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Carl Zeiss Meditec AG

Germany | Health Care | MCap EUR 3,081m

22 January 2026

UPDATE

Weak Q1 and China pressure prompt reset; PT and rating down; HOLD.

HOLD (BUY)

Target price	**EUR 31.00** (48.00)
Current price	EUR 35.20
Up/downside	-11.9%

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What's it all about?

Carl Zeiss Meditec (CZM) reported a significantly weaker-than-expected start into FY26, prompting a profit warning and a review of full-year guidance. Q1 25/26 revenues declined 4.8% yoy to EUR 467m, while EBITA dropped 77% yoy to EUR 8m, implying a margin of only 1.7%. China remains the key structural concern, with tender-related IOL losses and rising local competition expected to drive further price pressure. In the Americas, postponed clinic investments add cyclical headwinds. With visibility materially reduced ahead of a May update, we cut our estimates and our price target to EUR 31.00 from EUR 48.00 and downgrade the rating from BUY to HOLD.

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Weak Q1 and China pressure prompt reset; PT, rating down; HOLD.

Profit warning changes near-term narrative. Carl Zeiss Meditec (CZM) released an ad-hoc announcement reporting a significantly weaker-than-expected start into FY26. In Q1 25/26, revenues declined to EUR 467m from EUR 490m yoy (-4.8% yoy), primarily driven by adverse FX effects. More concerning, however, was the pronounced drop in profitability: EBITA fell to EUR 8m (-77% yoy) compared to EUR 35m in the prior-year quarter, implying an EBITA margin of only 1.7%. This sharp contraction cannot be explained by currency effects alone and indicates a combination of operational underutilization, weaker regional demand and rising competitive pressure. The weak start to the year is prompting management to state that the previously communicated full-year guidance will likely not be achieved.

China headwinds: structural rather than temporary. The most critical negative driver remains China (China 26% (mwb est.) and APAC 45% of FY revenues). The withdrawal of a bifocal intraocular lens from the volume-based procurement tender has already resulted in tangible revenue losses. Moreover, management expects the upcoming nationwide tender to lead to substantial price pressure due to intensified competition from local Chinese manufacturers. Given the historically high-margin nature of the business, further pricing concessions would disproportionately affect group profitability and raise questions about the sustainability of margins in the region.

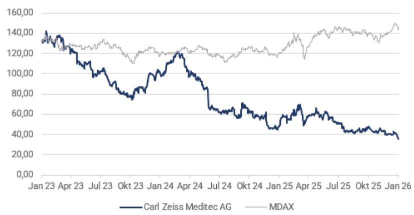
Investment hesitation persists. In the Americas (26% of FY revenues), management highlighted a weakening investment environment amid heightened geopolitical uncertainty. Capital expenditure decisions by clinics appear increasingly postponed, adding another layer of cyclical pressure.

Visibility materially reduced. Against this backdrop, management has initiated a review of its FY26 outlook, which has been around EUR 2.3bn in revenue and an EBITA margin of 12.5% so far. A more detailed update, including potential reorganization and cost-saving measures, is expected with the H1 results in May 2026. Until then, overall visibility remains limited.

- continued -

Carl Zeiss Meditec AG	2023	2024	2025	2026E	2027E	2028E
Sales	2,089	2,066	2,228	2,230	2,306	2,409
Growth yoy	9.8%	-1.1%	7.8%	0.1%	3.4%	4.5%
EBITDA	452	408	424	403	398	409
EBIT	348	194	223	198	224	265
Net profit	290	179	141	122	143	173
Net debt (net cash)	242	609	580	561	499	329
Net debt/EBITDA	0.5x	1.5x	1.4x	1.4x	1.3x	0.8x
EPS reported	3.25	2.01	1.61	1.39	1.63	1.97
DPS	1.10	0.60	0.55	0.49	0.57	0.69
Dividend yield	3.1%	1.7%	1.6%	1.4%	1.6%	2.0%
Gross profit margin	57.7%	52.7%	52.8%	52.8%	53.0%	53.5%
EBITDA margin	21.7%	19.8%	19.0%	18.1%	17.3%	17.0%
EBIT margin	16.7%	9.4%	10.0%	8.9%	9.7%	11.0%
ROCE	14.0%	6.8%	7.7%	6.9%	7.6%	8.8%
EV/EBITDA	7.4x	9.1x	8.7x	9.1x	9.1x	8.5x
EV/EBIT	9.6x	19.1x	16.4x	18.6x	16.2x	13.0x
PER	10.8x	17.5x	21.8x	25.3x	21.6x	17.8x
FCF yield	5.6%	3.7%	2.7%	-0.9%	1.4%	6.1%

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks	71.65 / 38.62
Price/Book Ratio	1.5x

Ticker / Symbols

ISIN	DE0005313704
WKN	531370
Bloomberg	AFX:GR

Changes in estimates

		Sales	EBIT	EPS
2026E	old	2,299	253	1.82
	Δ	-3.0%	-21.5%	-23.7%
2027E	old	2,412	294	2.19
	Δ	-4.4%	-24.0%	-25.5%
2028E	old	2,537	317	2.38
	Δ	-5.0%	-16.4%	-17.3%

Key share data

Number of shares: (in m pcs)	87.54
Book value per share: (in EUR)	24.18
Ø trading vol.: (12 months)	211,219

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.

