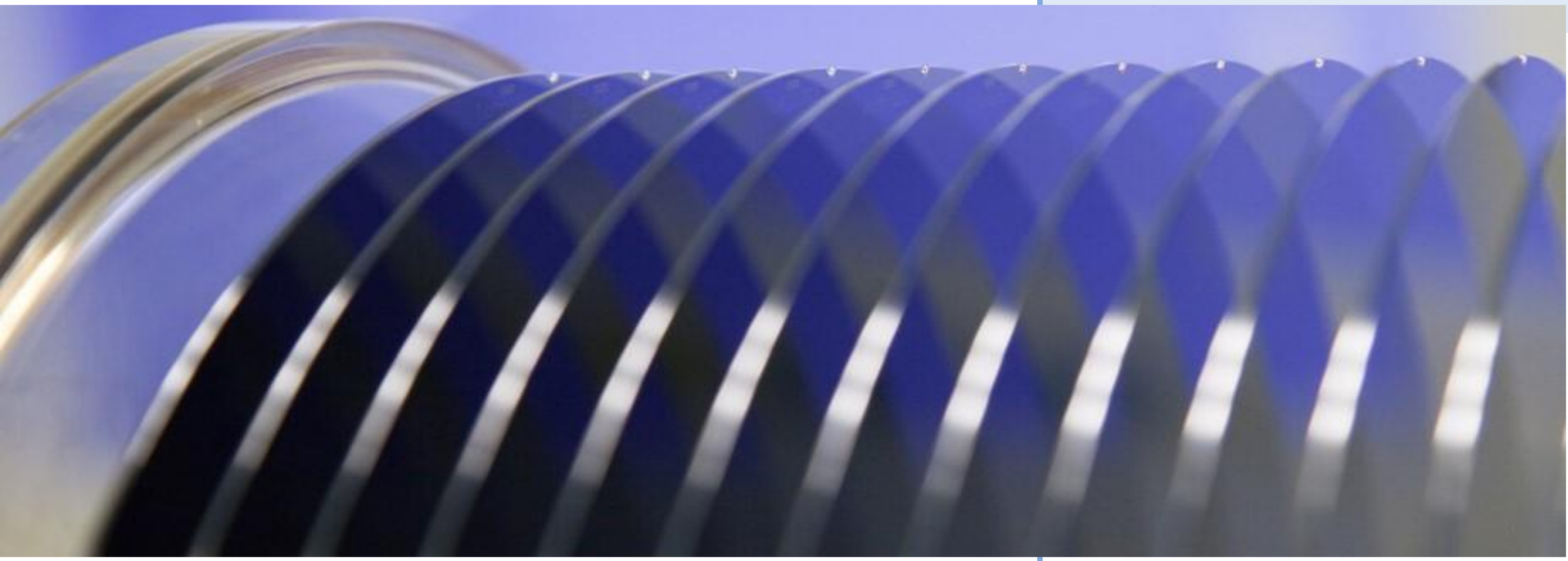
Siltronic AG

Germany | Technology | MCap EUR 1,450m

26 February 2025

UPDATE



Can Siltronic return to growth in 2026? BUY.

BUY (BUY)

Target price	**EUR 65.00** (65.00)
Current price	EUR 48.32
Up/downside	34.5%

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What's it all about?

Despite a second consecutive year of sales decline in 2024, Siltronic's downturn moderated, hinting at a potential inflection point as the broader industry grapples with elevated inventories and sluggish end-market demand. While stabilization is expected in 2025, driven by AI and smartphones alongside a gradual recovery in automotive and PC markets in H2, the real story unfolds in 2026. With inventory headwinds finally dissipating, a new growth cycle is expected to emerge, propelled by structural tailwinds in high yield 300mm leading edge wafers and a long-awaited rebound in 200mm wafers. With a compelling valuation and historical patterns of early market pricing of growth cycles, we view 2025 as a prime entry point ahead of the expected upswing in 2026. We maintain our BUY rating with a PT of EUR 65.00.

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Can Siltronic return to growth in 2026? BUY.

Can Siltronic defy expectations going forward despite ongoing inventory overhang and weak end-market demand?

Performance in 2023-2024. Siltronic's FY24 sales contracted for the second consecutive year, declining by approximately 7%. While still significant, this downturn was less severe than the 16% drop recorded in 2023. In 2024, the topline remained under pressure, primarily due to persistently high customer inventories, a headwind that has lingered since last 2023. Adding to the challenge, end-demand fell short of expectations, particularly in the automotive and industrial sectors. Although most end-markets showed yoy improvements in 2024, except for industrials, the rebound was not strong enough to offset the drag from elevated inventory levels. Notably, this weakness wasn't unique to Siltronic. Japan's Sumco also saw 7% sales drop in 2024, highlighting an industry-wide slowdown driven by similar dynamics.

What drives future demand. Looking ahead to 2025, Siltronic has guided flattish yoy sales, indicating a potential stabilization at lower levels. We believe this outlook is underpinned by strong demand for data centers and AI servers, moderate demand from smartphones, an acceleration in automotive and PC markets from H2 of 2025, and flattish to low-single-digit growth in industrials, driven by lower interest costs. Additionally, ongoing inventory digestion should provide further support to sales stabilization. Going into 2026, we believe Siltronic will return to a growth trajectory as inventories normalize after a prolonged three-year correction, exceeding on average the typical downcycle duration of end markets, removing a key overhang that has weighed on the topline. With this headwind fading, top-line growth should gain momentum, driven primarily by structural expansion in AI, high-performance computing, and smartphones, which are fueling demand for high-yield 300mm leading-edge wafers. Additionally, after a sluggish 2025, demand for 200mm wafers is expected to pick up as the automotive and lagging markets like industrial rebound from an extended downturn, likely marking the start of a new growth cycle in 2026.

