Carl Zeiss Meditec AG

Germany | Health Care | MCap EUR 5,500m

15 May 2025

UPDATE

A solid Q2, FY25 targets kept due to weak macro. Down to HOLD.

HOLD (BUY)

Target price	**EUR 65.00** (65.00)
Current price	EUR 61.90
Up/downside	5.0%

ResearchHub

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What's it all about?

Carl Zeiss Meditec's (CZM) Q2 FY25 results confirmed their strong preliminary numbers. Revenues and adj. EBITA beat consensus by 6% and 31%, respectively, at the time of pre-release. The top-line was up 19% yoy (+18% yoy in constant currency), led by DORC acquisition and organic growth across segments. Adj. EBITA grew by a staggering 62% yoy to EUR 80m (margin: +3.8ppt yoy to 14.2%), led by DORC and prudent cost management, partly offset by base effect. Management kept its cautious FY 25 guidance for now, as uncertainties around US trade tariffs and increased currency risks loom. Nevertheless, its order intake, book-to-bill, and backlog remain healthy and improving and equipment sales should pick up from H2, led by the new KINEVO and VISUMAX technologies. Our long-term estimates already reflect these positives and we increase our FY 25 forecast for the strong H1. We maintain our PT at EUR 65.00, however, following the strong share price rally since the past 1 month, we change our rating to HOLD from BUY.

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

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A solid Q2, FY25 targets kept due to weak macro. Now HOLD.

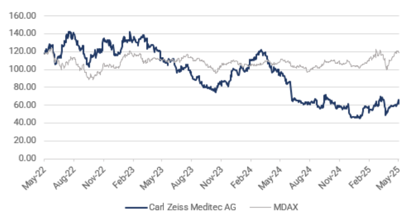
Better-than-expected Q2 results. FY25 guidance maintained. CZM reported an impressive set of results in Q2 FY25, in line with its preliminary release. Revenues and adjusted (adj.) EBITA were ahead of consensus at the time of pre-release by a notable 6% and 31%, respectively. The topline was up 19% yoy (+18% yoy in constant currency [c.c.]) to EUR 560m in Q2, led by DORC acquisition and recovering refractive consumables demand. Adj. EBITA surged 62% yoy to EUR 80m, driven by higher revenues and prudent cost management. Despite strong Q2 results, management reiterated its cautious FY25 guidance for moderate (yoy) revenue growth and stable or slightly higher (yoy) EBITA and EBITA margin, due to persisting macro challenges, increased FX risks, and lack of visibility on US tariffs.

Q2 FY25 result highlights. Revenues grew 19% yoy (18% yoy c.c.) to EUR 560m, led by the Ophthalmology segment, which reported revenue growth of 24% yoy (+23% yoy c.c.; organic: c.+7%; M&A: +16%) to EUR 432m, benefitting from DORC consolidation and strong refractive consumables sales in China during winter peak. However, ophthalmology equipment continued to face challenges from tepid investment climate and model transitions. Microsurgery revenues grew 4.4% yoy (+3.5% yoy c.c.) to EUR 128m, due to weakness in the neurosurgery business. On the earnings front, adj. EBITA grew by a staggering 62% yoy to EUR 80m, with the margin up 3.8ppt yoy to 14.2%. Ophthalmology's EBITA increased 39% yoy to EUR 56m (margin: +1.4ppt yoy to 13.0%), led by DORC consolidation and cost control, while Microsurgery witnessed a 17% yoy decline to EUR 22m (margin: -4.4ppt yoy to 17.4%) on higher comps.

Conclusion. Q2 print benefitted from a clear upturn in demand for refractive surgery consumables in China, in addition to DORC contribution. While equipment sales were muted in H1, new KINEVO and VISUMAX technologies are expected to drive second-half revenues. The order momentum was also strong in H1 at EUR 1.09bn, up 33% yoy (+21% yoy organically) with a healthy book-to-bill ratio of 1.04x. CZM has a comfortable backlog of EUR 385m (flat qoq) by end-Q2 FY 25, which should support sales ahead. Our long-term estimates already reflect these positives and we increase our FY25 forecast for the strong H1. We maintain our PT at EUR 65.00, however, following the recent share price rally (+14% in past 1 month), we change our rating to HOLD from BUY.

Carl Zeiss Meditec AG	2022	2023	2024	2025E	2026E	2027E
Sales	1,903	2,089	2,066	2,190	2,337	2,500
Growth yoy	15.5%	9.8%	-1.1%	6.0%	6.7%	7.0%
EBITDA	497	452	408	430	528	562
EBIT	397	348	194	201	304	360
Net profit	294	290	179	125	197	238
Net debt (net cash)	212	242	609	565	286	28
Net debt/EBITDA	0.4x	0.5x	1.5x	1.3x	0.5x	0.1x
EPS reported	3.29	3.25	2.01	1.41	2.22	2.67
DPS	1.10	1.10	0.60	0.49	0.78	0.94
Dividend yield	1.8%	1.8%	1.0%	0.8%	1.3%	1.5%
Gross profit margin	59.3%	57.7%	52.7%	52.6%	54.2%	54.9%
EBITDA margin	26.1%	21.7%	19.8%	19.6%	22.6%	22.5%
EBIT margin	20.9%	16.7%	9.4%	9.2%	13.0%	14.4%
ROCE	17.2%	14.0%	6.8%	7.2%	10.5%	11.9%
EV/EBITDA	11.5x	12.7x	15.0x	14.2x	11.1x	9.9x
EV/EBIT	14.4x	16.5x	31.5x	30.3x	19.2x	15.5x
PER	18.8x	19.1x	30.8x	44.0x	27.9x	23.2x
FCF yield	2.1%	3.2%	2.1%	1.4%	5.3%	5.2%