Conclusion. Given the magnitude of the earnings shortfall in Q1 and the heightened uncertainty surrounding margins and regional profitability, we significantly revise our estimates. Our price target is reduced to EUR 31.00 from EUR 48.00, reflecting lower near- and mid-term earnings and increased risk assumptions. We downgrade the rating from BUY to HOLD, awaiting improved visibility on China, margin stabilization and the effectiveness of announced cost measures before reassessing the investment case.

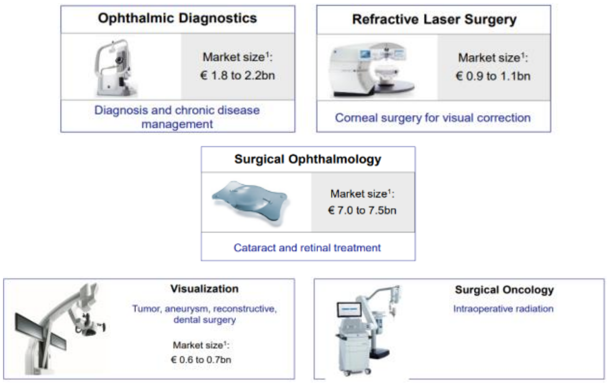
The following table displays the quarterly performance of **Carl Zeiss Meditec AG.**

P&L data	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Sales	475.0	472.1	539.4	579.6	490.5	560.0	549.6	627.5
yoy growth in %	1.0%	-6.4%	0.8%	-0.0%	3.3%	18.6%	1.9%	8.3%
Gross profit	252.5	252.5	293.5	290.1	252.1	301.7	289.7	331.7
Gross margin in %	53.2%	53.5%	54.4%	50.1%	51.4%	53.9%	52.7%	52.9%
EBITDA	na	na	na	na	na	na	na	na
EBITDA margin in %	na%	na%	na%	na%	na%	na%	na%	na%
EBIT	43.5	64.7	54.5	31.8	28.0	71.2	53.9	70.2
EBIT margin in %	9.2%	13.7%	10.1%	5.5%	5.7%	12.7%	9.8%	11.2%
EBT	54.7	67.3	49.4	69.5	20.1	65.4	41.2	67.2
taxes paid	18.0	20.2	15.9	6.6	5.2	19.8	13.5	13.0
tax rate in %	32.9%	30.0%	32.2%	9.5%	25.9%	30.2%	32.9%	19.4%
net profit	36.8	46.5	34.0	62.9	14.9	45.3	27.9	53.1
yoy growth in %	-27.9%	-25.0%	-63.1%	-26.2%	-59.5%	-2.5%	-18.1%	-15.6%
EPS	**0.42**	**0.52**	**0.38**	**0.69**	**0.18**	**0.52**	**0.32**	**0.59**

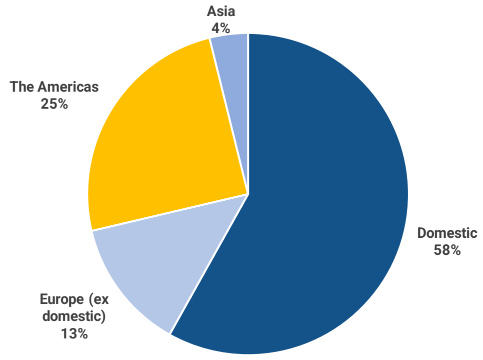
Source: Company data; mwb research

Investment case in six charts

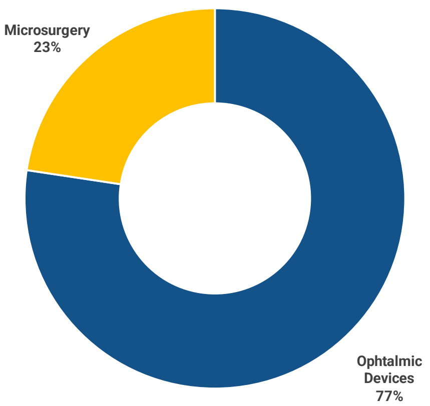
Products



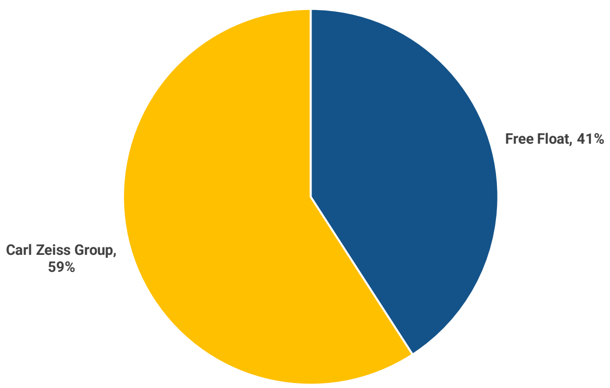
Regional sales split in %



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
- Local sourcing policies in key regions (e.g., China, USA – 'America First')

Opportunities

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

Threats

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

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Valuation

DCF Model

The DCF model results in a **fair value of EUR 31.25 per share**:

Top-line growth: We expect Carl Zeiss Meditec AG to grow revenues at a CAGR of 3.3% between 2026E and 2033E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 6.9% in 2026E to 10.2% in 2033E.

