

# Zalando SE

Germany | Retail | MCap EUR 8,066m

7 May 2025

UPDATE



Resilient Q1 results. FY  
2025 outlook confirmed.  
BUY.

**BUY** (BUY)

<b>Target price</b>	<b>EUR 39.00</b> (39.00)
Current price	EUR 31.13
Up/downside	25.3%



## What's it all about?

Zalando posted a solid Q1 2025, with revenue up 7.9% yoy to EUR 2,420m, 2% above consensus. Growth was driven by B2B (+11.6% yoy) and B2C (+7.6% yoy to EUR 2,200m), supported by strong end-of-season sales and demand for spring/summer collections. GMV rose 6.5% yoy to EUR 3,500m. Adjusted EBIT surged 65% yoy to EUR 46.7m (1% below consensus), with margin up 70bps yoy to 1.9% on strong gross margins (+90bps yoy to 39.1%), offsetting higher marketing costs. FY 2025 guidance was reaffirmed: GMV/revenue growth of 4–9% and adj. EBIT up ~10% yoy. The ABOUT YOU acquisition is on track for summer, with expected synergies supporting mid-to-high-single-digit growth. We maintain our BUY rating and EUR 39.00 target.

## MAIN AUTHOR

**Alexander Zienkowicz**

a.zienkowicz@mwb-research.com  
+49 40 309 293-56

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Germany | Retail | MCap EUR 8,066m | EV EUR 7,203m

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## Resilient Q1 results. FY 2025 outlook confirmed. BUY.

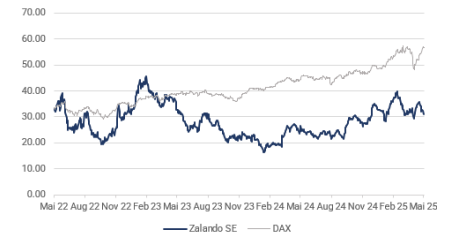
**Q1 sales led by strong B2B business.** Zalando reported 7.9% yoy growth in revenues to EUR 2.42bn in Q1 2025, coming 2% ahead of consensus. The top-line was supported by continued traction in its B2B business, where revenues increased 11.6% yoy to EUR 240m, with ZEOS fulfilment being the major growth driver. The B2C segment also registered healthy growth of 7.6% yoy to EUR 2.2bn, benefiting from good end-of-season sales and a positive start to the spring/summer season. Consequently, gross merchandise volume (GMV) growth accelerated to 6.5% yoy to EUR 3.5bn from c.5% yoy in Q4 2024, also supported by continued recovery in online retail demand. Management expects to deliver mid-single-digit GMV growth in Q2.

**Adj. EBIT surges disproportionately, as expected.** Adj. EBIT increased 65% yoy to EUR 46.7m (a 1% miss vs consensus), driven by higher gross profits (+10% yoy). The adj. EBIT margin expanded 70bps yoy to 1.9% on the back of a 90bps yoy improvement in the gross margin to 39.1%, reflecting strong retail sell-through rates and increase in revenues from marketing services. Better fulfilment efficiency (-0.1ppt yoy on sales) and overhead cost control (-0.4ppt yoy) also had a positive effect, negating the impact of marketing investments (+50bps yoy). Adj. EBIT in B2C grew 79% yoy to EUR 41.0m (margin: +0.7ppt yoy to 1.9%), while B2B reported an adj. EBIT of EUR 5.8m (+7% yoy; margin: -10bps yoy to 2.4%).

**Outlook for FY25 confirmed. Maintain BUY.** Despite the dynamic and uncertain geopolitical and macro environment, Zalando confirmed its FY 2025 guidance. Excluding the impacts from the anticipated consolidation of ABOUT YOU (AY; deal expected to close this summer), management continues to expect GMV and revenue growth of 4%-9% yoy each, adj. EBIT of EUR 530m-590m (+10% yoy at the mid-point), capex of EUR 180m-280m, and negative net working capital for the full year. AY acquisition is progressing well; Zalando has secured 92% of share capital and received approval from the Financial Supervisory Authority for the deal. As synergies from AY come through, management is optimistic of achieving better GMV and revenue growth (CAGR of c.5%-10% over 2023-28) and an improved adj. EBIT margin (c.6%-8% by 2028; 4.8% in FY 2024), supported by its growing active customer base (+5.9% yoy to 52.4m) and focused marketing efforts. We confirm our BUY rating on the stock at an unchanged PT of EUR 39.00.

Zalando SE	2022	2023	2024	2025E	2026E	2027E
Sales	10,345	10,143	10,573	11,313	12,104	12,952
<i>Growth yoy</i>	-0.1%	-1.9%	4.2%	7.0%	7.0%	7.0%
EBITDA	376	511	742	844	890	1,061
EBIT	81	191	392	492	551	719
Net profit	17	83	251	318	368	485
Net debt (net cash)	-387	-792	-862	-1,420	-1,887	-2,436
Net debt/EBITDA	-1.0x	-1.5x	-1.2x	-1.7x	-2.1x	-2.3x
EPS reported	0.07	0.32	0.97	1.23	1.42	1.87
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<i>Dividend yield</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	39.2%	38.7%	40.7%	40.8%	41.0%	42.0%
EBITDA margin	3.6%	5.0%	7.0%	7.5%	7.4%	8.2%
EBIT margin	0.8%	1.9%	3.7%	4.3%	4.5%	5.5%
ROCE	2.0%	4.3%	8.6%	11.0%	11.4%	14.0%
EV/EBITDA	20.4x	14.2x	9.7x	7.9x	6.9x	5.3x
EV/EBIT	94.8x	38.1x	18.4x	13.5x	11.2x	7.8x
PER	477.9x	97.4x	32.1x	25.3x	21.9x	16.6x
FCF yield	5.7%	11.7%	7.9%	7.0%	6.1%	7.4%

