

EDAG Engineering Group AG

Switzerland | Industrial Manufacturing | MCap EUR 96.0m

3 March 2026

INITIATION



Preparing for next
automotive cycle,
expanding in defense;
Initiate BUY

What's it all about?

EDAG is a leading independent engineering services provider with strong automotive roots and a growing presence in defense and industrial markets, where its automotive expertise is a key advantage. Its business spans the full vehicle lifecycle, driven by automotive OEM R&D programs as the main source of project orders. Dependence on European OEMs, covering almost all major players, is mitigated by strong client relationships and proven expertise, while long-term growth is supported by electrification, software integration, and automation. An expected renewed R&D spending cycle by European OEMs, combined with diversification, such as into the growing defense industry, overseas capacity shifts, and workforce restructuring, supports the mid-term outlook. Furthermore, trading at a historically wide discount, the stock offers significant upside once the negative automotive R&D cycle rebounds, as it always has. We initiate with a BUY rating and a PT of EUR 6.50, implying upside of 69%.

BUY (Initiation)

Target price	EUR 6.50 (Initiation)
Current price	EUR 3.84
Up/downside	69.3%



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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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EDAG Engineering Group AG

Switzerland | Industrial Manufacturing | MCap EUR 96.0m | EV EUR 357.0m

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Target price
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Up/downside

EUR 6.50 (Initiation)
EUR 3.84
69.3%

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Preparing for next automotive cycle, expanding in defense. BUY

Covering the entire vehicle lifecycle. EDAG is a leading independent engineering services provider with strong roots in automotive and a growing presence in defense and industrial markets. Its three segments, Vehicle Engineering, Electrics/Electronics and Production Solutions, cover the entire vehicle lifecycle from concept to industrialization. This diversified setup reduces reliance on individual OEM R&D programs, which remain the main driver of EDAG's project orders.

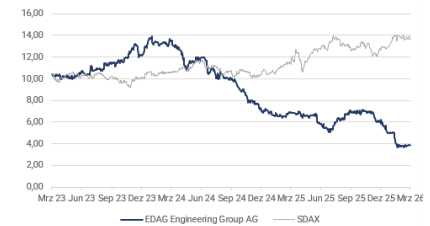
Expertise wins. EDAG generates most of its revenue from key automotive OEMs, creating significant concentration risk. Deep client relationships, proven technical expertise, and high switching costs help mitigate this. Competition is active, with European and global peers vying for OEM projects, yet high entry barriers and specialized know-how continue to favor established players. In-house engineering is limited by cost, capacity, and expertise. Only the younger Chinese EV makers are developing most capabilities in-house, supported by the still-low labor costs in China.

Shaping the next growth phase. The global automotive engineering and production market is expected to continue expanding, driven by increasing vehicle complexity, electrification, software integration, and automated manufacturing. EDAG is well positioned to benefit from these trends. A renewed R&D spending cycle by European OEMs, aimed at remaining competitive against Chinese rivals, is expected to boost demand for EDAG's services, while the company is relocating capacities abroad to better serve global clients and reduce personnel costs. Recent restructuring, including workforce adj. in Germany, is expected to deliver ~EUR 90m in savings. EDAG is also strategically diversifying into defense, which is still a small area but could become a new growth engine, where automotive expertise is a key advantage and European capacities are required, as well as into industrial markets.

Trading at a discount; Initiate BUY. EDAG combines deep automotive expertise with a growing presence in defense and industrial markets, which we expected to grow from ~16% to ~30% of total revenue in 2028. Diversification, relocation of capacities abroad, and workforce restructuring should stabilize operations, while net debt of EUR 220m looks high, but these leasing liabilities are unlikely to constrain financial flexibility. Trading at a discount to its historical valuation of ~1.5x, with a P/B of ~1x and a 27E P/E of only ~7x, the stock offers strong upside once the negative automotive R&D cycle rebounds, as it always has. **BUY, PT EUR 6.50, upside 69%.**

EDAG	2023	2024	2025E	2026E	2027E	2028E
Sales	844.8	821.9	700.3	702.4	723.4	759.6
<i>Growth yoy</i>	6.3%	-2.7%	-14.8%	0.3%	3.0%	5.0%
EBITDA	95.5	45.3	-4.9	43.9	59.3	62.3
EBIT	53.9	-3.4	-48.2	10.4	28.4	32.8
Net profit	28.9	-14.4	-47.4	0.1	14.0	17.1
Net debt (net cash)	235.4	219.7	231.6	219.7	199.5	183.0
Net debt/EBITDA	2.5x	4.8x	-47.2x	5.0x	3.4x	2.9x
EPS reported	1.16	-0.57	-1.90	0.00	0.56	0.68
DPS	0.55	0.00	0.00	0.00	0.28	0.34
<i>Dividend yield</i>	14.3%	0.0%	0.0%	0.0%	7.3%	8.9%
Gross profit margin	88.3%	88.6%	88.5%	88.5%	88.5%	88.5%
EBITDA margin	11.3%	5.5%	-0.7%	6.3%	8.2%	8.2%
EBIT margin	6.4%	-0.4%	-6.9%	1.5%	3.9%	4.3%
ROCE	10.0%	-0.7%	-13.1%	2.9%	7.9%	8.9%
EV/Sales	0.4x	0.4x	0.5x	0.5x	0.4x	0.4x
EV/EBITDA	3.8x	7.7x	-72.8x	7.8x	5.4x	4.9x
EV/EBIT	6.7x	-101.5x	-7.4x	33.2x	11.3x	9.3x
PER	3.3x	-6.7x	-2.0x	1,395.5x	6.9x	5.6x

Source: Company data (reported), mwb research



Source: Company data, mwb research

High/low 52 weeks 7.50 / 3.52
Price/Book Ratio 1.1x

Ticker / Symbols

ISIN CH0303692047
WKN A143NB
Bloomberg ED4:GR

Changes in estimates

		Sales	EBIT	EPS
2026E	old	702.4	10.4	0.00
	Δ	0.0%	0.0%	0.0%
2027E	old	723.4	28.4	0.56
	Δ	0.0%	0.0%	0.0%
2028E	old	759.6	32.8	0.68
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 25.00
Book value per share: (in EUR) 3.41
Ø daily trading vol.: (12 m) 6,767

Major shareholders

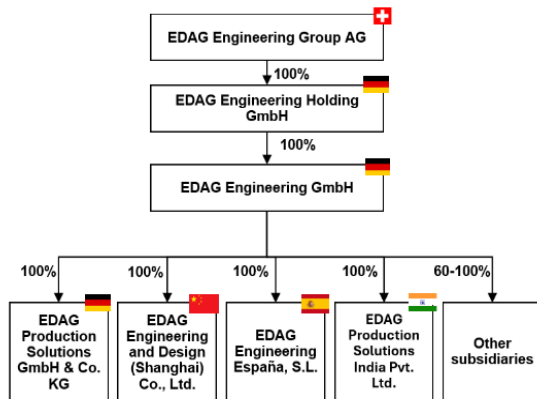
ATON GmbH 74.7%
Hauck & Aufhauser Fund S 5.4%
LOYS AG 4.2%
Shareholder Value Management 3.5%
Free Float 12.2%

Company description

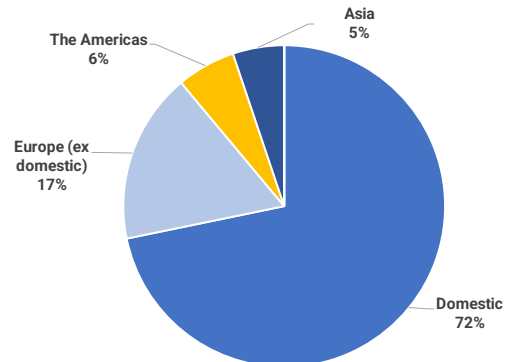
EDAG provides engineering services globally across multiple industries, with strong exposure to the European automotive sector. It is organized into three segments: Vehicle Engineering (body engineering, vehicle integration, models), Production Solutions (development of production processes), and Electrics & Electronics (integration of electric and electronic components).

Investment case in six charts

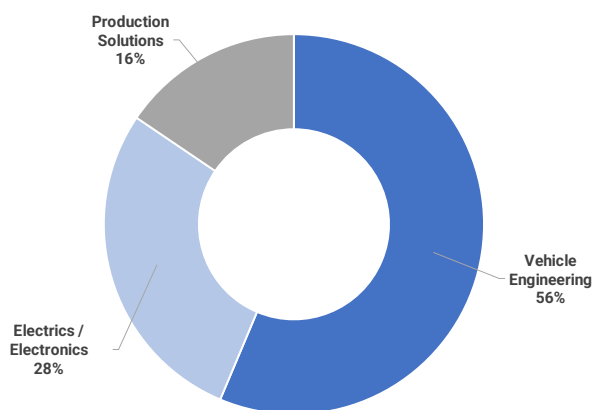
Group structure



Regional sales split 2024 in %



Segmental breakdown 2024 in %



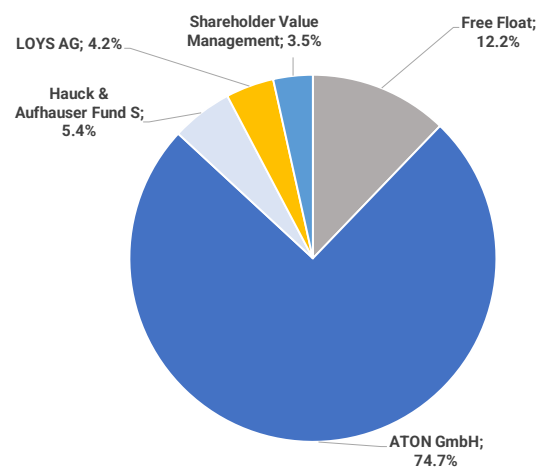
Customer overview



Drivers of growth: automotive transformation and beyond



Major Shareholders



Source: Company data; mwb research

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Company background

Products & services

EDAG is a leading independent engineering service provider, primarily to the global automotive industry, but also serving other sectors such as defense, mobility, chemicals, energy and medical technology. Its activities span the full vehicle development, production engineering, and electrics/electronics (E/E). The group operates through three core segments: **Vehicle Engineering**, **Production Solutions** and **Electrics/Electronics**. This diversified structure allows EDAG to cover the entire vehicle lifecycle, from concept to industrialization, while reducing dependency on individual Original Equipment Manufacturer (OEM) programs.