WACC. Starting point is a historical equity beta of 1.27. Unlevering and correcting for mean reversion yields an asset beta of 1.09. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 13.1%. With pre-tax cost of borrowing at 5.0%, a tax rate of 30% and target debt/equity of 1.0 this results in a long-term WACC of 8.3%.

DCF (EURm) (except per share data and beta)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Terminal value
NOPAT	138	155	184	206	220	233	238	242	
Depreciation & amortization	205	174	144	84	83	93	125	132	
Change in working capital	-170	-138	-21	-25	-21	-16	-13	-13	
Chg. in long-term provisions	-12	5	7	8	-72	3	2	2	
Capex	-78	-81	-84	-89	-92	-107	-118	-126	
Cash flow	82	117	230	184	118	206	234	237	3,833
Present value	78	102	185	137	81	129	136	126	2,078
WACC	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.3%

DCF per share derived from	
Total present value	3,051
Mid-year adj. total present value	3,177
Net debt / cash at start of year	580
Financial assets	148
Provisions and off b/s debt	9
Equity value	2,736
No. of shares outstanding	87.5
Discounted cash flow / share	**31.25**
upside/(downside)	**-11.2%**
Share price	**35.20**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2026E-2033E)	3.3%
Terminal value growth (2033E - infinity)	2.0%
Terminal year ROCE	10.2%
Terminal year WACC	8.3%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	30%
Equity beta	1.27
Unlevered beta (industry or company)	1.09
Target debt / equity	1.0
Relevered beta	1.85
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	13.1%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	20.3	21.2	22.2	23.3	24.6
1.0%	23.5	24.7	26.1	27.7	29.5
0.0%	27.7	29.3	31.2	33.5	36.2
-1.0%	33.1	35.5	38.4	41.8	46.1
-2.0%	40.7	44.3	48.8	54.5	61.9

Share of present value	
2026E-2029E	16.4%
2030E-2033E	15.5%
terminal value	68.1%

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 24.36 per share based on 2026E and EUR 42.81 per share on 2030E 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	2026E	2027E	2028E	2029E	2030E
EBITDA	**403**	**398**	**409**	**380**	**400**
- Maintenance capex	171	143	115	57	59
- Minorities	1	1	1	2	2
- tax expenses	53	62	75	84	91
= Adjusted FCF	**178**	**192**	**218**	**237**	**249**
Actual Market Cap	**3,148**	**3,148**	**3,148**	**3,148**	**3,148**
+ Net debt (cash)	561	499	329	214	170
+ Pension provisions	45	46	48	51	52
+ Off b/s financing	0	0	0	0	0
- Financial assets	148	148	148	148	148
- Acc. dividend payments	48	91	141	201	270
EV Reconciliations	410	307	89	-85	-195
= Actual EV'	**3,558**	**3,455**	**3,237**	**3,064**	**2,954**
Adjusted FCF yield	**5.0%**	**5.6%**	**6.7%**	**7.7%**	**8.4%**
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	**2,543**	**2,740**	**3,112**	**3,382**	**3,553**
- EV Reconciliations	410	307	89	-85	-195
Fair Market Cap	**2,132**	**2,434**	**3,023**	**3,467**	**3,747**
No. of shares (million)	88	88	88	88	88
Fair value per share in EUR	**24.36**	**27.80**	**34.54**	**39.60**	**42.81**
Premium (-) / discount (+)	**-30.8%**	**-21.0%**	**-1.9%**	**12.5%**	**21.6%**

Sensitivity analysis fair value						
	5.0%	36	40	49	55	59
	6.0%	29	33	40	46	50
Adjusted hurdle rate	**7.0%**	**24**	**28**	**35**	**40**	**43**
	8.0%	21	24	30	35	38
	9.0%	18	21	27	31	34