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks	98.10 / 44.28
Price/Book Ratio	2.7x

Ticker / Symbols

ISIN	DE0005313704
WKN	531370
Bloomberg	AFX:GR

Changes in estimates

		Sales	EBIT	EPS
2025E	old	2,165	182	1.23
	Δ	1.1%	10.8%	13.8%
2026E	old	2,313	294	2.11
	Δ	1.1%	3.4%	5.2%
2027E	old	2,474	356	2.61
	Δ	1.1%	1.1%	2.6%

Key share data

Number of shares: (in m pcs)	88.85
Book value per share: (in EUR)	22.98
Ø trading vol.: (12 months)	229,300

Major shareholders

Carl Zeiss Group	59.1%
Free Float	40.9%

Company description
Carl Zeiss Meditec AG is a Germany-based medical technology and device company. It offers complete solutions to diagnose and treat ophthalmic diseases, visualization solutions for microsurgery, and other technologies, such as intraoperative radiotherapy.

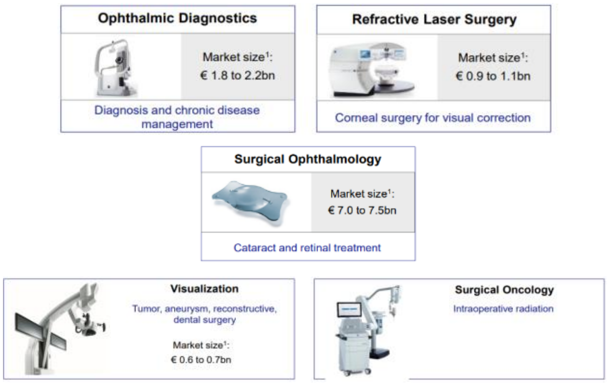
The following table displays the quarterly performance of **Carl Zeiss Meditec AG.**

P&L data	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Sales	535.1	579.7	475.0	472.1	539.4	579.6	490.5	560.0
yoy growth in %	12.1%	1.7%	1.0%	-6.4%	0.8%	-0.0%	3.3%	18.6%
Gross profit	316.0	340.3	252.5	252.5	293.5	290.1	252.1	301.7
Gross margin in %	59.0%	58.7%	53.2%	53.5%	54.4%	50.1%	51.4%	53.9%
EBITDA	na	na	na	na	na	na	na	na
EBITDA margin in %	na%	na%	na%	na%	na%	na%	na%	na%
EBIT	101.0	103.1	43.5	64.7	54.5	31.8	28.0	71.2
EBIT margin in %	18.9%	17.8%	9.2%	13.7%	10.1%	5.5%	5.7%	12.7%
EBT	132.3	116.5	54.7	67.3	49.4	69.5	20.1	65.4
taxes paid	40.3	30.4	18.0	20.2	15.9	6.6	5.2	19.8
tax rate in %	30.5%	26.1%	32.9%	30.0%	32.2%	9.5%	25.9%	30.2%
net profit	92.2	85.2	36.8	46.5	34.0	62.9	14.9	45.3
yoy growth in %	47.4%	-17.1%	-27.9%	-25.0%	-63.1%	-26.2%	-59.5%	-2.5%
EPS	**1.03**	**0.96**	**0.42**	**0.52**	**0.38**	**0.69**	**0.18**	**0.52**

