

Wacker Chemie AG

Germany | Chemicals | MCap EUR 3,151m

13 January 2025

UPDATE



Polysilicon challenges drive overdone selloff; BUY.

What's it all about?

Wacker's stock is plummeting as investors react to mounting concerns over the polysilicon market, which is facing headwinds from oversupply fears and pricing pressure driven by Chinese competition and U.S tariffs. In response, Wacker is strategically shifting focus toward high-margin semiconductor-grade polysilicon and reducing exposure to low-priced solar markets, particularly in China, while capitalizing on high-value regional markets. This strategy includes production adjustments and investments to enhance flexibility between solar and semiconductor polysilicon, reducing idle capacity risk further. On top of that, Wacker projects EUR 1.1bn in polysilicon sales for 2024, implying a strong EUR 359m in Q4 alone (+72% qoq, +18% yoy), signaling confidence in its strategic direction. The focus on specialty high-margin products, combined with expected moderate improvements in other segments, and ongoing cost-saving initiatives (EUR 200m p.a. (24-26)), is expected to offset headwinds in polysilicon in 2025. We view the recent sell-off as overblown and maintain a BUY rating with a revised PT of EUR 100.00.

BUY (BUY)

Target price	EUR 100.00 (128.00)
Current price	EUR 63.42
Up/downside	57.7%

 ResearchHub 



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Wacker Chemie AG

Germany | Chemicals | MCap EUR 3,151m | EV EUR 4,079m

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Polysilicon challenges drive overdone selloff, presenting opportunity

Wacker's stock is in freefall as investor fears mount over a tough industry landscape, with the polysilicon segment under pressure and 2025 outlook in question.

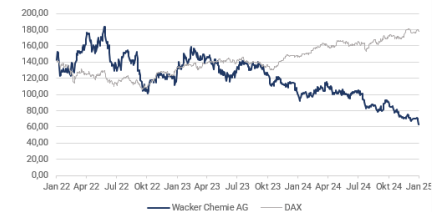
Polysilicon. Once the crown jewel of Wacker's portfolio, contributing a hefty 25% of total sales in 2023, this segment is now at the center of investor anxiety. The buzz isn't without merit—fears of an oversaturated solar polysilicon market loom large, particularly with intensified competition from China, where low-cost producers are flooding the market and driving prices down. In the U.S., concerns are mounting due to a potential supply glut of solar modules and the uncertain impact of tariffs, which could dampen demand further. On the semiconductor side, investors fear a demand slowdown, with growth falling short of expectations. This double whammy of potential oversupply and sluggish expansion has sparked concerns about idle production lines, potentially squeezing the company's margins further.

How Wacker is responding. We believe that Wacker is capable of managing these concerns as it is doubling down on its high-margin semiconductor-grade polysilicon, where we believe that demand will remain resilient and less susceptible to the price swings in 2025, offsetting the weakness in solar. Moreover, the company has adopted a selective approach to the solar market, significantly reducing its exposure to low-priced markets, particularly in China, and focusing instead on high-value regional markets (e.g. in US., here Wacker is also leveraging the U.S. Inflation Reduction Act). This strategy is coupled with production adjustments and investment to improve process flexibility of switching production between solar and semi polysilicon, mitigating the risk of idle capacity. On top of that, Wacker forecasts EUR 1.1bn in polysilicon sales for 2024, implying a strong EUR 359m in Q4 alone (+72% qoq, +18% yoy), signaling confidence in its strategic direction.

BUY amid scepticism. While we acknowledge the concerns, we believe that the stock reaction is overdone and already priced in much of the downside risk. The strategic focus on specialty high-margin products, expected moderate improvement in other segments, including Silicones, Polymers, and Biosolutions, coupled with the ongoing strategic and cost initiatives (EUR 200m. p.a 24-26), are expected to offset headwinds in Polysilicon in 2025. Thus, we maintain a BUY rating with a new conservative PT of EUR 100.00 (old: EUR 125), offering a compelling investment opportunity.

Wacker Chemie AG	2021	2022	2023	2024E	2025E	2026E
Sales	6,208	8,209	6,402	6,306	6,621	6,886
<i>Growth yoy</i>	32.3%	32.2%	-22.0%	-1.5%	5.0%	4.0%
EBITDA	1,554	2,100	824	778	1,019	1,117
EBIT	1,134	1,679	405	331	497	603
Net profit	785	1,296	332	237	352	413
Net debt (net cash)	-422	-447	94	148	44	-244
Net debt/EBITDA	-0.3x	-0.2x	0.1x	0.2x	0.0x	-0.2x
EPS reported	15.80	26.08	6.67	4.77	7.08	8.30
DPS	8.00	12.00	3.00	2.38	3.54	4.15
<i>Dividend yield</i>	12.6%	18.9%	4.7%	3.8%	5.6%	6.5%
Gross profit margin	26.9%	26.3%	16.9%	16.8%	19.0%	20.3%
EBITDA margin	25.0%	25.6%	12.9%	12.3%	15.4%	16.2%
EBIT margin	18.3%	20.4%	6.3%	5.3%	7.5%	8.8%
ROCE	16.7%	21.7%	5.4%	4.3%	6.9%	8.1%
EV/EBITDA	2.9x	1.7x	5.0x	5.2x	3.9x	3.3x
EV/EBIT	4.0x	2.1x	10.1x	12.2x	8.0x	6.2x
PER	4.0x	2.4x	9.5x	13.3x	9.0x	7.6x
FCF yield	21.0%	23.0%	29.1%	9.1%	5.7%	14.2%