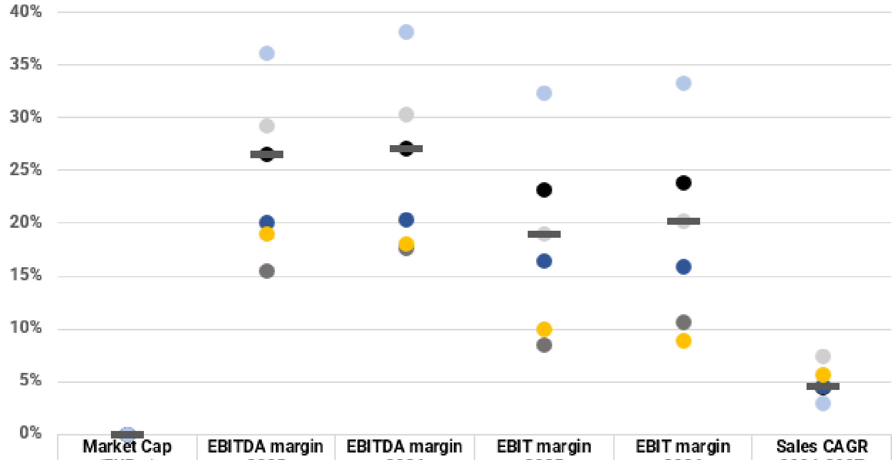
Source: Company data; mwb research

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 **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 22 January 2026 the median market cap of the peer group was EUR #ZAHL!m, compared to EUR 3,081m 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



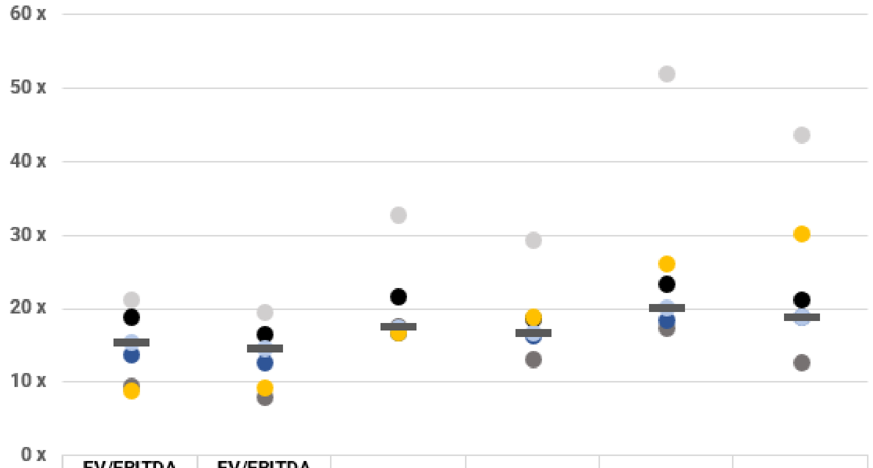
22-Jan-26	Market Cap (EURm)	EBITDA margin 2025	EBITDA margin 2026	EBIT margin 2025	EBIT margin 2026	Sales CAGR 2024-2027
● Abbott Laboratories	0	26,6%	27,2%	23,2%	23,9%	4,5%
● STRATEC SE	0	15,6%	17,7%	8,5%	10,7%	4,7%
● Sartorius AG Pref	0	29,4%	30,3%	19,0%	20,2%	7,5%
● Siemens Healthineers AG	0	20,1%	20,4%	16,5%	15,9%	4,6%
● Johnson & Johnson	0	36,2%	38,1%	32,4%	33,3%	3,0%
● Carl Zeiss Meditec AG	3.148	19,0%	18,1%	10,0%	8,9%	5,7%
– Peer Group Median	0	26,6%	27,2%	19,0%	20,2%	4,6%

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 26.32 to EUR 68.43.

Peer Group – Multiples and valuation



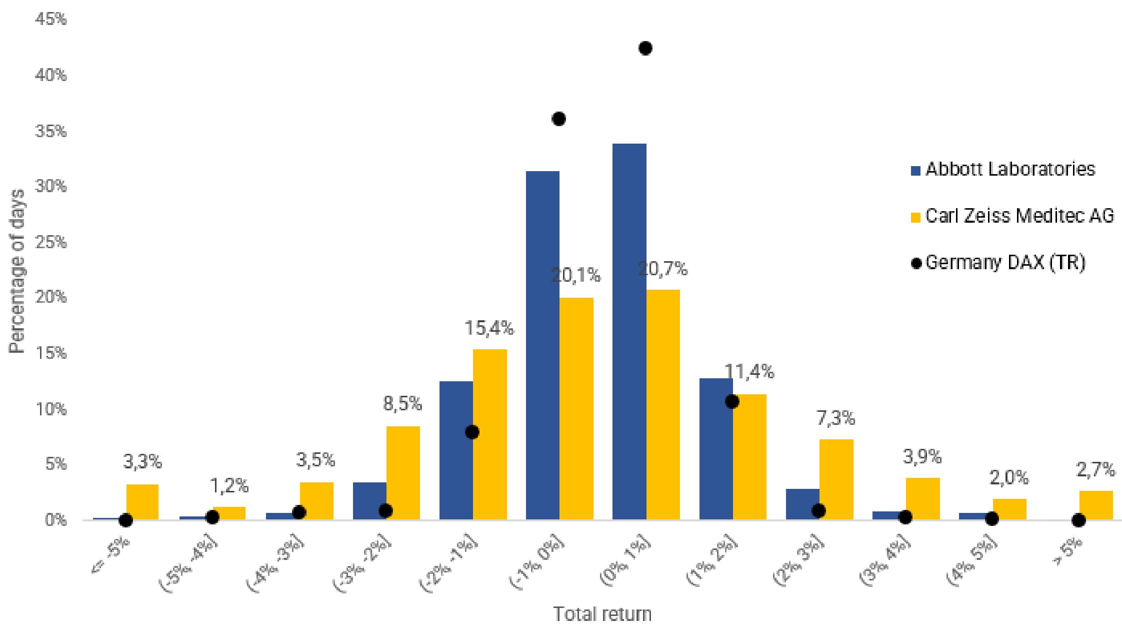
22-Jan-26	EV/EBITDA 2025	EV/EBITDA 2026	EV/EBIT 2025	EV/EBIT 2026	P/E 2025	P/E 2026
● Abbott Laboratories	18,9x	16,5x	21,7x	18,8x	23,4x	21,3x
● STRATEC SE	9,6x	8,1x	17,6x	13,2x	17,4x	12,7x
● Sartorius AG Pref	21,2x	19,7x	32,9x	29,5x	52,0x	43,7x
● Siemens Healthineers AG	13,7x	12,7x	16,8x	16,3x	18,5x	18,8x
● Johnson & Johnson	15,5x	14,7x	17,4x	16,8x	20,2x	18,9x
● Carl Zeiss Meditec AG	8,8x	9,3x	16,7x	18,9x	26,1x	30,3x
– Peer Group Median	15,5x	14,7x	17,6x	16,8x	20,2x	18,9x
Fair Value (EUR)	68,43	60,77	38,14	31,32	32,59	26,32

