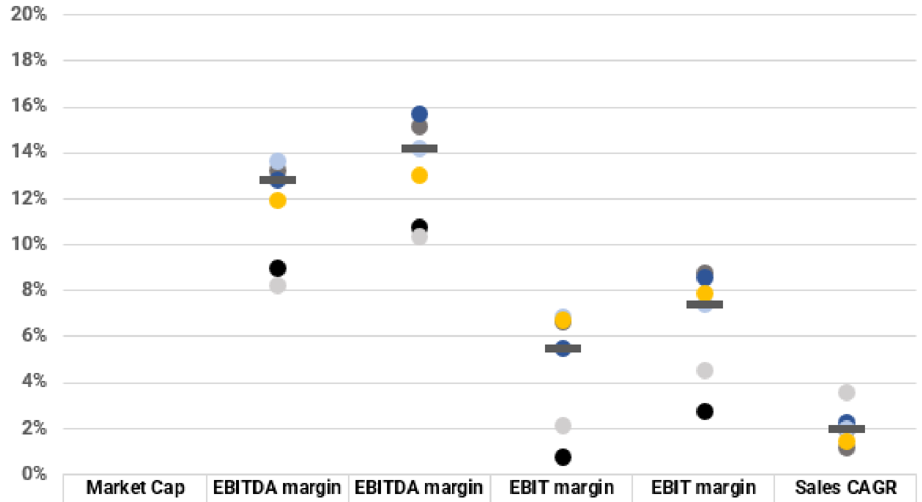
Source: Company data; mwb research

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 6.0%. 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 **BASF SE** 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 BASF SE consists of the stocks displayed in the graphs below. As of 19 September 2024 the median market cap of the peer group was EUR 9,651m, compared to EUR 40,557m for BASF SE. In the period under review, the peer group was more profitable than BASF SE. The expectations for sales growth are higher for the peer group than for BASF SE.

Peer Group – Key data



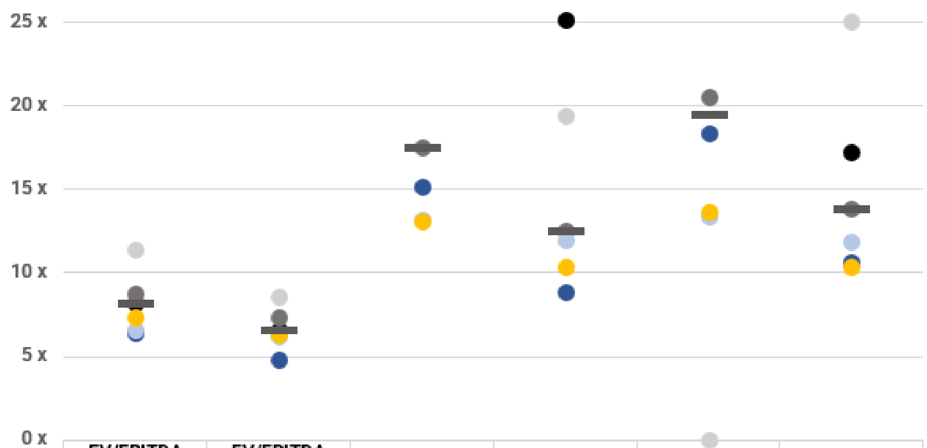
19-Sep-24	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
LANXESS AG	2.305	9,0%	10,8%	0,8%	2,8%	2,0%
Dow, Inc.	32.556	13,3%	15,2%	6,7%	8,8%	1,2%
Covestro AG	10.452	8,2%	10,4%	2,2%	4,6%	3,6%
Wacker Chemie AG	4.341	12,9%	15,7%	5,5%	8,6%	2,3%
Evonik Industries AG	9.651	13,7%	14,2%	6,9%	7,4%	2,0%
BASF SE	40.612	11,9%	13,0%	6,8%	8,0%	1,4%
Peer Group Median	9.651	12,9%	14,2%	5,5%	7,4%	2,0%

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 BASF SE results in a range of fair values from EUR 46.11 to EUR 68.93.