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 116.70 / 62.90
Price/Book Ratio 0.7x

Ticker / Symbols

ISIN DE000WCH8881
WKN WCH888
Bloomberg WCH:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	6,306	331	4.77
	Δ	0.0%	0.0%	0.0%
2025E	old	6,621	497	7.08
	Δ	0.0%	0.0%	0.0%
2026E	old	6,886	603	8.30
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 49.68
Book value per share: (in EUR) 88.91
Ø trading vol.: (12 months) 127,742

Major shareholders

Wacker Family 66.5%
Free Float 33.5%

Company description

Wacker Chemie AG is a Germany-based manufacturer of specialty chemical products. It operates through four segments: Silicones, Polymers, Biosolutions, and Polysilicon.

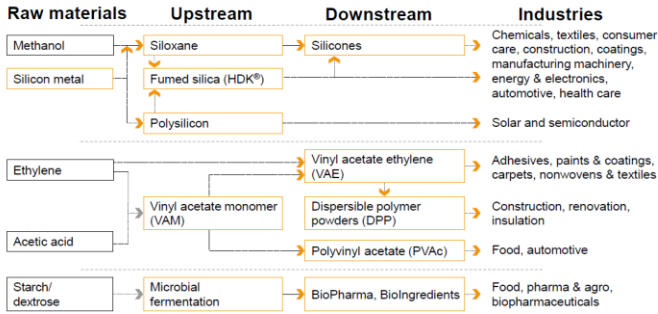
The following table displays the quarterly performance of **Wacker Chemie AG**.

P&L data	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Sales	1,826.7	1,744.0	1,752.8	1,522.8	1,382.6	1,490.0	1,468.0	1,430.0
yoy growth in %	0.0%	0.0%	-19.4%	-28.6%	-24.3%	-14.6%	-16.2%	-6.1%
Gross profit	359.0	329.1	326.0	197.6	230.5	211.0	224.3	213.0
Gross margin in %	19.7%	18.9%	18.6%	13.0%	16.7%	14.2%	15.3%	14.9%
EBITDA	354.8	281.0	256.0	151.9	135.2	172.0	160.0	152.0
EBITDA margin in %	19.4%	16.1%	14.6%	10.0%	9.8%	11.5%	10.9%	10.6%
EBIT	250.1	178.1	153.0	48.9	25.4	63.0	43.0	37.0
EBIT margin in %	13.7%	10.2%	8.7%	3.2%	1.8%	4.2%	2.9%	2.6%
EBT	245.8	172.1	144.3	41.7	28.9	61.9	33.1	29.0
taxes paid	16.6	24.9	25.4	8.2	1.2	13.5	-1.7	-4.9
tax rate in %	6.8%	14.5%	17.6%	19.7%	4.2%	21.8%	-5.1%	-16.9%
net profit	229.2	147.2	119.0	33.5	27.7	48.0	35.0	33.9
yoy growth in %	0.0%	0.0%	-69.6%	-87.1%	-87.9%	-67.4%	-70.6%	1.2%
EPS	4.61	2.90	2.38	0.56	0.47	0.89	0.58	0.56