A Gem in 2025. While sales in 2025 may remain flat, we see this as an entry opportunity given the attractive valuation, as history shows that waiting for clear signs of recovery is risky because markets price in growth ahead of the cycle. Thus, by the time demand surges, it might already be too late. BUY with a PT of 65.00 EUR.

Siltronic AG	2021	2022	2023	2024E	2025E	2026E
Sales	1,405	1,805	1,514	1,412	1,412	1,596
Growth yoy	16.4%	28.5%	-16.1%	-6.7%	0.0%	13.0%
EBITDA	468	674	435	364	364	537
EBIT	317	496	231	126	28	112
Net profit	253	391	184	72	5	66
Net debt (net cash)	-450	-271	441	837	970	769
Net debt/EBITDA	-1.0x	-0.4x	1.0x	2.3x	2.7x	1.4x
EPS reported	8.44	13.02	6.15	2.39	0.17	2.19
DPS	3.00	3.00	1.20	0.21	0.01	0.33
Dividend yield	6.2%	6.2%	2.5%	0.4%	0.0%	0.7%
Gross profit margin	31.4%	34.1%	24.6%	19.2%	13.0%	17.0%
EBITDA margin	33.3%	37.3%	28.7%	25.8%	25.8%	33.7%
EBIT margin	22.5%	27.5%	15.3%	8.9%	2.0%	7.0%
ROCE	16.7%	16.3%	6.9%	3.4%	0.8%	3.1%
EV/EBITDA	3.1x	2.0x	4.7x	6.7x	7.1x	4.5x
EV/EBIT	4.5x	2.7x	8.9x	19.3x	91.1x	21.4x
PER	5.7x	3.7x	7.9x	20.3x	280.4x	22.0x
FCF yield	32.6%	51.9%	31.6%	-5.1%	-3.6%	19.5%

Source: Company data, mwb research

Source: Company data, mwb research

High/low 52 weeks	89.75 / 36.44
Price/Book Ratio	0.8x

Ticker / Symbols

ISIN	DE000WAF3001
WKN	WAF300
Bloomberg	WAF:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	1,412	126	2.39
	Δ	0.0%	0.0%	0.0%
2025E	old	1,412	28	0.17
	Δ	0.0%	0.0%	0.0%
2026E	old	1,596	112	2.19
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs)	30.00
Book value per share: (in EUR)	63.48
Ø trading vol.: (12 months)	67,074

Major shareholders

Wacker Chemie AG	30.8%
Sino-American Silicon Products	13.7%
Free Float	55.5%

Company description

Siltronic AG is the only Western-based wafer manufacturer with a global presence, supplying hyperpure silicon wafers with diameters of up to 300mm to leading customers in the semiconductor industry. Siltronic is a customer-focused company with a commitment to quality, precision, growth and innovation.

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

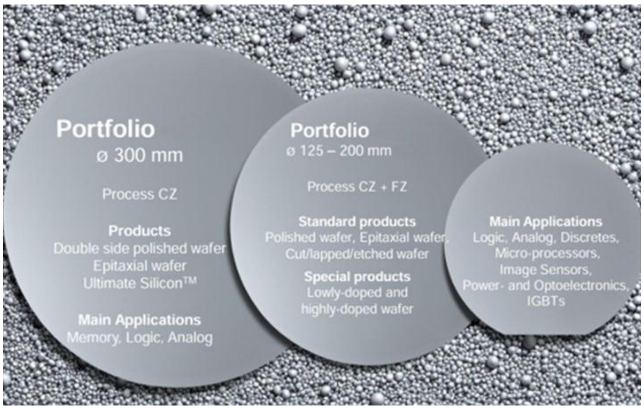
P&L data	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Sales	404.4	403.7	349.1	356.6	343.5	351.3	357.3	361.0
yoy growth in %	-3.0%	-8.7%	-26.4%	-24.5%	-15.1%	-13.0%	2.3%	1.2%
Gross profit	116.2	101.1	75.7	79.2	70.1	70.6	69.2	na
Gross margin in %	28.7%	25.0%	21.7%	22.2%	20.4%	20.1%	19.4%	na%
EBITDA	125.2	111.4	90.2	91.1	90.8	90.6	89.4	93.0
EBITDA margin in %	31.0%	27.6%	25.8%	25.5%	26.4%	25.8%	25.0%	25.8%
EBIT	77.8	63.1	37.6	36.8	36.0	33.0	28.9	27.0
EBIT margin in %	19.2%	15.6%	10.8%	10.3%	10.5%	9.4%	8.1%	7.5%
EBT	81.9	69.6	44.7	34.6	32.9	26.2	22.3	na
taxes paid	9.4	8.2	9.6	2.3	5.2	3.8	3.5	na
tax rate in %	11.5%	11.8%	21.5%	6.6%	15.8%	14.5%	15.7%	na%
net profit	72.5	54.9	33.1	32.3	27.7	22.4	18.8	na
yoy growth in %	-30.4%	-31.3%	-66.8%	-69.8%	-61.8%	-59.2%	-43.2%	na%
EPS	**2.20**	**1.83**	**1.10**	**1.01**	**0.86**	**0.73**	**0.60**	**na**

