

# Carl Zeiss Meditec AG

Germany | Health Care | MCap EUR 2,237m

12 May 2026

UPDATE



Restructuring over-  
shadows Q2 miss. PT  
down; Remains a HOLD.

**HOLD** (HOLD)

|                     |                          |
|---------------------|--------------------------|
| <b>Target price</b> | <b>EUR 24.00 (26.00)</b> |
| Current price       | EUR 25.56                |
| Up/downside         | -6.1%                    |



## What's it all about?

Carl Zeiss Meditec (CZM) reported a weak Q2 25/26 despite a slight revenue beat. Sales of EUR 524m exceeded consensus of EUR 516m but declined 6.4% yoy, while EBIT of EUR 23.9m missed expectations by around 49%, reducing the EBIT margin to 4.6% from 12.7% last year. The key issue remains margin pressure, driven by FX, mix, IOL-related effects, weaker diagnostic equipment shipments, and special charges. However, the announced restructuring now dominates the investment case. While planned annual savings of EUR 200m could support margins, execution risk is high. We reduce our estimates and the price target to EUR 24.00 (before EUR 26.00). We view the stock as a show-me case and retain HOLD.

**MAIN AUTHOR**

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# Carl Zeiss Meditec AG

Germany | Health Care | MCap EUR 2,237m | EV EUR 2,826m

**HOLD** (HOLD)

**Target price**  
Current price  
Up/downside

**EUR 24.00 (26.00)**  
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## Restructuring overshadows Q2 miss. PT down; Remains a HOLD.

**Slight revenue beat, but sharp earnings decline.** Carl Zeiss Meditec (CZM) reported a mixed but weak Q2 25/26. Revenue came in at EUR 524m, slightly above consensus of EUR 516m, but declined by 6.4% yoy. EBIT was the clear disappointment: at EUR 23.9m, it missed consensus of EUR 47m by around 49% and fell by 66% yoy. The EBIT margin dropped to only 4.6%, down from 12.7% yoy. Net income also came in below expectations at EUR 19.0m versus consensus of EUR 28m.

**Margin pressure remains the key weakness.** The main issue in Q2 was not the top line relative to expectations, but profitability. Gross margin fell sharply to 50.3%, compared with 53.9% in the prior-year quarter. According to the company, earnings were burdened by negative FX effects, an unfavorable product mix, the withdrawal of bifocal intraocular lenses from the distribution channel, weaker shipments of diagnostic equipment, and special charges. A weak Q2 therefore confirmed that a recovery is not yet in sight. Furthermore, the FY25/26 guidance of revenue of c. EUR 2.15-2.20bn and an adjusted EBITA margin of 8-10% moves into the background in light of the strategic reset. All eyes are now on restructuring and mid-term targets.

**Restructuring now dominates the investment case.** The key message is the announced restructuring program. Carl Zeiss Meditec aims to achieve annual earnings improvements of more than EUR 200m by FY28/29, of which more than EUR 160m p.a. should contribute to margin recovery after higher infrastructure costs of EUR 40m (new ERP/CRM system and high-tech hub). At the same time, up to 1,000 jobs could be affected, and one-time expenses and investments of up to EUR 150m could be incurred. Hence, the focus shifts away from short-term earnings toward execution credibility, timing, and the sustainability of the aimed margin improvement.

**Conclusion: Show-me case with lower PT.** The medium-term picture remains challenging and CZM's target of at least mid-single-digit FX-adjusted revenue growth would remain below its historical growth rates and below expected market growth of around 8%. At the same time, the targeted recovery to an adjusted EBITA margin of at least around 15% would depend heavily on successful restructuring execution. We incorporate the new guidance, reduce our estimates and the price target to EUR 24.00 (before EUR 26.00). We view the stock as a show-me case and retain HOLD.

| Carl Zeiss Meditec AG | 2023  | 2024  | 2025  | 2026E | 2027E | 2028E |
|-----------------------|-------|-------|-------|-------|-------|-------|
| Sales                 | 2,089 | 2,066 | 2,228 | 2,172 | 2,233 | 2,311 |
| Growth yoy            | 9.8%  | -1.1% | 7.8%  | -2.5% | 2.8%  | 3.5%  |
| EBITDA                | 452   | 408   | 424   | 374   | 367   | 382   |
| EBIT                  | 348   | 194   | 223   | 169   | 194   | 240   |
| Net profit            | 290   | 179   | 141   | 102   | 122   | 156   |
| Net debt (net cash)   | 242   | 609   | 580   | 573   | 516   | 347   |
| Net debt/EBITDA       | 0.5x  | 1.5x  | 1.4x  | 1.5x  | 1.4x  | 0.9x  |
| EPS reported          | 3.25  | 2.01  | 1.61  | 1.16  | 1.40  | 1.78  |
| DPS                   | 1.10  | 0.60  | 0.55  | 0.41  | 0.49  | 0.62  |
| Dividend yield        | 4.3%  | 2.3%  | 2.2%  | 1.6%  | 1.9%  | 2.4%  |
| Gross profit margin   | 57.7% | 52.7% | 52.8% | 52.7% | 52.8% | 53.5% |
| EBITDA margin         | 21.7% | 19.8% | 19.0% | 17.2% | 16.4% | 16.5% |
| EBIT margin           | 16.7% | 9.4%  | 10.0% | 7.8%  | 8.7%  | 10.4% |
| ROCE                  | 14.0% | 6.8%  | 7.7%  | 5.9%  | 6.7%  | 8.1%  |
| EV/EBITDA             | 5.5x  | 7.0x  | 6.7x  | 7.6x  | 7.6x  | 6.9x  |
| EV/EBIT               | 7.1x  | 14.7x | 12.7x | 16.8x | 14.4x | 10.9x |
| PER                   | 7.9x  | 12.7x | 15.8x | 22.0x | 18.3x | 14.4x |
| FCF yield             | 7.7%  | 5.0%  | 3.7%  | -1.8% | 1.2%  | 7.9%  |

Source: Company data, mwb research



Source: Company data, mwb research

**High/low 52 weeks** 66.60 / 22.62  
**Price/Book Ratio** 1.1x

**Ticker / Symbols**

ISIN DE0005313704  
WKN 531370  
Bloomberg AFX:GR

### Changes in estimates

|       |     | Sales | EBIT   | EPS    |
|-------|-----|-------|--------|--------|
| 2026E | old | 2,230 | 198    | 1.39   |
|       | Δ   | -2.6% | -14.6% | -16.5% |
| 2027E | old | 2,306 | 224    | 1.63   |
|       | Δ   | -3.2% | -13.1% | -14.3% |
| 2028E | old | 2,409 | 265    | 1.97   |
|       | Δ   | -4.1% | -9.3%  | -9.9%  |