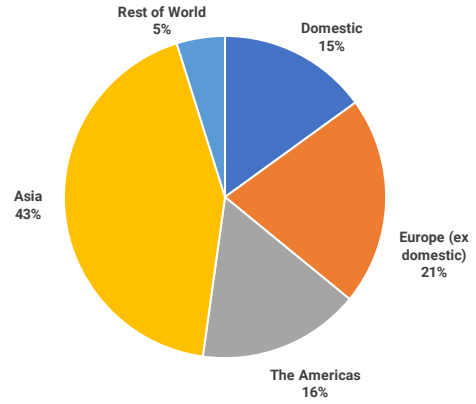
Source: Company data; mwb research

Investment case in six charts

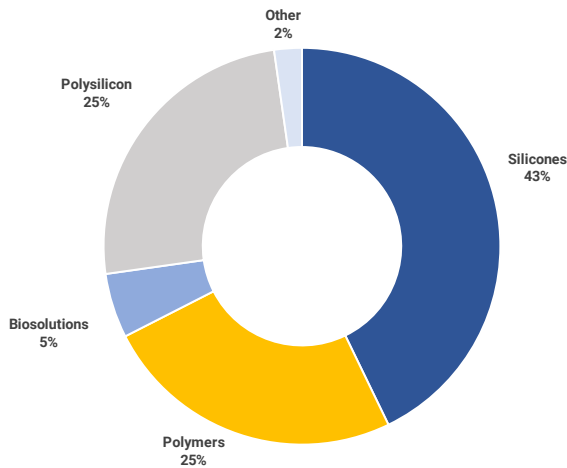
Products & Services



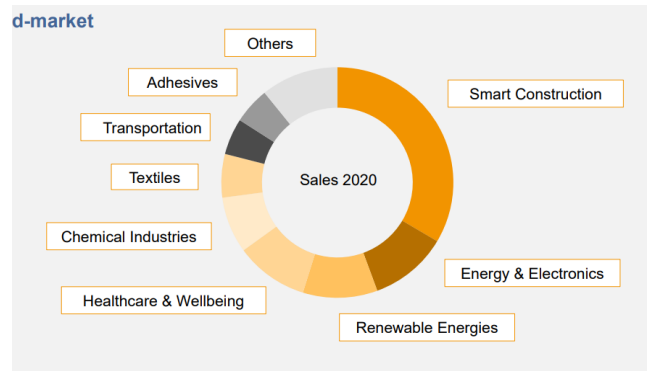
Regional sales split in %



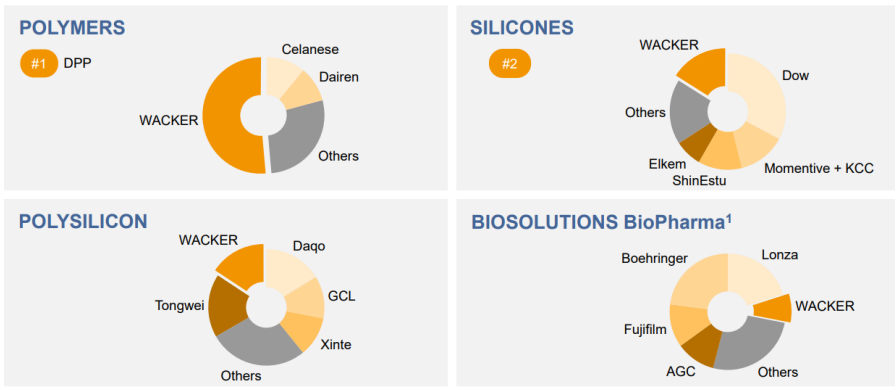
Segmental breakdown in %



Sales by End-market

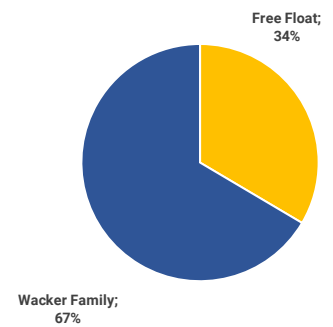


Market Leading Positions



Source: WACKER JV participations fully consolidated, Industry Announcements, 1) Microbial CDMO Source: Biopharmaceutical Contract Manufacturing 2020

Major Shareholders



SWOT analysis

Strengths

- Exposure to renewable energies (solar) market
- Leading market position in most business segments

Weaknesses

- Exposure to commoditized markets and cyclical end markets (e.g. construction, semiconductor, photovoltaic)

Opportunities

- Rising output prices (e.g. polysilicon)

Threats

- Rising feedstock prices (e.g. ethylene, methanol)
- Increasing competition from China

Valuation

DCF Model

The DCF model results in a **fair value of EUR 99.39 per share**:

Top-line growth: We expect Wacker Chemie AG to grow revenues at a CAGR of 2.6% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 4.3% in 2024E to 4.0% in 2031E.

WACC. Starting point is a historical equity beta of 1.32. Unlevering and correcting for mean reversion yields an asset beta of 0.89. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 9.3%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25% and target debt/equity of 0.5 this results in a long-term WACC of 7.5%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	255	368	447	410	353	358	356	221	
Depreciation & amortization	446	522	515	545	540	539	539	541	
Change in working capital	195	-388	-81	-40	-31	-20	-20	-40	
Chg. in long-term provisions	-162	195	93	46	32	24	25	16	
Capex	-631	-473	-492	-521	-532	-551	-559	-549	
Cash flow	104	225	482	440	363	351	340	188	3,505
Present value	104	210	418	355	273	246	222	114	2,124
WACC	7.7%	7.5%	7.5%	7.4%	7.4%	7.4%	7.4%	7.4%	7.5%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	4,065	Planning horizon avg. revenue growth (2024E-2031E)	2.6%
Mid-year adj. total present value	4,214	Terminal value growth (2031E - infinity)	2.0%
Net debt / cash at start of year	94	Terminal year ROCE	4.0%
Financial assets	1,652	Terminal year WACC	7.5%
Provisions and off b/s debt	835		
Equity value	4,938	Terminal WACC derived from	
No. of shares outstanding	49.7	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	25%
		Equity beta	1.32
		Unlevered beta (industry or company)	0.89
		Target debt / equity	0.5
		Relevered beta	1.22
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	9.3%

Discounted cash flow / share	
Discounted cash flow / share	99.39
upside/(downside)	56.7%

Share price	
Share price	63.42

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%	78.2	79.9	81.8	84.0	86.6	2024E-2027E	26.7%
1.0%	84.3	86.6	89.3	92.5	96.2	2028E-2031E	21.0%
0.0%	92.2	95.5	99.4	104.1	109.8	terminal value	52.2%
-1.0%	102.8	107.7	113.8	121.4	131.2		
-2.0%	118.0	126.0	136.3	150.1	169.5		