Source: Company data; mwb research

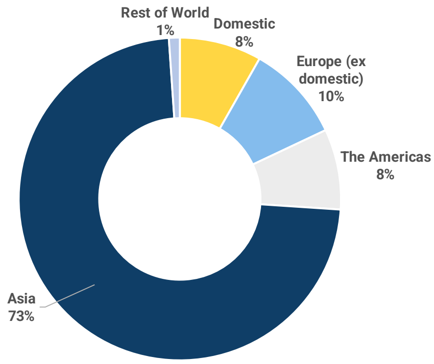
mwb research

Investment case in six charts

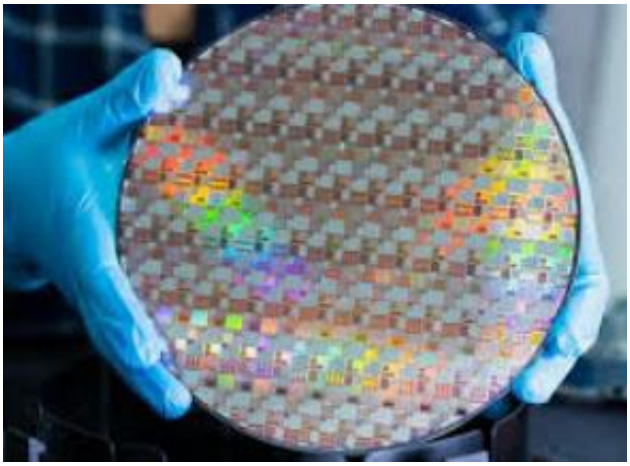
Products & Services



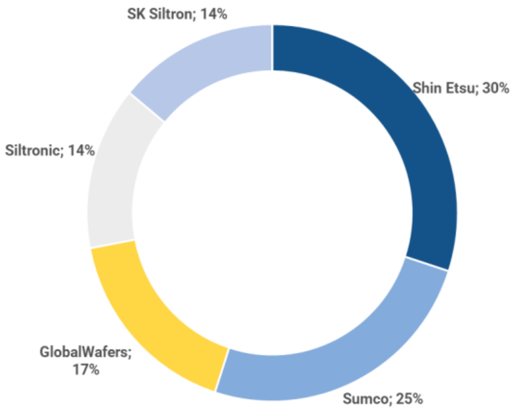
Regional sales split in %



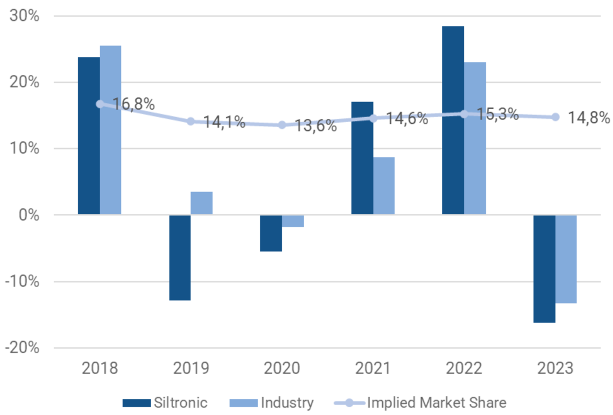
Silicon Wafer



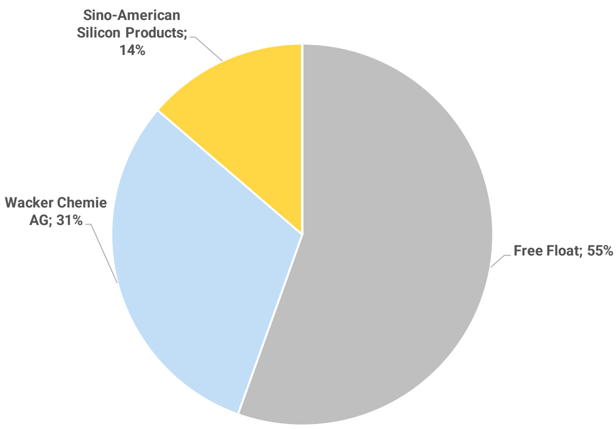
Market Share of Top 5 Wafer Producers



Silicon Wafer Growth (€)



Shareholder Structure



Source: Company data; mwb research

SWOT analysis

Strengths

- Know-how with over 50 years of experience in silicon technologies and innovations
- The only Western-based wafer supplier with a global presence, enabling reliable and fast supply
- One of the top players in the leading-edge 300mm wafers and 200 Float Zone based activities tailored for the power segment
- Well-diversified and robust product mix in the memory, logic, and especially in the power segment
- Transparent and predictable market due to highly consolidated industry

Weaknesses

- High dependency on the semiconductor industry and it's cyclical nature
- Heavy reliance on key customers for a significant portion of revenue (66% of revenue is attributed to 10 top customers)
- High fixed cost

Opportunities

- Leveraging growth potential from the Megatrends such as AI, digitalization, and electromobility
- Target growth opportunities in Asian and emerging markets
- Improving profitability through cost and production optimization

Threats

- Failing to adapt with the rapid technological changes
- Geopolitical tension and upcoming competition from China may impact demand

Valuation

DCF Model

The DCF model results in a **fair value of EUR 65.34 per share**:

Top-line growth: We expect Siltronic AG to grow revenues at a CAGR of 4.2% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 3.4% in 2024E to 4.5% in 2031E.