Source: Company data, mwb research



Source: Company data, mwb research

**High/low 52 weeks** 40.08 / 20.26  
**Price/Book Ratio** 3.0x

## Ticker / Symbols

ISIN DE000ZAL1111  
WKN ZAL111  
Bloomberg ZAL:GR

## Changes in estimates

		Sales	EBIT	EPS
2025E	old	11,313	492	1.23
	Δ	0.0%	0.0%	0.0%
2026E	old	12,104	551	1.42
	Δ	0.0%	0.0%	0.0%
2027E	old	12,952	719	1.87
	Δ	0.0%	0.0%	0.0%

## Key share data

Number of shares: (in m pcs) 259.10  
Book value per share: (in EUR) 10.29  
Ø trading vol.: (12 months) 1,052,157

## Major shareholders

Anders Holch Povlsen 10.1%  
BlackRock 5.9%  
Founders 5.1%  
Free Float 77.1%

## Company description

Zalando is an online platform for fashion and lifestyle that was founded in 2008. With its fashion store, Zalando offers clothing, footwear, accessories and beauty products. The company is active in a multitude of business areas such as online retailing, private labels, shopping clubs and style consulting. The company is also offering e-commerce-related services to third party brands.

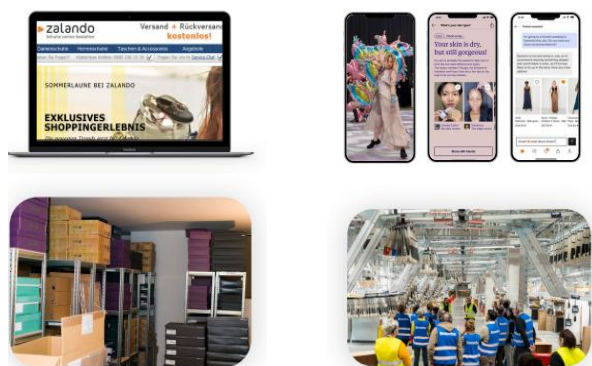
The following table displays the quarterly performance of **Zalando SE**.

P&L data	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Sales	2,255.6	2,556.3	2,274.9	3,056.2	2,241.4	2,643.2	2,388.5	3,299.5
yoy growth in %	2.3%	-2.5%	-3.2%	-3.5%	-0.6%	3.4%	5.0%	8.0%
Gross profit	854.5	1,037.5	834.7	1,203.6	856.8	1,099.1	971.7	1,374.3
Gross margin in %	37.9%	40.6%	36.7%	39.4%	38.2%	41.6%	40.7%	41.7%
EBITDA	54.6	190.8	74.1	243.2	83.1	232.5	153.7	272.1
EBITDA margin in %	2.4%	7.5%	3.3%	8.0%	3.7%	8.8%	6.4%	8.2%
EBIT	-22.7	114.9	-20.1	156.6	0.4	154.7	69.5	166.9
EBIT margin in %	-1.0%	4.5%	-0.9%	5.1%	0.0%	5.9%	2.9%	5.1%
EBT	-51.7	83.3	-21.7	143.0	-12.3	148.0	56.8	175.5
taxes paid	-13.2	26.7	-13.5	70.0	-3.4	52.3	12.5	55.5
tax rate in %	25.5%	32.1%	62.2%	49.0%	27.6%	35.3%	22.0%	31.6%
net profit	-38.5	56.6	-8.2	73.0	-8.9	95.7	44.3	119.9
yoy growth in %	-37.2%	304.3%	-76.8%	-26.6%	-76.9%	69.1%	-640.2%	64.2%
<b>EPS</b>	<b>-0.15</b>	<b>0.22</b>	<b>-0.03</b>	<b>0.28</b>	<b>-0.03</b>	<b>0.37</b>	<b>0.17</b>	<b>0.46</b>

Source: Company data; mwb research

# Investment case in six charts

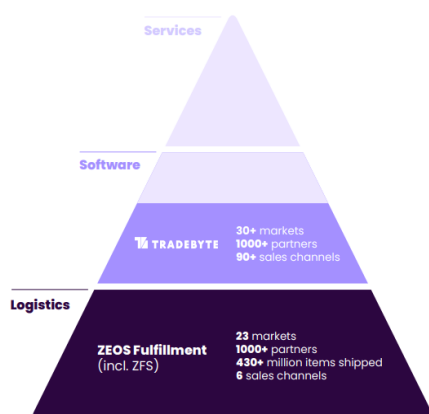
## Products & Services



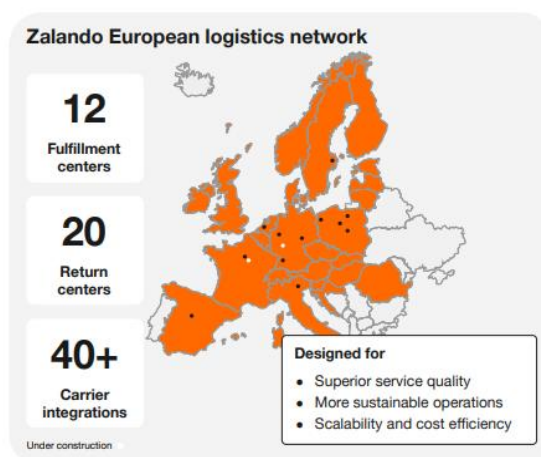
## Leading European Fashion platform



## ZEOS (B2B) to deliver growth over the long-term



## Logistics network



## 2025 outlook (Zalando stand-alone)

Growth	GMV	4% – 9%
	Revenue	4% – 9%
Profitability	Adjusted <sup>1</sup> EBIT (in m EUR)	530 – 590
Cash	Capex (in m EUR)	180 – 280
	Net working capital (in m EUR)	negative

## Mid-term outlook incl. About You

5-year CAGR <sup>1</sup> (2023 – 2028) Adjusted EBIT margin in % of revenue		
Zalando combined group (incl. ABOUT YOU)		
Growth	GMV	5% – 10% CAGR
	Revenue	5% – 10% CAGR
Profitability	Adjusted <sup>2</sup> EBIT margin	6% – 8% in 2028
Cash generation	Free cash flow	Strong free cash flow

Source: Company data; mwb research

# Valuation

## DCF Model

The DCF model results in a **fair value of EUR 39.42 per share**:

**Top-line growth:** We expect Zalando SE to grow revenues at a CAGR of 3.8% between 2025E and 2032E. The long-term growth rate is set at 2.0%.