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%.

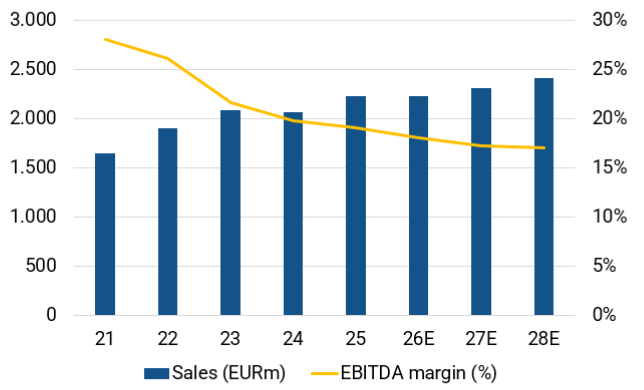
Risk – Daily Returns Distribution (trailing 3 years)



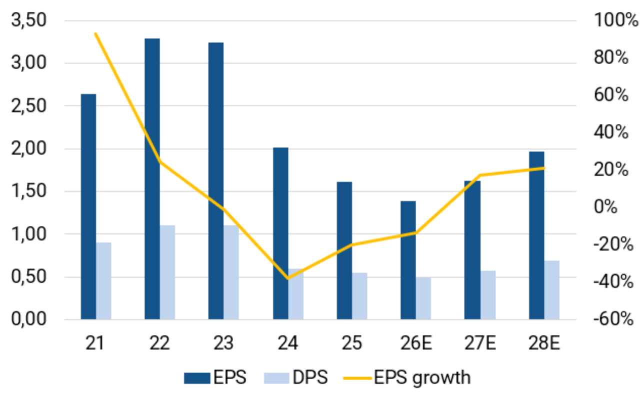
Source: FactSet, mwb research

Financials in six charts

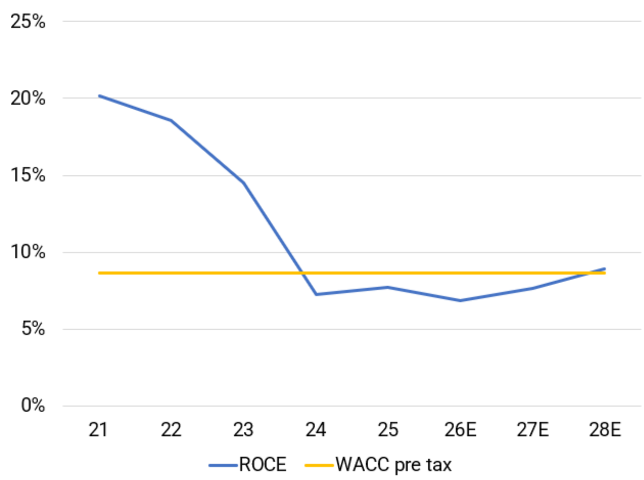
Sales vs. EBITDA margin development



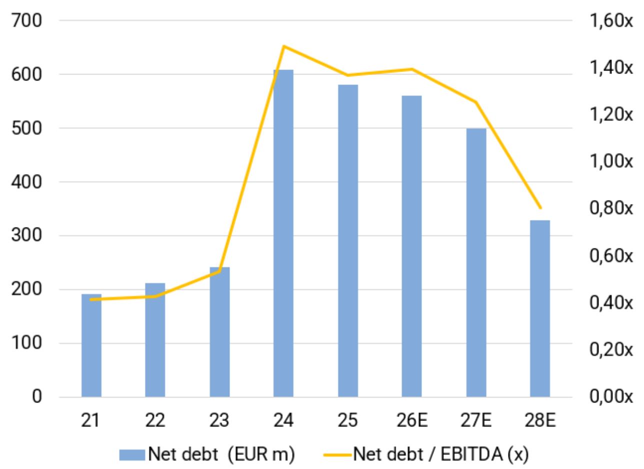
EPS, DPS in EUR & yoy EPS growth



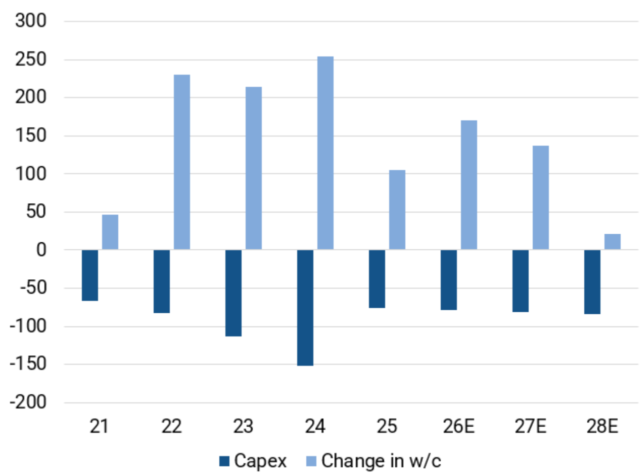
ROCE vs. WACC (pre tax)



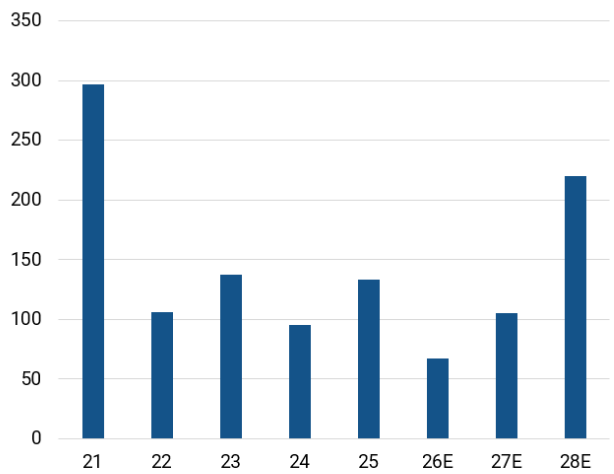
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2023	2024	2025	2026E	2027E	2028E
Sales	**2,089**	**2,066**	**2,228**	**2,230**	**2,306**	**2,409**
Sales growth	9.8%	-1.1%	7.8%	0.1%	3.4%	4.5%
Cost of sales	884	977	1,052	1,052	1,084	1,120
Gross profit	**1,206**	**1,089**	**1,175**	**1,177**	**1,222**	**1,289**
SG&A expenses	504	569	627	627	641	655
Research and development	349	343	326	352	357	369
Other operating expenses (income)	4	-18	-1	0	0	0
EBITDA	**452**	**408**	**424**	**403**	**398**	**409**
Depreciation	74	133	126	171	143	115
EBITA	378	275	297	232	255	294
Amortisation of goodwill and intangible assets	30	81	74	33	31	29
EBIT	**348**	**194**	**223**	**198**	**224**	**265**
Financial result	64	46	-29	-23	-18	-16
Recurring pretax income from continuing operations	413	241	194	175	205	249
Extraordinary income/loss	0	0	0	0	0	0
Earnings before taxes	413	241	194	175	205	249
Taxes	121	61	52	53	62	75
