

TUI AG

Germany | Travel & Leisure | MCap EUR 4,003m

13 August 2025

UPDATE



FQ3: strong profitability, margin guidance upgrade, BUY

What's it all about?

TUI's fiscal Q3 25 results revealed an unexpected improvement in margins, with underlying EBIT increasing by 38% yoy, primarily due to robust performances in its Hotels & Resorts and Cruises divisions, as well as a late Easter in its Markets & Airlines division. Although revenue was in line with expectations, free cash flow decreased yoy and was slightly below mwb estimates. Based on the strong overall FQ3 results, TUI increased its FY25 underlying EBIT guidance by 150 basis points (midpoint) to a 9–11% increase. Although summer bookings are slightly down, the fact that average selling prices are higher is a positive sign. Continued operational improvements and financial deleveraging at the company support our BUY rating, with an unchanged price target of EUR 16.00.

BUY (BUY)

Target price	EUR 16.00 (16.00)
Current price	EUR 7.89
Up/downside	102.7%



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Germany | Travel & Leisure | MCap EUR 4,003m | EV EUR 6,824m

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FQ3: strong profitability, margin guidance upgrade, BUY

FQ3 revenue in line, margins surprise positively. TUI released its fiscal Q3 25 results (ending 30 June) and held a conference call. Overall, FQ3 sales were in line with expectations, growing by 7.1%. Underlying EBIT exceeded expectations, rising 38% yoy and improving the margin by 120 basis points. This strong result was driven by a record performance in Holiday Experiences, a positive mix effect due to increased capacity in Cruises, and the fact that the Easter holidays fell in FQ3. A total of 5.9 million customers travelled with TUI in the quarter, marking a 2% increase.

	FQ3 24	FQ3 25 est.	FQ3 25 act.	yoy
Sales	5.787	6.205	6.200	7,1%
und. EBITDA	447	499	545	21,9%
	7,7%	8,0%	8,8%	+ 90bp
und. EBIT	232	271	321	38,2%
	4,0%	4,4%	5,2%	+ 120bp
Net Income	104	110	225	116,0%
FCF	1.268	1.320	1.168	-7,9%

Strong hotels and cruises. The **Hotels & Resorts** segment saw underlying EBIT in FQ3 remain stable at EUR 131m, which is in line with last year's record result despite a revaluation effect of around EUR 15m. Operationally, the segment demonstrated improvements, particularly within the Riu brand. This was supported by higher rates (ADR +3%) and occupancy levels (+2PP). The **Cruises** segment achieved a record performance in FQ3, with underlying EBIT soaring by 56%. This growth was primarily driven by the introduction of two new TUI Cruises ships, Mein Schiff 7 and Mein Schiff Relax, which increased available passenger cruise days by 33%. Strong demand in both the UK and German cruise markets supported higher prices (+3%) and maintained high occupancy levels (98%). **Markets & Airlines** reported an improvement in underlying EBIT in Q3, largely due to stronger customer demand (+2% PAX) and a EUR 31m benefit from the Easter holiday shift to Q3.

FCF down yoy. Free cash flow in FQ3 was down yoy, missing our expectations by c. EUR 150m. This is mainly due to a lower-than-expected improvement in working capital as received prepayments surged less than expected, probably due to slightly lower yoy summer bookings. In addition, capex increased for RIU hotels.

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TUI AG	2022	2023	2024	2025E	2026E	2027E
Sales	16,545	20,666	23,167	24,673	25,537	26,431
<i>Growth yoy</i>	249.7%	24.9%	12.1%	6.5%	3.5%	3.5%
EBITDA	1,204	1,859	2,122	2,279	2,378	2,487
EBIT	320	999	1,275	1,406	1,507	1,612
Net profit	-277	306	507	600	687	804
Net debt (net cash)	3,962	2,277	2,191	1,475	636	-293
Net debt/EBITDA	3.3x	1.2x	1.0x	0.6x	0.3x	-0.1x
EPS reported	-0.98	0.60	1.00	1.18	1.35	1.59
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	5.6%	7.8%	8.4%	8.4%	8.6%	8.9%
EBITDA margin	7.3%	9.0%	9.2%	9.2%	9.3%	9.4%
EBIT margin	1.9%	4.8%	5.5%	5.7%	5.9%	6.1%
ROCE	4.2%	12.2%	14.5%	16.8%	17.7%	18.1%
EV/EBITDA	7.1x	3.7x	3.2x	2.7x	2.2x	1.8x
EV/EBIT	26.7x	6.9x	5.4x	4.4x	3.5x	2.7x
PER	-8.0x	13.1x	7.9x	6.7x	5.8x	5.0x
FCF yield	57.7%	21.6%	28.7%	23.5%	27.5%	30.6%

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 8.88 / 5.33
Price/Book Ratio 4.2x

Ticker / Symbols

ISIN DE000TUAG505
WKN TUAG50
Bloomberg TUI1:GR

Changes in estimates

		Sales	EBIT	EPS
2025E	old	24,673	1,406	1.18
	Δ	0.0%	0.0%	0.0%
2026E	old	25,537	1,507	1.35
	Δ	0.0%	0.0%	0.0%
2027E	old	26,431	1,612	1.59
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 507.10
Book value per share: (in EUR) 1.88
Ø trading vol.: (12 months) 4,204,172

Major shareholders

Unifirm Limited (Mordashov) 9.6%
Severgroup (Mordashov) 1.3%
Riu Hotels 1.1%
Free Float 88.0%

Company description

TUI AG is a Germany-based integrated tourism group. It operates through the different segments: Hotels & Resorts, Cruises, Musement, and Markets & Airlines.