**ROCE.** Returns on capital are developing from 11.0% in 2025E to 13.0% in 2032E.

**WACC.** Starting point is a historical equity beta of 1.55. Unlevering and correcting for mean reversion yields an asset beta of 1.24. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 12.2%. 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 9.4%.

DCF (EURm) (except per share data and beta)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Terminal value
NOPAT	336	386	503	624	704	718	732	747	
Depreciation & amortization	352	339	342	346	350	353	356	359	
Change in working capital	149	39	21	4	-9	3	-5	-5	
Chg. in long-term provisions	10	11	12	9	4	4	4	4	
Capex	-272	-291	-311	-326	-333	-340	-346	-353	
Cash flow	575	485	568	656	715	738	741	752	10,354
Present value	543	418	448	473	472	445	409	379	5,205
WACC	9.3%	9.3%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%	9.4%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	8,792	Planning horizon avg. revenue growth (2025E-2032E)	3.8%
Mid-year adj. total present value	9,194	Terminal value growth (2032E - infinity)	2.0%
Net debt / cash at start of year	-862	Terminal year ROCE	13.0%
Financial assets	158	Terminal year WACC	9.4%
Provisions and off b/s debt	na		
Equity value	10,215		
No. of shares outstanding	259.1		
Discounted cash flow / share		Terminal WACC derived from	
upside/(downside)	39.42 26.6%	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	25%
		Equity beta	1.55
		Unlevered beta (industry or company)	1.24
		Target debt / equity	0.5
		Relevered beta	1.70
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	12.2%
Share price			
	31.13		

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%	30.5	31.3	32.1	33.0	34.0	2025E-2028E
	1.0%	33.3	34.3	35.3	36.5	37.8	2029E-2032E
	0.0%	36.7	38.0	39.4	41.1	42.9	terminal value
	-1.0%	41.1	42.8	44.8	47.2	49.9	
	-2.0%	46.8	49.3	52.2	55.8	60.1	

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 29.77 per share based on 2025E and EUR 58.48 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
<b>EBITDA</b>	<b>844</b>	<b>890</b>	<b>1,061</b>	<b>1,237</b>	<b>1,355</b>
- Maintenance capex	266	266	267	271	276
- Minorities	0	0	0	0	0
- tax expenses	148	158	208	260	294
<b>= Adjusted FCF</b>	<b>430</b>	<b>467</b>	<b>586</b>	<b>706</b>	<b>785</b>
<b>Actual Market Cap</b>	<b>8,222</b>	<b>8,222</b>	<b>8,222</b>	<b>8,222</b>	<b>8,222</b>
+ Net debt (cash)	-1,420	-1,887	-2,436	-3,074	-3,771
+ Pension provisions	0	0	0	0	0
+ Off b/s financing	0	0	0	0	0
- Financial assets	158	158	158	158	158
- Acc. dividend payments	0	0	0	0	0
<i>EV Reconciliations</i>	-1,578	-2,045	-2,595	-3,233	-3,930
<b>= Actual EV'</b>	<b>6,644</b>	<b>6,177</b>	<b>5,627</b>	<b>4,990</b>	<b>4,292</b>
<b>Adjusted FCF yield</b>	<b>6.5%</b>	<b>7.6%</b>	<b>10.4%</b>	<b>14.2%</b>	<b>18.3%</b>
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%
<b>Fair EV</b>	<b>6,136</b>	<b>6,669</b>	<b>8,372</b>	<b>10,089</b>	<b>11,221</b>
- <i>EV Reconciliations</i>	-1,578	-2,045	-2,595	-3,233	-3,930
<b>Fair Market Cap</b>	<b>7,715</b>	<b>8,714</b>	<b>10,967</b>	<b>13,322</b>	<b>15,151</b>
No. of shares (million)	259	259	259	259	259
<b>Fair value per share in EUR</b>	<b>29.77</b>	<b>33.63</b>	<b>42.33</b>	<b>51.42</b>	<b>58.48</b>
<b>Premium (-) / discount (+)</b>	<b>-4.4%</b>	<b>8.0%</b>	<b>36.0%</b>	<b>65.2%</b>	<b>87.8%</b>

Sensitivity analysis fair value					
Adjusted hurdle rate	5.0%	39	44	55	67
	6.0%	34	38	48	58
	<b>7.0%</b>	<b>30</b>	<b>34</b>	<b>42</b>	<b>51</b>
	8.0%	27	30	38	47
	9.0%	25	28	35	43