Net income from continuing operations	292	180	142	123	144	174
Result from discontinued operations (net of tax)	0	0	0	0	0	0
Net income	**292**	**180**	**142**	**123**	**144**	**174**
Minority interest	-2	-1	-1	-1	-1	-1
Net profit (reported)	290	179	141	122	143	173
Average number of shares	89.44	88.85	87.54	87.54	87.54	87.54
EPS reported	**3.25**	**2.01**	**1.61**	**1.39**	**1.63**	**1.97**

Profit and loss (common size)	2023	2024	2025	2026E	2027E	2028E
Sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Cost of sales	42%	47%	47%	47%	47%	47%
Gross profit	**58%**	**53%**	**53%**	**53%**	**53%**	**54%**
SG&A expenses	24%	28%	28%	28%	28%	27%
Research and development	17%	17%	15%	16%	15%	15%
Other operating expenses (income)	0%	-1%	-0%	0%	0%	0%
EBITDA	**22%**	**20%**	**19%**	**18%**	**17%**	**17%**
Depreciation	4%	6%	6%	8%	6%	5%
EBITA	18%	13%	13%	10%	11%	12%
Amortisation of goodwill and intangible assets	1%	4%	3%	1%	1%	1%
EBIT	**17%**	**9%**	**10%**	**9%**	**10%**	**11%**
Financial result	3%	2%	-1%	-1%	-1%	-1%
Recurring pretax income from continuing operations	20%	12%	9%	8%	9%	10%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	20%	12%	9%	8%	9%	10%
Taxes	6%	3%	2%	2%	3%	3%
Net income from continuing operations	14%	9%	6%	6%	6%	7%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**14%**	**9%**	**6%**	**6%**	**6%**	**7%**
Minority interest	-0%	-0%	-0%	-0%	-0%	-0%
Net profit (reported)	**14%**	**9%**	**6%**	**5%**	**6%**	**7%**