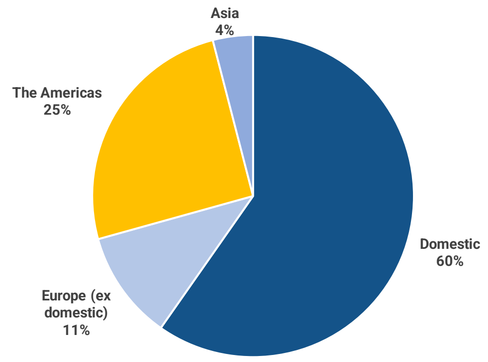
Source: Company data; mwb research

Investment case in six charts

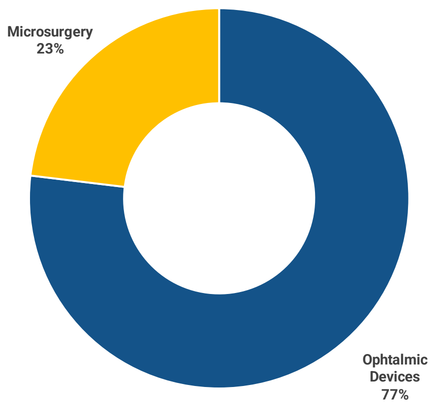
Products



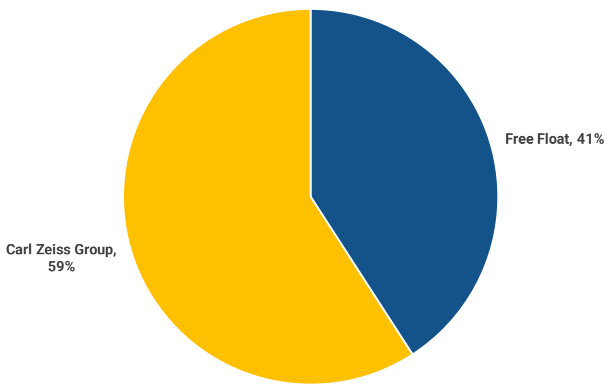
Regional sales split in %



Segmental breakdown in %



Major Shareholders



Comprehensive Portfolio

		ZEISS	Alcon	Johnson&Johnson	B+L	TOPCON	HAAG-STREIT
Diagnostics	Routine Diagnostics	+					+
	Retinal Imaging	+				+	+
	Perimetry	+					+
	Biometry	+	+			+	+
Surgical	Therap. Laser Surgery	+			+	+	
	Refr. Laser Surgery	+	+	+	+		
	Surgical Microscopy	+	+				+
	Phaco & IOLs	+	+	+	+		

Source: Company data; mwb research

SWOT analysis

Strengths

- World market leader in Ophthalmic Diagnostics, Refractive Laser and Microsurgery
- Technology leadership and strong brand
- Strong balance sheet

Weaknesses

- Goals of majority owner Carl Zeiss need not be aligned with minority shareholders
- Customer capex cycles

Opportunities

- Secular structural tailwinds (growing, ageing and more affluent population; higher incidence of myopia)
- External growth

Threats

- Well-funded, large competitors (Johnson & Johnson, Alcon)

Valuation

DCF Model

The DCF model results in a **fair value of EUR 65.37 per share**:

Top-line growth: We expect Carl Zeiss Meditec AG to grow revenues at a CAGR of 5.4% between 2025E and 2032E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 7.2% in 2025E to 14.8% in 2032E.

WACC. Starting point is a historical equity beta of 0.95. 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 8.0%. With pre-tax cost of borrowing at 5.0%, a tax rate of 30% and target debt/equity of 0.1 this results in a long-term WACC of 7.5%.

DCF (EURm) (except per share data and beta)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Terminal value
NOPAT	140	211	250	308	321	349	367	395	
Depreciation & amortization	228	224	202	166	123	110	115	124	
Change in working capital	-48	-2	-34	-32	-38	-37	-23	-5	
Chg. in long-term provisions	-95	6	7	7	6	6	5	2	
Capex	-114	-105	-88	-94	-99	-105	-124	-127	
Cash flow	112	334	338	356	313	324	340	389	7,187
Present value	109	302	284	279	228	219	214	228	4,208
WACC	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%

DCF per share derived from	
Total present value	6,071
Mid-year adj. total present value	6,295
Net debt / cash at start of year	609
Financial assets	138
Provisions and off b/s debt	15
Equity value	5,809
No. of shares outstanding	88.9
Discounted cash flow / share	**65.37**
upside/(downside)	**5.6%**
Share price	**61.90**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2025E-2032E)	5.4%
Terminal value growth (2032E - infinity)	2.0%
Terminal year ROCE	14.8%
Terminal year WACC	7.5%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	30%
Equity beta	0.95
Unlevered beta (industry or company)	0.92
Target debt / equity	0.1
Relevered beta	1.00
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	8.0%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	42.7	44.6	46.7	49.1	51.9
1.0%	49.1	51.7	54.6	58.1	62.1
0.0%	57.4	61.1	65.4	70.5	76.8
-1.0%	68.8	74.3	80.9	89.2	99.9
-2.0%	85.3	94.0	105.3	120.3	141.2

Share of present value	
2025E-2028E	16.0%
2029E-2032E	14.6%
terminal value	69.3%

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 33.64 per share based on 2025E and EUR 67.70 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	**430**	**528**	**562**	**610**	**585**
- Maintenance capex	136	134	128	117	88
- Minorities	1	2	2	2	3
- tax expenses	54	85	103	128	134
= Adjusted FCF	**238**	**307**	**330**	**362**	**360**
Actual Market Cap	**5,536**	**5,536**	**5,536**	**5,536**	**5,536**
+ Net debt (cash)	565	286	28	-236	-437
+ Pension provisions	44	47	50	54	57
+ Off b/s financing	0	0	0	0	0
- Financial assets	138	138	138	138	138
- Acc. dividend payments	53	97	166	249	353
EV Reconciliations	417	99	-225	-569	-871
= Actual EV'	**5,954**	**5,635**	**5,311**	**4,968**	**4,665**
Adjusted FCF yield	**4.0%**	**5.4%**	**6.2%**	**7.3%**	**7.7%**
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	**3,406**	**4,380**	**4,714**	**5,178**	**5,144**
- EV Reconciliations	417	99	-225	-569	-871
Fair Market Cap	**2,989**	**4,282**	**4,939**	**5,747**	**6,015**
No. of shares (million)	89	89	89	89	89
Fair value per share in EUR	**33.64**	**48.19**	**55.58**	**64.68**	**67.70**
Premium (-) / discount (+)	**-45.7%**	**-22.1%**	**-10.2%**	**4.5%**	**9.4%**

Sensitivity analysis fair value						
Adjusted hurdle rate	5.0%	49	68	77	88	91
	6.0%	40	56	64	74	77
	7.0%	**34**	**48**	**56**	**65**	**68**
	8.0%	29	42	49	57	60
	9.0%	25	37	44	52	55