Source: Company data; mwb research

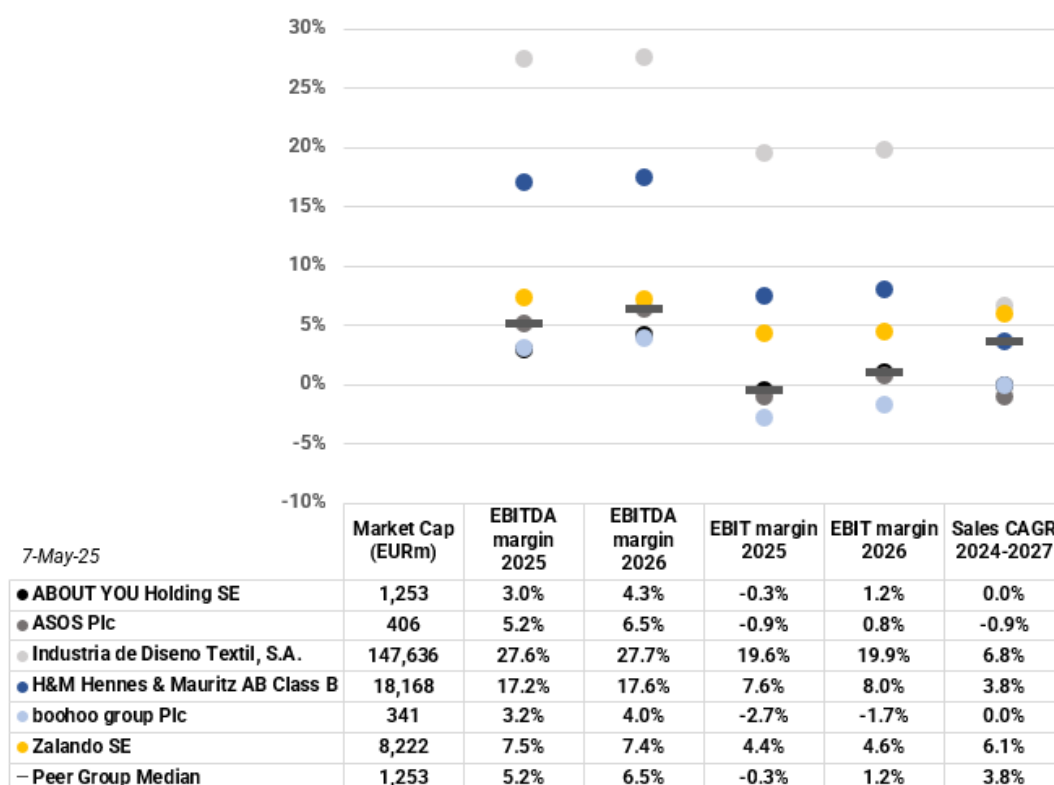
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments 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 **Zalando 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 Zalando SE consists of the stocks displayed in the graphs below. As of 7 May 2025 the median market cap of the peer group was EUR 1,253m, compared to EUR 8,066m for Zalando SE. In the period under review, the peer group was less profitable than Zalando SE. The expectations for sales growth are lower for the peer group than for Zalando SE.

### Peer Group – Key data



Source: FactSet, mwb research

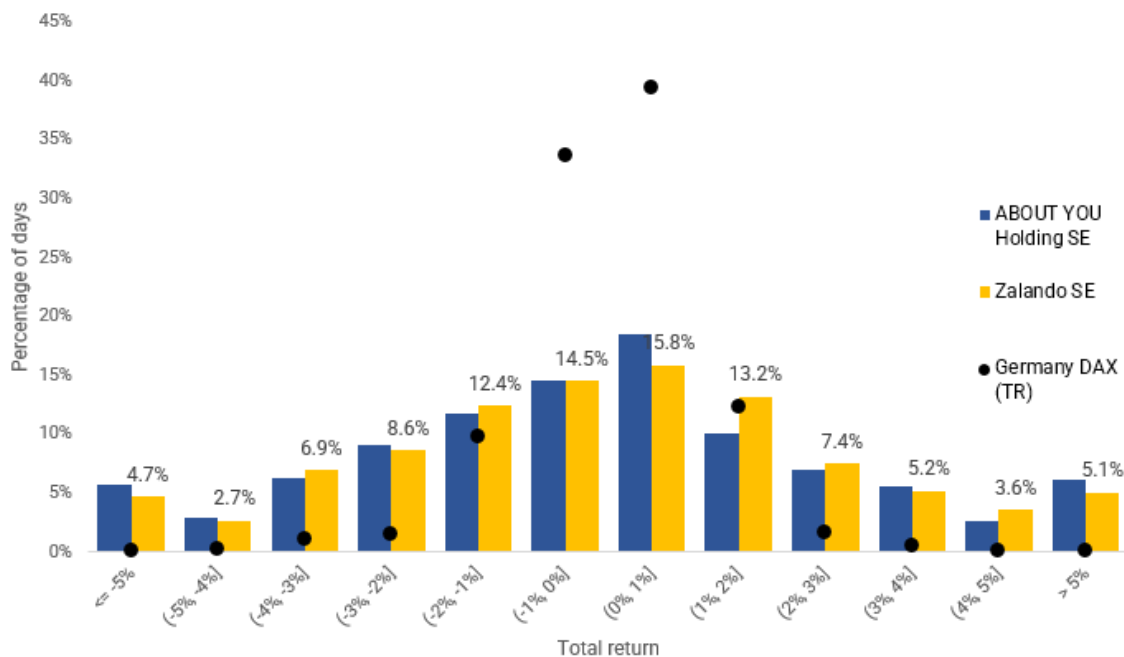
Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2025, EV/EBITDA 2026, EV/EBIT 2025, EV/EBIT 2026, P/E 2025 and P/E 2026.

**Applying these to Zalando SE results in a range of fair values from EUR 25.75 to EUR 63.60.**

## Risk

The chart displays the **distribution of daily returns of Zalando SE** over the last 3 years, compared to the same distribution for ABOUT YOU Holding 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 Zalando SE, the worst day during the past 3 years was 16/06/2022 with a share price decline of -12.4%. The best day was 13/03/2024 when the share price increased by 18.9%.