Source: Company data; mwb research

Balance sheet (EURm)	2023	2024	2025	2026E	2027E	2028E
Intangible assets (exl. Goodwill)	**259**	**707**	**663**	**619**	**576**	**535**
Goodwill	416	983	970	970	970	970
Property, plant and equipment	316	354	343	261	210	191
Financial assets	130	138	148	148	148	148
FIXED ASSETS	**1,121**	**2,181**	**2,123**	**1,996**	**1,903**	**1,843**
Inventories	520	537	497	519	564	583
Accounts receivable	421	438	209	367	474	495
Other current assets	920	164	507	507	507	507
Liquid assets	10	20	27	-31	-24	91
Deferred taxes	0	0	0	0	0	0
Deferred charges and prepaid expenses	40	53	40	45	46	48
CURRENT ASSETS	**1,912**	**1,212**	**1,280**	**1,406**	**1,567**	**1,725**
TOTAL ASSETS	**3,033**	**3,393**	**3,403**	**3,402**	**3,470**	**3,568**
SHAREHOLDERS EQUITY	**2,159**	**2,042**	**2,117**	**2,191**	**2,292**	**2,416**
MINORITY INTEREST	13	15	11	11	11	11
Long-term debt	230	586	564	500	450	400
Provisions for pensions and similar obligations	8	15	9	45	46	48
Other provisions	61	167	159	111	115	120
Non-current liabilities	**298**	**768**	**732**	**656**	**611**	**569**
short-term liabilities to banks	22	44	44	30	25	20
Accounts payable	240	184	194	196	202	209
Advance payments received on orders	0	0	0	0	0	0
Other liabilities (incl. from lease and rental contracts)	108	171	130	134	138	145
Deferred taxes	35	10	10	10	10	10
Deferred income	157	161	166	174	180	188
Current liabilities	**562**	**569**	**544**	**544**	**555**	**571**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**3,033**	**3,393**	**3,403**	**3,402**	**3,470**	**3,568**

Balance sheet (common size)	2023	2024	2025	2026E	2027E	2028E
Intangible assets (excl. Goodwill)	**9%**	**21%**	**19%**	**18%**	**17%**	**15%**
Goodwill	14%	29%	28%	29%	28%	27%
Property, plant and equipment	10%	10%	10%	8%	6%	5%
Financial assets	4%	4%	4%	4%	4%	4%
FIXED ASSETS	**37%**	**64%**	**62%**	**59%**	**55%**	**52%**
Inventories	17%	16%	15%	15%	16%	16%
Accounts receivable	14%	13%	6%	11%	14%	14%
Other current assets	30%	5%	15%	15%	15%	14%
Liquid assets	0%	1%	1%	-1%	-1%	3%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	1%	2%	1%	1%	1%	1%
CURRENT ASSETS	**63%**	**36%**	**38%**	**41%**	**45%**	**48%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**71%**	**60%**	**62%**	**64%**	**66%**	**68%**
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	8%	17%	17%	15%	13%	11%
Provisions for pensions and similar obligations	0%	0%	0%	1%	1%	1%
Other provisions	2%	5%	5%	3%	3%	3%
Non-current liabilities	**10%**	**23%**	**22%**	**19%**	**18%**	**16%**
short-term liabilities to banks	1%	1%	1%	1%	1%	1%
Accounts payable	8%	5%	6%	6%	6%	6%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	4%	5%	4%	4%	4%	4%
Deferred taxes	1%	0%	0%	0%	0%	0%
Deferred income	5%	5%	5%	5%	5%	5%
Current liabilities	**19%**	**17%**	**16%**	**16%**	**16%**	**16%**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company data; mwb research