### Key share data

Number of shares: (in m pcs) 87.54  
Book value per share: (in EUR) 24.18  
Ø trading vol.: (12 months) 228,600

### Major shareholders

Carl Zeiss Group 59.1%  
Free Float 40.9%

### Company description

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

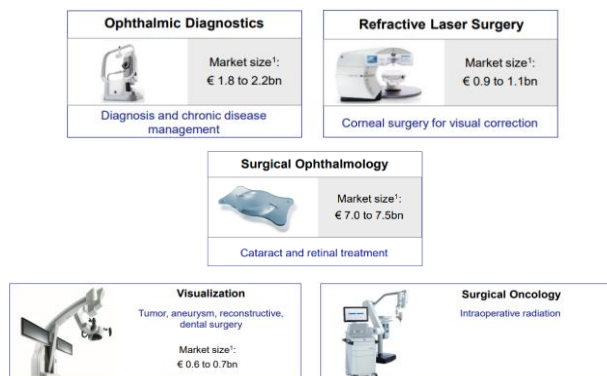
The following table displays the quarterly performance of **Carl Zeiss Meditec AG**.

| P&L data           | Q3 2024     | Q4 2024     | Q1 2025     | Q2 2025     | Q3 2025     | Q4 2025     | Q1 2026      | Q2 2026     |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|
| Sales              | 539.4       | 579.6       | 490.5       | 560.0       | 549.6       | 627.5       | 467.0        | 524.0       |
| yoy growth in %    | 0.8%        | -0.0%       | 3.3%        | 18.6%       | 1.9%        | 8.3%        | -4.8%        | -6.4%       |
| Gross profit       | 293.5       | 290.1       | 252.1       | 301.7       | 289.7       | 331.7       | 227.1        | 263.4       |
| Gross margin in %  | 54.4%       | 50.1%       | 51.4%       | 53.9%       | 52.7%       | 52.9%       | 48.6%        | 50.3%       |
| EBITDA             | na          | na          | na          | na          | na          | na          | na           | na          |
| EBITDA margin in % | na%         | na%         | na%         | na%         | na%         | na%         | na%          | na%         |
| EBIT               | 54.5        | 31.8        | 28.0        | 71.2        | 53.9        | 70.2        | 1.1          | 23.9        |
| EBIT margin in %   | 10.1%       | 5.5%        | 5.7%        | 12.7%       | 9.8%        | 11.2%       | 0.2%         | 4.6%        |
| EBT                | 49.4        | 69.5        | 20.1        | 65.4        | 41.2        | 67.2        | -5.4         | 25.8        |
| taxes paid         | 15.9        | 6.6         | 5.2         | 19.8        | 13.5        | 13.0        | 0.2          | 6.8         |
| tax rate in %      | 32.2%       | 9.5%        | 25.9%       | 30.2%       | 32.9%       | 19.4%       | -3.7%        | 26.3%       |
| net profit         | 34.0        | 62.9        | 14.9        | 45.3        | 27.9        | 53.1        | -4.9         | 19.6        |
| yoy growth in %    | -63.1%      | -26.2%      | -59.5%      | -2.5%       | -18.1%      | -15.6%      | -132.9%      | -56.8%      |
| <b>EPS</b>         | <b>0.38</b> | <b>0.69</b> | <b>0.18</b> | <b>0.52</b> | <b>0.32</b> | <b>0.59</b> | <b>-0.06</b> | <b>0.22</b> |

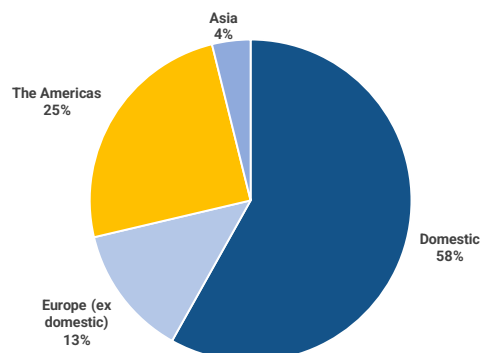
Source: Company data; mwb research

## Investment case in six charts

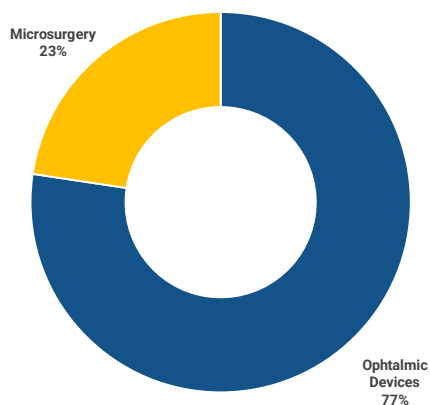
### Products



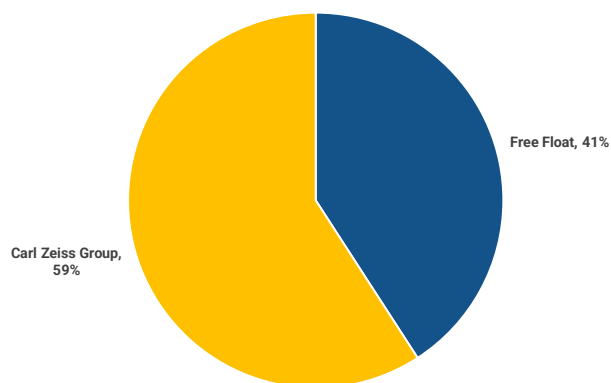
### Regional sales split in %



### Segmental breakdown in %



### Major Shareholders



### Comprehensive Portfolio

|             |                       |  |  |  |  |  |  |
|-------------|-----------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| 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)

## Valuation

## DCF Model

The DCF model results in a **fair value of EUR 23.70 per share:**

**Top-line growth:** We expect Carl Zeiss Meditec AG to grow revenues at a CAGR of 3.0% between 2026E and 2033E. The long-term growth rate is set at 2.0%.