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 93.90 per share based on 2024E and EUR 150.78 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	778	1,019	1,117	1,112	1,029
- Maintenance capex	440	516	508	538	533
- Minorities	10	14	17	15	13
- tax expenses	62	109	128	131	113
= Adjusted FCF	266	380	464	428	370
Actual Market Cap	3,308	3,308	3,308	3,308	3,308
+ Net debt (cash)	148	44	-244	-461	-619
+ Pension provisions	757	795	826	851	868
+ Off b/s financing	0	0	0	0	0
- Financial assets	1,618	1,618	1,618	1,618	1,618
- Acc. dividend payments	149	267	443	650	839
<i>EV Reconciliations</i>	-863	-1,047	-1,479	-1,878	-2,208
= Actual EV'	2,445	2,260	1,828	1,429	1,099
Adjusted FCF yield	10.9%	16.8%	25.4%	29.9%	33.6%
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	3,802	5,424	6,635	6,109	5,282
- <i>EV Reconciliations</i>	-863	-1,047	-1,479	-1,878	-2,208
Fair Market Cap	4,665	6,472	8,114	7,987	7,490
No. of shares (million)	50	50	50	50	50
Fair value per share in EUR	93.90	130.27	163.33	160.77	150.78
Premium (-) / discount (+)	48.1%	105.4%	157.5%	153.5%	137.7%

Sensitivity analysis fair value						
Adjusted hurdle rate	5.0%	125	174	217	210	193
	6.0%	107	148	186	181	169
	7.0%	94	130	163	161	151
	8.0%	84	117	147	145	137
	9.0%	77	106	134	133	127

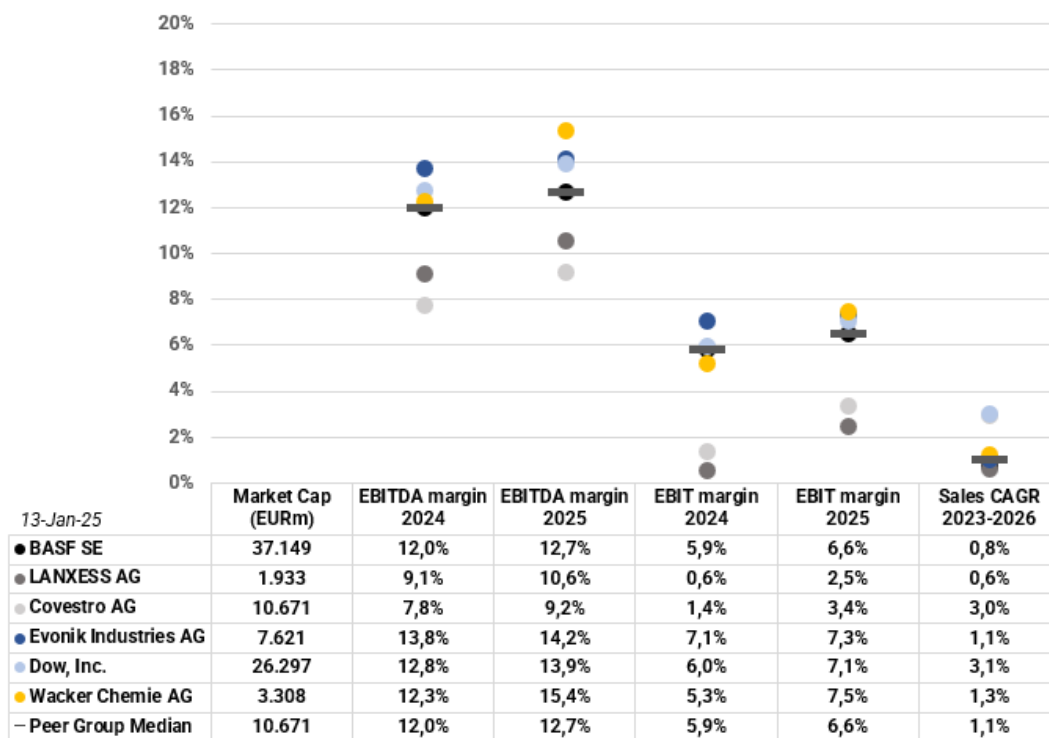
Source: Company data; mwb research

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 **Wacker Chemie 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 Wacker Chemie AG consists of the stocks displayed in the graphs below. As of 13 January 2025 the median market cap of the peer group was EUR 10,671m, compared to EUR 3,151m for Wacker Chemie AG. In the period under review, the peer group was less profitable than Wacker Chemie AG. The expectations for sales growth are lower for the peer group than for Wacker Chemie AG.