FY25 margin guidance upgrade. Based on its strong performance in FQ3 and positive indications for July, TUI has increased its underlying EBIT guidance for FY25 to a rise of 9–11% (up from 7–10%) at constant currency. Revenue expectation is unchanged at growth of around 5-10%, but is now expected at the lower end. Bookings for Summer 25 are currently down 2%, but average selling prices are up 3%. Meanwhile, bookings for Winter 25/26 have got off to a positive start.

Estimates unchanged, reiterate BUY. Overall, FQ3 confirmed that TUI continues on its path of operational improvements and financial deleveraging. This has already been recognized by rating agency upgrades and enabled the recent issuance of promissory notes on attractive terms (EUR 250m at 4%). We are reiterating our BUY rating with unchanged estimates and an unchanged price target of EUR 16.00.

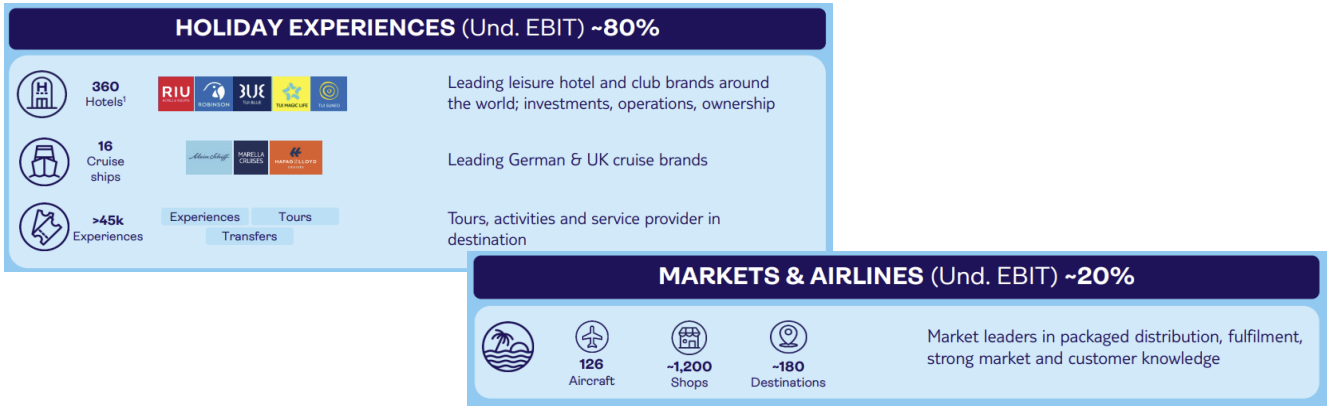
The following table displays the quarterly performance of **TUI AG**.

P&L data	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Sales	8,476.5	4,302.5	3,650.0	5,787.0	9,427.8	4,872.0	3,704.6	6,199.5
yoy growth in %	11.3%	14.7%	15.8%	9.5%	11.2%	13.2%	1.5%	7.1%
Gross profit	1,332.0	196.1	-1.3	373.8	1,377.5	261.1	-42.9	467.2
Gross margin in %	15.7%	4.6%	-0.0%	6.5%	14.6%	5.4%	-1.2%	7.5%
EBITDA	1,420.0	208.5	14.7	446.8	1,457.6	278.0	6.0	544.9
EBITDA margin in %	16.8%	4.8%	0.2%	7.7%	15.5%	5.7%	0.2%	8.8%
EBIT	1,230.0	6.0	-195.0	231.9	1,244.0	51.0	-217.1	320.6
EBIT margin in %	14.5%	0.1%	-5.3%	4.0%	13.2%	1.0%	-5.9%	5.2%
EBT	1,153.0	-103.1	-300.0	139.1	1,125.4	-37.0	-316.1	269.6
taxes paid	192.0	-19.6	-53.0	35.5	191.1	-7.0	-53.4	45.0
tax rate in %	16.7%	19.0%	17.7%	25.5%	17.0%	18.9%	16.9%	16.7%
net profit	904.0	-83.5	-294.0	103.6	872.0	-30.0	-306.1	224.6
yoy growth in %	13.3%	na%	na%	97.3%	-3.5%	-64.1%	4.1%	116.8%
EPS	1.78	-0.24	-0.58	0.10	1.70	-0.17	-0.60	0.36