Key company facts (as of 2025)



Source: Company data; mwb research

Vehicle Engineering

The Vehicle Engineering segment focuses on the development of complete vehicles, modules and components. Services include body-in-white design (the vehicle's bare metal structure before painting, interior, or powertrain are added), exterior and interior development, lightweight construction, powertrain integration, and vehicle architecture. EDAG positions itself as a full-scope development partner, supporting OEMs and Tier 1 suppliers from early concept phases through series development. This segment benefits structurally from rising model complexity, shorter development cycles, and the increasing use of platform-based vehicle architectures, which reduce R&D per base platform but create more project opportunities across multiple models and variants. Electrification and regulatory requirements continue to drive demand for engineering services, particularly in lightweight design and vehicle integration. Vehicle Engineering remains the largest revenue contributor at 56% but is inherently highly cyclical and closely tied to OEM development budgets.

Electrics/Electronics

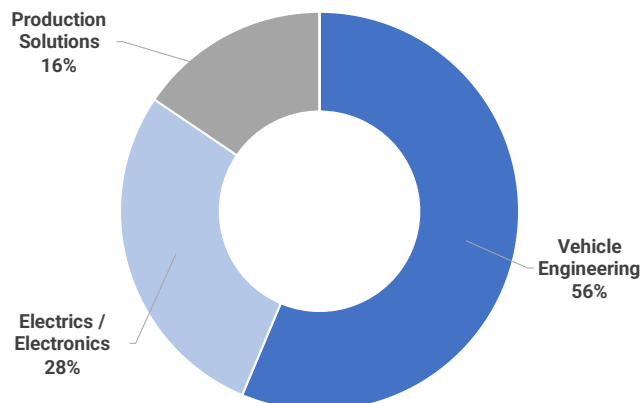
The Electrics/Electronics segment addresses the fast-growing complexity of vehicle software and electronic systems. Key services include E/E architecture design, software development, functional safety, ADAS and connectivity solutions. EDAG supports OEMs in managing the transition toward software-defined vehicles and centralized electrical architectures. This segment benefits from strong structural tailwinds, as software content per vehicle continues to rise significantly. OEMs increasingly outsource E/E development due to skills shortages and growing technological complexity. This segment contributes 28% of revenue.

Production Solutions

Production Solutions covers the planning, engineering and optimization of manufacturing plants and processes, including factory design, logistics, digital solutions and production ramp-ups. EDAG leverages process expertise and digital tools to boost efficiency, flexibility and cost transparency. The segment is shaped by capacity expansions, platform transitions and the shift to electric vehicle production, with reshoring and automation reinforcing its long-term positioning.

Compared to the other segments, it typically offers higher project visibility, making it a strategically important pillar, although it contributes only 16% of revenue.

Segmental breakdown 2024 in %

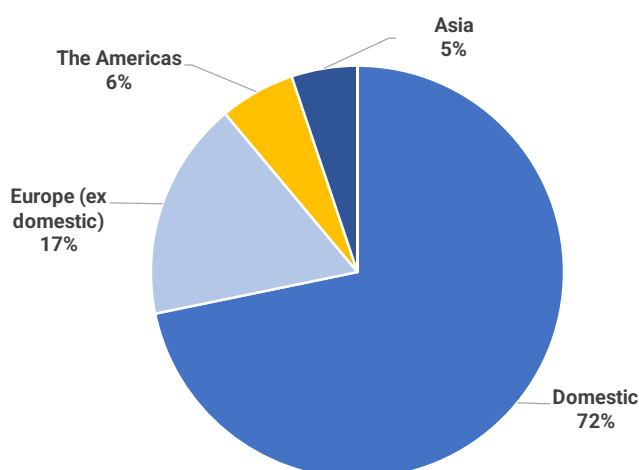


Source: Company data; mwb research

Regional revenue distribution

EDAG generates the bulk of its revenue in its domestic market (Germany), which accounts for 72% of total sales, highlighting its strong local position. The rest of Europe contributes 17%, mainly from automotive and industrial clients in neighboring countries. The Americas make up 6%, driven by engineering and production projects in North America, while Asia accounts for 5%, reflecting an established footprint in emerging mobility and industrial markets. This regional mix highlights EDAG's strong domestic and European base, while its growing international focus provides some diversification, though dependence on its core markets remains significant.

Regional sales split 2024 in %

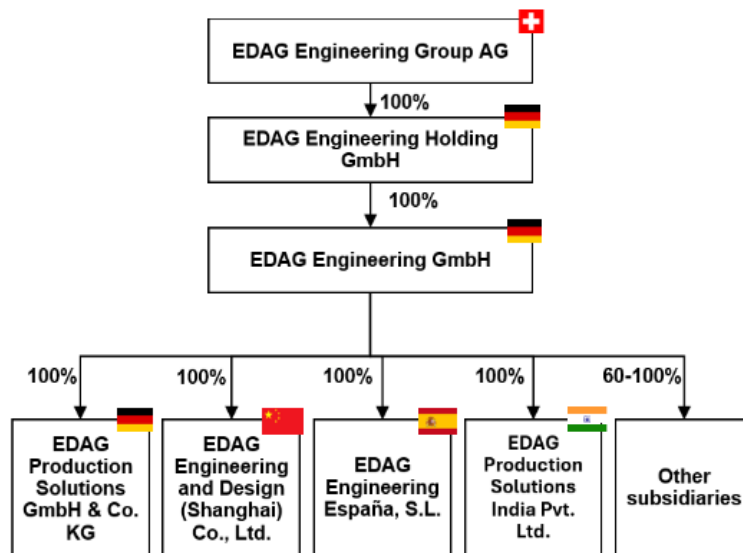


Source: Company data; mwb research

Group structure

EDAG operates as a globally integrated engineering group with a two-tiered holding structure. At the top is EDAG Engineering Group AG in Switzerland, providing strategic oversight, governance, and ownership of the group. Beneath it, EDAG Engineering Holding GmbH in Germany serves as an intermediate holding company between Switzerland and Germany. The operational level is led by EDAG Engineering GmbH, which manages central functions including Strategy, Finance, HR, IT, Legal, and Compliance, and coordinates the group's operational activities. It fully owns its core subsidiaries: EDAG Production Solutions GmbH & Co. KG in Germany, EDAG Engineering and Design (Shanghai) Co., Ltd. in China, EDAG Engineering España, S.L. in Spain, and EDAG Production Solutions India Pvt. Ltd. in India. The group also includes other subsidiaries with ownership stakes ranging from 60% to 100%. This structure allows EDAG to combine global reach with local presence, leverage synergies across its locations, and scale operations effectively in both automotive and non-automotive markets.

Group structure

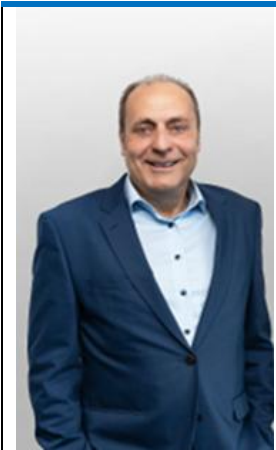


Source: Company data; mwb research

Management

Harald Keller has been CEO of EDAG since 2024. He has a long-standing career in engineering and management, having held multiple leadership roles at EDAG, including Managing Director and COO of EDAG Engineering GmbH from 2019 until 2024 and head of the Vehicle Engineering segment from 2017 to 2019. Outside EDAG, Keller served as CEO of MBtech Group GmbH & Co. KGaA (2013–2016) and as Managing Director/CTO at F.S. Fehrer GmbH (2011–2013) and Frimo Group (2007–2010). Early in his career, he gained experience in production, sales, and project management at EDAG and started in logistics and profit centre management at Schimanski Lenktechnik (1992–1995).

Holger Merz has been CFO of EDAG since mid-2019. He joined EDAG in 2000 and progressed through key finance roles, including Team Leader for Investments & Financial Statements (2001–2004), Head of Group Accounting & Tax (2004–2014), and Director of Group Accounting & Tax (2015–2018), before becoming CFO in mid-2019.

	
Harald Keller CEO since 2024 CEO MBtech Group from 2013-2016	Holger Merz CFO since 2019 EDAG since 2000

Source: Company data; mwb research

Board of Directors

Georg Denoke has served as Chairman of the Board since 2018. He brings extensive executive and financial leadership experience from senior roles in industrial companies, providing strategic guidance and high-level oversight to support EDAG’s long-term growth and operational excellence.

Frank Leidenberger has been on the Board since 2025. As a retired Lieutenant General with extensive military leadership experience, he should bring valuable insight to EDAG’s defense area growth, drawing on his knowledge of military procurement requirements and key industry contacts.

Clemens Prändl has been a Board member since 2019. He brings operational and sales leadership experience from global business roles, enhancing the Board’s strategic and digital insights.

Sylvia Schorr has served on the Board since 2015. With expertise in accounting, tax, and controlling, she supports financial oversight and audit processes.

Dr. Philippe Weber brings extensive legal, governance, and committee experience, enhancing corporate governance and board oversight at EDAG.

Shareholders

ATON GmbH (74.7%) is a family-owned investment company that serves as the investment vehicle for the Helmig family. The firm primarily invests in business-to-business industrial companies, with a focus on engineering, mining, medtech, aviation, and digital services, targeting innovation and sustainable profitable growth. ATON seeks long-term value creation and typically takes majority stakes in companies, supporting their strategic development while maintaining operational independence. They emphasise job preservation, strong financials, and sustainable returns over quick exits.

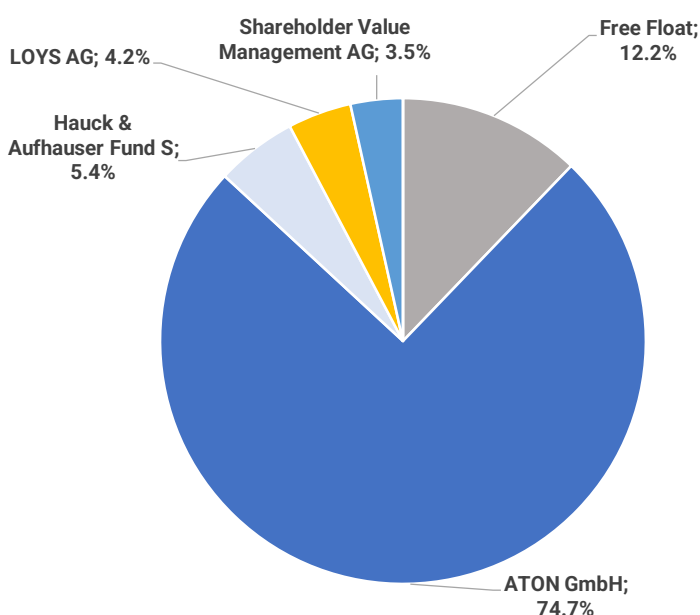
Hauck & Aufhäuser Fund Services S.A. (5.4%) is part of the broader Hauck & Aufhäuser Group, a long-established financial institution. The Luxembourg-based Fund Services arm specialises in structuring, administering, and managing investment products, covering the full lifecycle from idea to ongoing fund management and reporting. It serves asset managers, institutional clients, and fund initiators with a broad expertise across traditional and alternative assets while emphasising flexibility, regulatory compliance, and tailored solutions.