Cash flow statement (EURm)	2023	2024	2025	2026E	2027E	2028E
Net profit/loss	292	180	142	123	144	174
Depreciation of fixed assets (incl. leases)	74	133	126	171	143	115
Amortisation of goodwill	0	0	0	0	0	0
Amortisation of intangible assets	0	81	74	33	31	29
Others	98	108	-28	-12	5	7
Cash flow from operations before changes in w/c	465	501	315	315	323	325
Increase/decrease in inventory	-153	-16	39	-22	-45	-19
Increase/decrease in accounts receivable	-21	-17	229	-158	-107	-21
Increase/decrease in accounts payable	47	-56	11	2	6	7
Increase/decrease in other w/c positions	-87	-165	-384	7	9	12
Increase/decrease in working capital	-214	-254	-105	-170	-138	-21
Cash flow from operating activities	**251**	**247**	**210**	**145**	**186**	**304**
CAPEX	-114	-152	-77	-78	-81	-84
Payments for acquisitions	-11	-1,006	-2	0	0	0
Financial investments	13	746	-26	0	0	0
Income from asset disposals	0	0	14	0	0	0
Cash flow from investing activities	**-111**	**-412**	**-91**	**-78**	**-81**	**-84**
Cash flow before financing	140	-165	119	67	105	220
Increase/decrease in debt position	-23	378	-22	-77	-55	-55
Purchase of own shares	0	-150	0	0	0	0
Capital measures	0	0	0	0	0	0
Dividends paid	-98	-98	-53	-48	-43	-50
Others	-14	47	-34	0	0	0
Effects of exchange rate changes on cash	-2	-2	-3	0	0	0
Cash flow from financing activities	**-137**	**175**	**-112**	**-126**	**-98**	**-105**
Increase/decrease in liquid assets	3	10	7	-58	8	115
Liquid assets at end of period	**11**	**20**	**27**	**-31**	**-24**	**91**

Source: Company data; mwb research

Regional sales split (EURm)	2023	2024	2025	2026E	2027E	2028E
Domestic	1,265	1,234	1,295	1,296	1,340	1,400
Europe (ex domestic)	156	226	294	294	304	318
The Americas	568	522	553	553	572	598
Asia	100	83	86	86	89	93
Rest of World	0	0	0	0	0	0
Total sales	**2,089**	**2,066**	**2,228**	**2,230**	**2,306**	**2,409**

Regional sales split (common size)	2023	2024	2025	2026E	2027E	2028E
Domestic	60.6%	59.7%	58.1%	58.1%	58.1%	58.1%
Europe (ex domestic)	7.5%	11.0%	13.2%	13.2%	13.2%	13.2%
The Americas	27.2%	25.3%	24.8%	24.8%	24.8%	24.8%
Asia	4.8%	4.0%	3.9%	3.9%	3.9%	3.9%
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

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Ratios	2023	2024	2025	2026E	2027E	2028E
Per share data						
Earnings per share reported	3.25	2.01	1.61	1.39	1.63	1.97
Cash flow per share	1.98	1.29	0.95	-0.30	0.49	2.16
Book value per share	24.14	22.98	24.18	25.03	26.19	27.61
Dividend per share	1.10	0.60	0.55	0.49	0.57	0.69
Valuation						
P/E	10.8x	17.5x	21.8x	25.3x	21.6x	17.8x
P/CF	17.8x	27.3x	36.9x	-116.7x	72.5x	16.3x
P/BV	1.5x	1.5x	1.5x	1.4x	1.3x	1.3x
Dividend yield (%)	3.1%	1.7%	1.6%	1.4%	1.6%	2.0%
FCF yield (%)	5.6%	3.7%	2.7%	-0.9%	1.4%	6.1%
EV/Sales	1.6x	1.8x	1.6x	1.7x	1.6x	1.4x
EV/EBITDA	7.4x	9.1x	8.7x	9.1x	9.1x	8.5x
EV/EBIT	9.6x	19.1x	16.4x	18.6x	16.2x	13.0x
Income statement (EURm)						
Sales	2,089	2,066	2,228	2,230	2,306	2,409
yoy chg in %	9.8%	-1.1%	7.8%	0.1%	3.4%	4.5%
Gross profit	1,206	1,089	1,175	1,177	1,222	1,289
Gross margin in %	57.7%	52.7%	52.8%	52.8%	53.0%	53.5%
EBITDA	452	408	424	403	398	409
EBITDA margin in %	21.7%	19.8%	19.0%	18.1%	17.3%	17.0%
EBIT	348	194	223	198	224	265
EBIT margin in %	16.7%	9.4%	10.0%	8.9%	9.7%	11.0%
Net profit	290	179	141	122	143	173
Cash flow statement (EURm)						
CF from operations	251	247	210	145	186	304
Capex	-114	-152	-77	-78	-81	-84
Maintenance Capex	74	133	126	171	143	115
Free cash flow	137	95	133	67	105	220
Balance sheet (EURm)						
Intangible assets	675	1,689	1,633	1,588	1,546	1,505
Tangible assets	316	354	343	261	210	191
Shareholders' equity	2,159	2,042	2,117	2,191	2,292	2,416
Pension provisions	8	15	9	45	46	48
Liabilities and provisions	320	812	776	686	636	589
Net financial debt	242	609	580	561	499	329
w/c requirements	702	791	512	690	836	870
Ratios						
ROE	13.5%	8.8%	6.7%	5.6%	6.3%	7.2%
ROCE	14.0%	6.8%	7.7%	6.9%	7.6%	8.8%
Net gearing	11.2%	29.8%	27.4%	25.6%	21.8%	13.6%
Net debt / EBITDA	0.5x	1.5x	1.4x	1.4x	1.3x	0.8x

Source: Company data; mwb research

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