Source: Company data; mwb research

Investment case in six charts

Products & Services



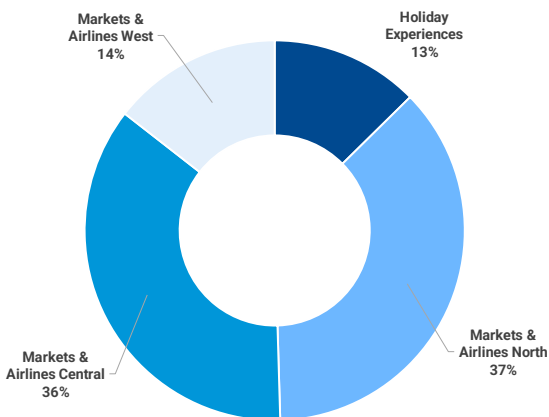
Travel Megatrend



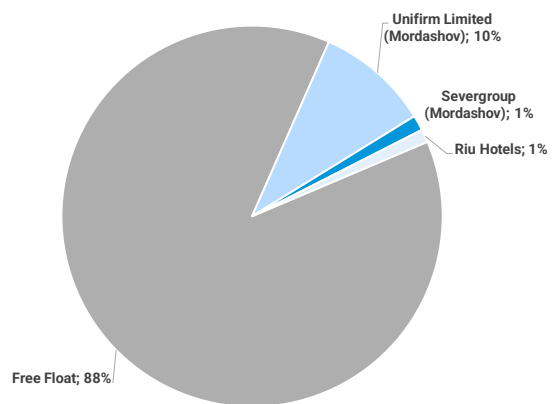
Travel & Tourism market set for growth above GDP



Segmental revenue breakdown FY24 in %



Major Shareholders



Source: Company data; mwb research

SWOT analysis

Strengths

- well established brands
- scale: largest fully integrated tourism group worldwide
- flexibility due to asset ownership
- exposure to high growth segments (e.g. cruise)

Weaknesses

- highly competitive markets with limited scope to differentiate
- strong seasonality
- asset ownership burdens ROCE

Opportunities

- trend from owning stuff to experiences
- digital mass customization
- growth opportunities outside Europe

Threats

- exposure to external shocks (geopolitical, natural disasters, terrorism etc.)
- the demise of packaged tours sold via bricks-and-mortar travel agencies
- self-packaging / unbundling and the emergence of Booking.com, Expedia etc.
- Flygskam, environmental backlash against cruises
- input price increases, for example for aircraft fuel

Valuation

DCF Model

The DCF model results in a **fair value of EUR 16.06 per share**:

Top-line growth: We expect TUI AG to grow revenues at a CAGR of 3.5% between 2025E and 2032E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 16.8% in 2025E to 9.3% in 2032E.

WACC. Starting point is a historical equity beta of 1.90. Unlevering and correcting for mean reversion yields an asset beta of 1.03. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 9.3%. With pre-tax cost of borrowing at 7.5%, a tax rate of 25% and target debt/equity of 0.3 this results in a long-term WACC of 8.6%.

DCF (EURm) (except per share data and beta)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Terminal value
NOPAT	914	938	977	738	664	684	669	672	
Depreciation & amortization	873	872	875	882	892	906	923	938	
Change in working capital	-59	-13	-51	-81	-15	-48	-50	-5	
Chg. in long-term provisions	103	73	71	51	52	53	84	87	
Capex	-1,012	-1,047	-1,084	-1,122	-1,161	-1,201	-1,213	-1,130	
Cash flow	819	824	789	469	432	394	412	563	8,689
Present value	809	744	653	356	304	255	245	307	4,824
WACC	9.6%	9.5%	9.3%	9.2%	8.9%	8.9%	8.9%	8.9%	8.6%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	8,495	Planning horizon avg. revenue growth (2025E-2032E)	3.5%
Mid-year adj. total present value	8,873	Terminal value growth (2032E - infinity)	2.0%
Net debt / cash at start of year	2,191	Terminal year ROCE	9.3%
Financial assets	2,091	Terminal year WACC	8.6%
Provisions and off b/s debt	631		
Equity value	8,142	Terminal WACC derived from	
No. of shares outstanding	507.1	Cost of borrowing (before taxes)	7.5%
		Long-term tax rate	25%
		Equity beta	1.90
		Unlevered beta (industry or company)	1.03
		Target debt / equity	0.3
		Relevered beta	1.22
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	9.3%

Discounted cash flow / share	16.06
upside/(downside)	103.4%

Share price	7.89
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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%	11.8	12.2	12.6	13.0	13.6	2025E-2028E	30.2%
1.0%	13.1	13.6	14.1	14.7	15.4	2029E-2032E	13.1%
0.0%	14.7	15.3	16.1	16.9	17.9	terminal value	56.8%
-1.0%	16.7	17.6	18.7	20.0	21.6		
-2.0%	19.5	20.9	22.6	24.6	27.2		

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 30.33 per share based on 2025E and EUR 27.14 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	2,279	2,378	2,487	2,003	1,912
- Maintenance capex	786	785	787	794	803
- Minorities	211	267	313	159	151
- tax expenses	203	239	279	189	180
= Adjusted FCF	1,080	1,088	1,108	862	778
Actual Market Cap	4,006	4,006	4,006	4,006	4,006
+ Net debt (cash)	1,475	636	-293	-779	-1,266
+ Pension provisions	666	689	709	707	703
+ Off b/s financing	0	0	0	0	0
- Financial assets	2,091	2,091	2,091	2,091	2,091
- Acc. dividend payments	0	0	0	0	0
<i>EV Reconciliations</i>	51	-765	-1,674	-2,163	-2,654
= Actual EV'	4,057	3,240	2,331	1,843	1,352
Adjusted FCF yield	26.6%	33.6%	47.5%	46.8%	57.5%
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	15,431	15,545	15,829	12,314	11,110
- <i>EV Reconciliations</i>	51	-765	-1,674	-2,163	-2,654
Fair Market Cap	15,381	16,311	17,503	14,477	13,763
No. of shares (million)	507	507	507	507	507
Fair value per share in EUR	30.33	32.16	34.52	28.55	27.14
Premium (-) / discount (+)	284.2%	307.5%	337.2%	261.7%	243.8%