**ROCE.** Returns on capital are developing from 5.9% in 2026E to 9.3% in 2033E.

**WACC.** Starting point is a historical equity beta of 1.43. Unlevering and correcting for mean reversion yields an asset beta of 1.24. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 10.5%. With pre-tax cost of borrowing at 5.0%, a tax rate of 30% and target debt/equity of 0.2 this results in a long-term WACC of 9.3%.

| DCF (EURm)<br>(except per share data and beta) | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | Terminal<br>value |
|------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------------------|
| NOPAT                                          | 118   | 135   | 167   | 188   | 201   | 210   | 211   | 213   |                   |
| Depreciation & amortization                    | 205   | 173   | 142   | 82    | 81    | 90    | 121   | 127   |                   |
| Change in working capital                      | -160  | -132  | -14   | -21   | -20   | -17   | -13   | -13   |                   |
| Chg. in long-term provisions                   | -16   | 4     | 5     | 7     | -69   | 2     | 2     | 2     |                   |
| Capex                                          | -76   | -76   | -79   | -82   | -85   | -100  | -110  | -117  |                   |
| Cash flow                                      | 70    | 105   | 222   | 174   | 108   | 186   | 212   | 211   | 2,939             |
| Present value                                  | 68    | 93    | 179   | 129   | 73    | 115   | 119   | 109   | 1,521             |
| WACC                                           | 9.3%  | 9.3%  | 9.3%  | 9.3%  | 9.3%  | 9.4%  | 9.4%  | 9.4%  | 9.3%              |

| DCF per share derived from                        |                |
|---------------------------------------------------|----------------|
| Total present value                               | 2,406          |
| Mid-year adj. total present value                 | 2,516          |
| Net debt / cash at start of year                  | 580            |
| Financial assets                                  | 148            |
| Provisions and off b/s debt                       | 9              |
| Equity value                                      | 2,074          |
| No. of shares outstanding                         | 87.5           |
| Discounted cash flow / share<br>upside/(downside) | 23.70<br>-7.3% |

|             |       |
|-------------|-------|
| Share price | 25.56 |
|-------------|-------|

| DCF avg. growth and earnings assumptions           |      |
|----------------------------------------------------|------|
| Planning horizon avg. revenue growth (2026E-2033E) | 3.0% |
| Terminal value growth (2033E - infinity)           | 2.0% |
| Terminal year ROCE                                 | 9.3% |
| Terminal year WACC                                 | 9.3% |

| Terminal WACC derived from           |       |
|--------------------------------------|-------|
| Cost of borrowing (before taxes)     | 5.0%  |
| Long-term tax rate                   | 30%   |
| Equity beta                          | 1.43  |
| Unlevered beta (industry or company) | 1.24  |
| Target debt / equity                 | 0.2   |
| Relevered beta                       | 1.42  |
| Risk-free rate                       | 2.0%  |
| Equity risk premium                  | 6.0%  |
| Cost of equity                       | 10.5% |

### Sensitivity analysis DCF

| Change in WACC<br>(%-points) | Long term growth |      |      |      |      | Share of present value |       |
|------------------------------|------------------|------|------|------|------|------------------------|-------|
|                              | 1.0%             | 1.5% | 2.0% | 2.5% | 3.0% |                        |       |
| 2.0%                         | 16.2             | 16.8 | 17.5 | 18.3 | 19.1 | 2026E-2029E            | 19.5% |
| 1.0%                         | 18.5             | 19.3 | 20.2 | 21.3 | 22.4 | 2030E-2033E            | 17.3% |
| 0.0%                         | 21.4             | 22.5 | 23.7 | 25.1 | 26.8 | terminal value         | 63.2% |
| -1.0%                        | 25.0             | 26.5 | 28.3 | 30.3 | 32.8 |                        |       |
| -2.0%                        | 29.9             | 32.1 | 34.6 | 37.7 | 41.5 |                        |       |

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 20.94 per share based on 2026E and EUR 39.14 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        |
|------------------------------------|---------------|--------------|--------------|--------------|--------------|
| <b>EBITDA</b>                      | <b>374</b>    | <b>367</b>   | <b>382</b>   | <b>353</b>   | <b>371</b>   |
| - Maintenance capex                | 171           | 142          | 113          | 55           | 57           |
| - Minorities                       | 1             | 1            | 1            | 1            | 2            |
| - tax expenses                     | 44            | 53           | 67           | 77           | 83           |
| <b>= Adjusted FCF</b>              | <b>158</b>    | <b>171</b>   | <b>201</b>   | <b>219</b>   | <b>230</b>   |
| <b>Actual Market Cap</b>           | <b>2,286</b>  | <b>2,286</b> | <b>2,286</b> | <b>2,286</b> | <b>2,286</b> |
| + Net debt (cash)                  | 573           | 516          | 347          | 236          | 196          |
| + Pension provisions               | 43            | 45           | 46           | 48           | 50           |
| + Off b/s financing                | 0             | 0            | 0            | 0            | 0            |
| - Financial assets                 | 148           | 148          | 148          | 148          | 148          |
| - Acc. dividend payments           | 48            | 84           | 127          | 181          | 243          |
| <i>EV Reconciliations</i>          | 421           | 329          | 119          | -44          | -144         |
| <b>= Actual EV'</b>                | <b>2,707</b>  | <b>2,615</b> | <b>2,405</b> | <b>2,242</b> | <b>2,142</b> |
| <b>Adjusted FCF yield</b>          | <b>5.8%</b>   | <b>6.6%</b>  | <b>8.3%</b>  | <b>9.8%</b>  | <b>10.7%</b> |
| base hurdle rate                   | 7.0%          | 7.0%         | 7.0%         | 7.0%         | 7.0%         |
| ESG adjustment                     | 0.0%          | 0.0%         | 0.0%         | 0.0%         | 0.0%         |
| adjusted hurdle rate               | 7.0%          | 7.0%         | 7.0%         | 7.0%         | 7.0%         |
| <b>Fair EV</b>                     | <b>2,254</b>  | <b>2,448</b> | <b>2,866</b> | <b>3,126</b> | <b>3,282</b> |
| - <i>EV Reconciliations</i>        | 421           | 329          | 119          | -44          | -144         |
| <b>Fair Market Cap</b>             | <b>1,833</b>  | <b>2,119</b> | <b>2,747</b> | <b>3,170</b> | <b>3,426</b> |
| No. of shares (million)            | 88            | 88           | 88           | 88           | 88           |
| <b>Fair value per share in EUR</b> | <b>20.94</b>  | <b>24.21</b> | <b>31.38</b> | <b>36.22</b> | <b>39.14</b> |
| <b>Premium (-) / discount (+)</b>  | <b>-18.1%</b> | <b>-5.3%</b> | <b>22.8%</b> | <b>41.7%</b> | <b>53.1%</b> |

| Sensitivity analysis fair value |             |           |           |           |           |
|---------------------------------|-------------|-----------|-----------|-----------|-----------|
| Adjusted hurdle rate            | 5.0%        | 31        | 35        | 44        | 51        |
|                                 | 6.0%        | 25        | 29        | 37        | 45        |
|                                 | <b>7.0%</b> | <b>21</b> | <b>24</b> | <b>31</b> | <b>39</b> |
|                                 | 8.0%        | 18        | 21        | 27        | 34        |
|                                 | 9.0%        | 15        | 18        | 24        | 31        |