Source: Company data; mwb research

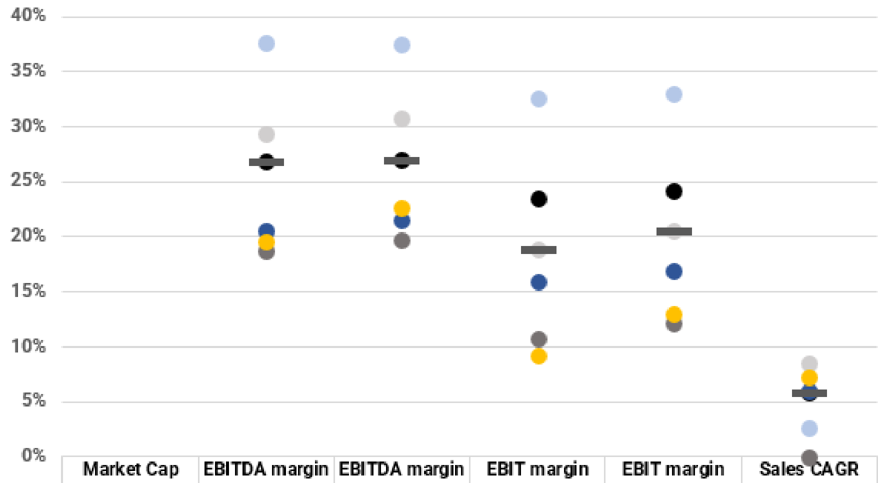
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments 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.**

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 **Carl Zeiss Meditec 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 Carl Zeiss Meditec AG consists of the stocks displayed in the graphs below. As of 15 May 2025 the median market cap of the peer group was EUR 54,212m, compared to EUR 5,500m for Carl Zeiss Meditec AG. In the period under review, the peer group was more profitable than Carl Zeiss Meditec AG. The expectations for sales growth are lower for the peer group than for Carl Zeiss Meditec AG.

Peer Group – Key data



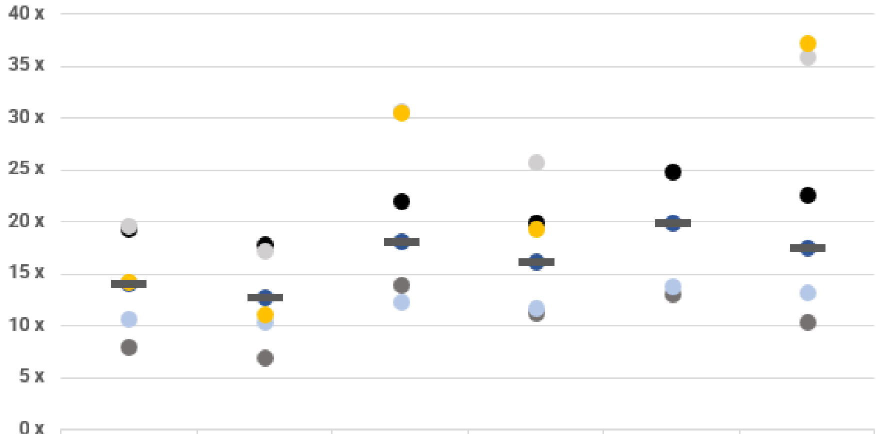
15-May-25	Market Cap (EURm)	EBITDA margin 2025	EBITDA margin 2026	EBIT margin 2025	EBIT margin 2026	Sales CAGR 2024-2027
Abbott Laboratories	199,468	26.8%	27.0%	23.5%	24.1%	5.9%
STRATEC SE	292	18.8%	19.7%	10.7%	12.2%	0.0%
Sartorius AG Pref	15,661	29.4%	30.7%	18.8%	20.6%	8.5%
Siemens Healthineers AG	54,212	20.6%	21.5%	15.9%	16.9%	5.9%
Johnson & Johnson	314,536	37.6%	37.5%	32.6%	33.0%	2.6%
Carl Zeiss Meditec AG	5,536	19.6%	22.6%	9.2%	13.0%	7.2%
Peer Group Median	54,212	26.8%	27.0%	18.8%	20.6%	5.9%

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 Carl Zeiss Meditec AG results in a range of fair values from EUR 28.10 to EUR 68.88.

