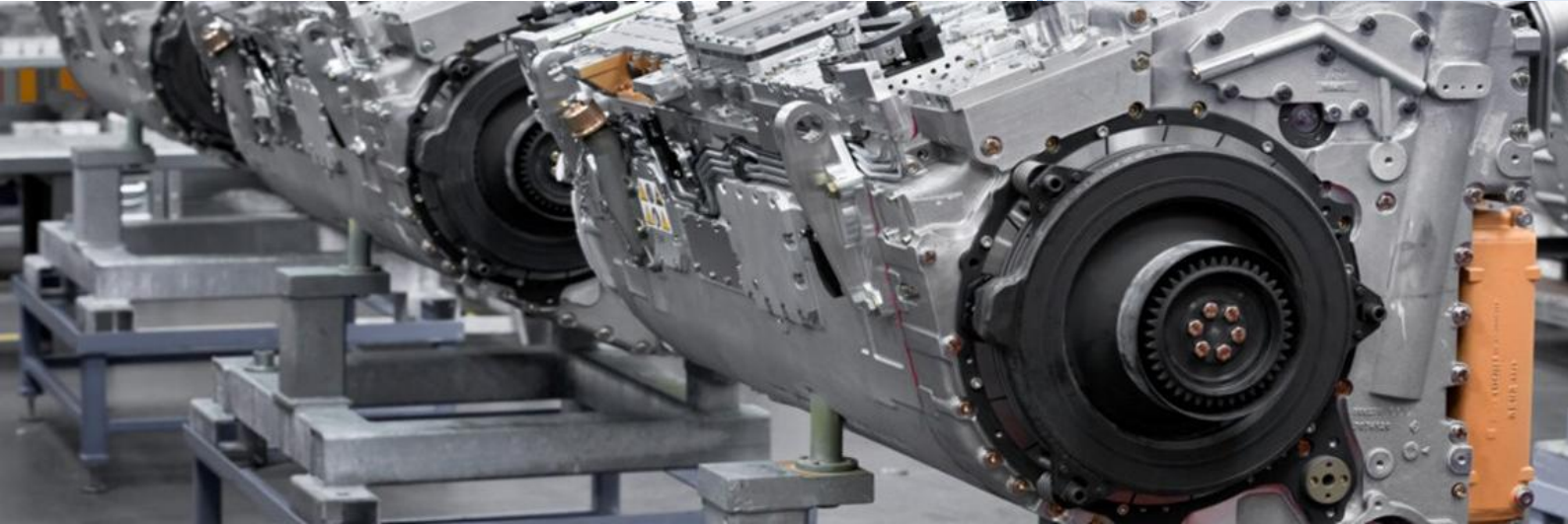


RENK Group AG

Germany | Aerospace & Defense | MCap EUR 6,502m

15 January 2026

UPDATE



Strong FY delivery,
valuation demanding;
Down to SELL

SELL (HOLD)

Target price	EUR 53.00 (55.00)
Current price	EUR 64.96
Up/downside	-18.4%



What's it all about?

RENK holds FY guidance of EUR 210–235m EBIT despite four material headwinds absorbing more than 10% of group EBIT (mwb est.): a weak industrial backdrop, USD weakness despite hedging, tariffs, and most notably German export restrictions to Israel affecting propulsion and MRO. That guidance resilience highlights very strong cost discipline, with underlying margins closer to ~18.5% (incl. the 4 points mentioned above) and margin expansion clearly on track. However, as these headwinds are likely to persist into 2026, we slightly lower forward estimates while increasing 2025E margins, leading to a reduced PT of EUR 53.00 (prev. 55.00). While long term fundamentals remain attractive, valuation already front runs operational delivery, skewing near term risk reward to the downside. Down to SELL.

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

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RENK Group AG

Germany | Aerospace & Defense | MCap EUR 6,502m | EV EUR 6,821m

SELL (HOLD)

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Strong FY delivery, valuation demanding; Down to SELL

Guidance holds despite pressure: Discussions with RENK confirm FY guidance of EUR 210–235m EBIT remains achievable, which is notable given four material headwinds absorbing more than 10% of group EBIT. A weak industrial environment in 2025 weighed on the Industry and Special Bearings segments (mwb est. ~EUR 0.5m EBIT). A weak USD, despite ~80% hedging, implies a mid single digit million EBIT drag (mwb est. ~EUR 5m). Tariffs introduced from mid April add a similar impact (mwb est. ~EUR 6m). Most importantly, the German export ban on military goods to Israel materially affects RENK due to propulsion systems and MRO exposure (mwb est. ~EUR 16m EBIT).

Cost discipline evident: That guidance remains unchanged despite these headwinds highlights very strong cost control. We estimate FY EBIT margins of ~16.6%. Adjusting for the above effects, underlying margins would be closer to ~18.5% (!), reinforcing that RENK's margin expansion path is realistic and conservative relative to its >20% 2030 target.

2026 risk skewed to downside: Several headwinds are likely to persist, particularly export restrictions to Israel. We therefore slightly reduce our 2026E assumptions while we increase margins slightly, leading however to a modest PT cut. Upside exists if export bans are lifted, as this high margin business could allow RENK to materially outperform consensus on both revenues and margins.

Platform mix remains key: A higher share of Boxer based programs structurally limits content, with RENK capturing roughly 1/15 of the revenue compared with tracked platforms such as Puma or Leopard. This is already reflected in our estimates, but tender outcomes and platform mix remain key valuation drivers and investors should monitor it closely.

Valuation front running fundamentals: Q4 appears exceptionally strong and operational execution remains solid despite significant headwinds. However, with limited visibility on relief and valuation already pricing in further improvement, we reduce our PT to EUR 53.00 from EUR 55.00 and downgrade to SELL (prev. HOLD). RENK remains a long term defense winner driven by best in class recurring defence revenues, but we see better entry points ahead.