Peer Group – Multiples and valuation



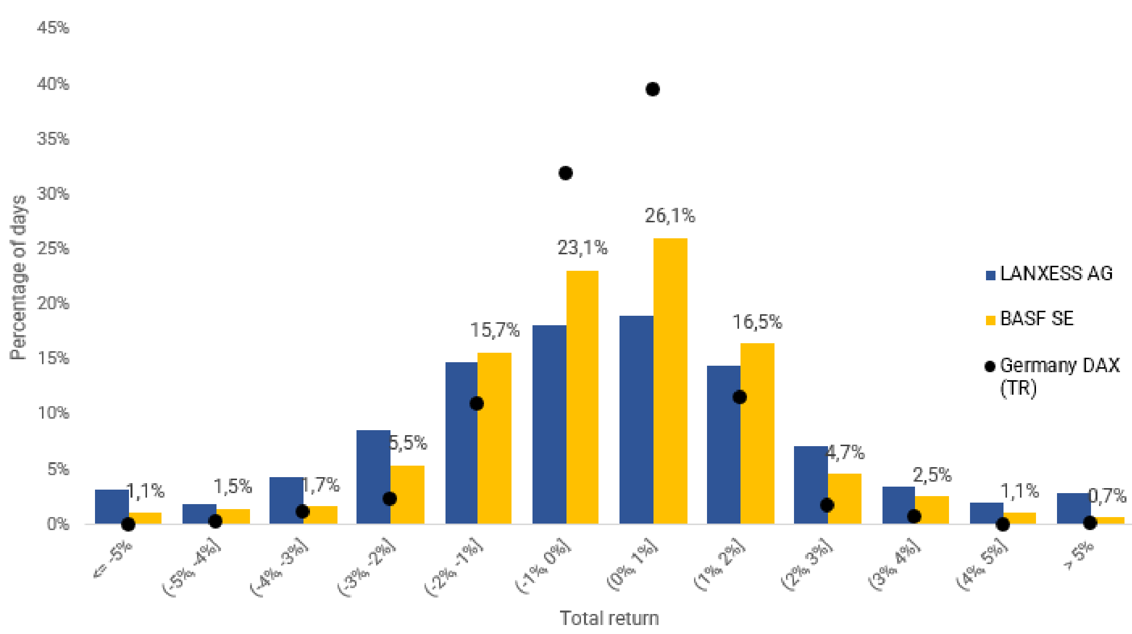
19-Sep-24	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
● LANXESS AG	08x	07x	94x	25x	368x	17x
● Dow, Inc.	09x	07x	18x	13x	21x	14x
● Covestro AG	11x	09x	44x	19x	00x	25x
● Wacker Chemie AG	06x	05x	15x	09x	18x	11x
● Evonik Industries AG	07x	06x	13x	12x	13x	12x
● BASF SE	7,4x	6,3x	13,1x	10,4x	13,7x	10,4x
– Peer Group Median	08x	07x	18x	13x	19x	14x
Fair Value (EUR)	53,33	46,11	68,93	57,95	64,70	60,55

Source: FactSet, mwb research

Risk

The chart displays the **distribution of daily returns of BASF SE** over the last 3 years, compared to the same distribution for LANXESS AG. We have also included the distribution for the index Germany DAX (TR). 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 BASF SE, the worst day during the past 3 years was 24/02/2023 with a share price decline of -7.9%. The best day was 09/03/2022 when the share price increased by 10.1%.