LOYS AG (4.2%) is an investment boutique specialising in value-oriented equity investing. Founded in 1995, the firm follows a conservative, fundamental, long-term approach to equities, believing in the superiority of stocks as wealth creators and applying a margin-of-safety discipline to its investment decisions. LOYS manages funds for institutional investors such as pension funds, family offices, and asset managers, often focusing on undervalued companies and fundamental analysis rather than short-term trading.

Shareholder Value Management AG (3.5%) is a Frankfurt-based, owner-managed investment boutique specialising in value-oriented equity investing. Founded in the late 1990s, it follows a long-term, fundamental approach, focusing on undervalued companies with sustainable competitive advantages. The firm manages ~EUR 1 bn in funds and mandates, applying a margin-of-safety discipline to preserve capital and generate long-term growth.

The low free float (10.2%) may limit trading volume, potentially leading to higher price volatility and wider bid-ask spreads.

Major Shareholders



Source: Company data; mwb research

Quality

Customers

Bargaining power of customers

EDAG operates across a broad spectrum of industries, with its core focus clearly anchored in automotive. As a long-standing engineering partner to leading OEMs and suppliers, the company has built deep expertise along the entire vehicle development value chain, ranging from design and engineering to validation and production support.

Beyond passenger cars and motorcycles, EDAG is also active in commercial and off-road vehicles, where increasing electrification, digitalization, and regulatory complexity are driving demand for advanced engineering services. At the same time, the company is strategically expanding into defense, medical and pharma, industrial applications, and energy. These areas benefit from EDAG's cross-functional engineering know-how, systems integration capabilities, and strong process excellence, enabling the company to leverage synergies, broaden its revenue base, and reduce dependency on pure automotive cycles.

Distribution industries



Source: Company data; mwb research

EDAG's clients include major automotive OEMs and industrial players who are both influential and sophisticated. These clients expect high-quality engineering solutions, innovation, and strict adherence to project timelines. Despite this, EDAG's specialized expertise, long-standing client relationships, and the complexity of engineering projects tend to reduce customers' negotiating leverage. While clients can request tailored solutions or adjustments, EDAG's technical know-how, proven track record, and reputation for delivering complex projects provide a strong balance to their bargaining power.

Customer overview



Source: Company data; mwb research

The demanding quality and certification standards of the automotive industry form a strong strategic foundation for EDAG's expansion into adjacent markets. Processes, documentation, validation procedures, and compliance structures that have been optimized for one of the most regulated and quality-sensitive industries worldwide can be effectively transferred to other sectors with similarly high requirements. This significantly lowers entry barriers and builds trust with new customers from day one.

In the defense sector, EDAG is taking this approach a step further by upgrading selected sites with enhanced security infrastructure to fully comply with stringent regulatory and confidentiality standards. These targeted investments not only ensure eligibility for sensitive projects but also position EDAG as a highly reliable long-term partner. As only a limited number of providers are capable of meeting these technical, regulatory, and security requirements at scale, this materially strengthens EDAG's bargaining power in this area.



Source: mwb research; Site visit

Customer concentration

EDAG's revenue is concentrated among a relatively small number of key automotive clients, even though the company serves a diverse range of customers. Large automotive OEMs, particularly those based in Germany and neighboring European countries, account for most of the sales. This concentration reflects EDAG's deep expertise in high-value engineering projects and its ability to maintain long-term, strategic partnerships with major clients. While having a few large customers ensures stable and predictable revenue streams, it also introduces dependency risk. A loss or reduction in business from one of these major clients could have a noticeable impact on overall sales. EDAG manages this risk by diversifying its client base across multiple geographies and sectors, including growing engagements in Asia and the Americas, and by offering a broad range of engineering, production, and mobility solutions that appeal to different segments of the market.

Competition

Industry rivalry

The mobility and engineering services sector is intensely competitive, with EDAG facing strong rivals across multiple segments. Companies compete not only on pricing but also on innovation, technological capabilities, quality, and the ability to deliver complex projects on time. Technological changes, including the transition to EV, autonomous systems, and digitalized manufacturing, further intensify competition as firms strive to secure contracts with OEMs and industrial clients.

Main competitors

EDAG's main competitors include European engineering specialists such as Bertrandt AG, IAV GmbH, and AVL List GmbH, which compete for contracts in vehicle development, powertrain engineering, testing, and electrification projects. These firms differentiate themselves through specialized expertise, proprietary tools, and long-standing OEM relationships. Other notable competitors include Cognizant Technology Solutions, AKKA Technologies (acquired in 2022 by Adecco Group), Altran (now part of Capgemini Engineering), FEV Group, and ASAP Holding GmbH, which expand competition across mobility, industrial, and emerging technology services.

While EDAG benefits from its comprehensive engineering approach and established client relationships, the presence of specialized and global competitors keeps industry rivalry high, reinforcing the need for constant innovation and client-focused delivery.

Main competitors



Source: Company data; mwb research

Threat of new entrants

The engineering and mobility services industry has high entry barriers, including significant capital requirements, technical expertise, and strong client relationships. EDAG's decades-long experience and reputation in automotive and industrial engineering make it difficult for new entrants to compete effectively. Moreover, increasing client demand for advanced solutions in electric mobility, autonomous systems, and lightweight construction requires ongoing R&D investment.

Rapid technological shifts could further intensify competition as firms vie for strategic OEM and industrial contracts. While EDAG benefits from its comprehensive engineering approach and established client relationships, the presence of specialized and global competitors keeps industry rivalry high, putting pressure on margins and requiring ongoing investment in capabilities and client partnerships. While the high entry barriers limit threats from new entrants, niche startups focusing on emerging technologies could gradually enter the market, posing a long-term risk.

Threat of substitutes

The main substitutes for EDAG's services are in-house engineering teams, consulting firms, or lower-cost offshore providers. Some clients may consider internal capabilities to reduce costs or maintain control over intellectual property. However, the complexity and scale of modern automotive and industrial projects often exceed the capacity of internal teams. EDAG's ability to deliver integrated, end-to-end solutions, combined with its experience in emerging technologies such as electric mobility and lightweight construction, reduces the attractiveness of substitutes, though the threat remains moderate.

Suppliers

Bargaining power of suppliers

EDAG depends on a range of suppliers, primarily for services such as SAP software, consulting, and specialized engineering solutions, rather than for raw materials or components. While certain suppliers provide unique or proprietary solutions, EDAG's limited material procurement, combined with its size, reputation, and diversified supplier network, reduces dependency on any single provider. The company also often engages in long-term contracts or strategic partnerships, further limiting supplier influence. Only in cases where highly specialized technology or critical materials are required might suppliers exert moderate bargaining power.

SWOT analysis

Strengths

- Full engineering value chain across vehicles (complete vehicle development)
- Strong OEM and Tier 1 relationships
- Expertise in electrification and digitalization
- Concurrent product and production engineering
- Internal employee training capability
- Global presence enables addressing local value creation requirements
- Asset-light business approach

Weaknesses

- High dependence on the cyclical automotive market
- Highly reliant on OEM R&D budgets
- Labor-intensive structure magnifies losses in downturns
- Low free float

Opportunities

- Electrification and software-defined vehicles
- Digital factory and automation trends
- Platform-based vehicle development drives repeat business
- Leveraging engineering expertise to further expand in non-automotive sectors
- Defense as a new, high-growth business area
- Expanding staff in cost-efficient countries
- AI as a lever for cost and efficiency in the long term

Threats

- Risk from OEM capex cuts and cyclical industry swings
- Intense competition from global providers and OEM in-house teams
- Rapid technological shifts in electric vehicles, software, and connectivity systems
- Higher OEM in-house engineering share
- Growing Chinese EV market share, with mostly in-house engineering

Growth

Overall market growth

The global automotive engineering and production solution market has experienced robust growth over the past several years, driven by increasing vehicle complexity, the rising adoption of electrified powertrains, and the integration of advanced digital technologies into both design and manufacturing. Following a period of recovery after pandemic-related slowdowns, the market has steadily expanded as OEMs and Tier-1 suppliers increasingly rely on specialized external services to meet accelerating technological, regulatory, and efficiency demands. This historical growth has been supported by a combination of electrification, software-defined vehicle development, connectivity and autonomy features, and evolving manufacturing requirements, which together have heightened the need for both advanced engineering and automated production capabilities.

Several factors should drive continued growth. Electrification, including the widespread adoption of electric and hybrid vehicles, is fueling demand for engineering expertise in battery systems, electric powertrains, and thermal management. Software-defined vehicles, connected systems, and advanced driver assistance technologies increase technical complexity, requiring specialized digital engineering services such as simulation, embedded software integration, and cybersecurity. Regulatory requirements for safety, emissions, and cybersecurity further boost the need for testing, validation, and compliance services.

Production automation is becoming increasingly critical as OEMs and Tier-1 suppliers seek to link engineering innovation with scalable, efficient manufacturing. Advanced manufacturing engineering, robotics, automation integration, and digitalized production systems allow companies to optimize assembly lines, manage complex subsystems, and enhance both quality and throughput. The adoption of Industry 4.0 technologies, smart quality systems, and real-time data analytics underscores the strategic value of automated production, enabling innovative vehicle designs to be realized reliably at scale. EDAG's Industrial Metaverse platform, metys, combined with an AI-Factory approach, provides a data-driven framework that aligns development and production processes for measurable efficiency gains.



Source: Company data

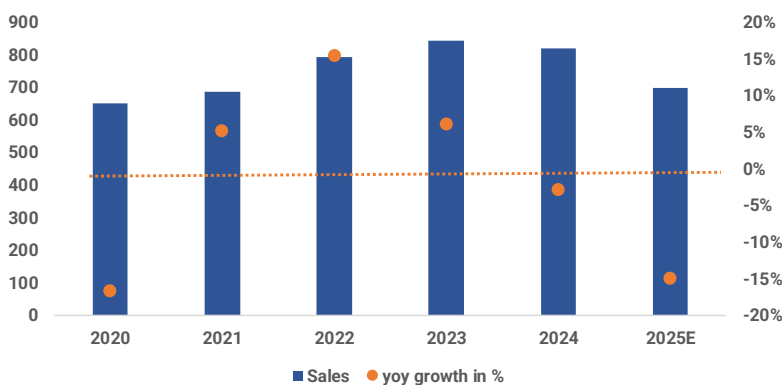
From a regional perspective, growth is unevenly distributed. Europe, as a mature market with highly automated manufacturing and stable demand, shows moderate long-term growth of around 4–6 % CAGR, reflecting incremental expansion rather than large-scale acceleration. However, in recent years, growth has been negative due to weak performance of European automakers and generally weak economic conditions, particularly in Germany. Asia is the main growth engine, led by markets in Japan, South Korea, and India, which actively outsource engineering and production automation services. However, in China's electric vehicle (EV) sector, most OEMs perform engineering almost entirely inhouse, which reduces outsourcing opportunities despite the region's rapid EV adoption and industrial expansion. North America also experiences strong expansion, fueled by software-centric vehicles, ADAS technologies, and outsourcing of specialized engineering and automation services. South America presents smaller but emerging opportunities as international OEMs expand manufacturing networks. This regional

variation explains why the global CAGR is higher than the European rate, reflecting faster growth in overseas markets outside of China's inhouse-dominated EV sector. Overall, the automotive engineering and production automation market is entering a dynamic growth phase, combining advanced engineering, software and digital services, regulatory compliance, and automated manufacturing capabilities. The market's expansion through 2032 will continue to be driven by electrification, autonomy, software integration, and the rising demand for efficient, digitally enabled production, with Asia (excluding the inhouse-dominated Chinese EV segment) and North America leading the charge and Europe maintaining stable, moderate growth.