Peer Group – Key data

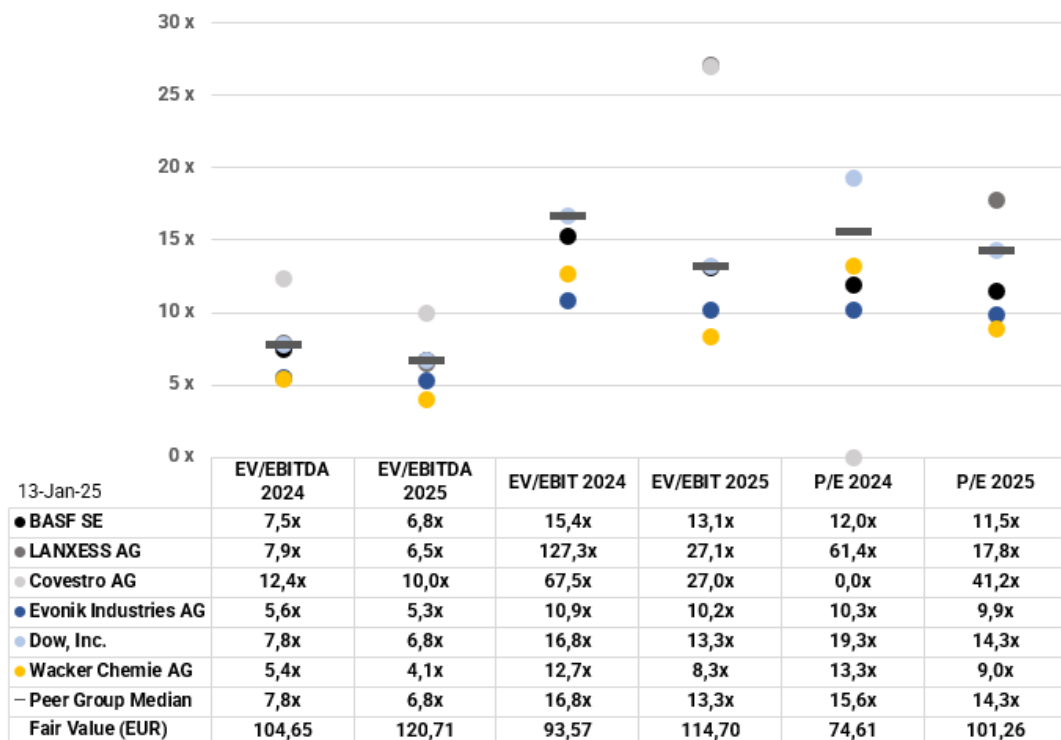


Source: FactSet, mwb research

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 Wacker Chemie AG results in a range of fair values from EUR 74.61 to EUR 120.71.

Peer Group – Multiples and valuation

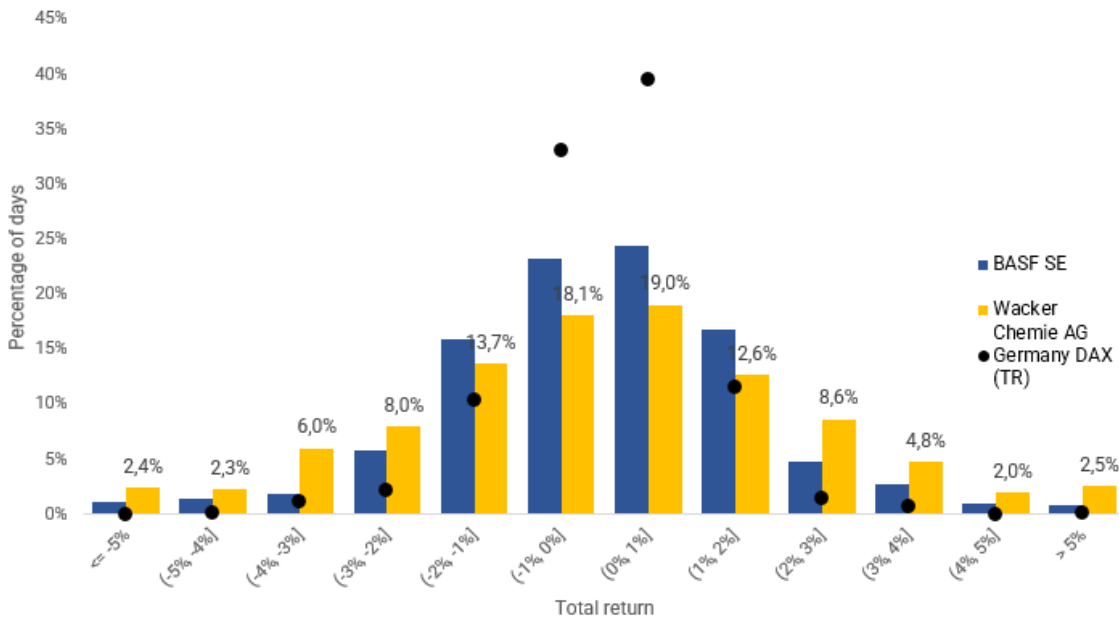


Source: FactSet, mwb research

Risk

The chart displays the **distribution of daily returns of Wacker Chemie AG** over the last 3 years, compared to the same distribution for BASF SE. 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 Wacker Chemie AG, the worst day during the past 3 years was 29/09/2022 with a share price decline of -9.6%. The best day was 28/07/2022 when the share price increased by 10.3%.

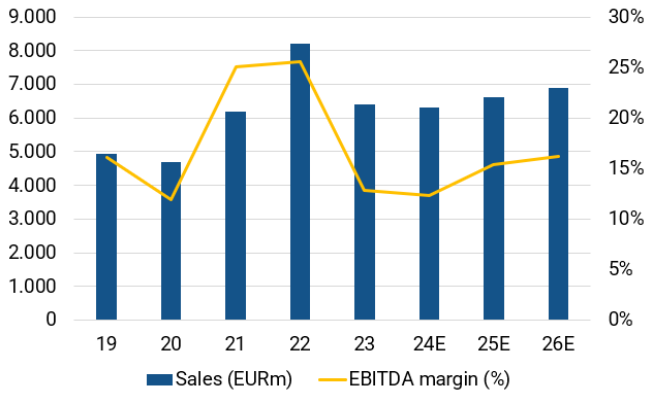
Risk – Daily Returns Distribution (trailing 3 years)