RENK Group AG	2023	2024	2025E	2026E	2027E	2028E
Sales	926	1,141	1,346	1,521	1,794	2,107
<i>Growth yoy</i>	9.0%	23.2%	18.0%	13.0%	18.0%	17.4%
EBITDA	167	193	284	319	397	472
EBIT	89	116	223	258	337	404
Net profit	32	53	140	163	207	252
Net debt (net cash)	444	369	315	225	117	-7
Net debt/EBITDA	2.7x	1.9x	1.1x	0.7x	0.3x	-0.0x
EPS reported	0.32	0.53	1.40	1.63	2.07	2.52
DPS	0.00	0.42	0.63	0.73	0.93	1.13
<i>Dividend yield</i>	0.0%	0.6%	1.0%	1.1%	1.4%	1.7%
Gross profit margin	22.5%	24.5%	28.5%	28.7%	30.3%	30.6%
EBITDA margin	18.1%	16.9%	21.1%	21.0%	22.1%	22.4%
EBIT margin	9.6%	10.2%	16.6%	17.0%	18.8%	19.2%
ROCE	8.8%	11.1%	18.4%	19.5%	22.7%	24.2%
EV/EBITDA	41.5x	35.6x	24.0x	21.1x	16.7x	13.8x
EV/EBIT	78.1x	59.3x	30.6x	26.1x	19.6x	16.1x
PER	200.8x	121.9x	46.6x	39.9x	31.4x	25.8x
FCF yield	1.2%	2.6%	1.8%	2.7%	3.1%	3.6%

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 90.34 / 20.43
Price/Book Ratio 12.0x

Ticker / Symbols

ISIN DE000RENK730
WKN RENK73
Bloomberg R3NK:GR

Changes in estimates

		Sales	EBIT	EPS
2025E	old	1,346	208	1.29
	Δ	0.0%	7.1%	8.4%
2026E	old	1,589	260	1.64
	Δ	-4.3%	-0.8%	-0.9%
2027E	old	1,875	352	2.17
	Δ	-4.3%	-4.3%	-4.7%

Key share data

Number of shares: (in m pcs) 100.10
Book value per share: (in EUR) 5.42
Ø trading vol.: (12 months) 1,224,059

Major shareholders

KNDS NV 15.8%
Blackrock 3.1%
Rovida Investment Management 3.0%
Free Float 75.1%

Company description

RENK Group AG supplies mission-critical drive systems for civil and military use, including transmissions, power-packs, hybrid drives, and bearings. Founded in 1873, the company is based in Augsburg, Germany.

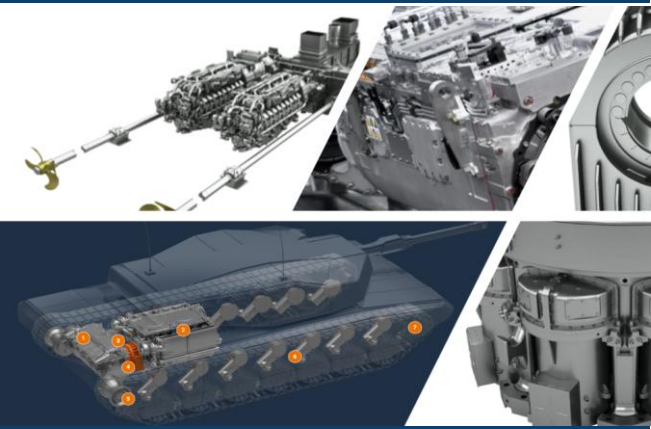
The following table displays the quarterly performance of **RENK Group AG**.

P&L data	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Sales	272.8	237.7	272.6	268.0	362.2	272.6	347.5	308.0
yoy growth in %	7.0%	22.5%	26.1%	10.5%	32.8%	14.7%	27.5%	14.9%
Gross profit	60.1	50.0	64.7	66.4	98.6	66.3	79.8	67.0
Gross margin in %	22.0%	21.0%	23.7%	24.8%	27.2%	24.3%	23.0%	21.8%
EBITDA	50.3	29.8	44.2	47.2	71.8	46.5	54.6	56.0
EBITDA margin in %	18.4%	12.6%	16.2%	17.6%	19.8%	17.1%	15.7%	18.2%
EBIT	30.1	11.2	25.0	28.1	51.7	27.6	35.1	36.2
EBIT margin in %	11.0%	4.7%	9.2%	10.5%	14.3%	10.1%	10.1%	11.8%
EBT	18.9	3.8	16.4	4.6	69.9	4.8	26.2	28.4
taxes paid	5.5	6.6	6.1	5.1	22.1	4.0	-4.2	4.2
tax rate in %	28.9%	173.0%	37.2%	110.7%	31.7%	83.8%	-16.0%	14.8%
net profit	13.4	-2.8	10.3	-0.5	47.8	0.7	30.4	24.3
yoy growth in %	-210.2%	41.2%	26.7%	-103.8%	255.9%	-124.5%	195.2%	n.a. %
EPS	0.13	-0.03	0.10	-0.01	0.46	0.01	0.30	0.24