### Risk – Daily Returns Distribution (trailing 3 years)

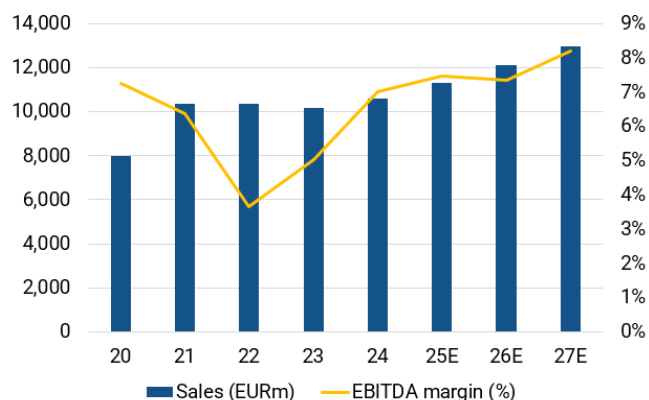


Source: FactSet, mwb research

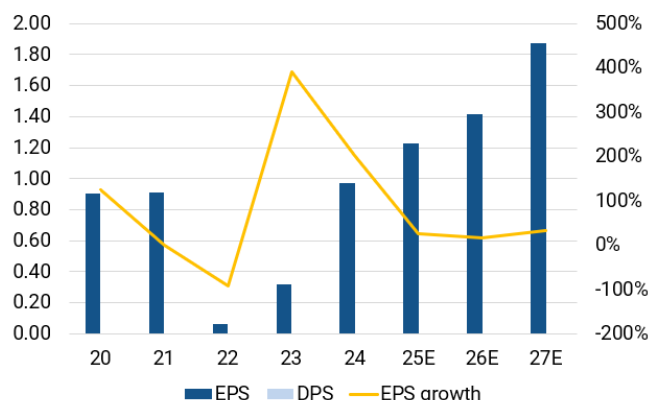


## Financials in six charts

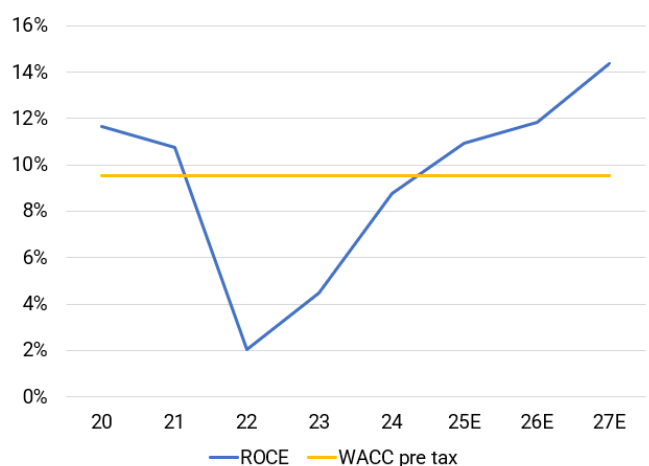
**Sales vs. EBITDA margin development**



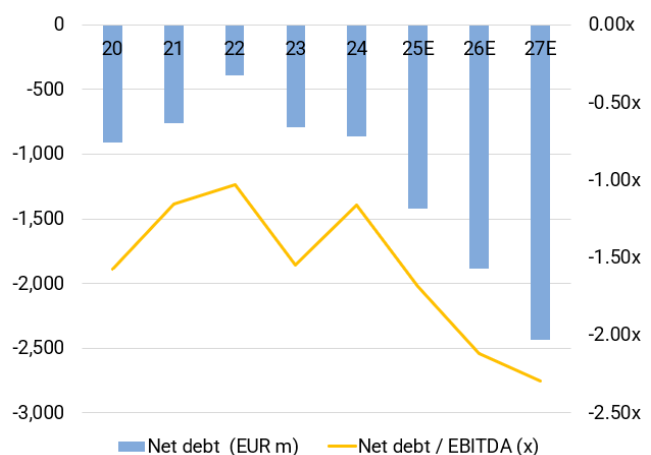
**EPS, DPS in EUR & yoy EPS growth**



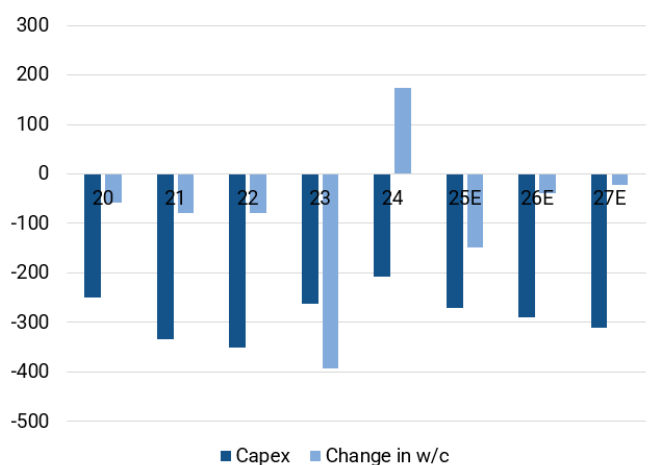
**ROCE vs. WACC (pre tax)**



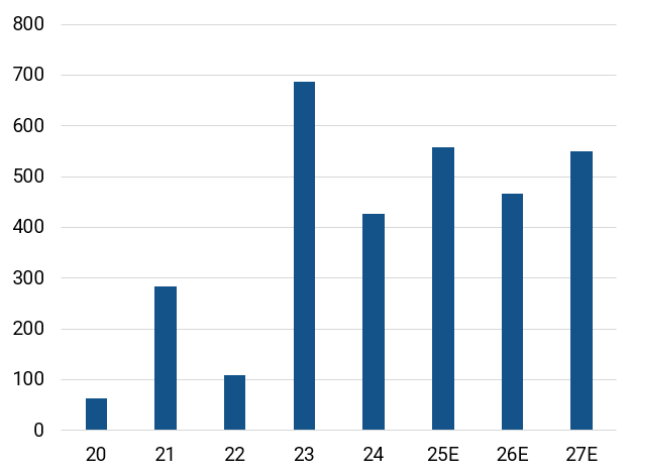
**Net debt and net debt/EBITDA**



**Capex & chgn in w/c requirements in EURm**



**Free Cash Flow in EURm**



Source: Company data; mwb research

# Financials

Profit and loss (EURm)	2022	2023	2024	2025E	2026E	2027E
<b>Sales</b>	<b>10,345</b>	<b>10,143</b>	<b>10,573</b>	<b>11,313</b>	<b>12,104</b>	<b>12,952</b>
Sales growth	-0.1%	-1.9%	4.2%	7.0%	7.0%	7.0%
Cost of sales	6,289	6,213	6,271	6,697	7,142	7,512
<b>Gross profit</b>	<b>4,056</b>	<b>3,930</b>	<b>4,302</b>	<b>4,616</b>	<b>4,963</b>	<b>5,440</b>
SG&A expenses	3,988	3,702	3,911	4,095	4,382	4,689
Research and development	0	0	0	0	0	0
Other operating expenses (income)	-13	38	1	28	30	32
<b>EBITDA</b>	<b>376</b>	<b>511</b>	<b>742</b>	<b>844</b>	<b>890</b>	<b>1,061</b>
Depreciation	221	240	268	266	266	267
EBITA	156	271	474	578	624	794
Amortisation of goodwill and intangible assets	75	80	82	86	74	75
<b>EBIT</b>	<b>81</b>	<b>191</b>	<b>392</b>	<b>492</b>	<b>551</b>	<b>719</b>
Financial result	-42	-38	-24	-26	-26	-26
Recurring pretax income from continuing operations	39	153	368	467	525	693
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	39	153	368	467	525	693
Taxes	22	70	117	148	158	208
Net income from continuing operations	17	83	251	318	368	485
Result from discontinued operations (net of tax)	0	0	0	0	0	0
<b>Net income</b>	<b>17</b>	<b>83</b>	<b>251</b>	<b>318</b>	<b>368</b>	<b>485</b>
Minority interest	0	0	0	0	0	0
Net profit (reported)	17	83	251	318	368	485
Average number of shares	257.90	259.70	259.10	259.10	259.10	259.10
<b>EPS reported</b>	<b>0.07</b>	<b>0.32</b>	<b>0.97</b>	<b>1.23</b>	<b>1.42</b>	<b>1.87</b>

Profit and loss (common size)	2022	2023	2024	2025E	2026E	2027E
<b>Sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Cost of sales	61%	61%	59%	59%	59%	58%
<b>Gross profit</b>	<b>39%</b>	<b>39%</b>	<b>41%</b>	<b>41%</b>	<b>41%</b>	<b>42%</b>
SG&A expenses	39%	36%	37%	36%	36%	36%
Research and development	0%	0%	0%	0%	0%	0%
Other operating expenses (income)	-0%	0%	0%	0%	0%	0%
<b>EBITDA</b>	<b>4%</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>	<b>7%</b>	<b>8%</b>
