

Tietoevry

Company report

10/18/2024 10:45 am EEST



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This report is a summary translation of the report “Lievä tulosvaroitus oli jo hinnoiteltu” published on 10/18/2024 at 6:00 am EEST.

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res.**

Mild profit warning was already priced in

We reiterate our Buy recommendation on Tietoevry but lower our target price to EUR 22.0, reflecting the estimate revisions. Tietoevry issued a profit warning and slightly lowered its guidance for 2024 due to a weaker-than-expected market. As a result, we slightly lowered our forecasts for the current and coming years. In 2024-25, we expect revenue to decline slightly, but profitability to remain at last year's level, supported by continued efficiency measures. Despite some near-term operating pressure, the valuation picture remains very attractive from multiple perspectives (2024e adj. P/E 9x, DCF EUR 26, SOTP EUR 24 and a dividend of 9%).

Preliminary data shows a revenue decline and miss, while earnings exceeded expectations in Q3

Tietoevry will publish its Q3 report on next week's Thursday at 9.00 am EEST. Revenue decreased to around 653 MEUR, depending on the final impact of M&A and exchange rates (estimated -2 MEUR), and landed about 3% below our forecast. Towards the end of the third quarter, demand weakened relative to the company's expectations and the company expects the market to remain weak for the remainder of the year. Tietoevry's adjusted EBIT margin improved by 0.5 percentage points to 13.5% in Q3. Profitability was supported by efficiency measures in all businesses. Profitability was almost 1 percentage point above our and the market's expectations. Thus, the Q3 result was 88 MEUR and exceeded our and market forecasts (84-86 MEUR). However, the strong Q3 result means that Q4 is likely to be weaker than previously expected. It is therefore very possible that new efficiency measures will be announced in Q3.

Focus on Q3 on divesting Tech Services

The focus of the Q3 report is on the outcome of the Tech Services strategic review, the divestment of which would be a relief. Tech Services is now valued at 560 MEUR (prev. 640 MEUR) in our sum of the parts, due to forecast changes and a lower acceptable valuation multiple (now 6.5x EV/EBITA, prev. 7x). We believe it is unlikely that the sale will be resolved before the Q3 results, as nothing has been announced and the company posts its earnings in less than a week. We see the possibility of Tech Services remaining part of Tietoevry as negative news.

The company issued a slight revenue warning and revised its profitability guidance

Due to the continued weak market situation, Tietoevry updated its revenue growth guidance the day before yesterday and now expects organic growth to be around -2% in 2024 (prev. 0-3%). In addition, the company now expects its full-year adjusted EBIT margin to be in the range of 12.3% to 12.7% (prev. 12.0% to 13.0%). As a result, we have lowered our earnings forecasts by ~5% for the current year and by ~7% for the coming years. We expect organic revenue to continue to decline next year (1%) and then return to growth (~3%) in 2025-26. In addition, we expect the company's adjusted EBITA margin to be close to 13% in the coming years, supported by ongoing efficiency measures.

Valuation picture is very moderate and a strong dividend provides a good base return

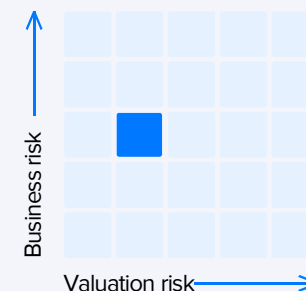
The earnings warning was mild and partly expected by the market, as the stock rallied +2.3% on the news. With our estimates, Tietoevry's adjusted P/E and EV/EBIT ratios for 2024 are 9x and almost 60% below peers. The corresponding reported ratios are 12-14x, but almost half of the adjustments are PPA depreciation, which do not affect cash flow and we also adjust these for peers. In our view, the absolute valuation of the share is attractive and the relative valuation is very attractive. The expected return on the share also rises to an attractive level of over 10% on the back of 3% earnings growth and a 9% dividend yield alone. Moreover, the sum-of-the-parts calculation (EUR 24) clearly indicates a higher value than today and is a relevant way to look at the valuation, even if the Banking business remains part of the whole, at least for now. The DCF calculation (EUR 26) also indicates a clear upside.