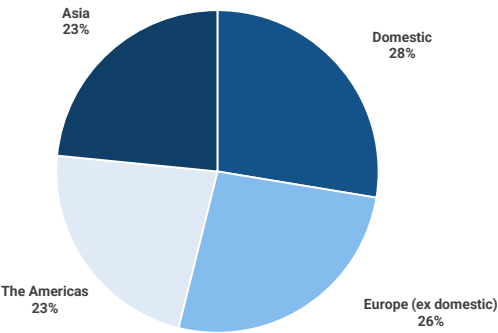
Source: Company data; mwb research

Investment case in six charts

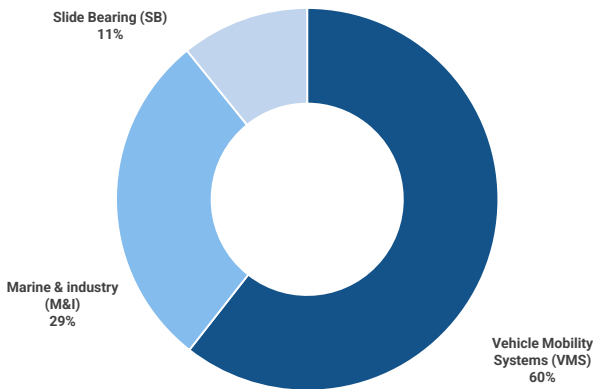
Products & Services



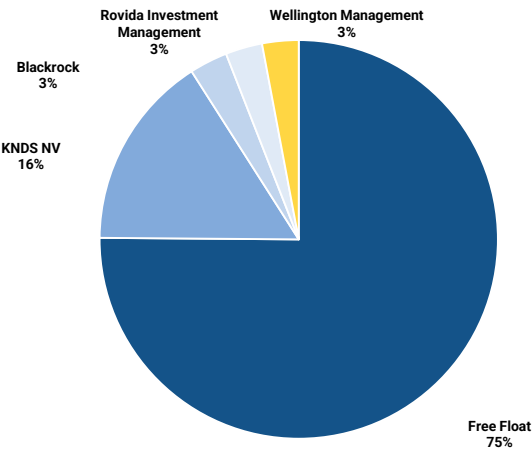
Regional sales split in %



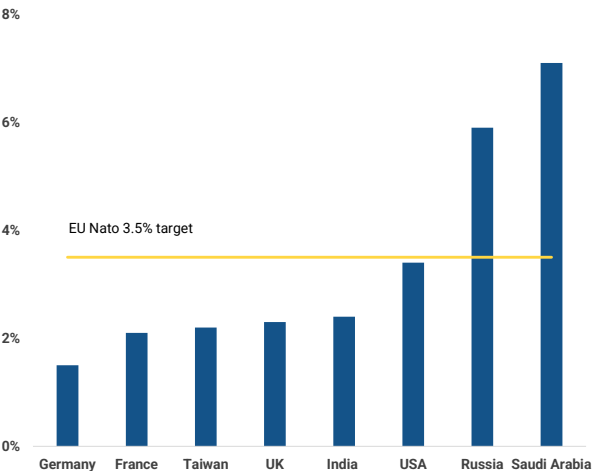
Segmental breakdown in %



Major Shareholders



Defense spending % of GDP



Source: Company data; mwb research

Guidance

	Short-term 2025	Milestones	Mid-term 2030		
Revenue	>€1.3bn	2028 >€2bn	€2.8-3.2bn ¹		
Adj. EBIT ² / margin	€210-235mn	2027 >€300mn	>20%		
Additional financial building blocks	CapEx as % of revenues	ROCE ³	CCR ⁴	NWC as % of revenues	Leverage ratio ⁵
	Avg 2024-30	Mid-term	Over-time	Over-time	Over-time
	~3%	>20%	~80%	~20%	<1.5x

SWOT analysis

Strengths

- Operating in over 70 armed forces worldwide
- With an installed base of >180.000 units RENK benefits from recurring revenues (~30% in FY24).
- Benefits from a diverse customer base
- Defense OEM's are highly dependent on RENK propulsions (no serious competitor)
- 75% Global market presence in tracked military vehicles

Weaknesses

- High exposure to political uncertainty, particularly fluctuations in defense budgets, as most customers rely on government spending.
- Export controls restrict market access for military products.
- Intense competition, especially in the M&I and SB segments, with moderate pressure in the VMS segment.
- High COGS ratio with 77% makes them vulnerable to bargaining power of suppliers

Opportunities

- Significantly increasing EU-NATO equipment defense spending (+170%)
- Growth potential in hybrid propulsion solutions.
- Increasing share of recurring revenue enhances financial stability.
- Implementation of series assembly and logistics concepts to improve efficiency and capacity.
- Long-term (+2040) demand secured as key customers continue rebuilding their military capabilities.
- High chance of being part of nearly all EU next-gen tank systems (e.g. Lynx, Panther, ...)
- Potential sale of the SB segment; estimated proceeds of ~EUR 350m (mwb est.).
- Opening of an assembly line in Poland / Ukraine

Threats

- The U.S. shift toward protectionist policies, particularly in defense, may lead to increased trade barriers and lost contracts.
- Growing competition from low-cost countries, especially in their SB segment
- Vulnerability to fluctuations in input prices
- High debt-to-GDP ratios in key markets could result in reduced government spending.
- We expect a peak in defense spending in the mid 30's after which revenues could fall.
- Risk that more military vehicles move away from tracked propulsion toward wheeled solutions (e.g. GTX Boxer), where propulsion costs are only ~1/15 of tracked systems and more competitors are present.
- for the export restriction on Israel, RENK could lose ~3% of revenues (mwb est.) if no solution is found

DCF Model

Top-line growth: We expect RENK Group AG to grow revenues at a CAGR of 9.3% between 2025E and 2032E. The long-term growth rate is set at 2.0%.

WACC. Starting point is a historical equity beta of 1.10. Unlevering and correcting for mean reversion yields an asset beta of 1.02. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 9.0%. With pre-tax cost of borrowing at 5.0%, a tax rate of 32% and target debt/equity of 0.2 this results in a long-term WACC of 8.1%.

DCF per share derived from	
Total present value	5,491
Mid-year adj. total present value	5,710
Net debt / cash at start of year	369
Financial assets	14
Provisions and off b/s debt	3
Equity value	5,351
No. of shares outstanding	100.1
Discounted cash flow / share	53.46
upside/(downside)	-17.7%
Share price 64.96	

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2025E-2032E)	9.3%
Terminal value growth (2032E - infinity)	2.0%
Terminal year ROCE	26.1%
Terminal year WACC	8.1%
Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	32%
Equity beta	1.10
Unlevered beta (industry or company)	1.02
Target debt / equity	0.2
Relevered beta	1.17
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	9.0%

Change in WACC (%points)	Long term growth					Share of present value	
	1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%	35.8	37.3	39.0	41.0	43.2	2025E-2028E	12.0%
1.0%	40.9	42.9	45.2	47.9	51.0	2029E-2032E	17.0%
0.0%	47.4	50.2	53.4	57.3	61.9	terminal value	70.9%
-1.0%	56.1	60.1	65.0	70.9	78.3		
-2.0%	68.2	74.5	82.2	92.2	105.3		



ResearchHub

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 27.04 per share based on 2025E and EUR 57.81 per share on 2029E 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).