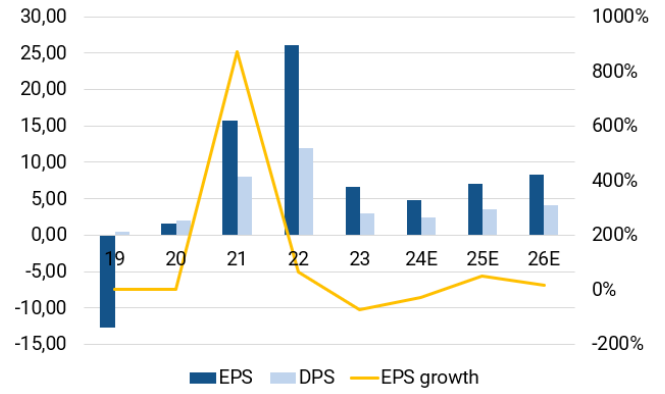
Source: FactSet, mwb research

Financials in six charts

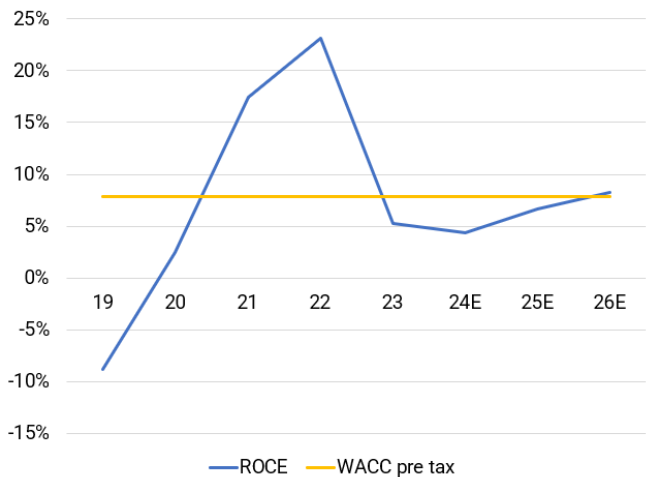
Sales vs. EBITDA margin development



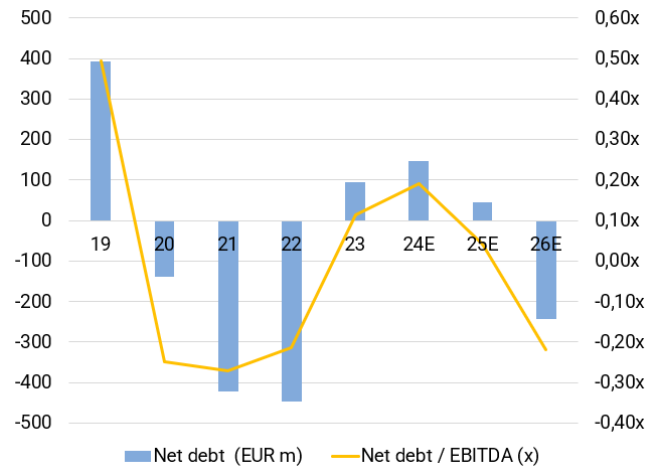
EPS, DPS in EUR & yoy EPS growth



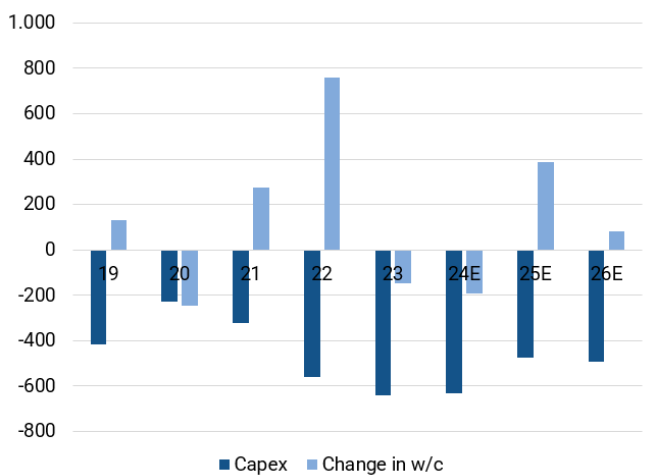
ROCE vs. WACC (pre tax)