Peer Group – Multiples and valuation



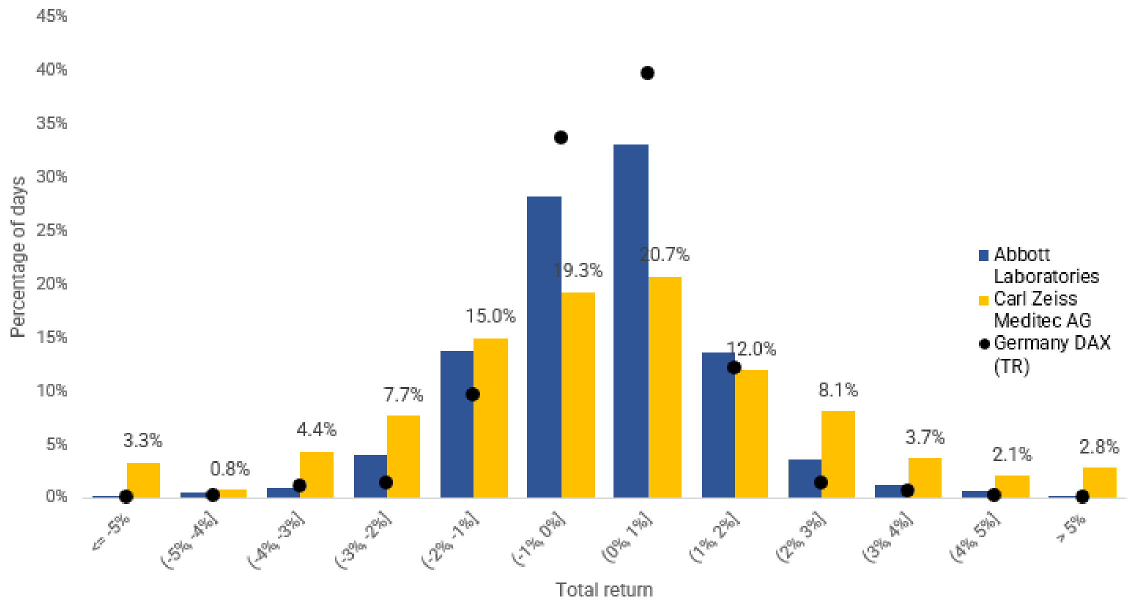
15-May-25	EV/EBITDA 2025	EV/EBITDA 2026	EV/EBIT 2025	EV/EBIT 2026	P/E 2025	P/E 2026
● Abbott Laboratories	19.3x	17.8x	22.1x	20.0x	24.9x	22.6x
● STRATEC SE	8.0x	7.0x	13.9x	11.3x	13.1x	10.4x
● Sartorius AG Pref	19.6x	17.2x	30.7x	25.7x	44.9x	35.9x
● Siemens Healthineers AG	14.1x	12.7x	18.2x	16.2x	20.0x	17.6x
● Johnson & Johnson	10.7x	10.3x	12.4x	11.7x	13.8x	13.2x
● Carl Zeiss Meditec AG	14.3x	11.1x	30.5x	19.3x	58.9x	37.3x
– Peer Group Median	14.1x	12.7x	18.2x	16.2x	20.0x	17.6x
Fair Value (EUR)	61.36	68.88	34.46	48.69	28.10	39.11

Source: FactSet, mwb research

Risk

The chart displays the **distribution of daily returns of Carl Zeiss Meditec AG** over the last 3 years, compared to the same distribution for Abbott Laboratories. 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 Carl Zeiss Meditec AG, the worst day during the past 3 years was 17/06/2024 with a share price decline of -20.5%. The best day was 05/03/2025 when the share price increased by 10.2%.

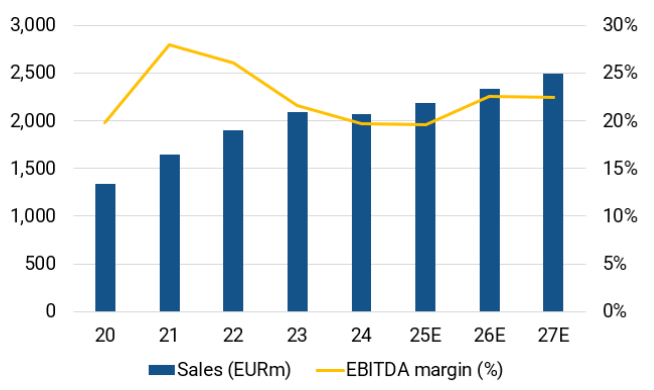
Risk – Daily Returns Distribution (trailing 3 years)