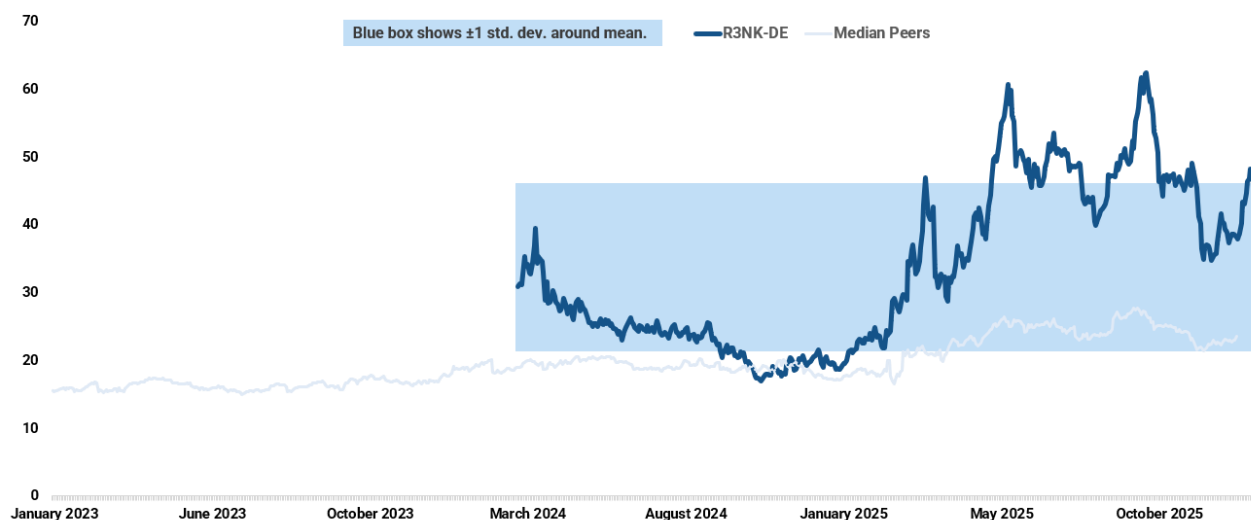
FCF yield in EURm	2025E	2026E	2027E	2028E	2029E
EBITDA	284	319	397	472	561
- Maintenance capex	32	32	33	44	47
- Minorities	-4	-4	-6	-7	-9
- tax expenses	48	62	96	116	156
= Adjusted FCF	208	229	273	319	367
Actual Market Cap	6,496	6,496	6,496	6,496	6,496
+ Net debt (cash)	315	225	117	-7	-157
+ Pension provisions	3	3	4	4	5
+ Off b/s financing	0	0	0	0	0
- Financial assets	14	14	14	14	14
- Acc. dividend payments	42	105	178	271	385
<i>EV Reconciliations</i>	263	110	-71	-287	-550
= Actual EV'	6,759	6,606	6,425	6,209	5,946
Adjusted FCF yield	3.1%	3.5%	4.3%	5.1%	6.2%
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	2,969	3,277	3,903	4,553	5,237
- <i>EV Reconciliations</i>	263	110	-71	-287	-550
Fair Market Cap	2,707	3,167	3,974	4,840	5,787
No. of shares (million)	100	100	100	100	100
Fair value per share in EUR	27.04	31.64	39.70	48.35	57.81
Premium (-) / discount (+)	-58.4%	-51.3%	-38.9%	-25.6%	-11.0%

Sensitivity analysis fair value						
Adjusted hurdle rate	5.0%	39	45	55	67	79
	6.0%	32	37	46	56	67
	7.0%	27	32	40	48	58
	8.0%	23	28	35	43	51
	9.0%	20	24	31	38	46

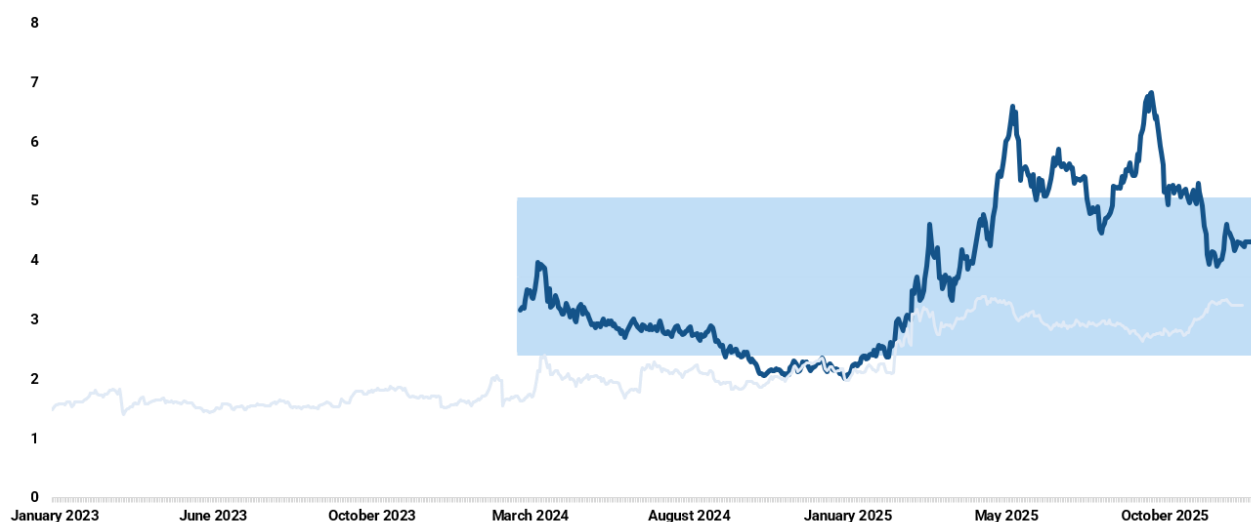
Source: Company data; mwb research

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.**

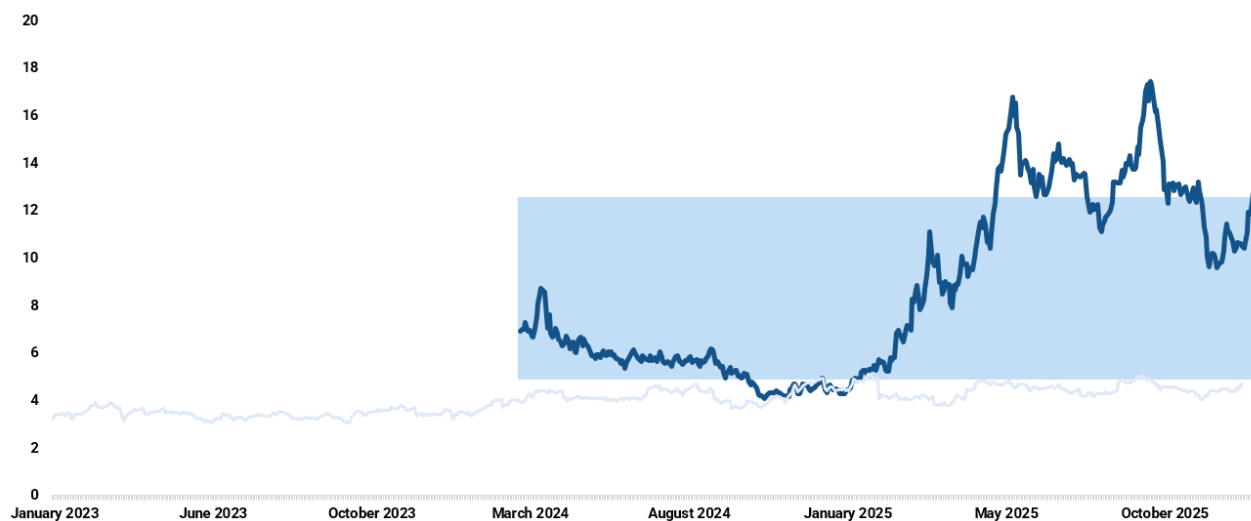
Historical Price to Earnings (FY1)