Risk – Daily Returns Distribution (trailing 3 years)



Source: FactSet, mwb research

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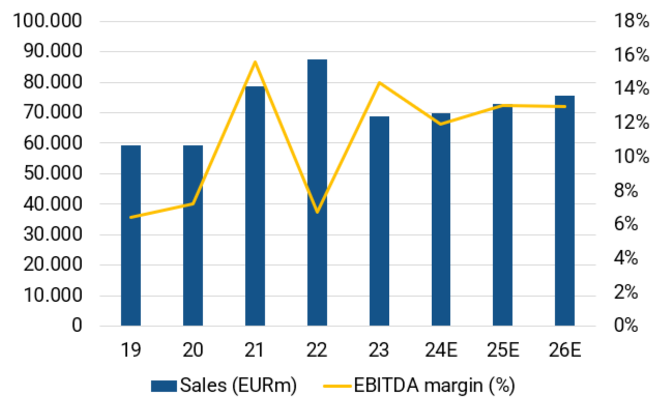
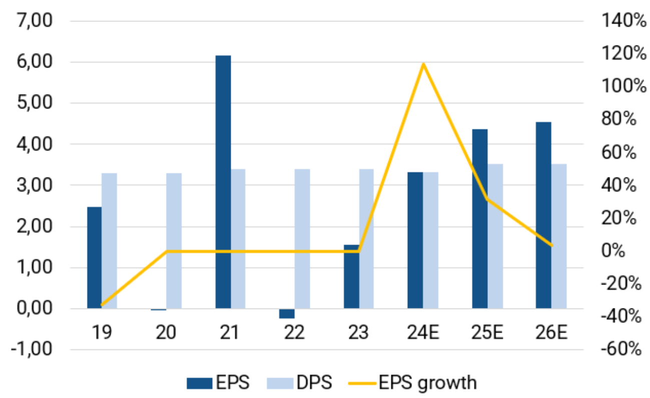
Financials in six charts