Recommendation

Buy
(was Buy)

EUR 22.00
(was EUR 24.00)

Share price:
17.58



Key figures

	2023	2024e	2025e	2026e
Revenue	2851	2819	2796	2865
growth-%	-2.6 %	-1.1 %	-0.8 %	2.5 %
EBIT adj.	359	352	356	370
EBIT-% adj.	12.6 %	12.5 %	12.7 %	12.9 %
Net Income	172	153	169	189
EPS (adj.)	2.14	2.01	2.06	2.18

P/E (adj.)	10.1	8.8	8.5	8.0
P/B	1.6	1.3	1.3	1.3
Dividend yield-%	6.8 %	8.5 %	8.8 %	9.1 %
EV/EBIT (adj.)	9.7	8.6	8.3	7.9
EV/EBITDA	8.6	7.4	7.0	6.7
EV/S	1.2	1.1	1.1	1.0

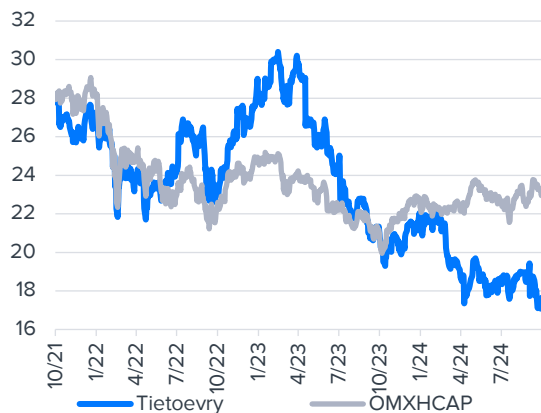
Source: Inderes

Guidance

(Downgraded)

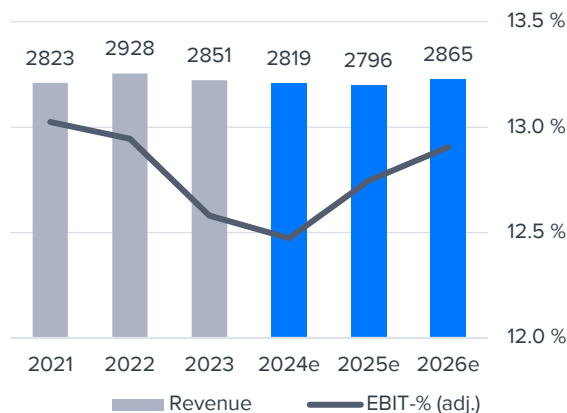
Tietoevry expects its organic growth to be around -2% for the current year. In addition, the company expects its EBITA margin to be 12.3-12.7% (was 12.0-13.0%)

Share price



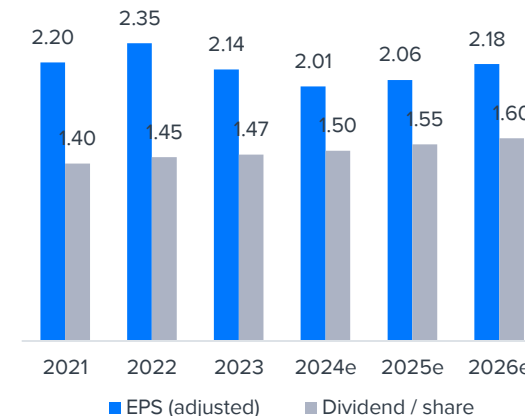
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes



Value drivers

- Strengthened growth outlook
- Increase in the share of highly profitable software product business
- Growth in the share of modern IT services
- Acquisitions and divestments of non-strategic businesses
- Business separation



Risk factors

- Decline in competitive position among large customers
- Continuous transformation creates a constant need for restructuring
- Accelerating wage inflation, high employee revenue and a failure in talent competition