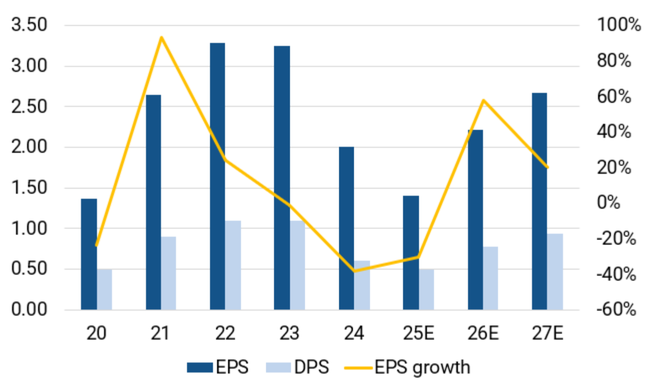
Source: FactSet, mwb research

Financials in six charts

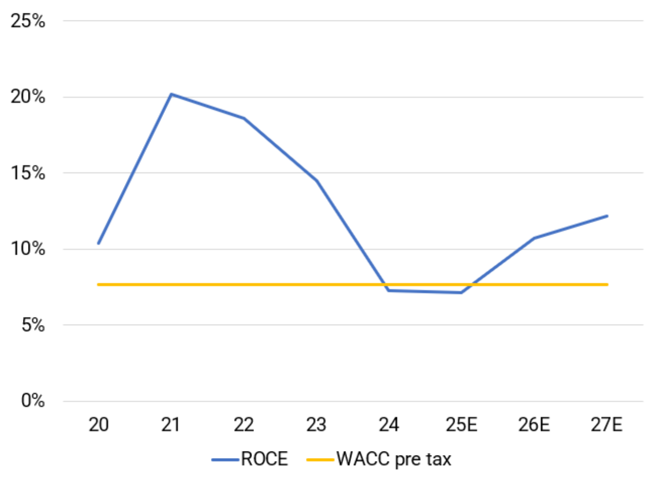
Sales vs. EBITDA margin development



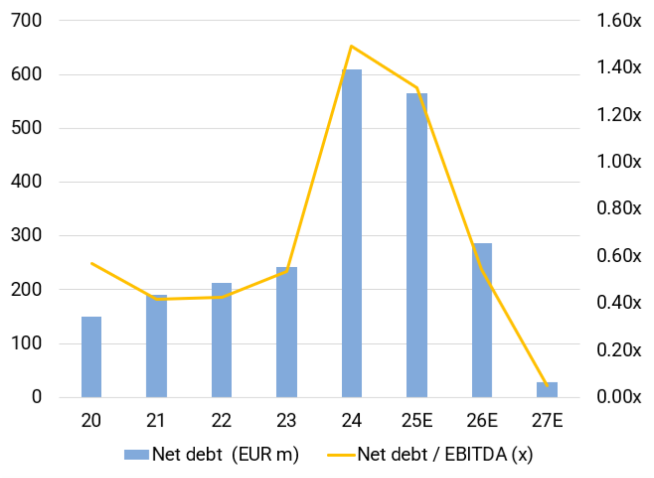
EPS, DPS in EUR & yoy EPS growth



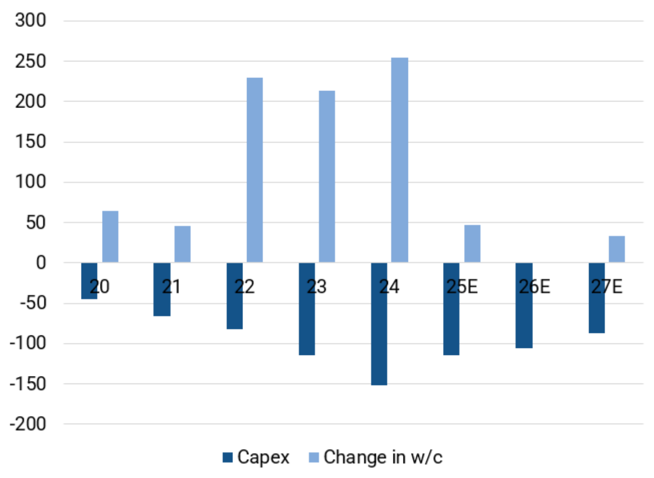
ROCE vs. WACC (pre tax)



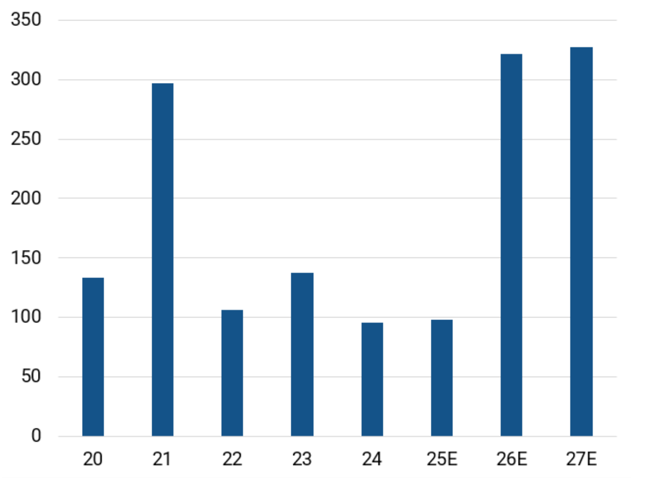
Net debt and net debt/EBITDA



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
Sales	**1,903**	**2,089**	**2,066**	**2,190**	**2,337**	**2,500**
Sales growth	15.5%	9.8%	-1.1%	6.0%	6.7%	7.0%
Cost of sales	775	884	977	1,038	1,070	1,128
Gross profit	**1,128**	**1,206**	**1,089**	**1,152**	**1,267**	**1,373**
SG&A expenses	438	504	569	589	615	640
Research and development	291	349	343	368	355	380
Other operating expenses (income)	1	4	-18	-7	-7	-8
EBITDA	**497**	**452**	**408**	**430**	**528**	**562**
Depreciation	70	74	133	136	134	128
EBITA	427	378	275	293	393	434
Amortisation of goodwill and intangible assets	30	30	81	92	90	74
EBIT	**397**	**348**	**194**	**201**	**304**	**360**
Financial result	7	64	46	-22	-20	-18
Recurring pretax income from continuing operations	403	413	241	180	284	342
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	403	413	241	180	284	342
Taxes	108	121	61	54	85	103
Net income from continuing operations	296	292	180	126	199	239
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	**296**	**292**	**180**	**126**	**199**	**239**
Minority interest	-2	-2	-1	-1	-2	-2
Net profit (reported)	294	290	179	125	197	238
Average number of shares	89.44	89.44	88.85	88.85	88.85	88.85
EPS reported	**3.29**	**3.25**	**2.01**	**1.41**	**2.22**	**2.67**