Sensitivity analysis fair value						
Adjusted hurdle rate	5.0%	43	44	47	38	36
	6.0%	35	37	40	33	31
	7.0%	30	32	35	29	27
	8.0%	27	28	31	26	24
	9.0%	24	25	28	23	22

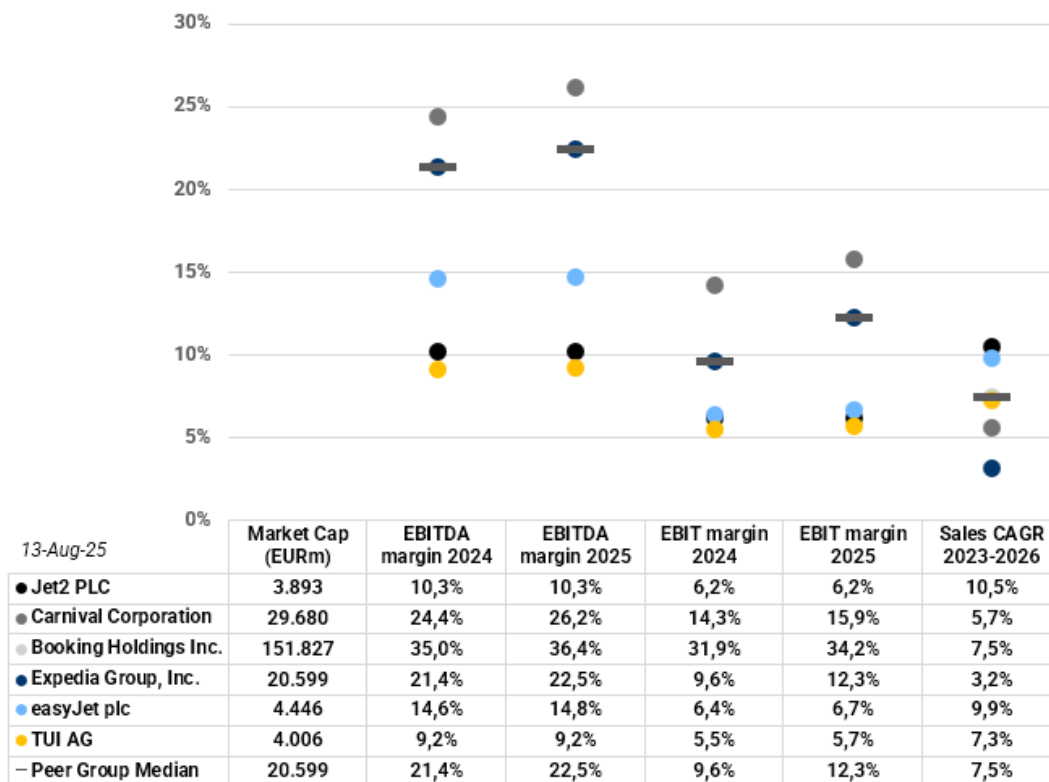
Source: Company data; mwb research

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 **TUI 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 TUI AG consists of the stocks displayed in the graphs below. As of 13 August 2025 the median market cap of the peer group was EUR 20,599m, compared to EUR 4,003m for TUI AG. In the period under review, the peer group was more profitable than TUI AG. The expectations for sales growth are higher for the peer group than for TUI AG.

Peer Group – Key data

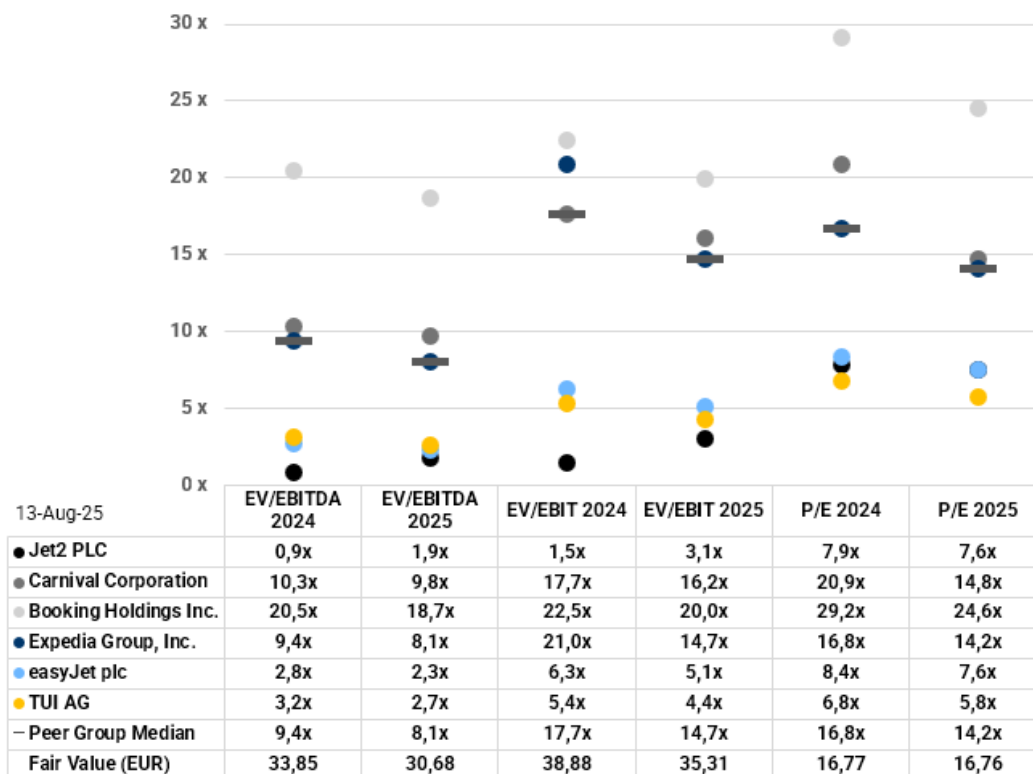


Source: FactSet, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/EBIT 2024, EV/EBIT 2025, P/E 2024 and P/E 2025.