WACC. Starting point is a historical equity beta of 1.25. 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 8.4%. With pre-tax cost of borrowing at 5.0%, a tax rate of 20% and target debt/equity of 0.2 this results in a long-term WACC of 7.6%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	93	22	82	92	115	131	147	129	
Depreciation & amortization	238	336	426	431	451	503	490	480	
Change in working capital	-149	-156	-21	-65	-58	-50	3	3	
Chg. in long-term provisions	-5	0	42	22	19	8	8	9	
Capex	-523	-311	-319	-305	-338	-417	-425	-434	
Cash flow	-347	-109	209	176	190	175	223	188	3,397
Present value	-351	-103	182	141	142	121	143	112	2,052
WACC	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.9%	7.6%

DCF per share derived from	
Total present value	2,441
Mid-year adj. total present value	2,535
Net debt / cash at start of year	441
Financial assets	38
Provisions and off b/s debt	172
Equity value	1,960
No. of shares outstanding	30.0
Discounted cash flow / share	**65.34**
upside/(downside)	**35.2%**
Share price	**48.32**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	4.2%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	4.5%
Terminal year WACC	7.6%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	20%
Equity beta	1.25
Unlevered beta (industry or company)	0.92
Target debt / equity	0.2
Relevered beta	1.06
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	8.4%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	33.2	35.9	39.0	42.5	46.5
1.0%	42.3	45.9	50.2	55.1	60.9
0.0%	54.0	59.2	65.3	72.6	81.5
-1.0%	70.0	77.7	87.0	98.5	113.3
-2.0%	92.8	104.9	120.4	140.9	169.0

Share of present value	
2024E-2027E	-5.3%
2028E-2031E	21.2%
terminal value	84.1%

Source: mwb research

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 16.80 per share based on 2024E and EUR 141.03 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	**364**	**364**	**537**	**557**	**609**
- Maintenance capex	237	237	237	237	237
- Minorities	8	1	7	8	11
- tax expenses	20	1	18	21	28
= Adjusted FCF	**100**	**125**	**275**	**290**	**333**
Actual Market Cap	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**
+ Net debt (cash)	837	970	769	611	447
+ Pension provisions	155	155	176	186	195
+ Off b/s financing	0	0	0	0	0
- Financial assets	38	38	38	38	38
- Acc. dividend payments	36	42	43	53	75
EV Reconciliations	919	1,045	864	706	529
= Actual EV'	**2,368**	**2,494**	**2,314**	**2,156**	**1,979**
Adjusted FCF yield	**4.2%**	**5.0%**	**11.9%**	**13.5%**	**16.8%**
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	**1,423**	**1,790**	**3,932**	**4,148**	**4,760**
- EV Reconciliations	919	1,045	864	706	529
Fair Market Cap	**504**	**745**	**3,068**	**3,441**	**4,231**
No. of shares (million)	30	30	30	30	30
Fair value per share in EUR	**16.80**	**24.84**	**102.27**	**114.71**	**141.03**
Premium (-) / discount (+)	**-65.2%**	**-48.6%**	**111.6%**	**137.4%**	**191.9%**

Sensitivity analysis fair value						
	5.0%	36	49	155	170	204
	6.0%	25	35	124	138	167
Adjusted hurdle rate	**7.0%**	**17**	**25**	**102**	**115**	**141**
	8.0%	11	17	86	97	121
	9.0%	6	12	73	84	106

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.**

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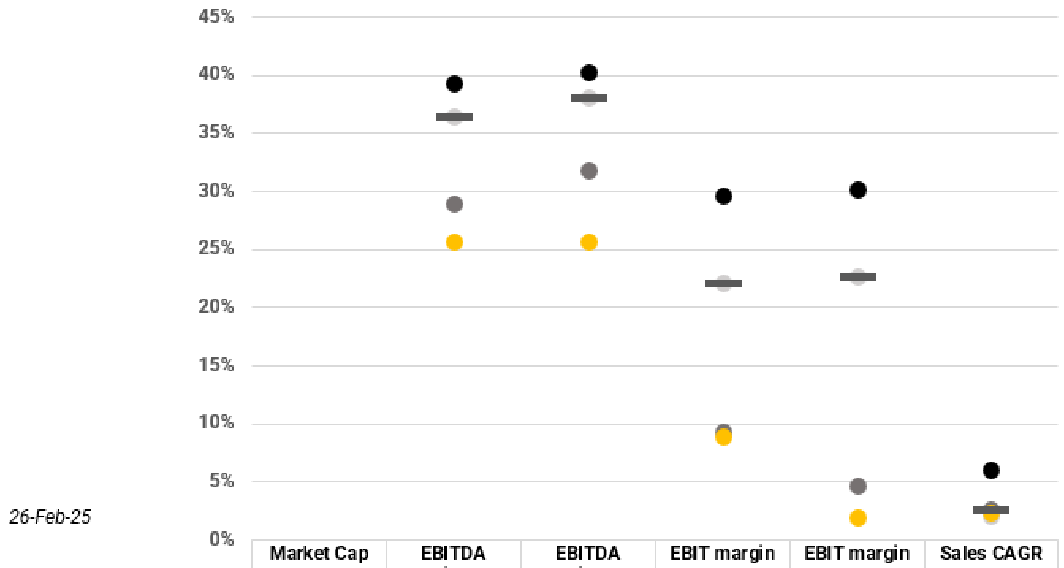
Peer group analysis

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 **Siltronic 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 Siltronic AG consists of the stocks displayed in the graphs below. As of 26 February 2025 the median market cap of the peer group was EUR 5,297m, compared to EUR 1,450m for Siltronic AG. In the period under review, the peer group was more profitable than Siltronic AG. The expectations for sales growth are higher for the peer group than for Siltronic AG.