Growth EDAG

EDAG delivered growth broadly in line with the overall automotive engineering and production automation market up to 2024, driven by a strategic focus on expanding internationally while maintaining strong capacities in Germany. The company achieved particularly impressive growth rates, rising 5.2 % in 2021, 15.6 % in 2022, and 6.3 % in 2023, fueled by post-pandemic catch-up effects, robust demand from its existing client base, and favorable market trends supporting international expansion. During this period, growth was driven mainly by the recovery in automotive demand and EDAG's strong client relationships, rather than by diversification into new business areas, though the groundwork for such expansion had already been laid..

Sales in EURm / sales growth in %



Source: Company data; mwb research

Despite this strong historical performance, EDAG experienced a noticeable slowdown over 2024 and 2025E. Growth decelerated across most regions, including international markets, primarily due to the company's continued reliance on European automotive OEMs, whose R&D and project activities have been constrained by a challenging market environment. Even abroad, exposure to European clients limited EDAG's ability to fully capture the upside in faster-growing regions. At the same time, much of the global growth in the electric vehicle segment has been concentrated in China, where OEMs primarily handle engineering in-house. EDAG maintains a strong presence and significant capacity there, with 550 internal and 200 external employees, although it does not work with the major Chinese EV manufacturers. This inhouse-focused model has significantly restricted external service providers like EDAG from tapping into the Chinese EV boom, further weighing on the company's near-term growth prospects.

Regional sales split (EURm)	2022	2023	2024	2025E	2026E	2027E	2028E
Domestic	482.0	593.8	589.8	502.5	491.7	470.2	471.0
Europe (ex domestic)	134.2	142.3	141.1	120.2	126.4	148.3	163.3
The Americas	54.6	47.9	48.6	41.4	42.1	47.0	49.4
Asia	123.4	59.7	42.4	36.1	42.1	57.9	76.0
Rest of World	0.5	1.1	0.0	0.0	0.0	0.0	0.0
Sales	795.1	844.8	821.9	700.3	702.4	723.4	759.6

Source: Company data; mwb research

From 2026, we expect EDAG's performance to stabilize, as R&D spending by automotive OEMs is likely to pick up again to remain competitive against Chinese rivals. Over the coming years, German automotive OEMs alone are expected to invest around EUR 320bn in global R&D from 2025 to 2029 and approximately EUR 220bn into new and modified plants worldwide, representing a total market opportunity of roughly EUR 540bn.

This level of investment is historically high, significantly exceeding earlier plans of around EUR 220bn in R&D for the period from 2022 to 2026, reflecting a structurally elevated commitment to R&D and capacity expansion, albeit spread over a longer horizon due to macroeconomic challenges



Source: Company data; German Automobile Association (VDA)

At the same time, the company benefits from its strategic diversification into other high-growth, high-margin industries, such as defense, where its automotive expertise provides a key advantage. European capacities, which are less used by automotive OEMs due to costs, are now primarily leveraged through EDAG's more cost-efficient capacities abroad, but they still play an important role in defense, where cost pressures are limited, and local value creation remains essential to meet government requirements.

Defense currently represents around 3% of revenue, but we anticipate this share rising toward 10% in 2028, while expansion into other industrial sectors could increase from roughly 13% to 20%, bringing total revenue generated outside the automotive segment to approximately 30%, up from 16%. These initiatives allow EDAG to make efficient use of its domestic capacities while transferring its automotive expertise to new areas and reducing its reliance on European automotive OEMs and Tier-1 suppliers.

Looking further ahead, we expect that from 2027 onwards, the recovery of the automotive market, together with the company's ongoing diversification, should drive renewed growth and help establish a more balanced and resilient revenue base across the automotive, defense, and other industrial sectors. In this scenario, EBIT margins are expected to recover as EDAG leverages strong scale effects. High fixed personnel costs have amplified margin swings during downturns, but the same cost structure provides substantial operating leverage once growth resumes.

Growth table (EURm)	2023	2024	2025E	2026E	2027E	2028E
Sales	844.8	821.9	700.3	702.4	723.4	759.6
Sales growth	6.3%	-2.7%	-14.8%	0.3%	3.0%	5.0%
EBIT	53.9	-3.4	-48.2	10.4	28.4	32.8
EBIT margin	6.4%	-0.4%	-6.9%	1.5%	3.9%	4.3%
Net profit	28.9	-14.4	-47.4	0.1	14.0	17.1

Source: Company data (reported); mwb research

On top of these measures, EDAG is actively implementing cost reduction initiatives, focusing on restructuring its workforce in Germany while expanding personnel and operations in lower-cost locations abroad. As international orders continue to grow, building teams abroad has become increasingly necessary. There are two main reasons for this: to serve more local projects and to leverage lower overseas hourly rates for German projects, since customers producing overseas are unwilling to pay higher German rates and instead expect local rates aligned with the production location. While OEMs typically have very high labor costs, EDAG's rates remain competitive, but aligning staffing with local expectations is key to winning and efficiently delivering these projects. The 2025 restructuring initially weighed on margins due to workforce reductions and relocations, but we expect it to generate

annual savings of around EUR 90m. Many severance payments are still ongoing, the savings are unlikely to appear in reported numbers before 2026. Despite these savings, margin recovery is likely to remain gradual, as we expect automotive clients to continue passing pricing pressure down to suppliers. As EDAG's diversification advances, particularly into sectors such as defense, margins should improve more noticeably, given that spending in these areas is generally less constrained and pricing tends to be more favorable.

The following table displays the quarterly performance of EDAG:

P&L data	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Sales	216.9	216.8	211.9	204.4	188.8	191.8	174.4	180.0
yoy growth in %	5.2%	3.1%	0.6%	-1.2%	-13.0%	-11.5%	-17.7%	-11.9%
Gross profit	188.3	197.5	187.6	184.0	159.6	174.1	155.4	157.3
Gross margin in %	86.8%	91.1%	88.5%	90.0%	84.5%	90.7%	89.1%	87.4%
EBITDA	na	23.5	18.7	23.9	-20.8	11.9	1.1	-15.3
EBITDA margin in %	na%	10.8%	8.8%	11.7%	-11.0%	6.2%	0.7%	-8.5%
EBIT	12.3	13.3	8.4	11.2	-36.5	1.6	-9.2	-26.5
EBIT margin in %	5.7%	6.2%	4.0%	5.5%	-19.3%	0.9%	-5.3%	-14.7%
EBT	7.5	10.6	5.2	7.8	-41.1	-1.5	-12.8	-30.1
taxes paid	2.4	3.5	1.7	2.6	-11.0	-0.5	-3.5	-8.4
tax rate in %	32.3%	33.3%	33.3%	33.3%	26.7%	33.3%	27.4%	28.0%
net profit	5.3	7.0	3.5	5.2	-30.1	-1.0	-9.3	-21.7
yoy growth in %	-32.6%	-15.6%	-38.5%	-45.8%	-664.8%	-113.9%	-367.7%	-516.5%
EPS	0.21	0.28	0.14	0.21	-1.20	-0.04	-0.37	-0.87

Source: Company data (reported); mwb research

AI unlocking engineering efficiency in the long term

The company has developed its own AI to work directly with customers, aiming to make industrial processes more efficient through its Industrial-Metaverse platform metys and AI-Factory approach, which integrate data, processes, and human decision-making in a structured, end-to-end environment. Key capabilities include digital twins, Physical AI applications, and robotics simulations, enabling virtual testing of products and production systems before physical implementation. However, broader industry adoption remains limited, as many companies still struggle with fragmented data, incompatible tools, and a lack of structured, cross-disciplinary processes.

Over the medium to long term, AI and increased automation are expected to deliver significant cost savings by reducing personnel requirements while accelerating development cycles and improving production efficiency. From an industry perspective, EDAG's approach suggests that scalable AI and Physical AI could become a key growth area for industrial engineering, redefining workflows and expanding engineering's role in value creation. This applies to Greenfield factories, built from scratch with AI integrated from the start, as well as Brownfield sites, where existing plants are upgraded and optimized with AI solutions.

Order book

As of 30 September 2025, EDAG's order backlog stood higher than at the end of 2024, reflecting a cautious market environment with selective project assignments by customers. Historical backlog and order intake development at the end of each year is summarized below:

End of	Order backlog (EURm)	Order intake (EURm)
2021	348.9	701.7
2022	401.2	850.2
2023	415.5	861.9
2024	361.4	770.0
Q1 2025	406.5	229.7
Q2 2025	410.8	179.7
Q3 2025	374.8	148.2 (557.6*)

Source: Company data / *corresponds to the cumulative order intake for 9M 2025

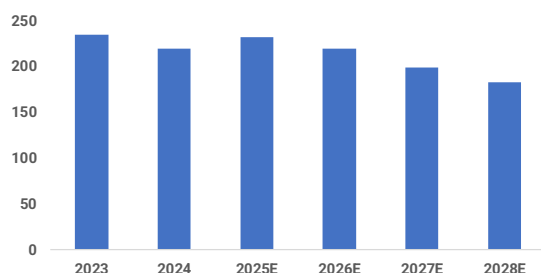
The order backlog generally increased from 2022 to 2023 before easing in 2024–2025, with order intake following the same pattern. The company expects orders to improve in the second half 2026, with order intake rising again as automotive OEMs resume R&D activity and previously postponed projects are reactivated. Lead times in EDAG's business are relatively short, enabling orders to enter the backlog quickly, while execution is also swift. As a result, the order backlog is only partially indicative, since only larger order contracts extend over longer periods. Against this backdrop, once broader customer demand accelerates, order intake could ramp up rapidly, even if backlog growth remains more moderate.