Profit and loss (common size)	2022	2023	2024	2025E	2026E	2027E
Sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Cost of sales	41%	42%	47%	47%	46%	45%
Gross profit	**59%**	**58%**	**53%**	**53%**	**54%**	**55%**
SG&A expenses	23%	24%	28%	27%	26%	26%
Research and development	15%	17%	17%	17%	15%	15%
Other operating expenses (income)	0%	0%	-1%	-0%	-0%	-0%
EBITDA	**26%**	**22%**	**20%**	**20%**	**23%**	**22%**
Depreciation	4%	4%	6%	6%	6%	5%
EBITA	22%	18%	13%	13%	17%	17%
Amortisation of goodwill and intangible assets	2%	1%	4%	4%	4%	3%
EBIT	**21%**	**17%**	**9%**	**9%**	**13%**	**14%**
Financial result	0%	3%	2%	-1%	-1%	-1%
Recurring pretax income from continuing operations	21%	20%	12%	8%	12%	14%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	21%	20%	12%	8%	12%	14%
Taxes	6%	6%	3%	2%	4%	4%
Net income from continuing operations	16%	14%	9%	6%	9%	10%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**16%**	**14%**	**9%**	**6%**	**9%**	**10%**
Minority interest	-0%	-0%	-0%	-0%	-0%	-0%
Net profit (reported)	**15%**	**14%**	**9%**	**6%**	**8%**	**9%**

Source: Company data; mwb research

Balance sheet (EURm)	2022	2023	2024	2025E	2026E	2027E
Intangible assets (exl. Goodwill)	**240**	**259**	**707**	**597**	**496**	**409**
Goodwill	430	416	983	983	983	983
Property, plant and equipment	236	316	354	349	331	304
Financial assets	125	130	138	138	138	138
FIXED ASSETS	**1,031**	**1,121**	**2,181**	**2,067**	**1,948**	**1,833**
Inventories	383	520	537	540	557	587
Accounts receivable	414	421	438	450	480	514
Other current assets	952	920	164	164	164	164
Liquid assets	8	10	20	10	233	436
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	35	40	53	44	47	50
CURRENT ASSETS	**1,792**	**1,912**	**1,212**	**1,208**	**1,481**	**1,751**
TOTAL ASSETS	**2,823**	**3,033**	**3,393**	**3,275**	**3,429**	**3,584**
SHAREHOLDERS EQUITY	**2,015**	**2,159**	**2,042**	**2,114**	**2,269**	**2,440**
MINORITY INTEREST	15	13	15	15	15	15
Long-term debt	198	230	586	536	486	436
Provisions for pensions and similar obligations	8	8	15	44	47	50
Other provisions	47	61	167	44	47	50
Non-current liabilities	**253**	**298**	**768**	**623**	**579**	**536**
short-term liabilities to banks	22	22	44	39	34	29
Accounts payable	189	240	184	193	199	210
Advance payments received on orders	40	0	0	0	0	0
Other liabilities (incl. from lease and rental contracts)	113	108	171	110	140	150
Deferred taxes	22	35	10	10	10	10
Deferred income	154	157	161	171	182	195
Current liabilities	**539**	**562**	**569**	**522**	**565**	**594**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**2,823**	**3,033**	**3,393**	**3,275**	**3,429**	**3,584**

Balance sheet (common size)	2022	2023	2024	2025E	2026E	2027E
Intangible assets (excl. Goodwill)	**9%**	**9%**	**21%**	**18%**	**14%**	**11%**
Goodwill	15%	14%	29%	30%	29%	27%
Property, plant and equipment	8%	10%	10%	11%	10%	8%
Financial assets	4%	4%	4%	4%	4%	4%
FIXED ASSETS	**37%**	**37%**	**64%**	**63%**	**57%**	**51%**
Inventories	14%	17%	16%	17%	16%	16%
Accounts receivable	15%	14%	13%	14%	14%	14%
Other current assets	34%	30%	5%	5%	5%	5%
Liquid assets	0%	0%	1%	0%	7%	12%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	1%	1%	2%	1%	1%	1%
CURRENT ASSETS	**63%**	**63%**	**36%**	**37%**	**43%**	**49%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**71%**	**71%**	**60%**	**65%**	**66%**	**68%**
MINORITY INTEREST	1%	0%	0%	0%	0%	0%
Long-term debt	7%	8%	17%	16%	14%	12%
Provisions for pensions and similar obligations	0%	0%	0%	1%	1%	1%
Other provisions	2%	2%	5%	1%	1%	1%
Non-current liabilities	**9%**	**10%**	**23%**	**19%**	**17%**	**15%**
short-term liabilities to banks	1%	1%	1%	1%	1%	1%
Accounts payable	7%	8%	5%	6%	6%	6%
Advance payments received on orders	1%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	4%	4%	5%	3%	4%	4%
Deferred taxes	1%	1%	0%	0%	0%	0%
Deferred income	5%	5%	5%	5%	5%	5%
Current liabilities	**19%**	**19%**	**17%**	**16%**	**16%**	**17%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; mwb research