Depreciation	2%	2%	3%	2%	2%	2%
EBITA	2%	3%	4%	5%	5%	6%
Amortisation of goodwill and intangible assets	1%	1%	1%	1%	1%	1%
<b>EBIT</b>	<b>1%</b>	<b>2%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>6%</b>
Financial result	-0%	-0%	-0%	-0%	-0%	-0%
Recurring pretax income from continuing operations	0%	2%	3%	4%	4%	5%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	0%	2%	3%	4%	4%	5%
Taxes	0%	1%	1%	1%	1%	2%
Net income from continuing operations	0%	1%	2%	3%	3%	4%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>0%</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>
Minority interest	0%	0%	0%	0%	0%	0%
<b>Net profit (reported)</b>	<b>0%</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>

Source: Company data; mwb research

Balance sheet (EURm)	2022	2023	2024	2025E	2026E	2027E
<b>Intangible assets (exl. Goodwill)</b>	<b>277</b>	<b>262</b>	<b>264</b>	<b>223</b>	<b>198</b>	<b>175</b>
Goodwill	137	137	139	139	139	139
Property, plant and equipment	1,825	2,040	1,972	1,932	1,908	1,900
Financial assets	103	102	158	158	158	158
<b>FIXED ASSETS</b>	<b>2,342</b>	<b>2,541</b>	<b>2,532</b>	<b>2,452</b>	<b>2,403</b>	<b>2,372</b>
Inventories	1,810	1,441	1,550	1,597	1,703	1,791
Accounts receivable	913	899	926	930	988	1,050
Other current assets	227	97	124	124	124	124
Liquid assets	2,103	2,644	2,588	2,750	3,217	3,566
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	231	168	264	282	302	323
<b>CURRENT ASSETS</b>	<b>5,284</b>	<b>5,249</b>	<b>5,452</b>	<b>5,683</b>	<b>6,334</b>	<b>6,855</b>
<b>TOTAL ASSETS</b>	<b>7,626</b>	<b>7,790</b>	<b>7,984</b>	<b>8,135</b>	<b>8,737</b>	<b>9,227</b>
<b>SHAREHOLDERS EQUITY</b>	<b>2,199</b>	<b>2,373</b>	<b>2,665</b>	<b>2,984</b>	<b>3,351</b>	<b>3,837</b>
MINORITY INTEREST	0	0	0	0	0	0
Long-term debt	1,587	1,719	1,183	1,200	1,200	1,000
Provisions for pensions and similar obligations	0	0	0	0	0	0
Other provisions	173	171	146	156	167	179
<b>Non-current liabilities</b>	<b>1,760</b>	<b>1,890</b>	<b>1,328</b>	<b>1,356</b>	<b>1,367</b>	<b>1,179</b>
short-term liabilities to banks	130	132	543	130	130	130
Accounts payable	2,934	2,782	2,745	2,917	3,091	3,231
Advance payments received on orders	49	48	39	42	45	48
Other liabilities (incl. from lease and rental contracts)	483	509	622	665	712	762
Deferred taxes	71	55	41	41	41	41
Deferred income	0	0	0	0	0	0
<b>Current liabilities</b>	<b>3,667</b>	<b>3,526</b>	<b>3,990</b>	<b>3,795</b>	<b>4,019</b>	<b>4,212</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>7,626</b>	<b>7,790</b>	<b>7,984</b>	<b>8,135</b>	<b>8,737</b>	<b>9,227</b>