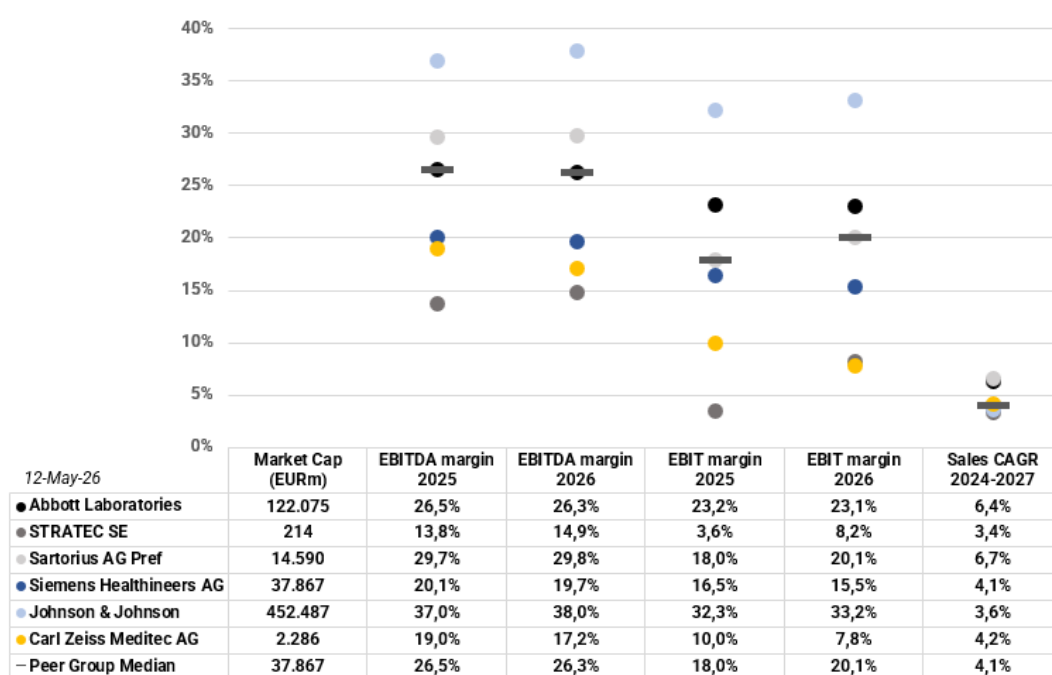
Source: Company data; mwb research

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 12 May 2026 the median market cap of the peer group was EUR 37,867m, compared to EUR 2,237m 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