mwb research

Cash flow statement (EURm)	2022	2023	2024	2025E	2026E	2027E
Net profit/loss	296	292	180	126	199	239
Depreciation of fixed assets (incl. leases)	70	74	133	136	134	128
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	81	92	90	74
Others	52	98	108	-95	6	7
Cash flow from operations before changes in w/c	418	465	501	259	429	448
Increase/decrease in inventory	-75	-153	-16	-4	-17	-30
Increase/decrease in accounts receivable	-74	-21	-17	-12	-30	-34
Increase/decrease in accounts payable	34	47	-56	10	6	11
Increase/decrease in other w/c positions	-114	-87	-165	-42	39	19
Increase/decrease in working capital	-230	-214	-254	-48	-2	-34
Cash flow from operating activities	**188**	**251**	**247**	**212**	**427**	**415**
CAPEX	-82	-114	-152	-114	-105	-88
Payments for acquisitions	-61	-11	-1,006	0	0	0
Financial investments	50	13	746	0	0	0
Income from asset disposals	0	0	0	0	0	0
Cash flow from investing activities	**-93**	**-111**	**-412**	**-114**	**-105**	**-88**
Cash flow before financing	95	140	-165	98	322	327
Increase/decrease in debt position	-22	-23	378	-55	-55	-55
Purchase of own shares	0	0	-150	0	0	0
Capital measures	0	0	0	0	0	0
Dividends paid	-80	-98	-98	-53	-44	-69
Others	8	-14	47	0	0	0
Effects of exchange rate changes on cash	-1	-2	-2	0	0	0
Cash flow from financing activities	**-95**	**-137**	**175**	**-108**	**-99**	**-124**
Increase/decrease in liquid assets	0	3	10	-10	223	203
Liquid assets at end of period	**8**	**11**	**20**	**10**	**233**	**436**

Source: Company data; mwb research

Regional sales split (EURm)	2022	2023	2024	2025E	2026E	2027E
Domestic	1,156	1,265	1,234	1,308	1,396	1,493
Europe (ex domestic)	132	156	226	240	256	274
The Americas	513	568	522	554	591	632
Asia	103	100	83	88	94	101
Rest of World	0	0	0	0	0	0
Total sales	**1,903**	**2,089**	**2,066**	**2,190**	**2,337**	**2,500**

Regional sales split (common size)	2022	2023	2024	2025E	2026E	2027E
Domestic	60.7%	60.6%	59.7%	59.7%	59.7%	59.7%
Europe (ex domestic)	6.9%	7.5%	11.0%	11.0%	11.0%	11.0%
The Americas	26.9%	27.2%	25.3%	25.3%	25.3%	25.3%
Asia	5.4%	4.8%	4.0%	4.0%	4.0%	4.0%
Rest of World	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; mwb research

Ratios	2022	2023	2024	2025E	2026E	2027E
Per share data						
Earnings per share reported	3.29	3.25	2.01	1.41	2.22	2.67
Cash flow per share	1.32	1.98	1.29	0.85	3.29	3.23
Book value per share	22.53	24.14	22.98	23.80	25.54	27.46
Dividend per share	1.10	1.10	0.60	0.49	0.78	0.94
Valuation						
P/E	18.8x	19.1x	30.8x	44.0x	27.9x	23.2x
P/CF	46.7x	31.3x	48.0x	72.8x	18.8x	19.2x
P/BV	2.7x	2.6x	2.7x	2.6x	2.4x	2.3x
Dividend yield (%)	1.8%	1.8%	1.0%	0.8%	1.3%	1.5%
FCF yield (%)	2.1%	3.2%	2.1%	1.4%	5.3%	5.2%
EV/Sales	3.0x	2.8x	3.0x	2.8x	2.5x	2.2x
EV/EBITDA	11.5x	12.7x	15.0x	14.2x	11.1x	9.9x
EV/EBIT	14.4x	16.5x	31.5x	30.3x	19.2x	15.5x
Income statement (EURm)						
Sales	1,903	2,089	2,066	2,190	2,337	2,500
yoy chg in %	15.5%	9.8%	-1.1%	6.0%	6.7%	7.0%
Gross profit	1,128	1,206	1,089	1,152	1,267	1,373
Gross margin in %	59.3%	57.7%	52.7%	52.6%	54.2%	54.9%
EBITDA	497	452	408	430	528	562
EBITDA margin in %	26.1%	21.7%	19.8%	19.6%	22.6%	22.5%
EBIT	397	348	194	201	304	360
EBIT margin in %	20.9%	16.7%	9.4%	9.2%	13.0%	14.4%
Net profit	294	290	179	125	197	238
Cash flow statement (EURm)						
CF from operations	188	251	247	212	427	415
Capex	-82	-114	-152	-114	-105	-88
Maintenance Capex	70	74	133	136	134	128
Free cash flow	106	137	95	98	322	327
Balance sheet (EURm)						
Intangible assets	670	675	1,689	1,580	1,479	1,392
Tangible assets	236	316	354	349	331	304
Shareholders' equity	2,015	2,159	2,042	2,114	2,269	2,440
Pension provisions	8	8	15	44	47	50
Liabilities and provisions	275	320	812	662	613	564
Net financial debt	212	242	609	565	286	28
w/c requirements	568	702	791	797	838	891
Ratios						
ROE	14.7%	13.5%	8.8%	6.0%	8.8%	9.8%
ROCE	17.2%	14.0%	6.8%	7.2%	10.5%	11.9%
Net gearing	10.5%	11.2%	29.8%	26.7%	12.6%	1.2%
Net debt / EBITDA	0.4x	0.5x	1.5x	1.3x	0.5x	0.1x

Source: Company data; mwb research

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