Manageable debt profile

At first glance, EDAG's net debt of over EUR 200m might appear significant, but it is unlikely to materially limit the company's financial flexibility. Most of the debt, around EUR 190m, stems from lease liabilities, primarily related to office and engineering facilities. These are not conventional bank borrowings but accounting obligations arising from long-term building leases, including extension options of up to 10 years. Importantly, these extension options do not have to be exercised, providing flexibility in managing future commitments.

We are expecting around EUR 40m of these lease-related obligations to roll off over time, as the extension options will not be exercised. This decision is partly driven by ESG considerations and ongoing efforts to modernize and optimize EDAG's sites, which will gradually reduce reported lease liabilities.

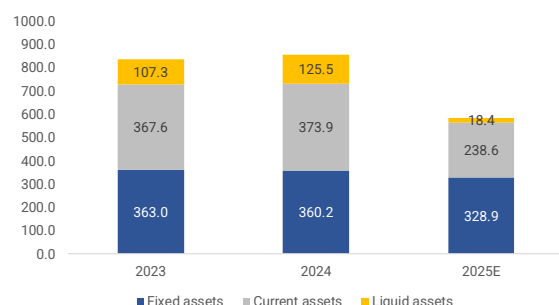
Net debt in EURm



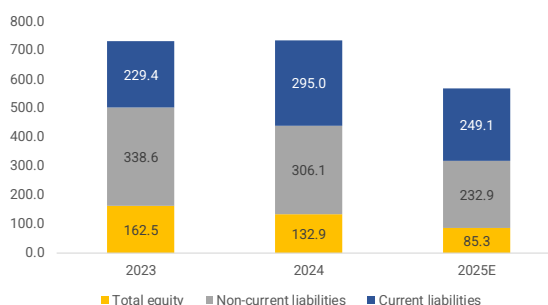
Source: Company data; mwb research

Liquidity is expected to remain sufficient, and upcoming financial obligations are likely to be manageable without creating strain. While some liabilities are approaching maturity, discussions with banks regarding extensions are expected to continue, and additional refinancing is expected to be limited. In addition, EDAG is expected to have access to additional credit facilities, providing further flexibility to support both operational requirements and strategic initiatives.

Assets in EURm



Liabilities in EURm



Source: Company data; mwb research

At the same time, EDAG has set a target for capital expenditures of 2–3% of revenue. For the coming year, we expect that actual capex will fall toward the mid-point of this range. This reflects the company's likely approach of carefully balancing investment needs with financial discipline, with a clear focus on improving cash flow and maintaining sufficient liquidity to support both ongoing operations and strategic priorities.

Valuation

To assess the fair value of the company, a combination of three valuation methods was applied: Peer Group analysis, Free Cash Flow (FCF) yield, and Discounted Cash Flow (DCF). Each approach provides a different perspective on the company's value, balancing market benchmarks, internal cash generation, and long-term fundamentals.

DCF Model:

The model incorporates long-term cash flow projections discounted using a calculated WACC. It assumes a business model with high expected volatility reflected in a levered beta of 2.75. With a terminal value growth rate of 2%, an equity cost of 18.5% and an after-tax debt cost of 3.5%, the resulting WACC is approximately 8.7% and the estimated fair value would be EUR 6.50. Assuming a terminal value growth rate of 1.5% to 2.5% and a WACC between 7.7% and 9.7%.

→ **Estimated fair value: EUR 3.93-10.51**

FCF Yield:

A valuation metric that shows how much free cash flow a company generates relative to its market value if it only invests to maintain its asset base. It emphasizes sustainable cash generation, making it particularly useful in uncertain or risk-averse environments.

→ **Estimated fair value: EUR 4.99-7.49**

Peer Group Valuation:

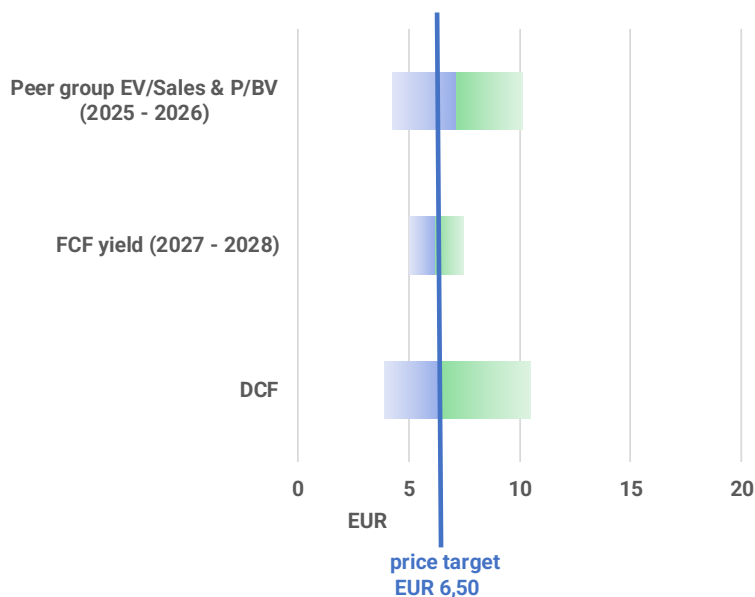
This method compares the company to industry peers using EV/Sales and P/BV multiples. It reflects how similar companies are currently valued by the market and gives a benchmark for relative performance.

→ **Estimated fair value: EUR 4.29-10.10**

Conclusion:

A well-rounded final valuation should draw on insights from all three methods, while taking into account current market conditions, future growth prospects, and the overall risk profile. In this context, the FCF yield, DCF, and peer group approaches point to a largely consistent level of upside potential.

Valuation overview



Source: mwb research

DCF Model

The DCF model results in a **fair value of EUR 6.50 per share**:

Top-line growth: We expect EDAG Engineering Group AG to grow revenues at a CAGR of 3.1% between 2026E and 2033E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 2.9% in 2026E to 12.2% in 2033E.

WACC. Starting point is a historical equity beta of 1.10. Unlevering and correcting for mean reversion yields an asset beta of 1.10. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 18.5%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 2.0 this results in a long-term WACC of 8.7%.

[illegible]

DCF per share derived from	
Total present value	386.9
Mid-year adj. total present value	402.6
Net debt / cash at start of year	231.6
Financial assets	20.8
Provisions and off b/s debt	29.4
Equity value	162.4
No. of shares outstanding	25.0
Discounted cash flow / share upside/(downside)	6.50 69.2%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2026E-2033E)	3.1%
Terminal value growth (2033E - infinity)	2.0%
Terminal year ROCE	12.2%
Terminal year WACC	8.7%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.10
Unlevered beta (industry or company)	1.10
Target debt / equity	2.0
Relevered beta	2.75
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	18.5%

Share price	3.84
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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%	2.1	2.5	2.9	3.3	3.8	2026E-2029E	20.8%
1.0%	3.5	3.9	4.5	5.1	5.7	2030E-2033E	18.5%
0.0%	5.1	5.8	6.5	7.3	8.3	terminal value	60.8%
-1.0%	7.3	8.2	9.3	10.5	12.0		
-2.0%	10.2	11.6	13.2	15.2	17.8		

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 -2.46 per share based on 2026E and EUR 12.25 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	43.9	59.3	62.3	69.7	68.7
- Maintenance capex	32.3	30.2	29.0	28.2	26.9
- Minorities	0.0	0.1	0.1	0.1	0.1
- tax expenses	0.0	6.0	7.4	9.9	11.0
= Adjusted FCF	11.6	23.0	25.8	31.6	30.6
Actual Market Cap	96.0	96.0	96.0	96.0	96.0
+ Net debt (cash)	219.7	199.5	183.0	165.6	150.1
+ Pension provisions	28.1	25.3	26.6	28.0	28.6
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	20.8	20.8	20.8	20.8	20.8
- Acc. dividend payments	0.0	0.0	7.0	15.6	27.1
<i>EV Reconciliations</i>	227.0	204.0	181.8	157.3	130.9
= Actual EV'	323.0	300.0	277.8	253.3	226.9
Adjusted FCF yield	3.6%	7.7%	9.3%	12.5%	13.5%
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	165.5	328.9	369.0	451.0	437.2
- EV Reconciliations	227.0	204.0	181.8	157.3	130.9
Fair Market Cap	-61.6	124.9	187.2	293.7	306.3
No. of shares (million)	25.0	25.0	25.0	25.0	25.0
Fair value per share in EUR	-2.46	4.99	7.49	11.75	12.25
Premium (-) / discount (+)	-164.1%	30.1%	95.0%	206.0%	219.1%
Sensitivity analysis FV					
Adjusted hurdle rate	5.0%	0.2	10.3	13.4	19.0
	6.0%	-1.4	7.2	9.9	15.2
	7.0%	-2.5	5.0	7.5	12.3
	8.0%	-3.3	3.3	5.6	10.1
	9.0%	-3.9	2.1	4.2	8.4

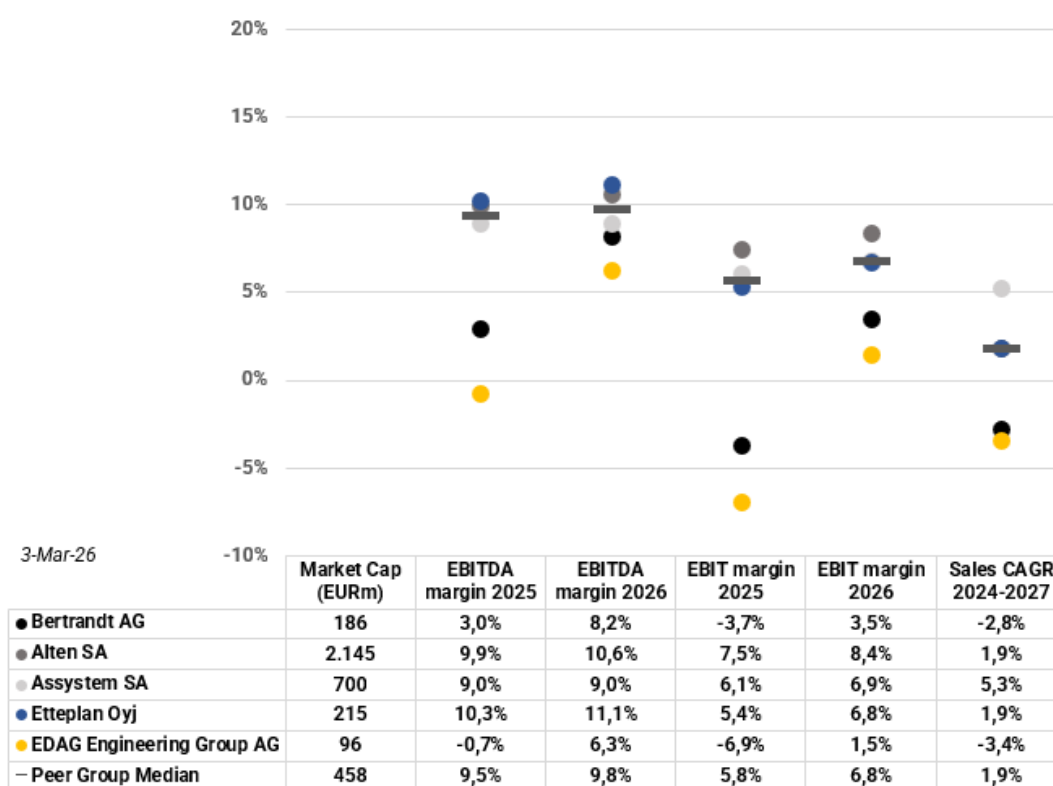
Source: Company data; mwb research

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 **EDAG Engineering Group 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 EDAG Engineering Group AG consists of the stocks displayed in the below. As of 3 March 2026 the median market cap of the peer group was EUR 457.9m, compared to EUR 96.0m for EDAG Engineering Group AG. In the period under review, the peer group was more profitable than EDAG Engineering Group AG. The expectations for sales growth are higher for the peer group than for EDAG Engineering Group AG.