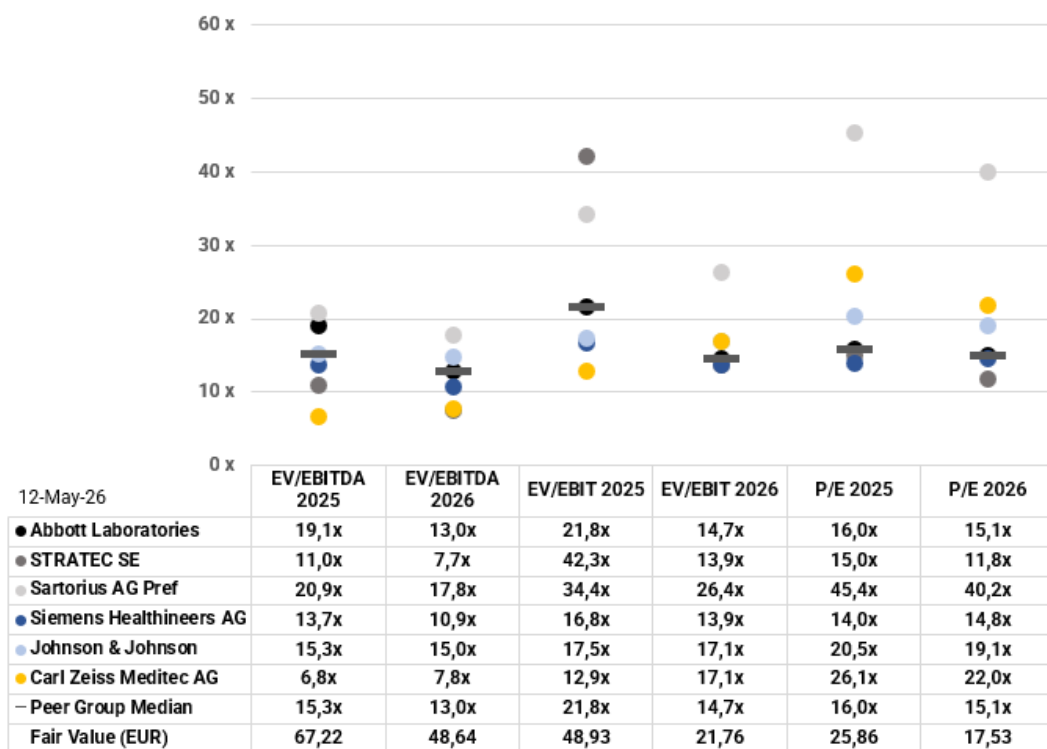


Source: FactSet, mwb research

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 17.53 to EUR 67.22.**

#### Peer Group – Multiples and valuation

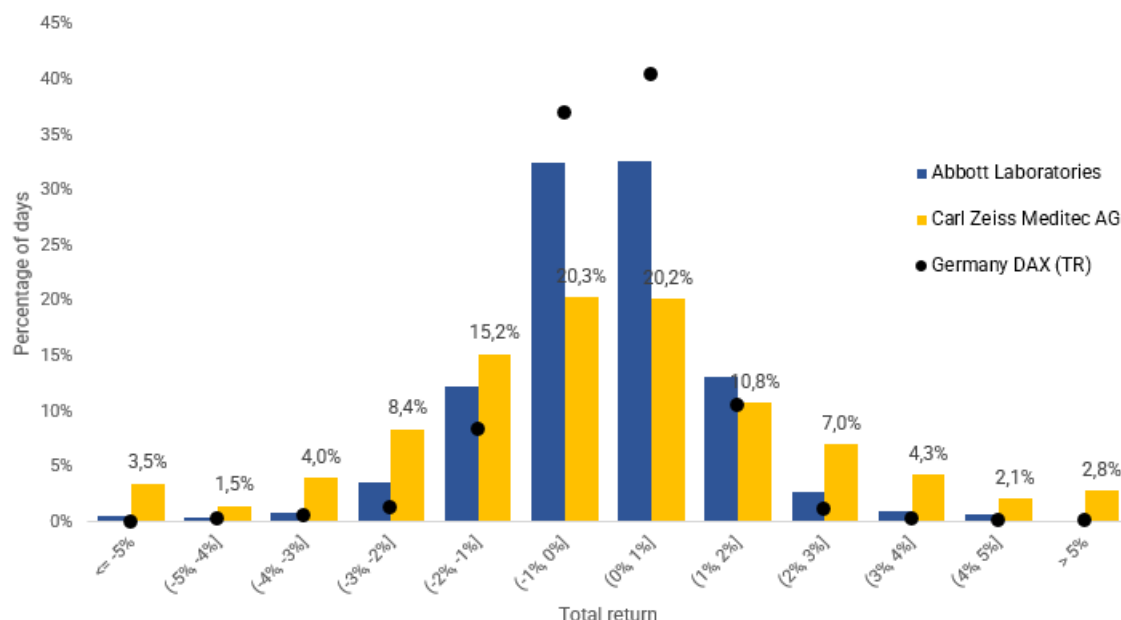


Source: FactSet, mwb research

## 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%.

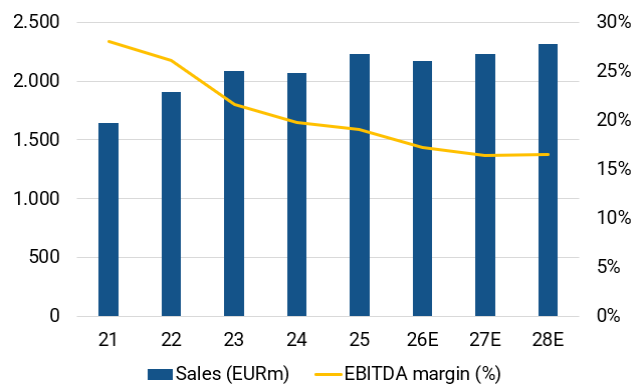
### Risk – Daily Returns Distribution (trailing 3 years)