Peer Group – Key data



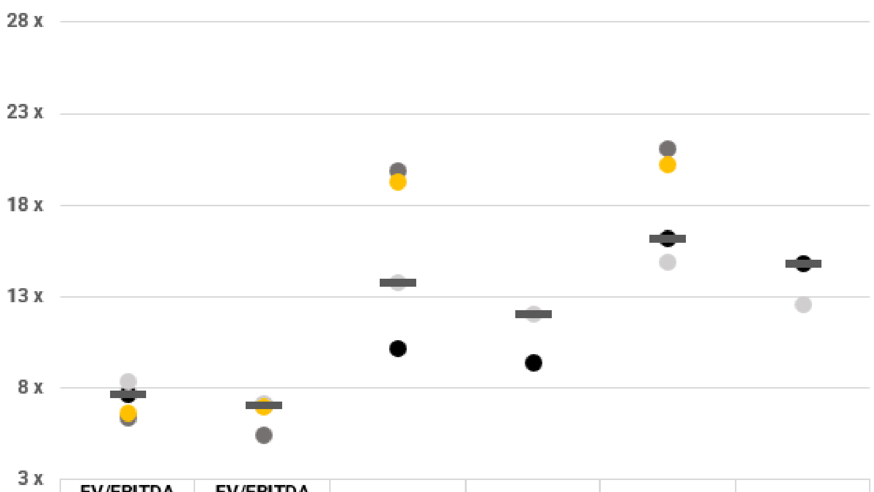
	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
● Shin-Etsu Chemical Co Ltd	58.747	39,3%	40,2%	29,6%	30,3%	6,1%
● SUMCO Corporation	2.684	29,0%	31,9%	9,3%	4,7%	2,7%
● GlobalWafers Co., Ltd.	5.297	36,6%	38,2%	22,2%	22,7%	2,1%
● Siltronic AG	1.450	25,8%	25,8%	8,9%	2,0%	2,4%
– Peer Group Median	5.297	36,6%	38,2%	22,2%	22,7%	2,7%

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 Siltronic AG results in a range of fair values from EUR 7.12 to EUR 60.61.

Peer Group – Multiples and valuation



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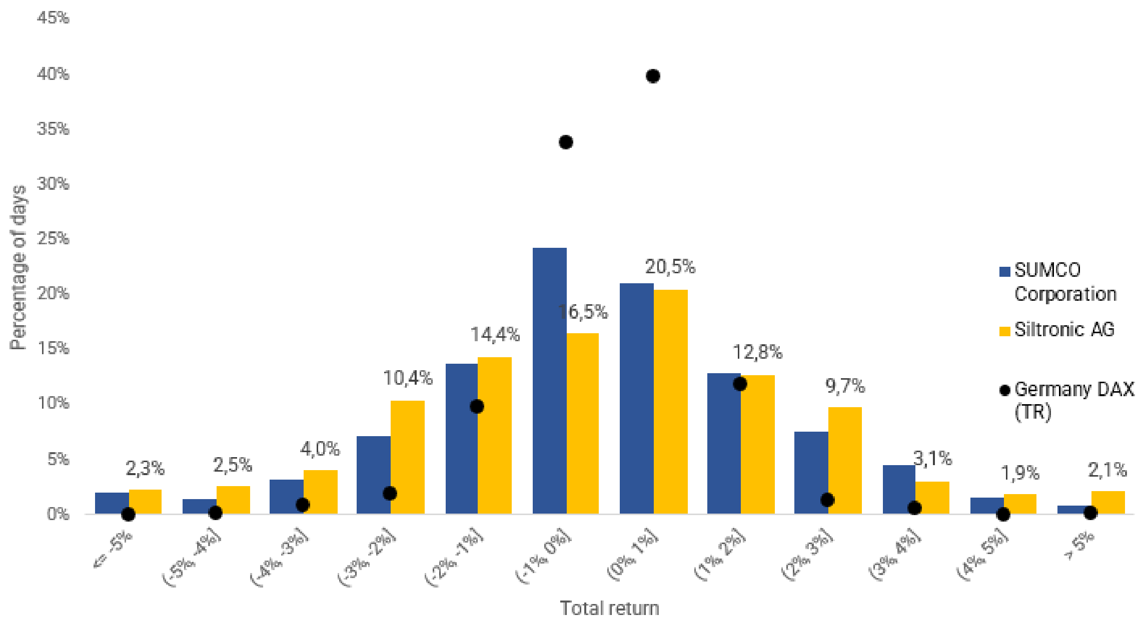
	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
● Shin-Etsu Chemical Co Ltd	7,7x	7,1x	10,3x	9,4x	16,3x	14,9x
● SUMCO Corporation	6,4x	5,5x	20,0x	37,3x	21,1x	39,0x
● GlobalWafers Co., Ltd.	8,4x	7,2x	13,8x	12,1x	14,9x	12,6x
● Siltronic AG	6,7x	7,1x	19,3x	91,1x	20,3x	280,4x
– Peer Group Median	7,7x	7,1x	13,8x	12,1x	16,3x	14,9x
Fair Value (EUR)	60,61	52,84	25,25	-21,70	38,80	2,56

Source: FactSet, mwb research

Risk

The chart displays the **distribution of daily returns of Siltronic AG** over the last 3 years, compared to the same distribution for SUMCO Corporation. 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 Siltronic AG, the worst day during the past 3 years was 24/02/2023 with a share price decline of -9.0%. The best day was 09/03/2022 when the share price increased by 12.4%.