Historical EV to Sales (FY1)



Historical Price to Book (FY1)

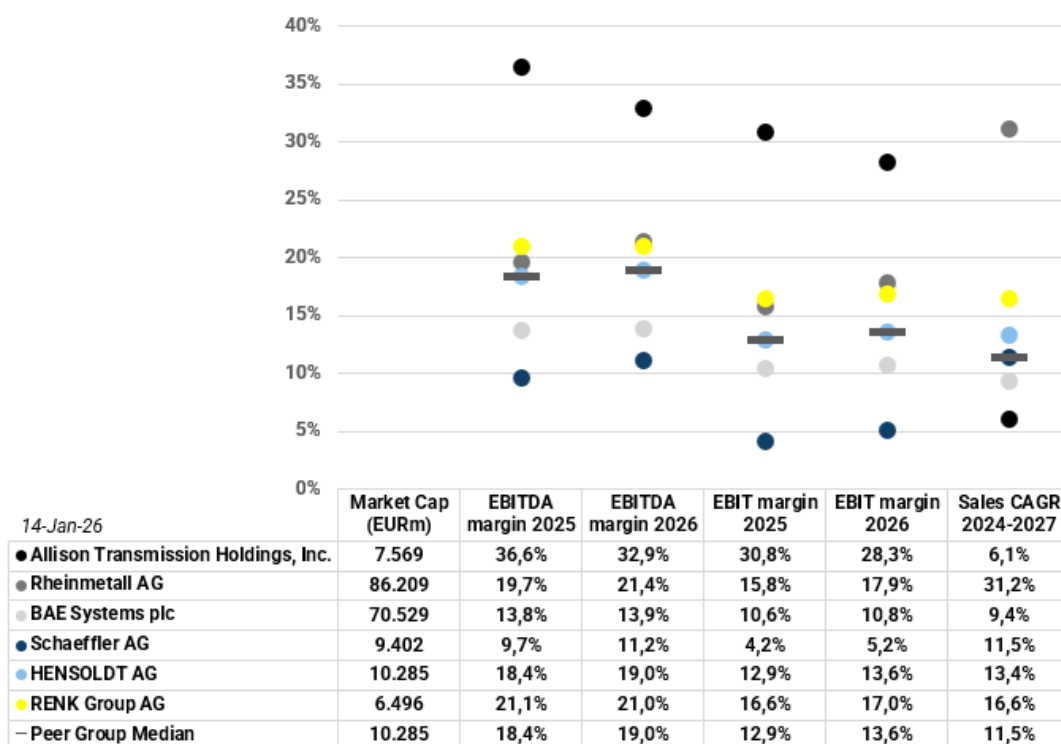


Source: FactSet, mwb research

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 **RENK Group 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 RENK Group AG consists of the stocks displayed in the graphs below. As of 15 January 2026 the median market cap of the peer group was EUR 10,285m, compared to EUR 6,502m for RENK Group AG. In the period under review, the peer group was less profitable than RENK Group AG. The expectations for sales growth are lower for the peer group than for RENK Group AG.

Peer Group – Key data

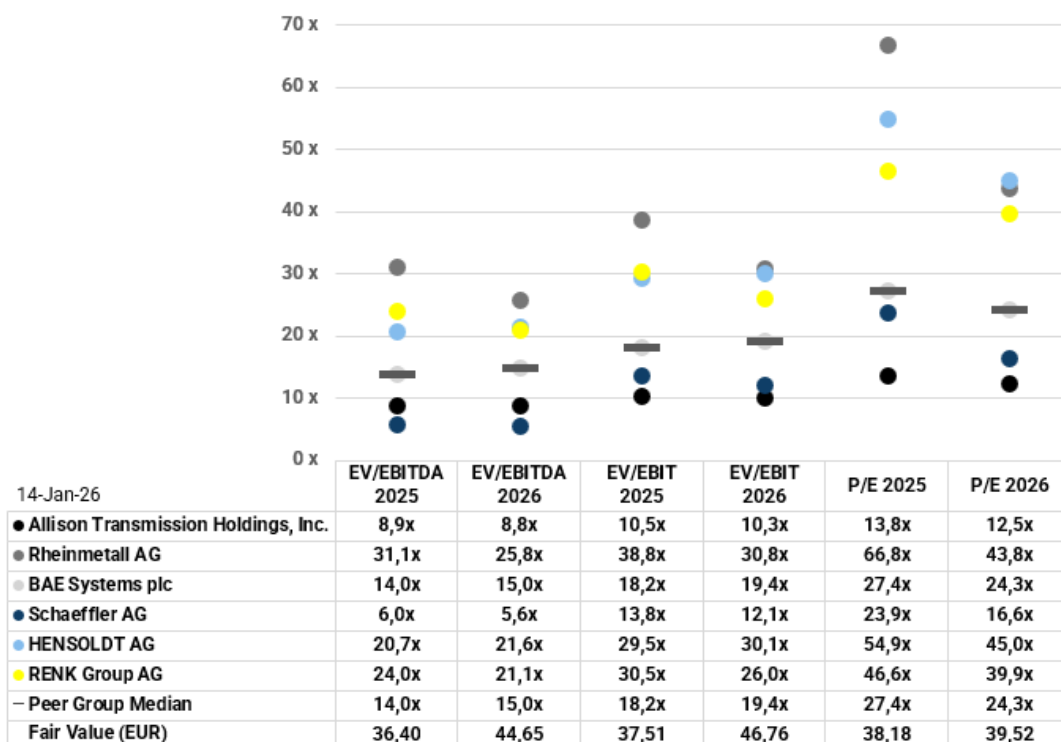


Source: FactSet, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2025, EV/EBITDA 2026, EV/EBIT 2025, EV/EBIT 2026, P/E 2025 and P/E 2026.

Applying these to RENK Group AG results in a range of fair values from EUR 36.40 to EUR 46.76.