Applying these to TUI AG results in a range of fair values from EUR 16.76 to EUR 38.88.

Peer Group – Multiples and valuation

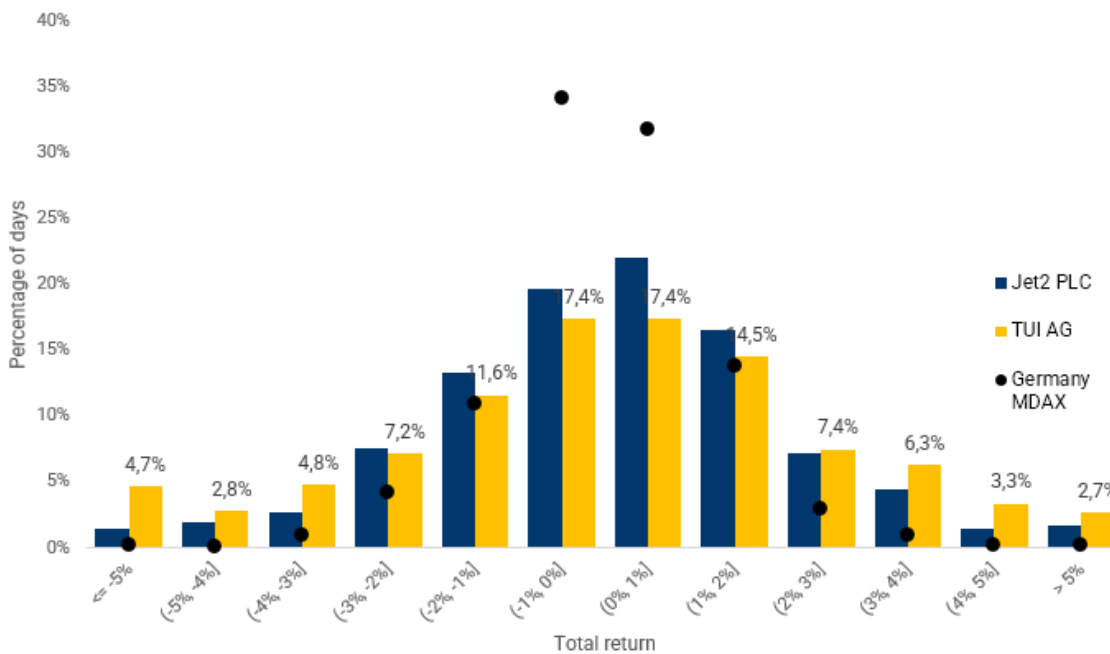


Source: FactSet, mwb research

Risk

The chart displays the **distribution of daily returns of TUI AG** over the last 3 years, compared to the same distribution for Jet2 PLC. We have also included the distribution for the index Germany MDAX. 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 TUI AG, the worst day during the past 3 years was 14/05/2025 with a share price decline of -10.9%. The best day was 06/12/2023 when the share price increased by 15.3%.

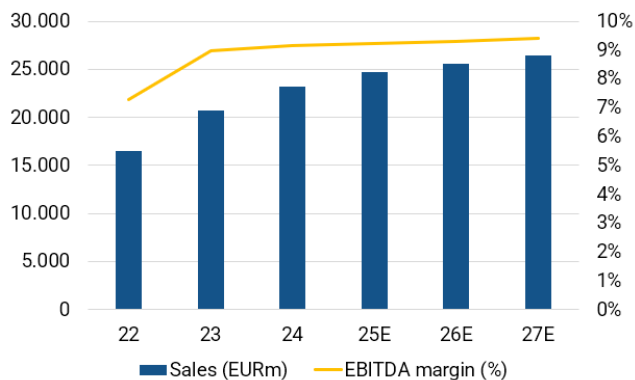
Risk – Daily Returns Distribution (trailing 3 years)