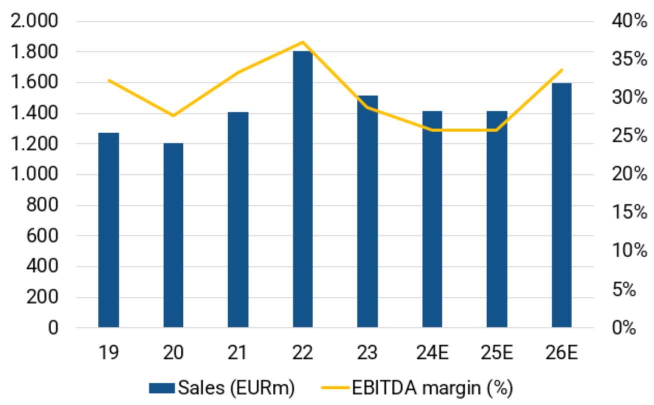
Risk – Daily Returns Distribution (trailing 3 years)



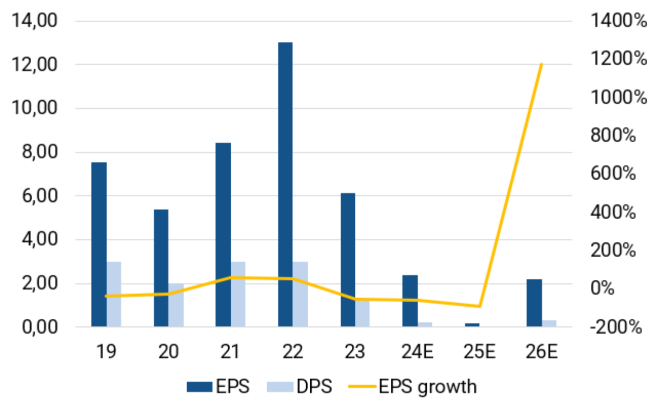
Source: FactSet, mwb research

Financials in six charts

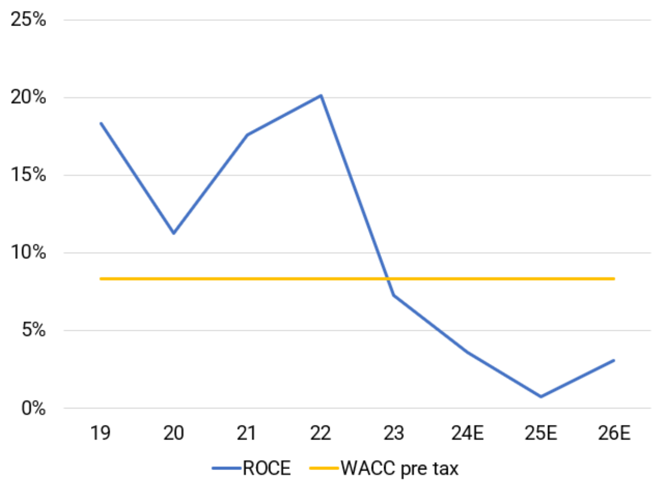
Sales vs. EBITDA margin development



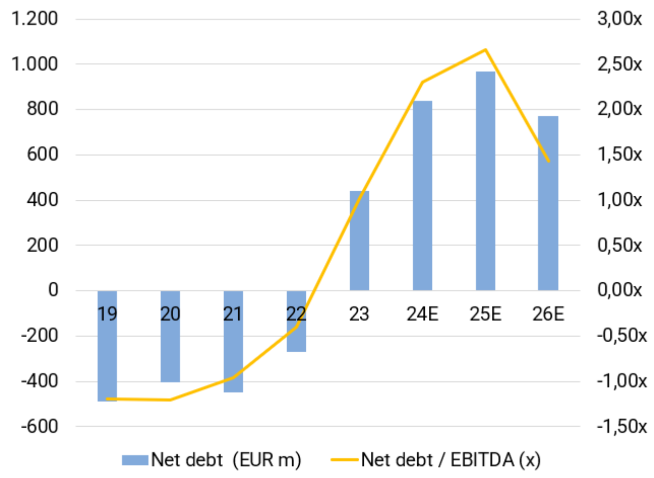
EPS, DPS in EUR & yoy EPS growth



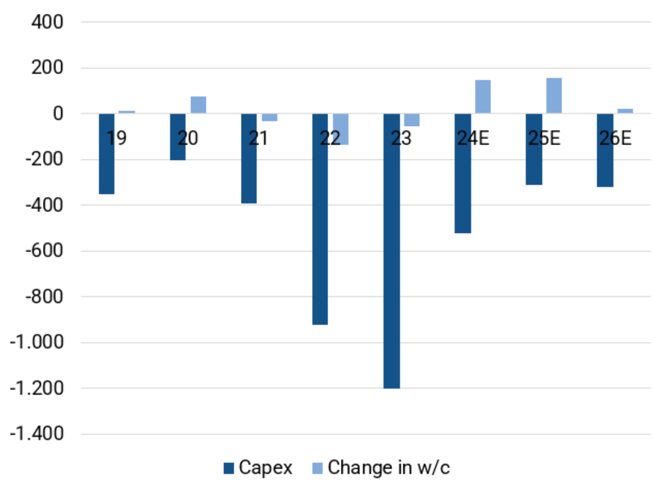
ROCE vs. WACC (pre tax)