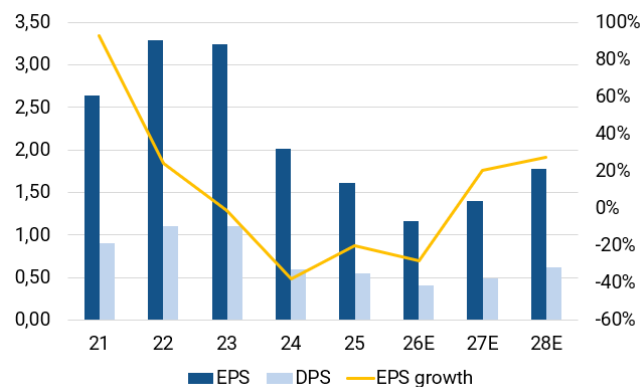
Source: FactSet, mwb research

## Financials in six charts

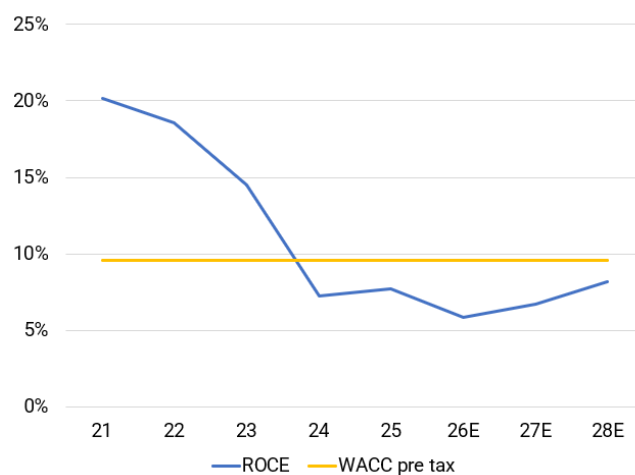
**Sales vs. EBITDA margin development**



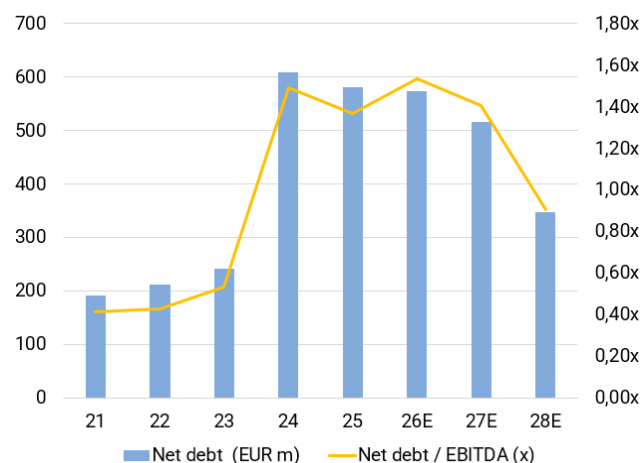
**EPS, DPS in EUR & yoy EPS growth**



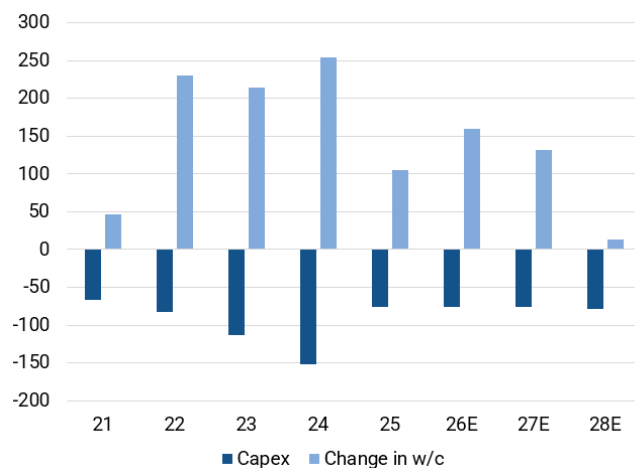
**ROCE vs. WACC (pre tax)**



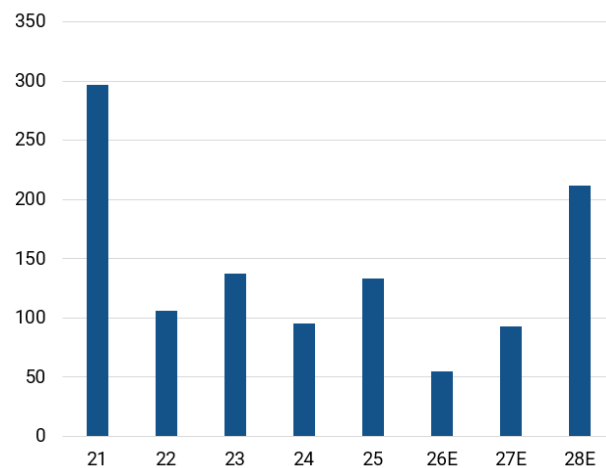
**Net debt and net debt/EBITDA**



**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        |
|----------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Sales</b>                                       | <b>2,089</b> | <b>2,066</b> | <b>2,228</b> | <b>2,172</b> | <b>2,233</b> | <b>2,311</b> |
| Sales growth                                       | 9.8%         | -1.1%        | 7.8%         | -2.5%        | 2.8%         | 3.5%         |
| Cost of sales                                      | 884          | 977          | 1,052        | 1,027        | 1,054        | 1,075        |
| <b>Gross profit</b>                                | <b>1,206</b> | <b>1,089</b> | <b>1,175</b> | <b>1,145</b> | <b>1,179</b> | <b>1,236</b> |
| SG&A expenses                                      | 504          | 569          | 627          | 610          | 621          | 629          |
| Research and development                           | 349          | 343          | 326          | 343          | 346          | 354          |
| Other operating expenses (income)                  | 4            | -18          | -1           | 22           | 18           | 14           |
| <b>EBITDA</b>                                      | <b>452</b>   | <b>408</b>   | <b>424</b>   | <b>374</b>   | <b>367</b>   | <b>382</b>   |
| Depreciation                                       | 74           | 133          | 126          | 171          | 142          | 113          |
| EBITA                                              | 378          | 275          | 297          | 203          | 225          | 269          |
| Amortisation of goodwill and intangible assets     | 30           | 81           | 74           | 33           | 31           | 29           |
| <b>EBIT</b>                                        | <b>348</b>   | <b>194</b>   | <b>223</b>   | <b>169</b>   | <b>194</b>   | <b>240</b>   |
| Financial result                                   | 64           | 46           | -29          | -23          | -18          | -16          |
| Recurring pretax income from continuing operations | 413          | 241          | 194          | 146          | 176          | 224          |
| Extraordinary income/loss                          | 0            | 0            | 0            | 0            | 0            | 0            |
| Earnings before taxes                              | 413          | 241          | 194          | 146          | 176          | 224          |
| Taxes                                              | 121          | 61           | 52           | 44           | 53           | 67           |
| Net income from continuing operations              | 292          | 180          | 142          | 103          | 123          | 157          |
| Result from discontinued operations (net of tax)   | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Net income</b>                                  | <b>292</b>   | <b>180</b>   | <b>142</b>   | <b>103</b>   | <b>123</b>   | <b>157</b>   |
| Minority interest                                  | -2           | -1           | -1           | -1           | -1           | -1           |
| Net profit (reported)                              | 290          | 179          | 141          | 102          | 122          | 156          |
| Average number of shares                           | 89.44        | 88.85        | 87.54        | 87.54        | 87.54        | 87.54        |
| <b>EPS reported</b>                                | <b>3.25</b>  | <b>2.01</b>  | <b>1.61</b>  | <b>1.16</b>  | <b>1.40</b>  | <b>1.78</b>  |

| Profit and loss (common size)                      | 2023        | 2024        | 2025        | 2026E       | 2027E       | 2028E       |
|----------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Sales</b>                                       | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |
| Cost of sales                                      | 42%         | 47%         | 47%         | 47%         | 47%         | 46%         |
| <b>Gross profit</b>                                | <b>58%</b>  | <b>53%</b>  | <b>53%</b>  | <b>53%</b>  | <b>53%</b>  | <b>54%</b>  |
| SG&A expenses                                      | 24%         | 28%         | 28%         | 28%         | 28%         | 27%         |
| Research and development                           | 17%         | 17%         | 15%         | 16%         | 16%         | 15%         |
| Other operating expenses (income)                  | 0%          | -1%         | -0%         | 1%          | 1%          | 1%          |
| <b>EBITDA</b>                                      | <b>22%</b>  | <b>20%</b>  | <b>19%</b>  | <b>17%</b>  | <b>16%</b>  | <b>17%</b>  |
| Depreciation                                       | 4%          | 6%          | 6%          | 8%          | 6%          | 5%          |
| EBITA                                              | 18%         | 13%         | 13%         | 9%          | 10%         | 12%         |
| Amortisation of goodwill and intangible assets     | 1%          | 4%          | 3%          | 2%          | 1%          | 1%          |
| <b>EBIT</b>                                        | <b>17%</b>  | <b>9%</b>   | <b>10%</b>  | <b>8%</b>   | <b>9%</b>   | <b>10%</b>  |
| Financial result                                   | 3%          | 2%          | -1%         | -1%         | -1%         | -1%         |
| Recurring pretax income from continuing operations | 20%         | 12%         | 9%          | 7%          | 8%          | 10%         |
| Extraordinary income/loss                          | 0%          | 0%          | 0%          | 0%          | 0%          | 0%          |
| Earnings before taxes                              | 20%         | 12%         | 9%          | 7%          | 8%          | 10%         |
| Taxes                                              | 6%          | 3%          | 2%          | 2%          | 2%          | 3%          |
| Net income from continuing operations              | 14%         | 9%          | 6%          | 5%          | 6%          | 7%          |
| Result from discontinued operations (net of tax)   | 0%          | 0%          | 0%          | 0%          | 0%          | 0%          |
| <b>Net income</b>                                  | <b>14%</b>  | <b>9%</b>   | <b>6%</b>   | <b>5%</b>   | <b>6%</b>   | <b>7%</b>   |
| Minority interest                                  | -0%         | -0%         | -0%         | -0%         | -0%         | -0%         |
| <b>Net profit (reported)</b>                       | <b>14%</b>  | <b>9%</b>   | <b>6%</b>   | <b>5%</b>   | <b>5%</b>   | <b>7%</b>   |