Peer Group – Multiples and valuation

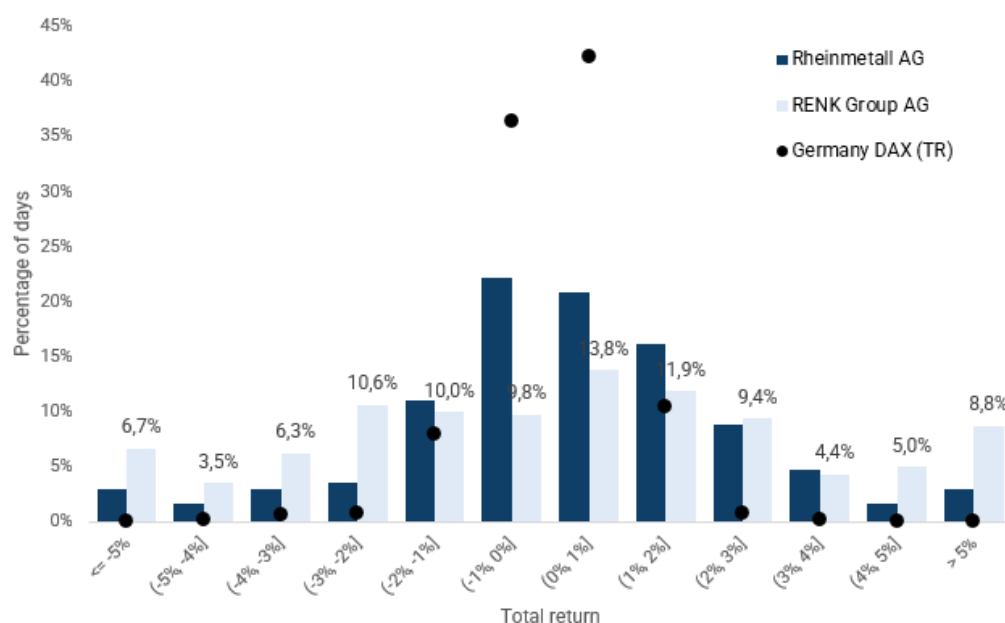


Source: FactSet, mwb research

Risk

The chart displays the **distribution of daily returns of RENK Group AG** over the last 3 years, compared to the same distribution for Rheinmetall 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 RENK Group AG, the worst day during the past 3 years was undefined/undefined/#N/A with a share price decline of #N/A%. The best day was undefined/undefined/#N/A when the share price increased by #N/A%.

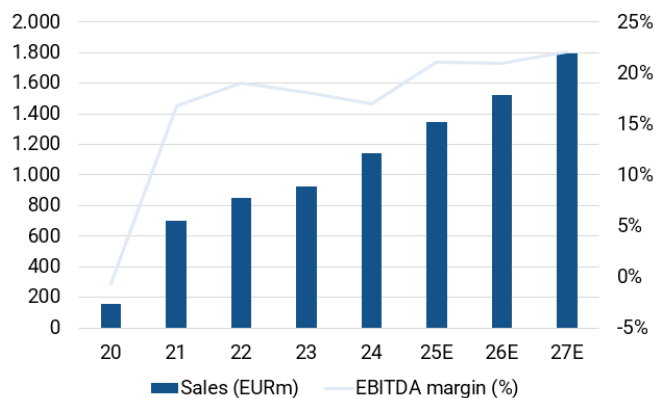
Risk – Daily Returns Distribution (trailing 3 years)