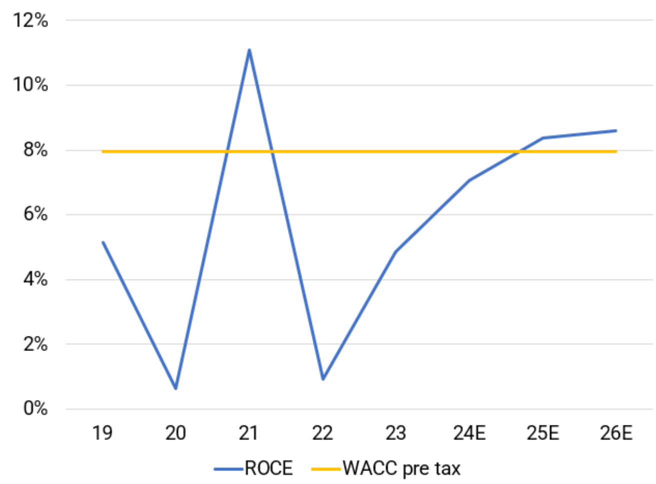
Sales vs. EBITDA margin development



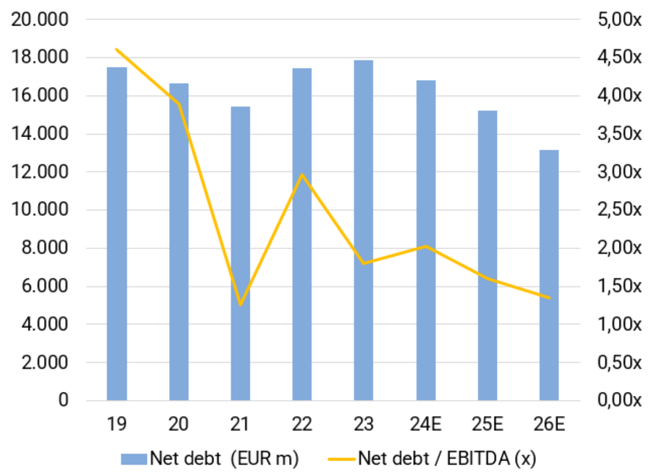
EPS, DPS in EUR & yoy EPS growth



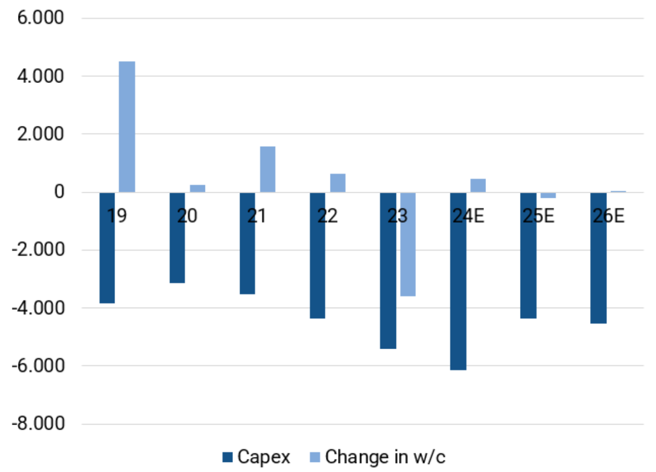
ROCE vs. WACC (pre tax)



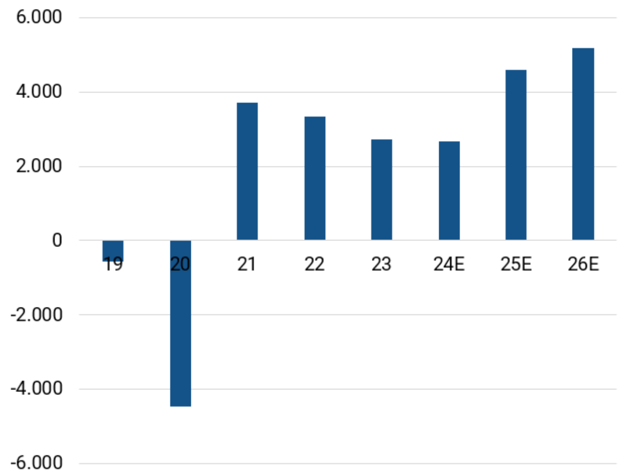
Net debt and net debt/EBITDA



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	**78,598**	**87,327**	**68,902**	**69,763**	**72,798**	**75,710**
Sales growth	32.9%	11.1%	-21.1%	1.3%	4.3%	4.0%
Cost of sales	58,801	66,697	52,506	53,020	54,708	56,782
Gross profit	**19,797**	**20,630**	**16,396**	**16,743**	**18,090**	**18,927**
SG&A expenses	9,897	11,128	10,224	8,895	9,828	10,334
Research and development	2,216	2,298	2,130	2,093	2,038	2,120
Other operating expenses (income)	-139	6,572	855	1,046	437	454
EBITDA	**12,257**	**5,889**	**9,903**	**8,335**	**9,481**	**9,799**
Depreciation	135	409	1,163	3,130	3,251	3,385
EBITA	8,435	1,280	3,799	5,204	6,230	6,415
Amortisation of goodwill and intangible assets	612	648	612	495	443	396
EBIT	**7,823**	**632**	**3,187**	**4,709**	**5,787**	**6,019**
Financial result	-240	967	-604	-787	-687	-758
Recurring pretax income from continuing operations	7,583	1,599	2,583	3,922	5,100	5,261
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	7,583	1,599	2,583	3,922	5,100	5,261
Taxes	1,430	1,581	1,041	863	1,122	1,157
Net income from continuing operations	6,153	18	1,542	3,060	3,978	4,104
Result from discontinued operations (net of tax)	-36	0	0	0	0	0
Net income	**6,117**	**18**	**1,542**	**3,060**	**3,978**	**4,104**
Minority interest	-459	-236	-154	-92	-80	-62
Net profit (reported)	5,658	-218	1,388	2,968	3,899	4,042
Average number of shares	918.48	901.75	892.64	892.64	892.64	892.64
EPS reported	**6.16**	**-0.24**	**1.55**	**3.32**	**4.37**	**4.53**