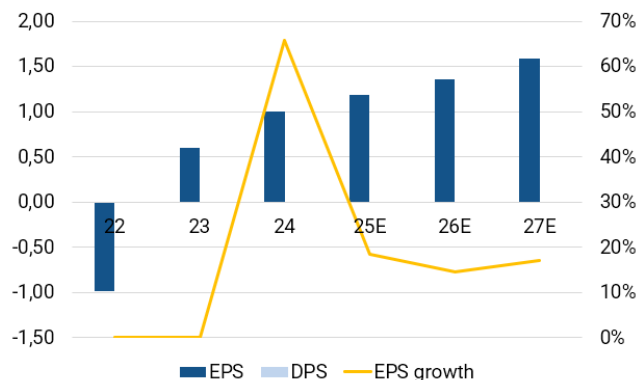
Source: FactSet, mwb research

Financials in six charts

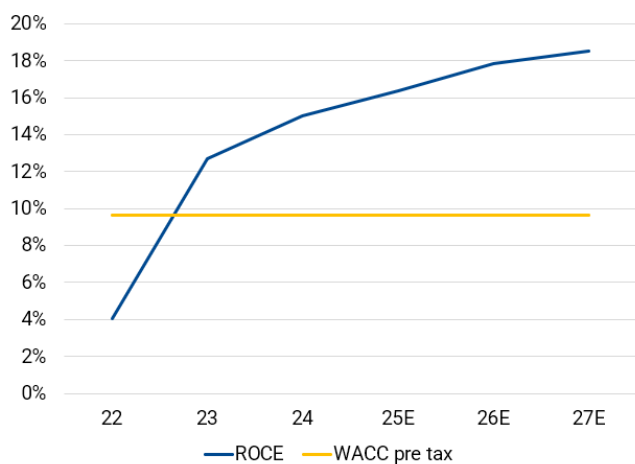
Sales vs. EBITDA margin development



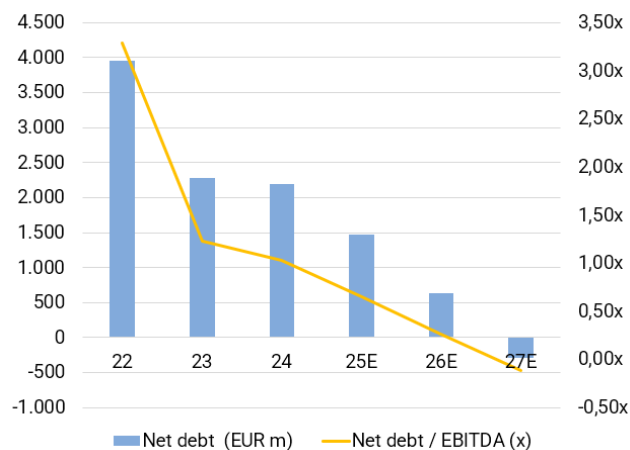
EPS, DPS in EUR & yoy EPS growth



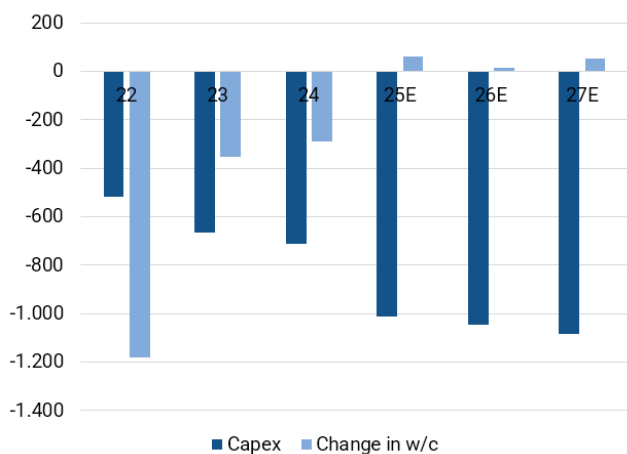
ROCE vs. WACC (pre tax)



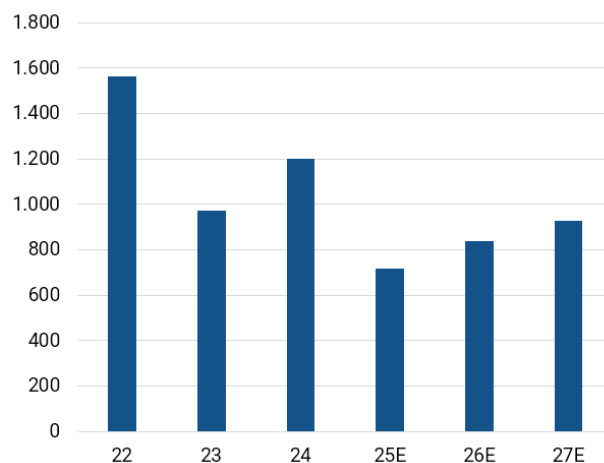
Net debt and net debt/EBITDA



Capex & change 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	16,545	20,666	23,167	24,673	25,537	26,431
Sales growth	249.7%	24.9%	12.1%	6.5%	3.5%	3.5%
Cost of sales	15,613	19,053	21,221	22,601	23,341	24,078
Gross profit	932	1,613	1,946	2,073	2,196	2,352
SG&A expenses	673	1,016	1,046	1,184	1,226	1,242
Research and development	0	0	0	0	0	0
Other operating expenses (income)	-135	-402	-375	-518	-536	-502
EBITDA	1,204	1,859	2,122	2,279	2,378	2,487
Depreciation	884	859	847	873	872	875
EBITA	320	999	1,275	1,406	1,507	1,612
Amortisation of goodwill and intangible assets	0	0	0	0	0	0
EBIT	320	999	1,275	1,406	1,507	1,612
Financial result	-466	-454	-414	-393	-314	-217
Recurring pretax income from continuing operations	-146	546	861	1,013	1,193	1,396
Extraordinary income/loss	0	5	0	0	0	0
Earnings before taxes	-146	551	861	1,013	1,193	1,396
Taxes	67	96	154	203	239	279
Net income from continuing operations	-213	456	707	811	954	1,116
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	-213	456	707	811	954	1,116
Minority interest	-65	-150	-200	-211	-267	-313
Net profit (reported)	-277	306	507	600	687	804
Average number of shares	281.54	507.40	507.40	507.10	507.10	507.10
EPS reported	-0.98	0.60	1.00	1.18	1.35	1.59