Source: Company data; mwb research

| Balance sheet (EURm)                                      | 2023         | 2024         | 2025         | 2026E        | 2027E        | 2028E        |
|-----------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Intangible assets (exl. Goodwill)</b>                  | <b>259</b>   | <b>707</b>   | <b>663</b>   | <b>619</b>   | <b>575</b>   | <b>532</b>   |
| Goodwill                                                  | 416          | 983          | 970          | 970          | 970          | 970          |
| Property, plant and equipment                             | 316          | 354          | 343          | 258          | 206          | 185          |
| Financial assets                                          | 130          | 138          | 148          | 148          | 148          | 148          |
| <b>FIXED ASSETS</b>                                       | <b>1,121</b> | <b>2,181</b> | <b>2,123</b> | <b>1,994</b> | <b>1,897</b> | <b>1,834</b> |
| Inventories                                               | 520          | 537          | 497          | 507          | 549          | 559          |
| Accounts receivable                                       | 421          | 438          | 209          | 357          | 459          | 475          |
| Other current assets                                      | 920          | 164          | 507          | 507          | 507          | 507          |
| Liquid assets                                             | 10           | 20           | 27           | -43          | -41          | 73           |
| Deferred taxes                                            | 0            | 0            | 0            | 0            | 0            | 0            |
| Deferred charges and prepaid expenses                     | 40           | 53           | 40           | 43           | 45           | 46           |
| <b>CURRENT ASSETS</b>                                     | <b>1,912</b> | <b>1,212</b> | <b>1,280</b> | <b>1,371</b> | <b>1,518</b> | <b>1,661</b> |
| <b>TOTAL ASSETS</b>                                       | <b>3,033</b> | <b>3,393</b> | <b>3,403</b> | <b>3,365</b> | <b>3,416</b> | <b>3,495</b> |
| <b>SHAREHOLDERS EQUITY</b>                                | <b>2,159</b> | <b>2,042</b> | <b>2,117</b> | <b>2,171</b> | <b>2,259</b> | <b>2,373</b> |
| 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            | 43           | 45           | 46           |
| Other provisions                                          | 61           | 167          | 159          | 109          | 112          | 116          |
| <b>Non-current liabilities</b>                            | <b>298</b>   | <b>768</b>   | <b>732</b>   | <b>652</b>   | <b>606</b>   | <b>562</b>   |
| short-term liabilities to banks                           | 22           | 44           | 44           | 30           | 25           | 20           |
| Accounts payable                                          | 240          | 184          | 194          | 191          | 196          | 200          |
| Advance payments received on orders                       | 0            | 0            | 0            | 0            | 0            | 0            |
| Other liabilities (incl. from lease and rental contracts) | 108          | 171          | 130          | 130          | 134          | 139          |
| Deferred taxes                                            | 35           | 10           | 10           | 10           | 10           | 10           |
| Deferred income                                           | 157          | 161          | 166          | 169          | 174          | 180          |
| <b>Current liabilities</b>                                | <b>562</b>   | <b>569</b>   | <b>544</b>   | <b>531</b>   | <b>540</b>   | <b>549</b>   |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>          | <b>3,033</b> | <b>3,393</b> | <b>3,403</b> | <b>3,365</b> | <b>3,416</b> | <b>3,495</b> |

| Balance sheet (common size)                               | 2023        | 2024        | 2025        | 2026E       | 2027E       | 2028E       |
|-----------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Intangible assets (excl. Goodwill)</b>                 | <b>9%</b>   | <b>21%</b>  | <b>19%</b>  | <b>18%</b>  | <b>17%</b>  | <b>15%</b>  |
| Goodwill                                                  | 14%         | 29%         | 28%         | 29%         | 28%         | 28%         |
| Property, plant and equipment                             | 10%         | 10%         | 10%         | 8%          | 6%          | 5%          |
| Financial assets                                          | 4%          | 4%          | 4%          | 4%          | 4%          | 4%          |
| <b>FIXED ASSETS</b>                                       | <b>37%</b>  | <b>64%</b>  | <b>62%</b>  | <b>59%</b>  | <b>56%</b>  | <b>52%</b>  |
| Inventories                                               | 17%         | 16%         | 15%         | 15%         | 16%         | 16%         |
| Accounts receivable                                       | 14%         | 13%         | 6%          | 11%         | 13%         | 14%         |
| Other current assets                                      | 30%         | 5%          | 15%         | 15%         | 15%         | 15%         |
| Liquid assets                                             | 0%          | 1%          | 1%          | -1%         | -1%         | 2%          |
| Deferred taxes                                            | 0%          | 0%          | 0%          | 0%          | 0%          | 0%          |
| Deferred charges and prepaid expenses                     | 1%          | 2%          | 1%          | 1%          | 1%          | 1%          |
| <b>CURRENT ASSETS</b>                                     | <b>63%</b>  | <b>36%</b>  | <b>38%</b>  | <b>41%</b>  | <b>44%</b>  | <b>48%</b>  |
| <b>TOTAL ASSETS</b>                                       | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |
| <b>SHAREHOLDERS EQUITY</b>                                | <b>71%</b>  | <b>60%</b>  | <b>62%</b>  | <b>65%</b>  | <b>66%</b>  | <b>68%</b>  |
| 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%          |
| <b>Non-current liabilities</b>                            | <b>10%</b>  | <b>23%</b>  | <b>22%</b>  | <b>19%</b>  | <b>18%</b>  | <b>16%</b>  |
| 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%          |
| <b>Current liabilities</b>                                | <b>19%</b>  | <b>17%</b>  | <b>16%</b>  | <b>16%</b>  | <b>16%</b>  | <b>16%</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>          | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

Source: Company data; mwb research

| Cash flow statement (EURm)                      | 2023        | 2024        | 2025        | 2026E       | 2027E      | 2028E      |
|-------------------------------------------------|-------------|-------------|-------------|-------------|------------|------------|
| Net profit/loss                                 | 292         | 180         | 142         | 103         | 123        | 157        |
| Depreciation of fixed assets (incl. leases)     | 74          | 133         | 126         | 171         | 142        | 113        |
| Amortisation of goodwill                        | 0           | 0           | 0           | 0           | 0          | 0          |
| Amortisation of intangible assets               | 0           | 81          | 74          | 33          | 31         | 29         |
| Others                                          | 98          | 108         | -28         | -16         | 4          | 5          |
| Cash flow from operations before changes in w/c | 465         | 501         | 315         | 291         | 301        | 304        |
| Increase/decrease in inventory                  | -153        | -16         | 39          | -9          | -42        | -11        |
| Increase/decrease in accounts receivable        | -21         | -17         | 229         | -148        | -102       | -16        |
| Increase/decrease in accounts payable           | 47          | -56         | 11          | -3          | 5          | 4          |
| Increase/decrease in other w/c positions        | -87         | -165        | -384        | 0           | 7          | 9          |
| Increase/decrease in working capital            | -214        | -254        | -105        | -160        | -132       | -14        |
| <b>Cash flow from operating activities</b>      | <b>251</b>  | <b>247</b>  | <b>210</b>  | <b>131</b>  | <b>169</b> | <b>290</b> |
| CAPEX                                           | -114        | -152        | -77         | -76         | -76        | -79        |
| 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          |
| <b>Cash flow from investing activities</b>      | <b>-111</b> | <b>-412</b> | <b>-91</b>  | <b>-76</b>  | <b>-76</b> | <b>-79</b> |
| Cash flow before financing                      | 140         | -165        | 119         | 55          | 93         | 212        |
| 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         | -36        | -43        |
| Others                                          | -14         | 47          | -34         | 0           | 0          | 0          |
| Effects of exchange rate changes on cash        | -2          | -2          | -3          | 0           | 0          | 0          |
| <b>Cash flow from financing activities</b>      | <b>-137</b> | <b>175</b>  | <b>-112</b> | <b>-126</b> | <b>-91</b> | <b>-98</b> |
| Increase/decrease in liquid assets              | 3           | 10          | 7           | -70         | 2          | 114        |
| <b>Liquid assets at end of period</b>           | <b>11</b>   | <b>20</b>   | <b>27</b>   | <b>-43</b>  | <b>-41</b> | <b>73</b>  |