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Cost of sales	75%	76%	76%	76%	75%	75%
Gross profit	**25%**	**24%**	**24%**	**24%**	**25%**	**25%**
SG&A expenses	13%	13%	15%	13%	14%	14%
Research and development	3%	3%	3%	3%	3%	3%
Other operating expenses (income)	-0%	8%	1%	2%	1%	1%
EBITDA	**16%**	**7%**	**14%**	**12%**	**13%**	**13%**
Depreciation	0%	0%	2%	4%	4%	4%
EBITA	11%	1%	6%	7%	9%	8%
Amortisation of goodwill and intangible assets	1%	1%	1%	1%	1%	1%
EBIT	**10%**	**1%**	**5%**	**7%**	**8%**	**8%**
Financial result	-0%	1%	-1%	-1%	-1%	-1%
Recurring pretax income from continuing operations	10%	2%	4%	6%	7%	7%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	10%	2%	4%	6%	7%	7%
Taxes	2%	2%	2%	1%	2%	2%
Net income from continuing operations	8%	0%	2%	4%	5%	5%
Result from discontinued operations (net of tax)	-0%	0%	0%	0%	0%	0%
Net income	**8%**	**0%**	**2%**	**4%**	**5%**	**5%**
Minority interest	-1%	-0%	-0%	-0%	-0%	-0%
Net profit (reported)	**7%**	**-0%**	**2%**	**4%**	**5%**	**5%**

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (exl. Goodwill)	**5,979**	**5,577**	**4,716**	**4,216**	**3,768**	**3,367**
Goodwill	7,520	7,696	7,500	7,500	7,500	7,500
Property, plant and equipment	21,553	22,967	24,080	27,089	28,206	29,364
Financial assets	17,280	10,810	9,627	8,217	8,217	8,217
FIXED ASSETS	**52,332**	**47,050**	**45,923**	**47,022**	**47,691**	**48,448**
Inventories	13,868	16,028	13,876	13,800	13,939	14,001
Accounts receivable	11,942	12,055	10,414	11,468	11,568	12,031
Other current assets	5,471	5,354	3,699	3,699	3,699	3,699
Liquid assets	2,832	2,748	2,677	6,868	5,993	7,033
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	938	1,237	806	698	728	757
CURRENT ASSETS	**35,051**	**37,422**	**31,472**	**36,533**	**35,927**	**37,520**
TOTAL ASSETS	**87,383**	**84,472**	**77,395**	**83,554**	**83,617**	**85,968**
SHAREHOLDERS EQUITY	**40,792**	**39,573**	**35,277**	**35,302**	**36,317**	**37,281**
MINORITY INTEREST	1,289	1,350	1,368	1,368	1,368	1,368
Long-term debt	14,842	16,330	18,385	18,700	17,700	16,700
Provisions for pensions and similar obligations	6,621	3,233	3,351	4,186	4,368	6,057
Other provisions	3,758	3,546	3,143	3,488	4,368	4,543
Non-current liabilities	**25,221**	**23,109**	**24,879**	**26,374**	**26,436**	**27,299**
short-term liabilities to banks	3,420	3,844	2,182	5,000	3,500	3,500
Accounts payable	7,826	8,434	6,741	6,682	6,895	7,156
Advance payments received on orders	72	90	74	698	728	757
Other liabilities (incl. from lease and rental contracts)	3,062	3,005	3,090	4,186	4,368	4,543
Deferred taxes	1,499	1,543	1,140	1,140	1,140	1,140
Deferred income	4,202	3,524	2,644	1,395	1,456	1,514
Current liabilities	**20,081**	**20,440**	**15,871**	**19,101**	**18,086**	**18,610**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**87,383**	**84,472**	**77,395**	**82,144**	**82,207**	**84,558**