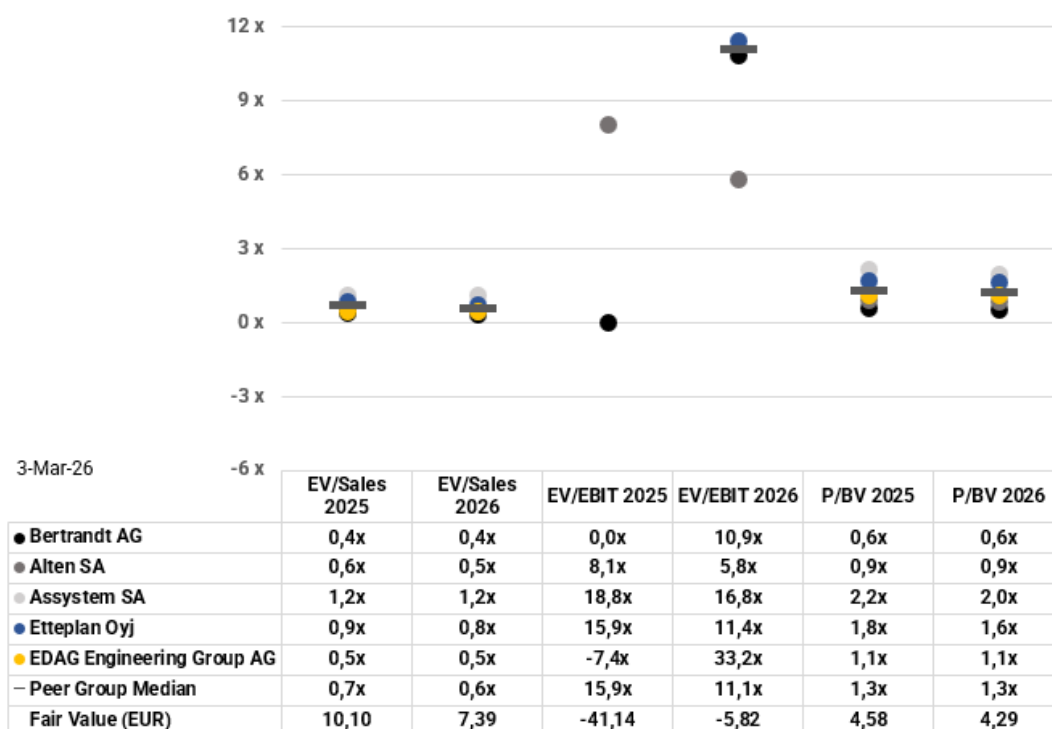
Peer Group – Key data



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/Sales 2025, EV/Sales 2026, EV/EBIT 2025, EV/EBIT 2026, P/BV 2025 and P/BV 2026. Applying these to EDAG Engineering Group AG results in a range of fair values from EUR na to EUR 10.10.

Peer Group – Multiples and valuation



Source: FactSet, mwb research

The following is a detailed description of the peer group (source: FactSet):

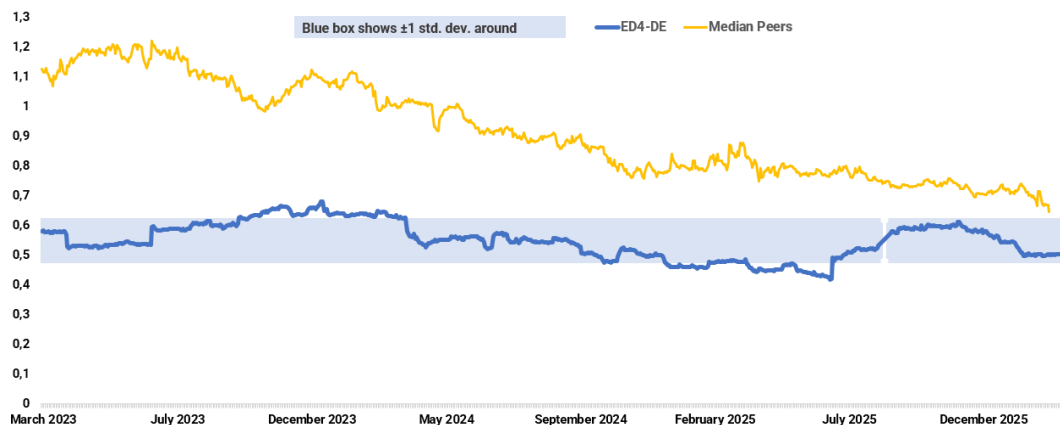
Bertrandt AG engages in the provision of development solutions for the international automotive and aviation industries. It operates through the following segments: Digital Engineering, Physical Engineering, and Electrical Systems or Electronics. The Digital Engineering segment is involved in the design of vehicle components for the interior, exterior, powertrains, chassis, body shells, as well as the development of complete vehicles including numerical analysis. The Physical Engineering segment focuses on all activities related to the validation of physical parts, components, systems, powertrains, and vehicles as a whole. The Electrical Systems or Electronics segment provides conventional automotive electrical systems together with automotive electronics, including the development of electronic modules. The company was founded by Harry Bertrandt in 1974 and is headquartered in Ehningen, Germany.

Alten SA engages in the provision of engineering and technology consulting services. It operates through the France and International geographical segments. The company was founded by Simon Azoulay on October 28, 1988, and is headquartered in Boulogne-Billancourt, France.

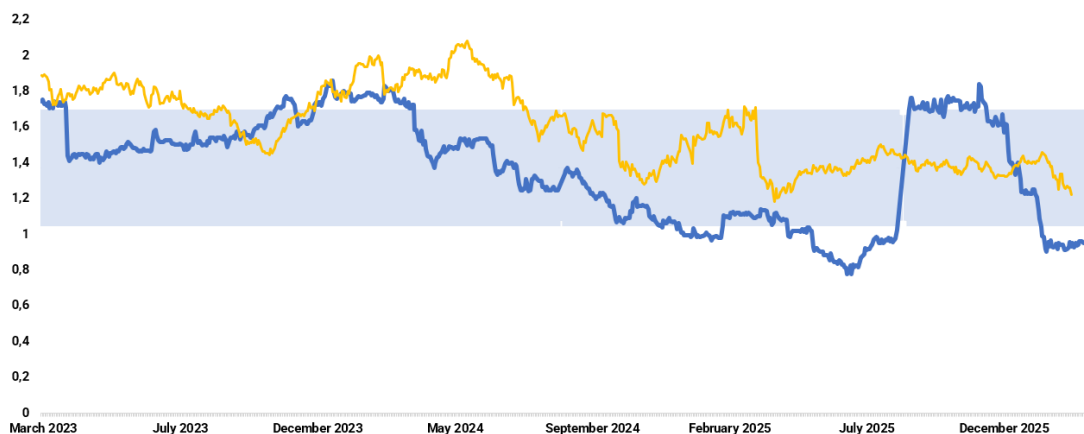
Assystem SA engages in providing engineering and technical consultancy services. The firm specializes in project management, digitalization, data science, compliance, safety, and security. It caters to the aeronautics and space; automotive; industrial; naval and defense; energy and nuclear; life sciences; telecommunications; electronics; and information technology sectors. The company was founded in 1994 and is headquartered in Courbevoie, France.

Etteplan Oyj engages in the provision of industrial equipment engineering and technical documentation solutions. It also offers engineering, embedded systems, testing and test laboratory, software and digitalization, and products and asset information services. It operates through the Finland, Scandinavia, Central Europe, and China geographical segments. The company was founded by Tero Elomaa, Tapani Mönkkönen, and Esko Poltto in 1983 and is headquartered in Espoo, Finland.

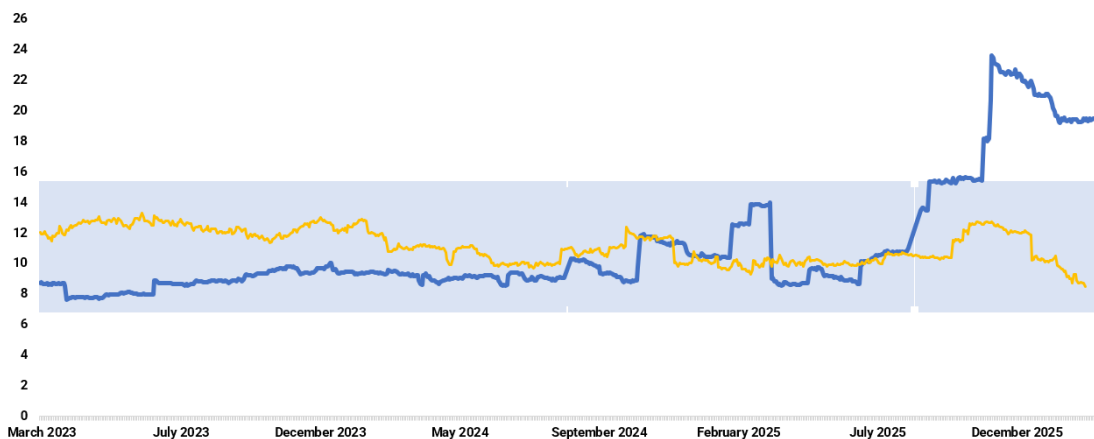
Historical EV to Sales (FY2)



Historical Price to Book (FY2)



Historical EV to EBIT (FY2)