Balance sheet (common size)	2022	2023	2024	2025E	2026E	2027E
<b>Intangible assets (excl. Goodwill)</b>	<b>4%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>2%</b>	<b>2%</b>
Goodwill	2%	2%	2%	2%	2%	2%
Property, plant and equipment	24%	26%	25%	24%	22%	21%
Financial assets	1%	1%	2%	2%	2%	2%
<b>FIXED ASSETS</b>	<b>31%</b>	<b>33%</b>	<b>32%</b>	<b>30%</b>	<b>28%</b>	<b>26%</b>
Inventories	24%	18%	19%	20%	19%	19%
Accounts receivable	12%	12%	12%	11%	11%	11%
Other current assets	3%	1%	2%	2%	1%	1%
Liquid assets	28%	34%	32%	34%	37%	39%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	3%	2%	3%	3%	3%	4%
<b>CURRENT ASSETS</b>	<b>69%</b>	<b>67%</b>	<b>68%</b>	<b>70%</b>	<b>72%</b>	<b>74%</b>
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>29%</b>	<b>30%</b>	<b>33%</b>	<b>37%</b>	<b>38%</b>	<b>42%</b>
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	21%	22%	15%	15%	14%	11%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	2%	2%	2%	2%	2%	2%
<b>Non-current liabilities</b>	<b>23%</b>	<b>24%</b>	<b>17%</b>	<b>17%</b>	<b>16%</b>	<b>13%</b>
short-term liabilities to banks	2%	2%	7%	2%	1%	1%
Accounts payable	38%	36%	34%	36%	35%	35%
Advance payments received on orders	1%	1%	0%	1%	1%	1%
Other liabilities (incl. from lease and rental contracts)	6%	7%	8%	8%	8%	8%
Deferred taxes	1%	1%	1%	1%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
<b>Current liabilities</b>	<b>48%</b>	<b>45%</b>	<b>50%</b>	<b>47%</b>	<b>46%</b>	<b>46%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; mwb research

Cash flow statement (EURm)	2022	2023	2024	2025E	2026E	2027E
Net profit/loss	17	83	251	318	368	485
Depreciation of fixed assets (incl. leases)	221	239	268	266	266	267
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	75	80	82	86	74	75
Others	68	154	207	10	11	12
Cash flow from operations before changes in w/c	381	556	808	680	718	839
Increase/decrease in inventory	-260	369	-109	-47	-106	-88
Increase/decrease in accounts receivable	-170	14	-27	-4	-58	-62
Increase/decrease in accounts payable	490	-169	-37	172	174	140
Increase/decrease in other w/c positions	19	180	-2	28	30	32
Increase/decrease in working capital	79	393	-175	149	39	21
<b>Cash flow from operating activities</b>	<b>460</b>	<b>950</b>	<b>633</b>	<b>829</b>	<b>757</b>	<b>860</b>
CAPEX	-352	-263	-207	-272	-291	-311
Payments for acquisitions	-127	-6	-68	0	0	0
Financial investments	3	-55	0	0	0	0
Income from asset disposals	0	4	5	0	0	0
<b>Cash flow from investing activities</b>	<b>-476</b>	<b>-321</b>	<b>-270</b>	<b>-272</b>	<b>-291</b>	<b>-311</b>
Cash flow before financing	-16	629	364	558	467	550
Increase/decrease in debt position	-3	0	-96	-396	0	-200
Purchase of own shares	-136	0	-100	0	0	0
Capital measures	4	5	4	0	0	0
Dividends paid	0	0	0	0	0	0
Others	-111	-128	-135	0	0	0
Effects of exchange rate changes on cash	-1	3	-4	0	0	0
<b>Cash flow from financing activities</b>	<b>-247</b>	<b>-120</b>	<b>-330</b>	<b>-396</b>	<b>0</b>	<b>-200</b>
Increase/decrease in liquid assets	-263	508	34	162	467	350
<b>Liquid assets at end of period</b>	<b>2,025</b>	<b>2,533</b>	<b>2,567</b>	<b>2,729</b>	<b>3,196</b>	<b>3,545</b>

Source: Company data; mwb research

Regional sales split (EURm)	2022	2023	2024	2025E	2026E	2027E
Domestic	3,217	3,002	3,129	3,349	3,583	3,834
Europe (ex domestic)	6,921	6,938	7,232	7,738	8,279	8,859
The Americas	0	0	0	0	0	0
Asia	0	0	0	0	0	0
Rest of World	207	203	211	226	242	259
<b>Total sales</b>	<b>10,345</b>	<b>10,143</b>	<b>10,573</b>	<b>11,313</b>	<b>12,104</b>	<b>12,952</b>

Regional sales split (common size)	2022	2023	2024	2025E	2026E	2027E
Domestic	31.1%	29.6%	29.6%	29.6%	29.6%	29.6%
Europe (ex domestic)	66.9%	68.4%	68.4%	68.4%	68.4%	68.4%
The Americas	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Total sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; mwb research