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	**7%**	**7%**	**6%**	**5%**	**5%**	**4%**
Goodwill	9%	9%	10%	9%	9%	9%
Property, plant and equipment	25%	27%	31%	32%	34%	34%
Financial assets	20%	13%	12%	10%	10%	10%
FIXED ASSETS	**60%**	**56%**	**59%**	**56%**	**57%**	**56%**
Inventories	16%	19%	18%	17%	17%	16%
Accounts receivable	14%	14%	13%	14%	14%	14%
Other current assets	6%	6%	5%	4%	4%	4%
Liquid assets	3%	3%	3%	8%	7%	8%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	1%	1%	1%	1%	1%	1%
CURRENT ASSETS	**40%**	**44%**	**41%**	**44%**	**43%**	**44%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**47%**	**47%**	**46%**	**42%**	**43%**	**43%**
MINORITY INTEREST	1%	2%	2%	2%	2%	2%
Long-term debt	17%	19%	24%	22%	21%	19%
Provisions for pensions and similar obligations	8%	4%	4%	5%	5%	7%
Other provisions	4%	4%	4%	4%	5%	5%
Non-current liabilities	**29%**	**27%**	**32%**	**32%**	**32%**	**32%**
short-term liabilities to banks	4%	5%	3%	6%	4%	4%
Accounts payable	9%	10%	9%	8%	8%	8%
Advance payments received on orders	0%	0%	0%	1%	1%	1%
Other liabilities (incl. from lease and rental contracts)	4%	4%	4%	5%	5%	5%
Deferred taxes	2%	2%	1%	1%	1%	1%
Deferred income	5%	4%	3%	2%	2%	2%
Current liabilities	**23%**	**24%**	**21%**	**23%**	**22%**	**22%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**100%**	**98%**	**98%**	**98%**

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	5,523	-627	225	3,060	3,978	4,104
Depreciation of fixed assets (incl. leases)	3,687	4,200	4,941	3,130	3,251	3,385
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	495	443	396
Others	-398	4,767	-662	2,590	1,062	1,864
Cash flow from operations before changes in w/c	8,812	8,340	4,504	9,275	8,733	9,748
Increase/decrease in inventory	-3,304	-1,991	1,896	76	-139	-62
Increase/decrease in accounts receivable	-1,272	2,145	1,443	-1,054	-100	-463
Increase/decrease in accounts payable	0	0	-1,544	-59	213	261
Increase/decrease in other w/c positions	3,002	-791	1,812	579	243	233
Increase/decrease in working capital	-1,574	-637	3,607	-458	216	-30
Cash flow from operating activities	**7,238**	**7,703**	**8,111**	**8,817**	**8,949**	**9,718**
CAPEX	-3,532	-4,375	-5,395	-6,134	-4,363	-4,537
Payments for acquisitions	-600	-13	-5	0	0	0
Financial investments	-994	-1,273	-1,099	0	0	0
Income from asset disposals	1,474	1,192	1,476	0	0	0
Cash flow from investing activities	**-3,652**	**-4,469**	**-5,023**	**-6,134**	**-4,363**	**-4,537**
Cash flow before financing	3,586	3,234	3,088	2,683	4,587	5,180
Increase/decrease in debt position	-3,145	566	259	3,133	-2,500	-1,000
Purchase of own shares	0	0	0	0	0	0
Capital measures	0	0	0	0	0	0
Dividends paid	-3,031	-3,072	-3,034	-3,035	-2,963	-3,140
Others	-281	-176	0	0	0	0
Effects of exchange rate changes on cash	131	-19	-106	0	0	0
Cash flow from financing activities	**-6,326**	**-2,701**	**-2,881**	**98**	**-5,463**	**-4,140**
Increase/decrease in liquid assets	-2,740	533	207	2,781	-876	1,040
Liquid assets at end of period	**2,624**	**2,516**	**2,624**	**5,405**	**4,530**	**5,570**