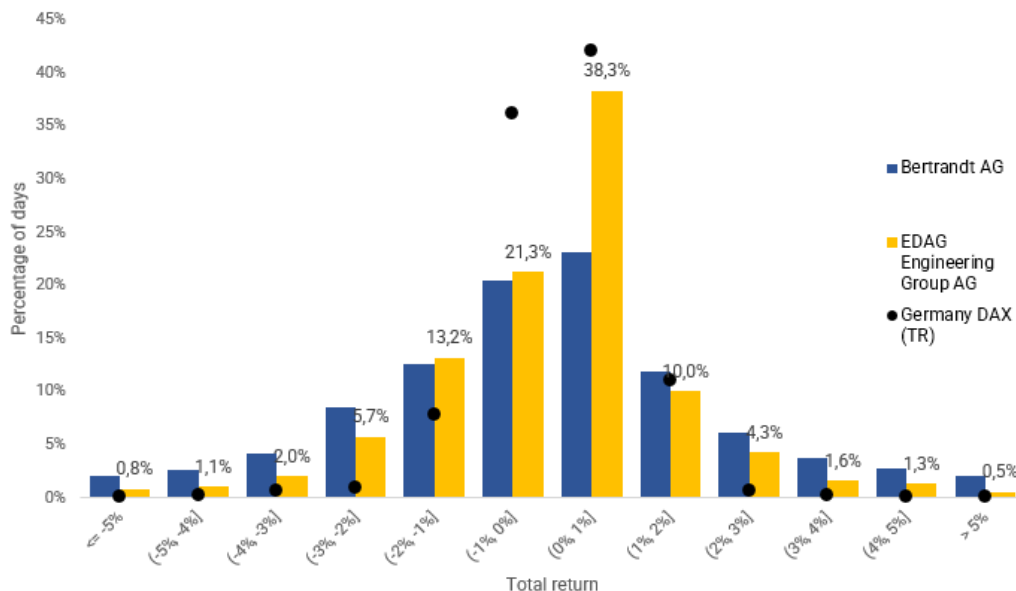


Source: FactSet, mwb research

Risk

The chart displays the distribution of daily returns of EDAG Engineering Group AG over the last 3 years, compared to the same distribution for Bertrandt AG. 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 EDAG Engineering Group AG, the worst day during the past 3 years was 22/05/2025 with a share price decline of -8.8%. The best day was 02/07/2025 when the share price increased by 7.1%.

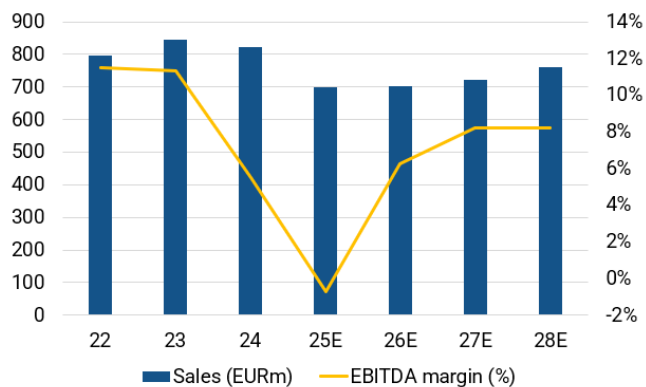
Risk – Daily Returns Distribution (trailing 3 years)



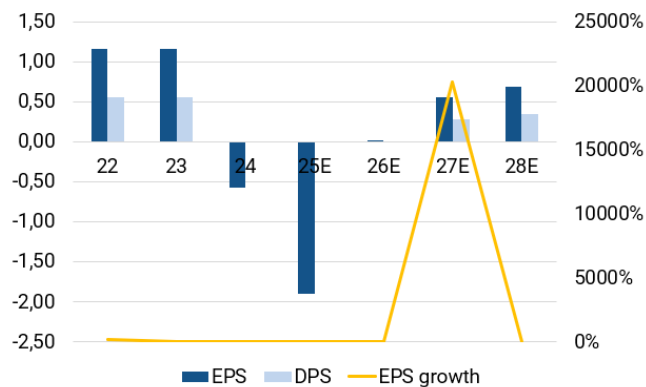
Source: FactSet, mwb research

Financials in six charts

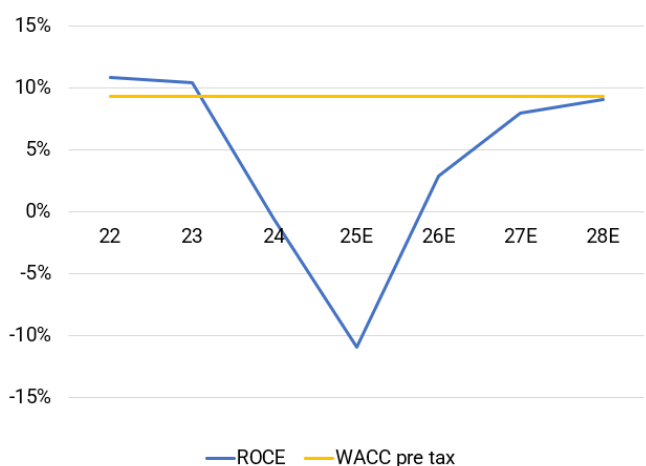
Sales vs. EBITDA margin development



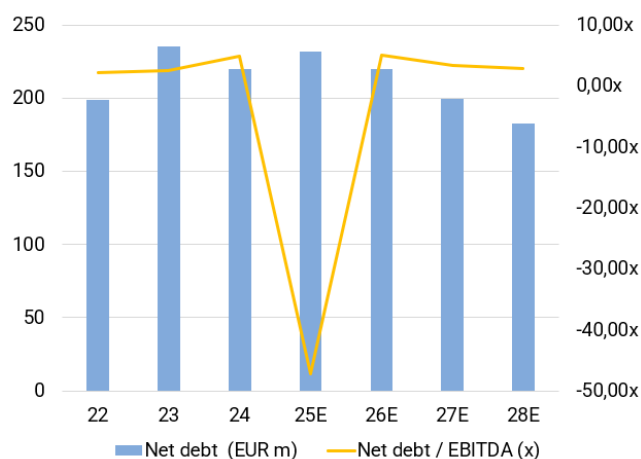
EPS, DPS in EUR & yoy EPS growth



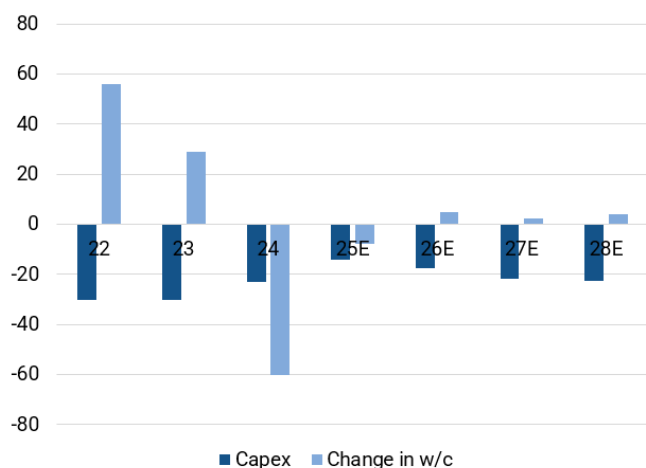
ROCE vs. WACC (pre tax)



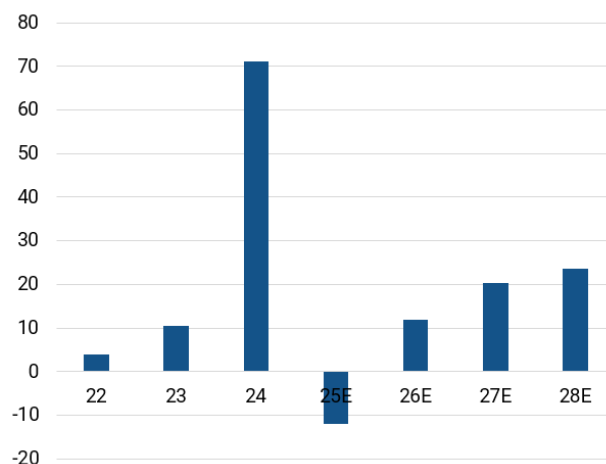
Net debt and net debt/EBITDA



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	2025E	2026E	2027E	2028E
Net sales	844.8	821.9	700.3	702.4	723.4	759.6
Sales growth	6.3%	-2.7%	-14.8%	0.3%	3.0%	5.0%
Change in finished goods and work-in-process	-0.5	0.1	0.0	0.0	0.0	0.0
Total sales	844.3	822.0	700.3	702.4	723.4	759.6
Material expenses	98.0	93.4	80.5	80.8	83.2	87.4
Gross profit	746.3	728.6	619.7	621.6	640.2	672.3
Other operating income	29.3	21.1	26.6	23.9	21.7	22.8
Personnel expenses	569.4	563.5	525.2	475.2	479.6	503.6
Other operating expenses	110.6	140.8	126.0	126.4	123.0	129.1
EBITDA	95.5	45.3	-4.9	43.9	59.3	62.3
Depreciation	36.8	43.0	41.3	32.3	30.2	29.0
EBITA	58.7	2.3	-46.2	11.6	29.1	33.3
Amortisation of goodwill and intangible assets	4.8	5.8	2.1	1.2	0.7	0.4
EBIT	53.9	-3.4	-48.2	10.4	28.4	32.8
Financial result	-10.8	-14.1	-11.3	-10.3	-8.3	-8.3
Recurring pretax income from continuing operations	43.1	-17.5	-59.5	0.1	20.1	24.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	43.1	-17.5	-59.5	0.1	20.1	24.5
Taxes	14.2	-3.1	-11.9	0.0	6.0	7.4
Net income from continuing operations	28.9	-14.4	-47.6	0.1	14.1	17.2
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	28.9	-14.4	-47.6	0.1	14.1	17.2
Minority interest	0.0	0.1	0.2	-0.0	-0.1	-0.1
Net profit (reported)	28.9	-14.4	-47.4	0.1	14.0	17.1
Average number of shares	25.00	25.00	25.00	25.00	25.00	25.00
EPS reported	1.16	-0.57	-1.90	0.00	0.56	0.68

Profit and loss (common size)	2023	2024	2025E	2026E	2027E	2028E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	-0%	0%	0%	0%	0%	0%
Total sales	100%	100%	100%	100%	100%	100%
Material expenses	12%	11%	12%	12%	12%	12%
Gross profit	88%	89%	89%	89%	89%	88%
Other operating income	3%	3%	4%	3%	3%	3%
Personnel expenses	67%	69%	75%	68%	66%	66%
Other operating expenses	13%	17%	18%	18%	17%	17%
EBITDA	11%	6%	-1%	6%	8%	8%
Depreciation	4%	5%	6%	5%	4%	4%
EBITA	7%	0%	-7%	2%	4%	4%
Amortisation of goodwill and intangible assets	1%	1%	0%	0%	0%	0%
EBIT	6%	-0%	-7%	1%	4%	4%
Financial result	-1%	-2%	-2%	-1%	-1%	-1%
Recurring pretax income from continuing operations	5%	-2%	-8%	0%	3%	3%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	5%	-2%	-8%	0%	3%	3%
Taxes	2%	-0%	-2%	0%	1%	1%
Net income from continuing operations	3%	-2%	-7%	0%	2%	2%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	3%	-2%	-7%	0%	2%	2%
Minority interest	0%	0%	0%	-0%	-0%	-0%
Net profit (reported)	3%	-2%	-7%	0%	2%	2%