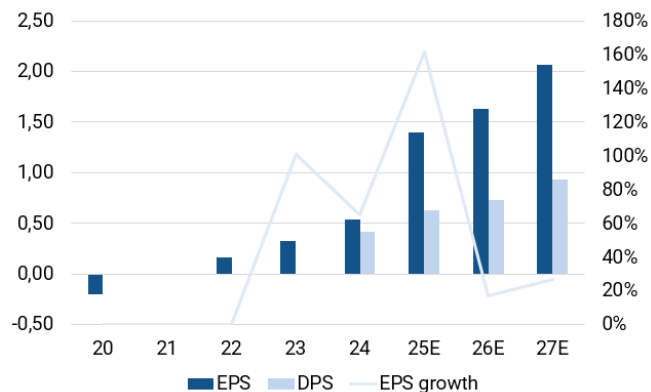
Source: FactSet, mwb research

Financials in six charts

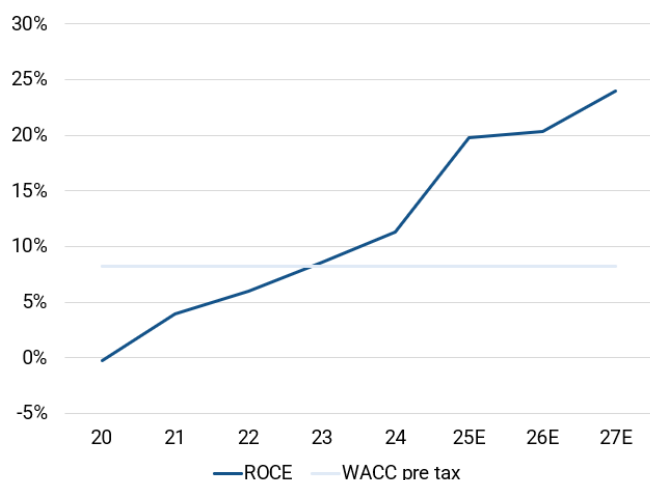
Sales vs. EBITDA margin development



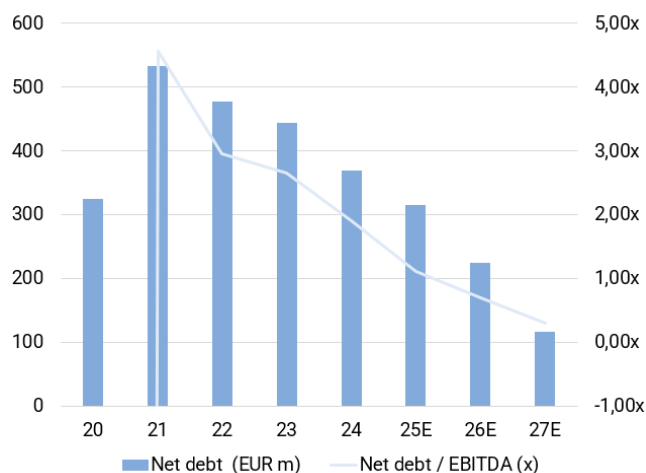
EPS, DPS in EUR & yoy EPS growth



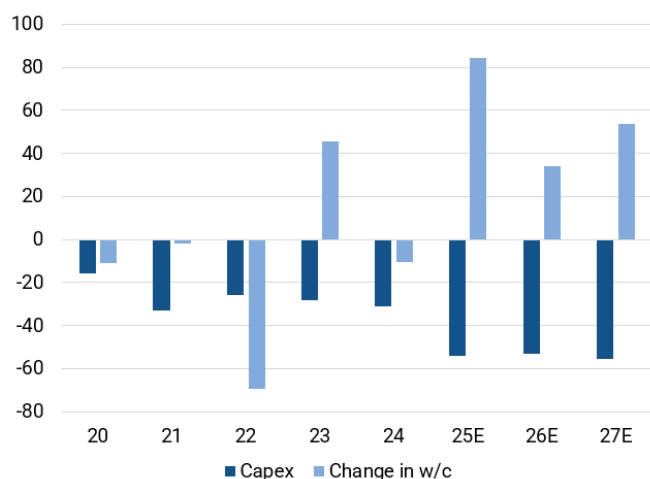
ROCE vs. WACC (pre tax)



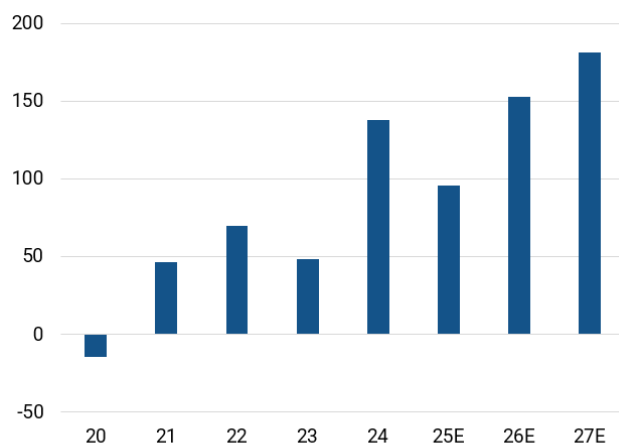
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2023	2024	2025E	2026E	2027E	2028E
Sales	926	1,141	1,346	1,521	1,794	2,107
Sales growth	9.0%	23.2%	18.0%	13.0%	18.0%	17.4%
Cost of sales	717	861	962	1,084	1,251	1,462
Gross profit	209	280	384	436	544	645
SG&A expenses	96	130	128	143	167	194
Research and development	22	29	30	32	36	42
Other operating expenses (income)	2	5	3	3	4	4
EBITDA	167	193	284	319	397	472
Depreciation	30	33	29	32	33	44
EBITA	137	160	255	287	363	428
Amortisation of goodwill and intangible assets	48	44	32	29	26	24
EBIT	89	116	223	258	337	404
Financial result	-42	-21	-32	-29	-29	-29
Recurring pretax income from continuing operations	47	95	191	229	308	375
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	47	95	191	229	308	375
Taxes	14	40	48	62	96	116
Net income from continuing operations	32	55	143	167	213	259
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	32	55	143	167	213	259
Minority interest	0	1	4	4	6	7
Net profit (reported)	32	53	140	163	207	252
Average number of shares	100.00	100.10	100.10	100.10	100.10	100.10
EPS reported	0.32	0.53	1.40	1.63	2.07	2.52

Profit and loss (common size)	2023	2024	2025E	2026E	2027E	2028E
Sales	100%	100%	100%	100%	100%	100%
Cost of sales	77%	75%	72%	71%	70%	69%
Gross profit	23%	25%	28%	29%	30%	31%
SG&A expenses	10%	11%	10%	9%	9%	9%
Research and development	2%	3%	2%	2%	2%	2%
Other operating expenses (income)	0%	0%	0%	0%	0%	0%
EBITDA	18%	17%	21%	21%	22%	22%
Depreciation	3%	3%	2%	2%	2%	2%
EBITA	15%	14%	19%	19%	20%	20%
Amortisation of goodwill and intangible assets	5%	4%	2%	2%	1%	1%
EBIT	10%	10%	17%	17%	19%	19%
Financial result	-5%	-2%	-2%	-2%	-2%	-1%
Recurring pretax income from continuing operations	5%	8%	14%	15%	17%	18%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	5%	8%	14%	15%	17%	18%
Taxes	2%	4%	4%	4%	5%	6%
Net income from continuing operations	3%	5%	11%	11%	12%	12%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	3%	5%	11%	11%	12%	12%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	3%	5%	10%	11%	12%	12%

Source: Company data; mwb research

Balance sheet (EURm)	2023	2024	2025E	2026E	2027E	2028E
Intangible assets (exl. Goodwill)	305	263	238	217	200	186
Goodwill	79	98	98	98	98	98
Property, plant and equipment	319	321	339	352	366	374
Financial assets	15	14	14	14	14	14
FIXED ASSETS	717	695	688	681	677	672
Inventories	326	391	435	481	552	641
Accounts receivable	260	279	321	362	428	502
Other current assets	40	26	26	26	26	26
Liquid assets	102	164	255	345	453	577
Deferred taxes	27	34	34	34	34	34
Deferred charges and prepaid expenses	0	0	0	0	0	0
CURRENT ASSETS	755	894	1,071	1,249	1,493	1,780
TOTAL ASSETS	1,473	1,589	1,759	1,930	2,169	2,452
SHAREHOLDERS EQUITY	404	441	542	647	786	952
MINORITY INTEREST	0	6	6	6	6	6
Long-term debt	528	527	550	550	550	100
Provisions for pensions and similar obligations	2	3	3	3	4	4
Other provisions	62	60	90	102	120	141
Non-current liabilities	591	590	643	655	674	245
short-term liabilities to banks	19	6	20	20	20	470
Accounts payable	124	117	127	140	158	180
Advance payments received on orders	172	231	202	228	269	316
Other liabilities (incl. from lease and rental contracts)	77	90	112	126	149	175
Deferred taxes	86	108	108	108	108	108
Deferred income	0	0	0	0	0	0
Current liabilities	477	553	568	622	704	1,249
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	1,473	1,589	1,759	1,930	2,169	2,452