Profit and loss (common size)	2022	2023	2024	2025E	2026E	2027E
Sales	100%	100%	100%	100%	100%	100%
Cost of sales	94%	92%	92%	92%	91%	91%
Gross profit	6%	8%	8%	8%	9%	9%
SG&A expenses	4%	5%	5%	5%	5%	5%
Research and development	0%	0%	0%	0%	0%	0%
Other operating expenses (income)	-1%	-2%	-2%	-2%	-2%	-2%
EBITDA	7%	9%	9%	9%	9%	9%
Depreciation	5%	4%	4%	4%	3%	3%
EBITA	2%	5%	6%	6%	6%	6%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	2%	5%	6%	6%	6%	6%
Financial result	-3%	-2%	-2%	-2%	-1%	-1%
Recurring pretax income from continuing operations	-1%	3%	4%	4%	5%	5%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-1%	3%	4%	4%	5%	5%
Taxes	0%	0%	1%	1%	1%	1%
Net income from continuing operations	-1%	2%	3%	3%	4%	4%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-1%	2%	3%	3%	4%	4%
Minority interest	-0%	-1%	-1%	-1%	-1%	-1%
Net profit (reported)	-2%	1%	2%	2%	3%	3%

Source: Company data; mwb research

Balance sheet (EURm)	2022	2023	2024	2025E	2026E	2027E
Intangible assets (excl. Goodwill)	508	538	590	738	891	1,049
Goodwill	2,971	2,949	2,999	2,999	2,999	2,999
Property, plant and equipment	6,372	6,244	6,236	6,227	6,249	6,299
Financial assets	1,501	1,875	2,091	2,091	2,091	2,091
FIXED ASSETS	11,352	11,606	11,915	12,053	12,229	12,438
Inventories	56	62	66	62	64	66
Accounts receivable	399	412	301	608	630	652
Other current assets	1,141	1,184	1,334	1,334	1,334	1,334
Liquid assets	1,297	2,060	2,848	2,225	2,164	2,293
Deferred taxes	0	41	35	35	35	35
Deferred charges and prepaid expenses	1,011	787	917	987	1,021	1,057
CURRENT ASSETS	3,904	4,547	5,502	5,251	5,249	5,437
TOTAL ASSETS	15,256	16,152	17,417	17,305	17,478	17,875
SHAREHOLDERS EQUITY	-142	1,123	956	1,767	2,721	3,838
MINORITY INTEREST	787	824	818	818	818	818
Long-term debt	4,240	3,415	4,098	3,200	2,300	1,500
Provisions for pensions and similar obligations	568	637	631	666	689	709
Other provisions	1,059	1,276	1,364	1,431	1,481	1,533
Non-current liabilities	5,867	5,328	6,092	5,297	4,471	3,742
short-term liabilities to banks	1,019	922	941	500	500	500
Accounts payable	3,317	3,374	3,393	3,591	3,709	3,802
Advance payments received on orders	2,999	3,530	4,017	4,071	3,958	3,832
Other liabilities (incl. from lease and rental contracts)	1,254	938	1,098	1,110	1,149	1,189
Deferred taxes	121	114	101	101	101	101
Deferred income	33	0	0	49	51	53
Current liabilities	8,743	8,877	9,550	9,423	9,468	9,477
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	15,256	16,152	17,417	17,305	17,478	17,875

Balance sheet (common size)	2022	2023	2024	2025E	2026E	2027E
Intangible assets (excl. Goodwill)	3%	3%	3%	4%	5%	6%
Goodwill	19%	18%	17%	17%	17%	17%
Property, plant and equipment	42%	39%	36%	36%	36%	35%
Financial assets	10%	12%	12%	12%	12%	12%
FIXED ASSETS	74%	72%	68%	70%	70%	70%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	3%	3%	2%	4%	4%	4%
Other current assets	7%	7%	8%	8%	8%	7%
Liquid assets	8%	13%	16%	13%	12%	13%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	7%	5%	5%	6%	6%	6%
CURRENT ASSETS	26%	28%	32%	30%	30%	30%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	-1%	7%	5%	10%	16%	21%
MINORITY INTEREST	5%	5%	5%	5%	5%	5%
Long-term debt	28%	21%	24%	18%	13%	8%
Provisions for pensions and similar obligations	4%	4%	4%	4%	4%	4%
Other provisions	7%	8%	8%	8%	8%	9%
Non-current liabilities	38%	33%	35%	31%	26%	21%
short-term liabilities to banks	7%	6%	5%	3%	3%	3%
Accounts payable	22%	21%	19%	21%	21%	21%
Advance payments received on orders	20%	22%	23%	24%	23%	21%
Other liabilities (incl. from lease and rental contracts)	8%	6%	6%	6%	7%	7%
Deferred taxes	1%	1%	1%	1%	1%	1%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	57%	55%	55%	54%	54%	53%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2022	2023	2024	2025E	2026E	2027E
Net profit/loss	-213	456	707	811	954	1,116
Depreciation of fixed assets (incl. leases)	884	859	847	873	872	875
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	0	0	0	0	0
Others	226	-30	69	103	73	71
Cash flow from operations before changes in w/c	897	1,285	1,623	1,786	1,899	2,063
Increase/decrease in inventory	-16	-6	-4	4	-2	-2
Increase/decrease in accounts receivable	-692	-12	-25	-308	-21	-22
Increase/decrease in accounts payable	0	57	0	198	118	93
Increase/decrease in other w/c positions	1,889	314	317	46	-107	-120
Increase/decrease in working capital	1,181	353	288	-59	-13	-51
Cash flow from operating activities	2,078	1,637	1,911	1,727	1,887	2,012
CAPEX	-516	-666	-713	-1,012	-1,047	-1,084
Payments for acquisitions	0	0	0	0	0	0
Financial investments	-3	-84	-84	0	0	0
Income from asset disposals	185	258	192	0	0	0
Cash flow from investing activities	-333	-492	-604	-1,012	-1,047	-1,084
Cash flow before financing	1,744	1,145	1,307	716	840	928
Increase/decrease in debt position	-2,046	-1,776	-486	-1,339	-900	-800
Purchase of own shares	0	0	0	0	0	0
Capital measures	1,523	1,761	101	0	0	0
Dividends paid	-51	-137	-146	0	0	0
Others	109	-682	0	0	0	0
Effects of exchange rate changes on cash	12	13	0	0	0	0
Cash flow from financing activities	-453	-822	-531	-1,339	-900	-800
Increase/decrease in liquid assets	1,292	324	775	-623	-60	128
Liquid assets at end of period	1,737	2,060	2,848	2,225	2,164	2,293