Source: Company data (reported); mwb research

Balance sheet (EURm)	2023	2024	2025E	2026E	2027E	2028E
Intangible assets (exl. Goodwill)	8.4	5.2	3.1	1.9	1.1	0.7
Goodwill	74.4	76.4	74.4	72.4	70.4	68.4
Property, plant and equipment	257.7	257.9	230.6	215.9	207.4	201.1
Financial assets	22.5	20.8	20.8	20.8	20.8	20.8
FIXED ASSETS	363.0	360.2	328.9	310.9	299.7	291.0
Inventories	4.7	4.7	4.4	4.4	4.3	4.3
Accounts receivable	216.0	182.5	155.4	159.7	172.4	179.0
Other current assets	23.6	37.1	37.1	37.1	37.1	37.1
Liquid assets	107.3	125.5	18.4	20.3	30.5	47.0
Deferred taxes	15.8	22.5	22.5	22.5	22.5	22.5
Deferred charges and prepaid expenses	0.3	1.6	0.7	0.7	0.7	0.8
CURRENT ASSETS	367.6	373.9	238.6	244.8	267.7	290.7
TOTAL ASSETS	730.6	734.2	567.5	555.7	567.3	581.7
SHAREHOLDERS EQUITY	162.5	132.9	85.3	85.3	99.4	109.6
MINORITY INTEREST	0.0	0.2	0.2	0.2	0.2	0.2
Long-term debt	305.0	269.8	200.0	190.0	190.0	190.0
Provisions for pensions and similar obligations	29.9	32.2	29.4	28.1	25.3	26.6
Other provisions	3.7	4.1	3.5	3.5	3.6	3.8
Non-current liabilities	338.6	306.1	232.9	221.6	218.9	220.4
short-term liabilities to banks	37.7	75.4	50.0	50.0	40.0	40.0
Accounts payable	34.0	24.4	22.1	21.0	21.7	22.7
Advance payments received on orders	47.5	69.3	58.8	59.0	68.7	72.2
Other liabilities (incl. from lease and rental contracts)	109.0	123.3	115.5	115.9	115.7	113.9
Deferred taxes	1.2	2.7	2.7	2.7	2.7	2.7
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	229.4	295.0	249.1	248.6	248.8	251.5
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	730.6	734.2	567.5	555.7	567.3	581.7

Balance sheet (common size)	2023	2024	2025E	2026E	2027E	2028E
Intangible assets (excl. Goodwill)	1%	1%	1%	0%	0%	0%
Goodwill	10%	10%	13%	13%	12%	12%
Property, plant and equipment	35%	35%	41%	39%	37%	35%
Financial assets	3%	3%	4%	4%	4%	4%
FIXED ASSETS	50%	49%	58%	56%	53%	50%
Inventories	1%	1%	1%	1%	1%	1%
Accounts receivable	30%	25%	27%	29%	30%	31%
Other current assets	3%	5%	7%	7%	7%	6%
Liquid assets	15%	17%	3%	4%	5%	8%
Deferred taxes	2%	3%	4%	4%	4%	4%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	50%	51%	42%	44%	47%	50%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	22%	18%	15%	15%	18%	19%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	42%	37%	35%	34%	33%	33%
Provisions for pensions and similar obligations	4%	4%	5%	5%	4%	5%
Other provisions	1%	1%	1%	1%	1%	1%
Non-current liabilities	46%	42%	41%	40%	39%	38%
short-term liabilities to banks	5%	10%	9%	9%	7%	7%
Accounts payable	5%	3%	4%	4%	4%	4%
Advance payments received on orders	7%	9%	10%	11%	12%	12%
Other liabilities (incl. from lease and rental contracts)	15%	17%	20%	21%	20%	20%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	31%	40%	44%	45%	44%	43%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data (reported); mwb research

Cash flow statement (EURm)	2023	2024	2025E	2026E	2027E	2028E
Net profit/loss	28.9	-14.4	-47.6	0.1	14.1	17.2
Depreciation of fixed assets (incl. leases)	36.8	43.0	41.3	32.3	30.2	29.0
Amortisation of goodwill	0.0	0.0	2.0	2.0	2.0	2.0
Amortisation of intangible assets	4.6	4.3	2.1	1.2	0.7	0.4
Others	-0.5	1.0	-3.4	-1.3	-2.7	1.4
Cash flow from operations before changes in w/c	69.8	33.9	-5.6	34.3	44.4	50.1
Increase/decrease in inventory	0.2	-1.3	0.3	-0.0	0.1	0.0
Increase/decrease in accounts receivable	-13.2	32.6	27.1	-4.3	-12.7	-6.5
Increase/decrease in accounts payable	-11.7	-1.1	-2.3	-1.0	0.6	1.1
Increase/decrease in other w/c positions	-4.3	30.0	-17.3	0.5	9.6	1.6
Increase/decrease in working capital	-29.0	60.2	7.7	-4.8	-2.4	-3.8
Cash flow from operating activities	40.7	94.1	2.1	29.4	41.9	46.3
CAPEX	-30.2	-22.9	-14.0	-17.6	-21.7	-22.8
Payments for acquisitions	0.0	-1.4	0.0	0.0	0.0	0.0
Financial investments	0.0	-0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.4	0.4	0.0	0.0	0.0	0.0
Cash flow from investing activities	-29.8	-24.0	-14.0	-17.6	-21.7	-22.8
Cash flow before financing	11.0	70.1	-11.9	11.9	20.2	23.5
Increase/decrease in debt position	7.7	-18.5	-95.2	-10.0	-10.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	-13.8	-13.8	0.0	0.0	0.0	-7.0
Others	-20.2	-19.3	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.1	-0.3	0.0	0.0	0.0	0.0
Cash flow from financing activities	-26.4	-51.9	-95.2	-10.0	-10.0	-7.0
Increase/decrease in liquid assets	-15.4	18.2	-107.1	1.9	10.2	16.5
Liquid assets at end of period	107.3	125.5	18.4	20.3	30.5	47.0

Source: Company data (reported); mwb research

Regional sales split (EURm)	2023	2024	2025E	2026E	2027E	2028E
Domestic	593.8	589.8	502.5	491.7	470.2	471.0
Europe (ex domestic)	142.3	141.1	120.2	126.4	148.3	163.3
The Americas	47.9	48.6	41.4	42.1	47.0	49.4
Asia	59.7	42.4	36.1	42.1	57.9	76.0
Rest of World	1.1	0.0	0.0	0.0	0.0	0.0
Total sales	844.8	821.9	700.3	702.4	723.4	759.6

Regional sales split (common size)	2023	2024	2025E	2026E	2027E	2028E
Domestic	70.3%	71.8%	71.8%	70.0%	65.0%	62.0%
Europe (ex domestic)	16.8%	17.2%	17.2%	18.0%	20.5%	21.5%
The Americas	5.7%	5.9%	5.9%	6.0%	6.5%	6.5%
Asia	7.1%	5.2%	5.2%	6.0%	8.0%	10.0%
Rest of World	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data (reported); mwb research

Ratios	2023	2024	2025E	2026E	2027E	2028E
Per share data						
Earnings per share reported	1.16	-0.57	-1.90	0.00	0.56	0.68
Cash flow per share	0.16	2.04	-1.57	-0.11	0.47	0.69
Book value per share	6.50	5.32	3.41	3.41	3.98	4.38
Dividend per share	0.55	0.00	0.00	0.00	0.28	0.34
Valuation						
P/E	3.3x	-6.7x	-2.0x	1,395.5x	6.9x	5.6x
P/CF	24.4x	1.9x	-2.5x	-33.8x	8.2x	5.6x
P/BV	0.6x	0.7x	1.1x	1.1x	1.0x	0.9x
Dividend yield (%)	14.3%	0.0%	0.0%	0.0%	7.3%	8.9%
FCF yield (%)	4.1%	53.2%	-40.8%	-3.0%	12.2%	17.9%
EV/Sales	0.4x	0.4x	0.5x	0.5x	0.4x	0.4x
EV/EBITDA	3.8x	7.7x	-72.8x	7.8x	5.4x	4.9x
EV/EBIT	6.7x	-101.5x	-7.4x	33.2x	11.3x	9.3x
Income statement (EURm)						
Sales	844.8	821.9	700.3	702.4	723.4	759.6
yoy chg in %	6.3%	-2.7%	-14.8%	0.3%	3.0%	5.0%
Gross profit	746.3	728.6	619.7	621.6	640.2	672.3
Gross margin in %	88.3%	88.6%	88.5%	88.5%	88.5%	88.5%
EBITDA	95.5	45.3	-4.9	43.9	59.3	62.3
EBITDA margin in %	11.3%	5.5%	-0.7%	6.3%	8.2%	8.2%
EBIT	53.9	-3.4	-48.2	10.4	28.4	32.8
EBIT margin in %	6.4%	-0.4%	-6.9%	1.5%	3.9%	4.3%
Net profit	28.9	-14.4	-47.4	0.1	14.0	17.1
Cash flow statement (EURm)						
CF from operations	40.7	94.1	2.1	29.4	41.9	46.3
Capex	-30.2	-22.9	-14.0	-17.6	-21.7	-22.8
Maintenance Capex	36.8	43.0	41.3	32.3	30.2	29.0
Free cash flow	10.5	71.2	-11.9	11.9	20.2	23.5
Balance sheet (EURm)						
Intangible assets	82.8	81.6	77.5	74.3	71.5	69.1
Tangible assets	257.7	257.9	230.6	215.9	207.4	201.1
Shareholders' equity	162.5	132.9	85.3	85.3	99.4	109.6
Pension provisions	29.9	32.2	29.4	28.1	25.3	26.6
Liabilities and provisions	376.3	381.4	282.9	271.6	258.9	260.4
Net financial debt	235.4	219.7	231.6	219.7	199.5	183.0
w/c requirements	139.2	93.5	78.9	84.1	86.4	88.4
Ratios						
ROE	17.8%	-10.8%	-55.8%	0.1%	14.1%	15.7%
ROCE	10.0%	-0.7%	-13.1%	2.9%	7.9%	8.9%
Net gearing	144.8%	165.3%	271.6%	257.4%	200.7%	167.0%
Net debt / EBITDA	2.5x	4.8x	-47.2x	5.0x	3.4x	2.9x

Source: Company data (reported); mwb research

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