Source: Company data; mwb research

| Regional sales split (EURm) | 2023         | 2024         | 2025         | 2026E        | 2027E        | 2028E        |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Domestic                    | 1,265        | 1,234        | 1,295        | 1,262        | 1,298        | 1,343        |
| Europe (ex domestic)        | 156          | 226          | 294          | 287          | 295          | 305          |
| The Americas                | 568          | 522          | 553          | 539          | 554          | 573          |
| Asia                        | 100          | 83           | 86           | 84           | 86           | 89           |
| Rest of World               | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Total sales</b>          | <b>2,089</b> | <b>2,066</b> | <b>2,228</b> | <b>2,172</b> | <b>2,233</b> | <b>2,311</b> |

| 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%        |
| <b>Total sales</b>                 | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |

Source: Company data; mwb research

| Ratios                            | 2023  | 2024  | 2025  | 2026E  | 2027E | 2028E |
|-----------------------------------|-------|-------|-------|--------|-------|-------|
| <b>Per share data</b>             |       |       |       |        |       |       |
| Earnings per share reported       | 3.25  | 2.01  | 1.61  | 1.16   | 1.40  | 1.78  |
| Cash flow per share               | 1.98  | 1.29  | 0.95  | -0.46  | 0.31  | 2.02  |
| Book value per share              | 24.14 | 22.98 | 24.18 | 24.80  | 25.80 | 27.10 |
| Dividend per share                | 1.10  | 0.60  | 0.55  | 0.41   | 0.49  | 0.62  |
| <b>Valuation</b>                  |       |       |       |        |       |       |
| P/E                               | 7.9x  | 12.7x | 15.8x | 22.0x  | 18.3x | 14.4x |
| P/CF                              | 12.9x | 19.8x | 26.8x | -55.5x | 83.3x | 12.6x |
| P/BV                              | 1.1x  | 1.1x  | 1.1x  | 1.0x   | 1.0x  | 0.9x  |
| Dividend yield (%)                | 4.3%  | 2.3%  | 2.2%  | 1.6%   | 1.9%  | 2.4%  |
| FCF yield (%)                     | 7.7%  | 5.0%  | 3.7%  | -1.8%  | 1.2%  | 7.9%  |
| EV/Sales                          | 1.2x  | 1.4x  | 1.3x  | 1.3x   | 1.3x  | 1.1x  |
| EV/EBITDA                         | 5.5x  | 7.0x  | 6.7x  | 7.6x   | 7.6x  | 6.9x  |
| EV/EBIT                           | 7.1x  | 14.7x | 12.7x | 16.8x  | 14.4x | 10.9x |
| <b>Income statement (EURm)</b>    |       |       |       |        |       |       |
| Sales                             | 2,089 | 2,066 | 2,228 | 2,172  | 2,233 | 2,311 |
| yoy chg in %                      | 9.8%  | -1.1% | 7.8%  | -2.5%  | 2.8%  | 3.5%  |
| Gross profit                      | 1,206 | 1,089 | 1,175 | 1,145  | 1,179 | 1,236 |
| Gross margin in %                 | 57.7% | 52.7% | 52.8% | 52.7%  | 52.8% | 53.5% |
| EBITDA                            | 452   | 408   | 424   | 374    | 367   | 382   |
| EBITDA margin in %                | 21.7% | 19.8% | 19.0% | 17.2%  | 16.4% | 16.5% |
| EBIT                              | 348   | 194   | 223   | 169    | 194   | 240   |
| EBIT margin in %                  | 16.7% | 9.4%  | 10.0% | 7.8%   | 8.7%  | 10.4% |
| Net profit                        | 290   | 179   | 141   | 102    | 122   | 156   |
| <b>Cash flow statement (EURm)</b> |       |       |       |        |       |       |
| CF from operations                | 251   | 247   | 210   | 131    | 169   | 290   |
| Capex                             | -114  | -152  | -77   | -76    | -76   | -79   |
| Maintenance Capex                 | 74    | 133   | 126   | 171    | 142   | 113   |
| Free cash flow                    | 137   | 95    | 133   | 55     | 93    | 212   |
| <b>Balance sheet (EURm)</b>       |       |       |       |        |       |       |
| Intangible assets                 | 675   | 1,689 | 1,633 | 1,589  | 1,544 | 1,502 |
| Tangible assets                   | 316   | 354   | 343   | 258    | 206   | 185   |
| Shareholders' equity              | 2,159 | 2,042 | 2,117 | 2,171  | 2,259 | 2,373 |
| Pension provisions                | 8     | 15    | 9     | 43     | 45    | 46    |
| Liabilities and provisions        | 320   | 812   | 776   | 682    | 631   | 582   |
| Net financial debt                | 242   | 609   | 580   | 573    | 516   | 347   |
| w/c requirements                  | 702   | 791   | 512   | 672    | 811   | 834   |
| <b>Ratios</b>                     |       |       |       |        |       |       |
| ROE                               | 13.5% | 8.8%  | 6.7%  | 4.7%   | 5.5%  | 6.6%  |
| ROCE                              | 14.0% | 6.8%  | 7.7%  | 5.9%   | 6.7%  | 8.1%  |
| Net gearing                       | 11.2% | 29.8% | 27.4% | 26.4%  | 22.8% | 14.6% |
| Net debt / EBITDA                 | 0.5x  | 1.5x  | 1.4x  | 1.5x   | 1.4x  | 0.9x  |

Source: Company data; mwb research

## Conflicts of interest

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