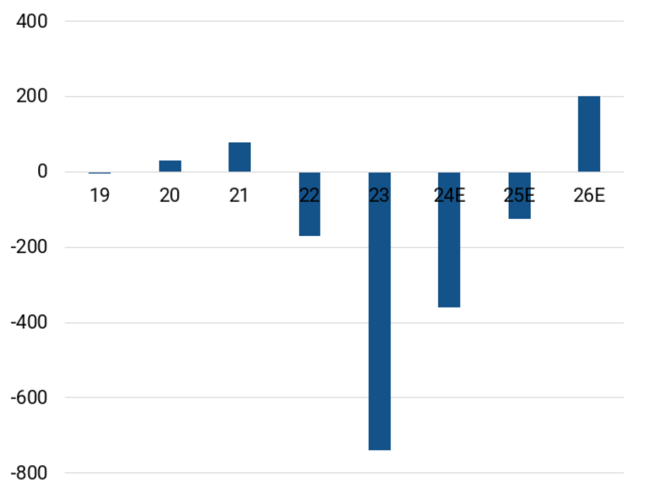
Net debt and net debt/EBITDA



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	**1,405**	**1,805**	**1,514**	**1,412**	**1,412**	**1,596**
Sales growth	16.4%	28.5%	-16.1%	-6.7%	0.0%	13.0%
Cost of sales	964	1,190	1,142	1,141	1,229	1,325
Gross profit	**441**	**615**	**372**	**271**	**184**	**271**
SG&A expenses	67	68	71	64	71	72
Research and development	80	90	88	82	85	93
Other operating expenses (income)	-23	-38	-17	-1	0	-5
EBITDA	**468**	**674**	**435**	**364**	**364**	**537**
Depreciation	150	176	203	237	335	426
EBITA	319	498	233	127	29	112
Amortisation of goodwill and intangible assets	2	2	1	1	0	0
EBIT	**317**	**496**	**231**	**126**	**28**	**112**
Financial result	1	-9	-1	-27	-21	-20
Recurring pretax income from continuing operations	318	487	231	99	7	91
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	318	487	231	99	7	91
Taxes	29	53	30	20	1	18
Net income from continuing operations	290	434	201	80	6	73
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	**290**	**434**	**201**	**80**	**6**	**73**
Minority interest	-36	-44	-17	-8	-1	-7
Net profit (reported)	253	391	184	72	5	66
Average number of shares	30.00	30.00	30.00	30.00	30.00	30.00
EPS reported	**8.44**	**13.02**	**6.15**	**2.39**	**0.17**	**2.19**

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Cost of sales	69%	66%	75%	81%	87%	83%
Gross profit	**31%**	**34%**	**25%**	**19%**	**13%**	**17%**
SG&A expenses	5%	4%	5%	5%	5%	5%
Research and development	6%	5%	6%	6%	6%	6%
Other operating expenses (income)	-2%	-2%	-1%	-0%	0%	-0%
EBITDA	**33%**	**37%**	**29%**	**26%**	**26%**	**34%**
Depreciation	11%	10%	13%	17%	24%	27%
EBITA	23%	28%	15%	9%	2%	7%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	**23%**	**27%**	**15%**	**9%**	**2%**	**7%**
Financial result	0%	-0%	-0%	-2%	-1%	-1%
Recurring pretax income from continuing operations	23%	27%	15%	7%	1%	6%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	23%	27%	15%	7%	1%	6%
Taxes	2%	3%	2%	1%	0%	1%
Net income from continuing operations	21%	24%	13%	6%	0%	5%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**21%**	**24%**	**13%**	**6%**	**0%**	**5%**
Minority interest	-3%	-2%	-1%	-1%	-0%	-0%
Net profit (reported)	**18%**	**22%**	**12%**	**5%**	**0%**	**4%**

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (exl. Goodwill)	**3**	**1**	**2**	**1**	**0**	**0**
Goodwill	21	21	21	21	21	21
Property, plant and equipment	1,379	2,343	3,439	3,725	3,701	3,594
Financial assets	59	54	38	38	38	38
FIXED ASSETS	**1,461**	**2,418**	**3,499**	**3,784**	**3,759**	**3,653**
Inventories	212	278	301	256	242	261
Accounts receivable	183	237	175	174	174	197
Other current assets	32	33	34	34	34	34
Liquid assets	555	1,041	463	373	290	241
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	13	44	32	28	28	32
CURRENT ASSETS	**995**	**1,633**	**1,006**	**866**	**770**	**765**
TOTAL ASSETS	**2,455**	**4,051**	**4,505**	**4,650**	**4,529**	**4,418**
SHAREHOLDERS EQUITY	**1,190**	**1,885**	**1,904**	**1,948**	**1,947**	**2,020**
MINORITY INTEREST	129	182	195	195	195	195
Long-term debt	100	761	895	1,200	1,250	1,000
Provisions for pensions and similar obligations	434	143	172	155	155	176
Other provisions	42	50	159	169	169	192
Non-current liabilities	**575**	**954**	**1,225**	**1,525**	**1,575**	**1,367**
short-term liabilities to banks	6	10	10	10	10	10
Accounts payable	164	336	453	313	269	272
Advance payments received on orders	287	562	589	551	424	431
Other liabilities (incl. from lease and rental contracts)	48	54	79	56	56	64
Deferred taxes	2	3	3	3	3	3
Deferred income	54	64	48	49	49	56
Current liabilities	**562**	**1,030**	**1,180**	**982**	**811**	**835**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**2,455**	**4,051**	**4,505**	**4,650**	**4,529**	**4,418**