Valuation	2024e	2025e	2026e
Share price	17.6	17.6	17.6
Number of shares, millions	118.4	118.4	118.4
Market cap	2082	2082	2082
EV	3014	2969	2918
P/E (adj.)	8.8	8.5	8.0
P/E	13.6	12.3	11.0
P/B	1.3	1.3	1.3
P/S	0.7	0.7	0.7
EV/Sales	1.1	1.1	1.0
EV/EBITDA	7.4	7.0	6.7
EV/EBIT (adj.)	8.6	8.3	7.9
Payout ratio (%)	115.8 %	108.7 %	100.2 %
Dividend yield-%	8.5 %	8.8 %	9.1 %

Source: Inderes

Preliminary data shows a revenue miss, while earnings exceeded expectations in Q3

Preliminary data shows Q3 revenue declined and missed expectations

According to preliminary data, Tietoevry's organic growth in the third quarter landed at -1%, burdened by the continued weakness of the IT market. Thus, revenue decreased to around 653 MEUR, depending on the final impact of M&A and exchange rates (estimated -2 MEUR), and landed about 3% below our forecast. Towards the end of the third quarter, demand weakened relative to the company's expectations and the company expects the market to remain weak for the remainder of the year. The decline in demand particularly affected Tietoevry Create and Tietoevry Tech Services, which had already suffered from a weaker market in the past. In addition, certain Tietoevry Care and Tietoevry Industry markets weakened during the quarter, which is new information.

Profitability improved and was above expectations in Q3, supported by efficiency programs

Tietoevry's profitability (adjusted EBIT margin) improved by 0.5 percentage points to 13.5% in Q3. Profitability was supported by efficiency measures in all businesses. In the end, profitability was almost 1 percentage point above our and the market's expectations. According to our calculations, adjusted EBITA therefore amounted to around 88 MEUR, representing a year-on-year increase of 3%. Thus, the Q3 result exceeded our and market forecasts (84-86 MEUR). However, the strong Q3 result means that Q4 is likely to be weaker than previously expected. It is therefore very possible that new efficiency measures will be announced in Q3. In total, we adjusted the operating profit by 30 MEUR, mainly due to costs related to PPA depreciation (11 MEUR), restructuring (9 MEUR), and strategic assessments (4 MEUR). In

other income lines, we expect financing costs to have further increased to 12 MEUR.

The company also reported the day before yesterday that the total financial impact of customer compensation related to the ransomware attack is in line with Q2 estimates, with a total compensation liability of less than 10 MEUR in 2024. Tietoevry expects that most of the financial impacts will be recorded during Q4, which will affect revenue growth.

NB! Forecasts shown in the table are before the profit warning. Updated forecasts can be found on page 8.

Estimates MEUR / EUR	Q3'23	Q3'24	Q3'24e	Q3'24e	Consensus		Difference (%)	2024e
	Comparison	Preliminary	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	660	653	674	663	654	- 669	-3%	2819
EBIT (adj.)	86	88	86	84	77	- 87	3%	352
EBIT	62		56	58	53	- 69		245
PTP	53		44	47	43	- 59		197
EPS (adj.)	0.51		0.49	0.48	0.44	- 0.51		2.01
EPS (reported)	0.35		0.29	0.31	0.28	- 0.39		1.30
Revenue growth-%	-4.4 %	-1.0 %	2.1 %	0.6 %	-0.8 %	- 1.4 %	-3.2 pp	-1.1 %
EBIT-% (adj.)	13.0 %	13.5 %	12.7 %	12.6 %	11.8 %	- 12.9 %	0.8 pp.	12.5 %

Source: Inderes & Vara Research, 10 forecasts (consensus)