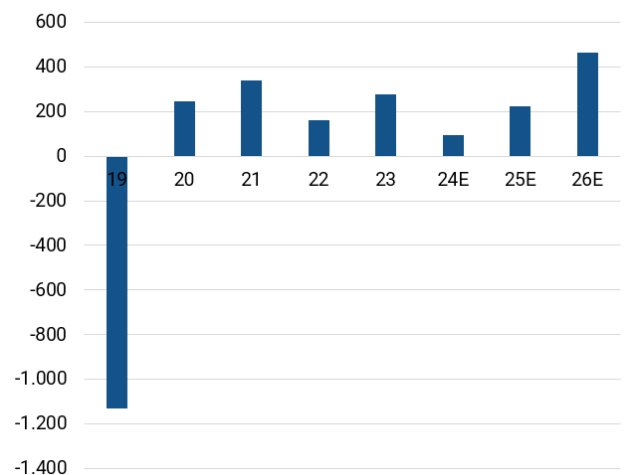
Net debt and net debt/EBITDA



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
Sales	6,208	8,209	6,402	6,306	6,621	6,886
Sales growth	32.3%	32.2%	-22.0%	-1.5%	5.0%	4.0%
Cost of sales	4,535	6,049	5,319	5,250	5,363	5,492
Gross profit	1,673	2,161	1,083	1,056	1,258	1,394
SG&A expenses	464	529	520	536	563	585
Research and development	164	178	184	158	166	172
Other operating expenses (income)	-90	-225	-26	32	33	34
EBITDA	1,554	2,100	824	778	1,019	1,117
Depreciation	404	402	419	440	516	508
EBITA	1,149	1,698	405	337	503	609
Amortisation of goodwill and intangible assets	15	19	0	6	7	7
EBIT	1,134	1,679	405	331	497	603
Financial result	-63	-18	0	-23	-21	-45
Recurring pretax income from continuing operations	1,072	1,661	405	308	475	557
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	1,072	1,661	405	308	475	557
Taxes	266	335	60	62	109	128
Net income from continuing operations	806	1,326	345	246	366	429
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	806	1,326	345	246	366	429
Minority interest	-21	-31	-14	-10	-14	-17
Net profit (reported)	785	1,296	332	237	352	413
Average number of shares	49.68	49.68	49.68	49.68	49.68	49.68
EPS reported	15.80	26.08	6.67	4.77	7.08	8.30

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Sales	100%	100%	100%	100%	100%	100%
Cost of sales	73%	74%	83%	83%	81%	80%
Gross profit	27%	26%	17%	17%	19%	20%
SG&A expenses	7%	6%	8%	9%	9%	9%
Research and development	3%	2%	3%	3%	3%	3%
Other operating expenses (income)	-1%	-3%	-0%	0%	1%	0%
EBITDA	25%	26%	13%	12%	15%	16%
Depreciation	7%	5%	7%	7%	8%	7%
EBITA	19%	21%	6%	5%	8%	9%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	18%	20%	6%	5%	8%	9%
Financial result	-1%	-0%	0%	-0%	-0%	-1%
Recurring pretax income from continuing operations	17%	20%	6%	5%	7%	8%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	17%	20%	6%	5%	7%	8%
Taxes	4%	4%	1%	1%	2%	2%
Net income from continuing operations	13%	16%	5%	4%	6%	6%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	13%	16%	5%	4%	6%	6%
Minority interest	-0%	-0%	-0%	-0%	-0%	-0%
Net profit (reported)	13%	16%	5%	4%	5%	6%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	46	213	125	132	135	138
Goodwill	0	0	168	168	168	168
Property, plant and equipment	2,606	2,961	3,261	3,439	3,386	3,360
Financial assets	1,635	1,567	1,398	1,398	1,398	1,398
FIXED ASSETS	4,286	4,741	4,953	5,137	5,088	5,066
Inventories	1,177	1,656	1,449	1,179	1,293	1,324
Accounts receivable	825	916	789	708	871	906
Other current assets	142	231	202	202	202	202
Liquid assets	1,667	1,787	1,412	1,702	736	924
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	37	70	50	11	12	12
CURRENT ASSETS	3,848	4,660	3,902	3,803	3,114	3,368
TOTAL ASSETS	8,134	9,401	8,854	8,940	8,201	8,433
SHAREHOLDERS EQUITY	3,019	4,864	4,417	4,514	4,762	5,015
MINORITY INTEREST	82	167	163	163	163	163
Long-term debt	882	1,076	1,088	1,600	700	600
Provisions for pensions and similar obligations	1,813	769	835	757	795	826
Other provisions	627	598	589	504	662	723
Non-current liabilities	3,322	2,443	2,512	2,861	2,157	2,149
short-term liabilities to banks	364	264	418	250	80	80
Accounts payable	762	886	879	690	558	527
Advance payments received on orders	170	94	94	88	93	96
Other liabilities (incl. from lease and rental contracts)	163	376	194	158	166	172
Deferred taxes	10	36	45	45	45	45
Deferred income	244	272	134	170	179	186
Current liabilities	1,712	1,927	1,763	1,401	1,120	1,106
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	8,134	9,401	8,854	8,940	8,201	8,433

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	1%	2%	1%	1%	2%	2%
Goodwill	0%	0%	2%	2%	2%	2%
Property, plant and equipment	32%	31%	37%	38%	41%	40%
Financial assets	20%	17%	16%	16%	17%	17%
FIXED ASSETS	53%	50%	56%	57%	62%	60%
Inventories	14%	18%	16%	13%	16%	16%
Accounts receivable	10%	10%	9%	8%	11%	11%
Other current assets	2%	2%	2%	2%	2%	2%
Liquid assets	20%	19%	16%	19%	9%	11%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	1%	1%	0%	0%	0%
CURRENT ASSETS	47%	50%	44%	43%	38%	40%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	37%	52%	50%	50%	58%	59%
MINORITY INTEREST	1%	2%	2%	2%	2%	2%
Long-term debt	11%	11%	12%	18%	9%	7%
Provisions for pensions and similar obligations	22%	8%	9%	8%	10%	10%
Other provisions	8%	6%	7%	6%	8%	9%
Non-current liabilities	41%	26%	28%	32%	26%	25%
short-term liabilities to banks	4%	3%	5%	3%	1%	1%
Accounts payable	9%	9%	10%	8%	7%	6%
Advance payments received on orders	2%	1%	1%	1%	1%	1%
Other liabilities (incl. from lease and rental contracts)	2%	4%	2%	2%	2%	2%
Deferred taxes	0%	0%	1%	0%	1%	1%
Deferred income	3%	3%	2%	2%	2%	2%
Current liabilities	21%	21%	20%	16%	14%	13%
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	828	1,282	327	246	366	429
Depreciation of fixed assets (incl. leases)	0	0	400	440	516	508
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	6	7	7
Others	106	203	42	-162	195	93
Cash flow from operations before changes in w/c	934	1,484	769	531	1,084	1,037
Increase/decrease in inventory	-166	-493	159	270	-114	-31
Increase/decrease in accounts receivable	-185	-68	114	80	-162	-35
Increase/decrease in accounts payable	0	89	-49	-189	-132	-32
Increase/decrease in other w/c positions	77	-289	-76	33	20	17
Increase/decrease in working capital	-274	-761	149	195	-388	-81
Cash flow from operating activities	660	723	917	725	696	956
CAPEX	-321	-561	-640	-631	-473	-492
Payments for acquisitions	-29	-136	-110	0	0	0
Financial investments	-336	-15	641	0	0	0
Income from asset disposals	47	11	1	0	0	0
Cash flow from investing activities	-640	-701	-108	-631	-473	-492
Cash flow before financing	21	22	810	95	222	464
Increase/decrease in debt position	-12	-16	-47	344	-1,070	-100
Purchase of own shares	0	0	0	0	0	0
Capital measures	0	0	0	0	0	0
Dividends paid	-99	-397	-596	-149	-118	-176
Others	-42	-45	-45	0	0	0
Effects of exchange rate changes on cash	30	3	-22	0	0	0
Cash flow from financing activities	-124	-456	-710	195	-1,188	-276
Increase/decrease in liquid assets	-104	-434	100	290	-966	188
Liquid assets at end of period	927	895	1,014	1,304	338	526