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Goodwill	1%	1%	0%	0%	0%	0%
Property, plant and equipment	56%	58%	76%	80%	82%	81%
Financial assets	2%	1%	1%	1%	1%	1%
FIXED ASSETS	**59%**	**60%**	**78%**	**81%**	**83%**	**83%**
Inventories	9%	7%	7%	6%	5%	6%
Accounts receivable	7%	6%	4%	4%	4%	4%
Other current assets	1%	1%	1%	1%	1%	1%
Liquid assets	23%	26%	10%	8%	6%	5%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	1%	1%	1%	1%	1%	1%
CURRENT ASSETS	**41%**	**40%**	**22%**	**19%**	**17%**	**17%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**48%**	**47%**	**42%**	**42%**	**43%**	**46%**
MINORITY INTEREST	5%	4%	4%	4%	4%	4%
Long-term debt	4%	19%	20%	26%	28%	23%
Provisions for pensions and similar obligations	18%	4%	4%	3%	3%	4%
Other provisions	2%	1%	4%	4%	4%	4%
Non-current liabilities	**23%**	**24%**	**27%**	**33%**	**35%**	**31%**
short-term liabilities to banks	0%	0%	0%	0%	0%	0%
Accounts payable	7%	8%	10%	7%	6%	6%
Advance payments received on orders	12%	14%	13%	12%	9%	10%
Other liabilities (incl. from lease and rental contracts)	2%	1%	2%	1%	1%	1%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	2%	2%	1%	1%	1%	1%
Current liabilities	**23%**	**25%**	**26%**	**21%**	**18%**	**19%**
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	290	434	201	80	6	73
Depreciation of fixed assets (incl. leases)	150	176	203	237	335	426
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	1	0	0
Others	3	6	-2	-5	0	42
Cash flow from operations before changes in w/c	442	616	402	312	341	541
Increase/decrease in inventory	-42	-58	-28	44	14	-19
Increase/decrease in accounts receivable	-21	-43	54	0	0	-23
Increase/decrease in accounts payable	-6	11	10	-140	-43	3
Increase/decrease in other w/c positions	99	225	20	-54	-127	17
Increase/decrease in working capital	31	136	56	-149	-156	-21
Cash flow from operating activities	**472**	**752**	**458**	**162**	**185**	**520**
CAPEX	-393	-923	-1,199	-523	-311	-319
Payments for acquisitions	0	0	0	0	0	0
Financial investments	70	-412	567	0	0	0
Income from asset disposals	0	0	3	0	0	0
Cash flow from investing activities	**-322**	**-1,334**	**-629**	**-523**	**-311**	**-319**
Cash flow before financing	150	-583	-171	-360	-126	200
Increase/decrease in debt position	-5	667	133	305	50	-250
Purchase of own shares	0	0	0	0	0	0
Capital measures	0	0	0	0	0	0
Dividends paid	-60	-90	-90	-36	-6	-0
Others	0	0	0	0	0	0
Effects of exchange rate changes on cash	15	17	-4	0	0	0
Cash flow from financing activities	**-49**	**594**	**39**	**269**	**44**	**-250**
Increase/decrease in liquid assets	101	12	-132	-91	-82	-50
Liquid assets at end of period	**424**	**489**	**386**	**295**	**213**	**163**

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	104	132	125	116	116	131
Europe (ex domestic)	146	197	148	138	138	156
The Americas	137	185	122	114	114	129
Asia	1,008	1,272	1,103	1,029	1,029	1,163
Rest of World	10	19	17	15	15	17
Total sales	**1,405**	**1,805**	**1,514**	**1,412**	**1,412**	**1,596**

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	7.4%	7.3%	8.2%	8.2%	8.2%	8.2%
Europe (ex domestic)	10.4%	10.9%	9.8%	9.8%	9.8%	9.8%
The Americas	9.8%	10.3%	8.1%	8.1%	8.1%	8.1%
Asia	71.7%	70.4%	72.9%	72.9%	72.9%	72.9%
Rest of World	0.7%	1.1%	1.1%	1.1%	1.1%	1.1%
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	8.44	13.02	6.15	2.39	0.17	2.19
Cash flow per share	15.75	25.06	15.28	-2.48	-1.72	9.43
Book value per share	39.66	62.83	63.48	64.93	64.91	67.33
Dividend per share	3.00	3.00	1.20	0.21	0.01	0.33
Valuation						
P/E	5.7x	3.7x	7.9x	20.3x	280.4x	22.0x
P/CF	3.1x	1.9x	3.2x	-19.5x	-28.1x	5.1x
P/BV	1.2x	0.8x	0.8x	0.7x	0.7x	0.7x
Dividend yield (%)	6.2%	6.2%	2.5%	0.4%	0.0%	0.7%
FCF yield (%)	32.6%	51.9%	31.6%	-5.1%	-3.6%	19.5%
EV/Sales	1.0x	0.7x	1.4x	1.7x	1.8x	1.5x
EV/EBITDA	3.1x	2.0x	4.7x	6.7x	7.1x	4.5x
EV/EBIT	4.5x	2.7x	8.9x	19.3x	91.1x	21.4x
Income statement (EURm)						
Sales	1,405	1,805	1,514	1,412	1,412	1,596
yoy chg in %	16.4%	28.5%	-16.1%	-6.7%	0.0%	13.0%
Gross profit	441	615	372	271	184	271
Gross margin in %	31.4%	34.1%	24.6%	19.2%	13.0%	17.0%
EBITDA	468	674	435	364	364	537
EBITDA margin in %	33.3%	37.3%	28.7%	25.8%	25.8%	33.7%
EBIT	317	496	231	126	28	112
EBIT margin in %	22.5%	27.5%	15.3%	8.9%	2.0%	7.0%
Net profit	253	391	184	72	5	66
Cash flow statement (EURm)						
CF from operations	472	752	458	162	185	520
Capex	-393	-923	-1,199	-523	-311	-319
Maintenance Capex	0	0	0	237	237	237
Free cash flow	80	-171	-740	-360	-126	200
Balance sheet (EURm)						
Intangible assets	23	22	22	21	21	21
Tangible assets	1,379	2,343	3,439	3,725	3,701	3,594
Shareholders' equity	1,190	1,885	1,904	1,948	1,947	2,020
Pension provisions	434	143	172	155	155	176
Liabilities and provisions	581	964	1,235	1,535	1,585	1,377
Net financial debt	-450	-271	441	837	970	769
w/c requirements	-57	-384	-566	-433	-277	-245
Ratios						
ROE	24.3%	23.0%	10.6%	4.1%	0.3%	3.6%
ROCE	16.7%	16.3%	6.9%	3.4%	0.8%	3.1%
Net gearing	-37.8%	-14.4%	23.2%	43.0%	49.8%	38.1%
Net debt / EBITDA	-1.0x	-0.4x	1.0x	2.3x	2.7x	1.4x

Source: Company data; mwb research

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