We lowered our estimates

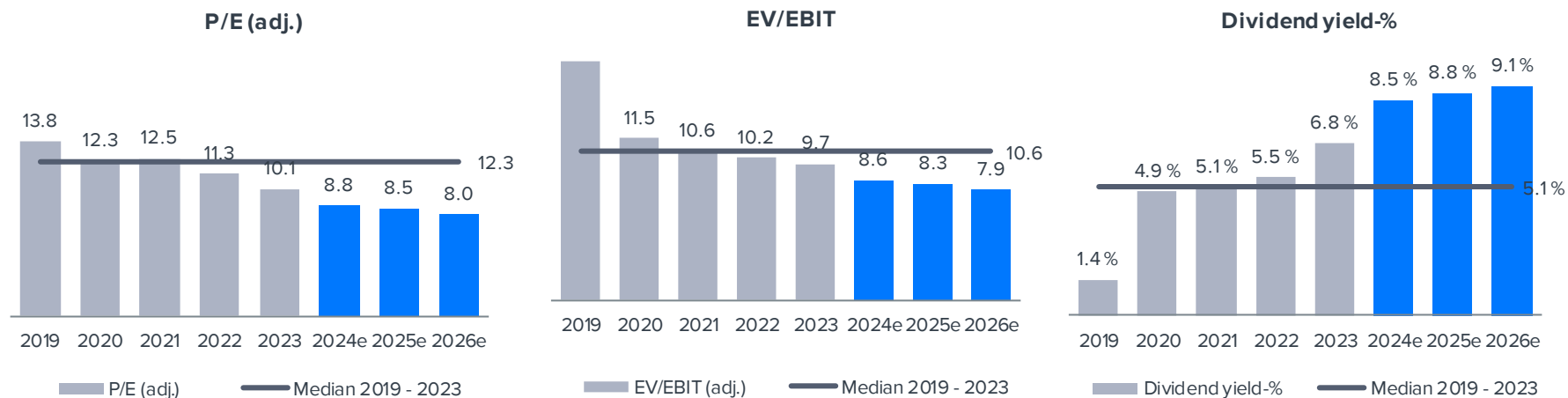
Estimate revisions	2024e			2025e			2026e		
	Old	New	Change %	Old	New	Change %	Old	New	Change %
MEUR / EUR									
Revenue	2904	2819	-3%	2986	2796	-6%	3099	2865	-8%
EBITDA	422	408	-3%	443	425	-4%	465	436	-6%
EBIT (exc. NRIs)	366	352	-4%	380	356	-6%	402	370	-8%
EBIT	259	245	-6%	290	261	-10%	311	282	-9%
PTP	211	197	-7%	243	214	-12%	269	239	-11%
EPS (excl. NRIs)	2.10	2.01	-5%	2.22	2.06	-7%	2.41	2.18	-9%
DPS	1.50	1.50	0%	1.55	1.55	0%	1.60	1.60	0%