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)	30,531	33,922	26,022	26,347	27,493	28,593
The Americas	20,867	23,869	18,833	19,068	19,898	20,694
Asia	21,234	21,823	17,520	17,739	18,511	19,251
Rest of World	5,966	7,713	6,527	6,609	6,896	7,172
Total sales	**78,598**	**87,327**	**68,902**	**69,763**	**72,798**	**75,710**

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)	38.8%	38.8%	37.8%	37.8%	37.8%	37.8%
The Americas	26.5%	27.3%	27.3%	27.3%	27.3%	27.3%
Asia	27.0%	25.0%	25.4%	25.4%	25.4%	25.4%
Rest of World	7.6%	8.8%	9.5%	9.5%	9.5%	9.5%
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	6.16	-0.24	1.55	3.32	4.37	4.53
Cash flow per share	7.88	8.54	9.09	5.82	5.89	6.65
Book value per share	44.41	43.88	39.52	39.55	40.69	41.76
Dividend per share	3.40	3.40	3.40	3.32	3.52	3.52
Valuation						
P/E	7.4x	-187.9x	29.2x	13.7x	10.4x	10.0x
P/CF	5.8x	5.3x	5.0x	7.8x	7.7x	6.8x
P/BV	1.0x	1.0x	1.1x	1.1x	1.1x	1.1x
Dividend yield (%)	7.5%	7.5%	7.5%	7.3%	7.7%	7.7%
FCF yield (%)	17.3%	18.8%	20.0%	12.8%	13.0%	14.6%
EV/Sales	0.8x	0.7x	0.9x	0.9x	0.8x	0.8x
EV/EBITDA	5.1x	10.4x	6.2x	7.4x	6.3x	6.1x
EV/EBIT	8.0x	96.9x	19.4x	13.1x	10.4x	9.9x
Income statement (EURm)						
Sales	78,598	87,327	68,902	69,763	72,798	75,710
yoy chg in %	32.9%	11.1%	-21.1%	1.3%	4.3%	4.0%
Gross profit	19,797	20,630	16,396	16,743	18,090	18,927
Gross margin in %	25.2%	23.6%	23.8%	24.0%	24.9%	25.0%
EBITDA	12,257	5,889	9,903	8,335	9,481	9,799
EBITDA margin in %	15.6%	6.7%	14.4%	11.9%	13.0%	12.9%
EBIT	7,823	632	3,187	4,709	5,787	6,019
EBIT margin in %	10.0%	0.7%	4.6%	6.8%	8.0%	8.0%
Net profit	5,658	-218	1,388	2,968	3,899	4,042
Cash flow statement (EURm)						
CF from operations	7,238	7,703	8,111	8,817	8,949	9,718
Capex	-3,532	-4,375	-5,395	-6,134	-4,363	-4,537
Maintenance Capex	0	0	0	3,626	3,693	3,780
Free cash flow	3,706	3,328	2,716	2,683	4,587	5,180
Balance sheet (EURm)						
Intangible assets	13,499	13,273	12,216	11,716	11,268	10,867
Tangible assets	21,553	22,967	24,080	27,089	28,206	29,364
Shareholders' equity	40,792	39,573	35,277	35,302	36,317	37,281
Pension provisions	6,621	3,233	3,351	4,186	4,368	6,057
Liabilities and provisions	28,641	26,953	27,061	31,374	29,936	30,799
Net financial debt	15,430	17,426	17,890	16,832	15,207	13,167
w/c requirements	17,912	19,559	17,475	17,888	17,884	18,119
Ratios						
ROE	15.0%	0.0%	4.4%	8.7%	11.0%	11.0%
ROCE	11.1%	0.9%	5.0%	6.9%	8.6%	8.7%
Net gearing	37.8%	44.0%	50.7%	47.7%	41.9%	35.3%
Net debt / EBITDA	1.3x	3.0x	1.8x	2.0x	1.6x	1.3x

Source: Company data; mwb research

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