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	962	1,171	962	947	994	1,034
Europe (ex domestic)	1,409	1,660	1,339	1,318	1,384	1,440
The Americas	896	1,287	1,042	1,026	1,078	1,121
Asia	2,637	3,694	2,750	2,708	2,844	2,958
Rest of World	304	398	311	306	321	334
Total sales	6,208	8,209	6,402	6,306	6,621	6,886

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	15.5%	14.3%	15.0%	15.0%	15.0%	15.0%
Europe (ex domestic)	22.7%	20.2%	20.9%	20.9%	20.9%	20.9%
The Americas	14.4%	15.7%	16.3%	16.3%	16.3%	16.3%
Asia	42.5%	45.0%	42.9%	42.9%	42.9%	42.9%
Rest of World	4.9%	4.9%	4.8%	4.8%	4.8%	4.8%
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	15.80	26.08	6.67	4.77	7.08	8.30
Cash flow per share	13.29	14.56	18.46	5.74	3.62	9.02
Book value per share	60.76	97.91	88.91	90.87	95.85	100.95
Dividend per share	8.00	12.00	3.00	2.38	3.54	4.15
Valuation						
P/E	4.0x	2.4x	9.5x	13.3x	9.0x	7.6x
P/CF	4.8x	4.4x	3.4x	11.0x	17.5x	7.0x
P/BV	1.0x	0.6x	0.7x	0.7x	0.7x	0.6x
Dividend yield (%)	12.6%	18.9%	4.7%	3.8%	5.6%	6.5%
FCF yield (%)	21.0%	23.0%	29.1%	9.1%	5.7%	14.2%
EV/Sales	0.7x	0.4x	0.6x	0.6x	0.6x	0.5x
EV/EBITDA	2.9x	1.7x	5.0x	5.2x	3.9x	3.3x
EV/EBIT	4.0x	2.1x	10.1x	12.2x	8.0x	6.2x
Income statement (EURm)						
Sales	6,208	8,209	6,402	6,306	6,621	6,886
yoy chg in %	32.3%	32.2%	-22.0%	-1.5%	5.0%	4.0%
Gross profit	1,673	2,161	1,083	1,056	1,258	1,394
Gross margin in %	26.9%	26.3%	16.9%	16.8%	19.0%	20.3%
EBITDA	1,554	2,100	824	778	1,019	1,117
EBITDA margin in %	25.0%	25.6%	12.9%	12.3%	15.4%	16.2%
EBIT	1,134	1,679	405	331	497	603
EBIT margin in %	18.3%	20.4%	6.3%	5.3%	7.5%	8.8%
Net profit	785	1,296	332	237	352	413
Cash flow statement (EURm)						
CF from operations	660	723	917	725	696	956
Capex	-321	-561	-640	-631	-473	-492
Maintenance Capex	0	0	0	440	516	508
Free cash flow	339	162	278	95	222	464
Balance sheet (EURm)						
Intangible assets	46	213	294	300	303	307
Tangible assets	2,606	2,961	3,261	3,439	3,386	3,360
Shareholders' equity	3,019	4,864	4,417	4,514	4,762	5,015
Pension provisions	1,813	769	835	757	795	826
Liabilities and provisions	3,686	2,708	2,929	3,111	2,237	2,229
Net financial debt	-422	-447	94	148	44	-244
w/c requirements	1,070	1,593	1,265	1,109	1,513	1,607
Ratios						
ROE	26.7%	27.3%	7.8%	5.5%	7.7%	8.6%
ROCE	16.7%	21.7%	5.4%	4.3%	6.9%	8.1%
Net gearing	-14.0%	-9.2%	2.1%	3.3%	0.9%	-4.9%
Net debt / EBITDA	-0.3x	-0.2x	0.1x	0.2x	0.0x	-0.2x

Source: Company data; mwb research

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