Ratios	2022	2023	2024	2025E	2026E	2027E
<b>Per share data</b>						
Earnings per share reported	0.07	0.32	0.97	1.23	1.42	1.87
Cash flow per share	1.78	3.66	2.44	2.17	1.90	2.29
Book value per share	8.53	9.14	10.29	11.52	12.93	14.81
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
<b>Valuation</b>						
P/E	477.9x	97.4x	32.1x	25.3x	21.9x	16.6x
P/CF	17.5x	8.5x	12.7x	14.3x	16.4x	13.6x
P/BV	3.7x	3.4x	3.0x	2.7x	2.4x	2.1x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	5.7%	11.7%	7.9%	7.0%	6.1%	7.4%
EV/Sales	0.7x	0.7x	0.7x	0.6x	0.5x	0.4x
EV/EBITDA	20.4x	14.2x	9.7x	7.9x	6.9x	5.3x
EV/EBIT	94.8x	38.1x	18.4x	13.5x	11.2x	7.8x
<b>Income statement (EURm)</b>						
Sales	10,345	10,143	10,573	11,313	12,104	12,952
yoy chg in %	-0.1%	-1.9%	4.2%	7.0%	7.0%	7.0%
Gross profit	4,056	3,930	4,302	4,616	4,963	5,440
Gross margin in %	39.2%	38.7%	40.7%	40.8%	41.0%	42.0%
EBITDA	376	511	742	844	890	1,061
EBITDA margin in %	3.6%	5.0%	7.0%	7.5%	7.4%	8.2%
EBIT	81	191	392	492	551	719
EBIT margin in %	0.8%	1.9%	3.7%	4.3%	4.5%	5.5%
Net profit	17	83	251	318	368	485
<b>Cash flow statement (EURm)</b>						
CF from operations	460	950	633	829	757	860
Capex	-352	-263	-207	-272	-291	-311
Maintenance Capex	0	0	0	266	266	267
Free cash flow	108	686	427	558	467	550
<b>Balance sheet (EURm)</b>						
Intangible assets	414	399	402	362	337	313
Tangible assets	1,825	2,040	1,972	1,932	1,908	1,900
Shareholders' equity	2,199	2,373	2,665	2,984	3,351	3,837
Pension provisions	0	0	0	0	0	0
Liabilities and provisions	1,890	2,023	1,871	1,486	1,497	1,308
Net financial debt	-387	-792	-862	-1,420	-1,887	-2,436
w/c requirements	-261	-490	-308	-432	-445	-437
<b>Ratios</b>						
ROE	0.8%	3.5%	9.4%	10.7%	11.0%	12.6%
ROCE	2.0%	4.3%	8.6%	11.0%	11.4%	14.0%
Net gearing	-17.6%	-33.4%	-32.4%	-47.6%	-56.3%	-63.5%
Net debt / EBITDA	-1.0x	-1.5x	-1.2x	-1.7x	-2.1x	-2.3x

Source: Company data; mwb research

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## Contacts

**mwb research AG**  
**Mittelweg 142**  
**20148 Hamburg**  
**Germany**

Tel.: +49 40 309 293-52  
Email: [contact@mwb-research.com](mailto:contact@mwb-research.com)  
Website: [www.mwb-research.com](http://www.mwb-research.com)  
Research: [www.research-hub.de](http://www.research-hub.de)

### Research

**HARALD HOF**  
Senior Analyst  
Tel: +49 40 309 293-53  
E-Mail: [h.hof@mwb-research.com](mailto:h.hof@mwb-research.com)

**LEON MÜHLENBRUCH**  
Analyst  
Tel: +49 40 309 293-57  
E-Mail: [l.muehlenbruch@mwb-research.com](mailto:l.muehlenbruch@mwb-research.com)

**ABED JARAD**  
Junior Analyst  
Tel: +49 40 309 293-54  
E-Mail: [a.jarad@mwb-research.com](mailto:a.jarad@mwb-research.com)

**JENS-PETER RIECK**  
Junior Analyst  
Tel: +49 40 309 293-54  
E-Mail: [jp.riek@mwb-research.com](mailto:jp.riek@mwb-research.com)

**THOMAS WISSLER**  
Senior Analyst  
Tel: +49 40 309 293-58  
E-Mail: [t.wissler@mwb-research.com](mailto:t.wissler@mwb-research.com)

**DR. OLIVER WOJAHN, CFA**  
Senior Analyst  
Tel: +49 40 309 293-55  
E-Mail: [o.wojahn@mwb-research.com](mailto:o.wojahn@mwb-research.com)

**ALEXANDER ZIENKOWICZ**  
Senior Analyst  
Tel: +49 40 309 293-56  
E-Mail: [a.zienkowicz@mwb-research.com](mailto:a.zienkowicz@mwb-research.com)

### Sales

**HOLGER NASS**  
Head of Sales  
Tel: +49 40 309 293-52  
E-Mail: [h.nass@mwb-research.com](mailto:h.nass@mwb-research.com)

### Team Assistant

**HANNAH GABERT**  
Team Assistant  
Tel: +49 40 309 293-52  
E-Mail: [h.gabert@mwb-research.com](mailto:h.gabert@mwb-research.com)

**mwb fairtrade**  
**Wertpapierhandelsbank AG**  
**Rottenbucher Straße 28**  
**82166 Gräfelfing**

Tel: +49 89 85852-0  
Fax: +49 89 85852-505  
Website: [www.mwbfairtrade.com](http://www.mwbfairtrade.com)  
E-Mail: [info@mwbfairtrade.com](mailto:info@mwbfairtrade.com)

### Sales / Designated Sponsoring / Corporate Finance

**ALEXANDER DEUSS**  
Institutional Sales  
Tel: +49 40 36 0995-22  
E-Mail: [adeuss@mwbfairtrade.com](mailto:adeuss@mwbfairtrade.com)

**SASCHA GUENON**  
Head of Designated Sponsoring  
Tel: +49 40 360 995-23  
E-Mail: [sguenon@mwbfairtrade.com](mailto:sguenon@mwbfairtrade.com)

**JAN NEYNABER**  
Institutional Sales  
Tel: +49 69 1387-1255  
E-Mail: [jneynaber@mwbfairtrade.com](mailto:jneynaber@mwbfairtrade.com)

**DIRK WEYERHÄUSER**  
Corporate Finance  
Tel: +49 69 1387-1250  
E-Mail: [dweyerhaeuser@mwbfairtrade.com](mailto:dweyerhaeuser@mwbfairtrade.com)

### Locations

**HAMBURG (Research)**  
Mittelweg 142  
20148 Hamburg  
+49 40 309 293-52

**HAMBURG (Corporates & Markets)**  
Kleine Johannisstraße 4  
20457 Hamburg  
+49 40 360 995-0

**FRANKFURT A.M.**  
Unterlindau 29  
60323 Frankfurt am Main  
+49 40 360 995-22

**MUNICH**  
Rottenbucher Str. 28  
82166 Gräfelfing  
+49 89-85852-0

**BERLIN**  
Kurfürstendamm 151  
10709 Berlin

**HANNOVER**  
An der Börse 2  
30159 Hannover

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