Balance sheet (common size)	2023	2024	2025E	2026E	2027E	2028E
Intangible assets (excl. Goodwill)	21%	17%	14%	11%	9%	8%
Goodwill	5%	6%	6%	5%	5%	4%
Property, plant and equipment	22%	20%	19%	18%	17%	15%
Financial assets	1%	1%	1%	1%	1%	1%
FIXED ASSETS	49%	44%	39%	35%	31%	27%
Inventories	22%	25%	25%	25%	25%	26%
Accounts receivable	18%	18%	18%	19%	20%	20%
Other current assets	3%	2%	1%	1%	1%	1%
Liquid assets	7%	10%	14%	18%	21%	24%
Deferred taxes	2%	2%	2%	2%	2%	1%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	51%	56%	61%	65%	69%	73%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	27%	28%	31%	34%	36%	39%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	36%	33%	31%	29%	25%	4%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	4%	4%	5%	5%	6%	6%
Non-current liabilities	40%	37%	37%	34%	31%	10%
short-term liabilities to banks	1%	0%	1%	1%	1%	19%
Accounts payable	8%	7%	7%	7%	7%	7%
Advance payments received on orders	12%	15%	11%	12%	12%	13%
Other liabilities (incl. from lease and rental contracts)	5%	6%	6%	7%	7%	7%
Deferred taxes	6%	7%	6%	6%	5%	4%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	32%	35%	32%	32%	32%	51%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2023	2024	2025E	2026E	2027E	2028E
Net profit/loss	32	55	143	167	213	259
Depreciation of fixed assets (incl. leases)	30	33	29	32	33	44
Amortisation of goodwill	0	1	0	0	0	0
Amortisation of intangible assets	48	44	32	29	26	24
Others	11	26	30	12	19	22
Cash flow from operations before changes in w/c	122	158	234	240	291	348
Increase/decrease in inventory	-51	-65	-44	-46	-70	-89
Increase/decrease in accounts receivable	-32	-19	-42	-42	-65	-74
Increase/decrease in accounts payable	57	-7	10	13	18	23
Increase/decrease in other w/c positions	-20	101	-8	41	64	73
Increase/decrease in working capital	-45	11	-84	-34	-54	-68
Cash flow from operating activities	76	169	150	206	237	280
CAPEX	-28	-31	-54	-53	-56	-63
Payments for acquisitions	-34	0	0	0	0	0
Financial investments	5	7	0	0	0	0
Income from asset disposals	0	0	0	0	0	0
Cash flow from investing activities	-57	-24	-54	-53	-56	-63
Cash flow before financing	19	145	96	153	181	217
Increase/decrease in debt position	-50	-3	36	0	0	0
Purchase of own shares	0	0	0	0	0	0
Capital measures	2	3	0	0	0	0
Dividends paid	0	-30	-42	-63	-73	-93
Others	-32	-62	0	0	0	0
Effects of exchange rate changes on cash	-0	2	0	0	0	0
Cash flow from financing activities	-80	-89	-6	-63	-73	-93
Increase/decrease in liquid assets	-61	56	90	90	108	124
Liquid assets at end of period	109	164	255	345	453	577

Source: Company data; mwb research

Regional sales split (EURm)	2023	2024	2025E	2026E	2027E	2028E
Domestic	246	312	404	502	646	758
Europe (ex domestic)	271	298	377	441	538	632
The Americas	216	257	269	259	287	337
Asia	185	265	287	309	309	362
Rest of World	8	9	11	12	14	17
Total sales	926	1,141	1,346	1,521	1,794	2,107

Regional sales split (common size)	2023	2024	2025E	2026E	2027E	2028E
Domestic	26.6%	27.4%	30.0%	33.0%	36.0%	36.0%
Europe (ex domestic)	29.3%	26.1%	28.0%	29.0%	30.0%	30.0%
The Americas	23.3%	22.5%	20.0%	17.0%	16.0%	16.0%
Asia	20.0%	23.3%	21.3%	20.3%	17.2%	17.2%
Rest of World	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Ratios	2023	2024	2025E	2026E	2027E	2028E
Per share data						
Earnings per share reported	0.32	0.53	1.40	1.63	2.07	2.52
Cash flow per share	0.76	1.69	1.18	1.74	2.03	2.36
Book value per share	4.04	4.40	5.42	6.46	7.85	9.51
Dividend per share	0.00	0.42	0.63	0.73	0.93	1.13
Valuation						
P/E	200.8x	121.9x	46.6x	39.9x	31.4x	25.8x
P/CF	85.3x	38.5x	55.1x	37.4x	31.9x	27.5x
P/BV	16.1x	14.7x	12.0x	10.1x	8.3x	6.8x
Dividend yield (%)	0.0%	0.6%	1.0%	1.1%	1.4%	1.7%
FCF yield (%)	1.2%	2.6%	1.8%	2.7%	3.1%	3.6%
EV/Sales	7.5x	6.0x	5.1x	4.4x	3.7x	3.1x
EV/EBITDA	41.5x	35.6x	24.0x	21.1x	16.7x	13.8x
EV/EBIT	78.1x	59.3x	30.6x	26.1x	19.6x	16.1x
Income statement (EURm)						
Sales	926	1,141	1,346	1,521	1,794	2,107
yoy chg in %	9.0%	23.2%	18.0%	13.0%	18.0%	17.4%
Gross profit	209	280	384	436	544	645
Gross margin in %	22.5%	24.5%	28.5%	28.7%	30.3%	30.6%
EBITDA	167	193	284	319	397	472
EBITDA margin in %	18.1%	16.9%	21.1%	21.0%	22.1%	22.4%
EBIT	89	116	223	258	337	404
EBIT margin in %	9.6%	10.2%	16.6%	17.0%	18.8%	19.2%
Net profit	32	53	140	163	207	252
Cash flow statement (EURm)						
CF from operations	76	169	150	206	237	280
Capex	-28	-31	-54	-53	-56	-63
Maintenance Capex	0	0	32	32	33	44
Free cash flow	48	138	96	153	181	217
Balance sheet (EURm)						
Intangible assets	384	361	336	315	298	284
Tangible assets	319	321	339	352	366	374
Shareholders' equity	404	441	542	647	786	952
Pension provisions	2	3	3	3	4	4
Liabilities and provisions	610	596	663	675	694	715
Net financial debt	444	369	315	225	117	-7
w/c requirements	291	321	427	476	553	647
Ratios						
ROE	8.0%	12.4%	26.4%	25.9%	27.0%	27.2%
ROCE	8.8%	11.1%	18.4%	19.5%	22.7%	24.2%
Net gearing	109.9%	83.7%	58.1%	34.8%	14.9%	-0.7%
Net debt / EBITDA	2.7x	1.9x	1.1x	0.7x	0.3x	-0.0x

Source: Company data; mwb research

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