Source: Company data; mwb research

Regional sales split (EURm)	2022	2023	2024	2025E	2026E	2027E
Domestic	4,555	5,699	6,410	6,827	7,066	7,313
Europe (ex domestic)	11,607	14,305	16,018	17,059	17,656	18,274
The Americas	294	495	558	594	615	636
Asia	0	0	0	0	0	0
Rest of World	90	167	181	193	200	207
Total sales	16,545	20,666	23,167	24,673	25,537	26,431

Regional sales split (common size)	2022	2023	2024	2025E	2026E	2027E
Domestic	27.5%	27.6%	27.7%	27.7%	27.7%	27.7%
Europe (ex domestic)	70.2%	69.2%	69.1%	69.1%	69.1%	69.1%
The Americas	1.8%	2.4%	2.4%	2.4%	2.4%	2.4%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	0.5%	0.8%	0.8%	0.8%	0.8%	0.8%
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	-0.98	0.60	1.00	1.18	1.35	1.59
Cash flow per share	4.56	1.70	2.26	1.86	2.17	2.41
Book value per share	-0.50	2.21	1.88	3.48	5.37	7.57
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-8.0x	13.1x	7.9x	6.7x	5.8x	5.0x
P/CF	1.7x	4.6x	3.5x	4.3x	3.6x	3.3x
P/BV	-15.7x	3.6x	4.2x	2.3x	1.5x	1.0x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	57.7%	21.6%	28.7%	23.5%	27.5%	30.6%
EV/Sales	0.5x	0.3x	0.3x	0.2x	0.2x	0.2x
EV/EBITDA	7.1x	3.7x	3.2x	2.7x	2.2x	1.8x
EV/EBIT	26.7x	6.9x	5.4x	4.4x	3.5x	2.7x
Income statement (EURm)						
Sales	16,545	20,666	23,167	24,673	25,537	26,431
yoy chg in %	249.7%	24.9%	12.1%	6.5%	3.5%	3.5%
Gross profit	932	1,613	1,946	2,073	2,196	2,352
Gross margin in %	5.6%	7.8%	8.4%	8.4%	8.6%	8.9%
EBITDA	1,204	1,859	2,122	2,279	2,378	2,487
EBITDA margin in %	7.3%	9.0%	9.2%	9.2%	9.3%	9.4%
EBIT	320	999	1,275	1,406	1,507	1,612
EBIT margin in %	1.9%	4.8%	5.5%	5.7%	5.9%	6.1%
Net profit	-277	306	507	600	687	804
Cash flow statement (EURm)						
CF from operations	2,078	1,637	1,911	1,727	1,887	2,012
Capex	-516	-666	-713	-1,012	-1,047	-1,084
Maintenance Capex	795	773	762	786	785	787
Free cash flow	1,562	971	1,198	716	840	928
Balance sheet (EURm)						
Intangible assets	3,478	3,487	3,588	3,736	3,890	4,048
Tangible assets	6,372	6,244	6,236	6,227	6,249	6,299
Shareholders' equity	-142	1,123	956	1,767	2,721	3,838
Pension provisions	568	637	631	666	689	709
Liabilities and provisions	6,886	6,250	7,034	5,797	4,971	4,242
Net financial debt	3,962	2,277	2,191	1,475	636	-293
w/c requirements	-5,860	-6,430	-7,043	-6,992	-6,973	-6,917
Ratios						
ROE	150.1%	40.6%	74.0%	45.9%	35.1%	29.1%
ROCE	4.2%	12.2%	14.5%	16.8%	17.7%	18.1%
Net gearing	-2,798.2%	202.7%	229.1%	83.5%	23.4%	-7.6%
Net debt / EBITDA	3.3x	1.2x	1.0x	0.6x	0.3x	-0.1x

Source: Company data; mwb research

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