Source: Inderes

Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	27.7	26.9	27.5	26.5	21.5	17.6	17.6	17.6	17.6
Number of shares, millions	67.9	118.4	118.4	118.4	118.4	118.4	118.4	118.4	118.4
Market cap	3283	3181	3254	3140	2551	2082	2082	2082	2082
EV	4067	4097	3900	3851	3494	3014	2969	2918	2894
P/E (adj.)	13.8	12.3	12.5	11.3	10.1	8.8	8.5	8.0	7.7
P/E	23.8	33.7	11.2	16.7	14.8	13.6	12.3	11.0	10.5
P/B	1.9	2.0	1.8	1.8	1.6	1.3	1.3	1.3	1.3
P/S	1.9	1.1	1.2	1.1	0.9	0.7	0.7	0.7	0.7
EV/Sales	2.3	1.5	1.4	1.3	1.2	1.1	1.1	1.0	1.0
EV/EBITDA	17.7	12.7	7.1	9.0	8.6	7.4	7.0	6.7	6.5
EV/EBIT (adj.)	20.7	11.5	10.6	10.2	9.7	8.6	8.3	7.9	7.6
Payout ratio (%)	59.5 %	165.4 %	56.9 %	91.1 %	101.1 %	115.8 %	108.7 %	100.2 %	98.2 %
Dividend yield-%	1.4 %	4.9 %	5.1 %	5.5 %	6.8 %	8.5 %	8.8 %	9.1 %	9.4 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
			2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e
Digia*	146	160	8.1	6.9	6.8	5.8	0.8	0.7	10.0	8.9	3.5	3.9
Digital Workforce*	43	29	27.5	11.7	23.4	10.7	1.1	0.9	44.6	19.8		
Gofore*	355	332	12.9	11.9	11.2	10.3	1.8	1.7	17.2	16.0	2.2	2.6
Loihde*	67	63	16.0	9.7	6.2	4.7	0.5	0.4	21.0	12.7	3.4	5.1
Innofactor*	60	66	13.7	11.5	9.3	7.5	0.8	0.8	17.4	14.3	4.8	5.4
Netum Group*	36	42	9.7	9.1	9.3	8.7	0.9	0.9	13.4	10.7	5.0	5.7
Siili Solutions*	58	61	10.3	8.5	7.0	5.4	0.5	0.5	14.4	11.5	3.9	4.2
Solteq*	12	36	27.8	11.5	9.7	7.5	0.7	0.6		29.6		
Vincit*	38	26	12.3	5.5	10.0	4.7	0.3	0.3	22.7	10.0	4.4	6.6
Witted Megacorp*	24	16	9.2	5.8	11.0	5.7	0.3	0.3	16.1	11.4		
Bouvet	593	639	14.8	13.4	12.0	11.1	1.9	1.7	17.6	16.1	5.0	5.7
CombinedX	58	59	8.6	6.9	5.4	4.6	0.7	0.7	10.8	8.6		
Knowit	368	449	20.4	13.4	8.7	7.3	0.8	0.8	25.2	14.8	2.4	4.0
Avensia AB	29	34	11.4	8.8	7.3	6.5	0.9	0.9	12.9	9.5	3.4	5.6
Netcompany Group	2092	2407	21.4	17.6	15.9	13.4	2.7	2.5	26.1	20.0		
Wipro	30429	27343	18.5	17.3	14.9	14.3	2.8	2.8	25.6	23.1	1.0	1.7
Tata Consultancy	162126	157452	24.4	22.9	22.5	20.9	6.0	5.6	32.4	29.8	1.8	2.6
Atos SE	81	5182	17.7	14.0	6.7	5.0	0.5	0.5	1.1	0.5		
Capgemini SE	31432	34991	12.5	11.7	10.1	9.5	1.6	1.5	15.4	14.5	1.9	2.1
IBM	197841	235205	22.5	21.0	16.3	15.6	4.1	3.9	23.0	21.8	2.9	3.0
Accenture	230272	227404	24.7	22.9	20.4	18.6	3.8	3.6	31.2	29.0	1.4	1.5
Tietoevry (Inderes)	2082	3014	8.6	8.3	7.4	7.0	1.1	1.1	8.8	8.5	8.5	8.8
Average			16.4	13.8	12.1	9.6	1.6	1.5	24.8	16.3	3.1	4.0
Median (all)			14.8	11.7	10.1	8.1	0.9	0.9	17.6	14.6	3.4	4.0
<i>Diff-% to median</i>			-42%	-29%	-27%	-14%	16%	23%	-50%	-42%	154%	120%
Median Finnish companies			12.6	9.4	9.5	6.6	0.7	0.7	17.2	12.1	3.9	5.1
<i>Diff-% to median</i>			-32%	-11%	-22%	5%	47%	59%	-49%	-29%	119%	73%
Median international companies			18.5	14.0	12.0	11.1	1.9	1.7	23.0	16.1	2.2	2.8
<i>Diff-% to median</i>			-54%	-41%	-39%	-37%	-44%	-38%	-62%	-47%	290%	214%

Source: Refinitiv / *Inderes adjusted forecast. Note: The market value used by Inderes does not take into account treasury shares held by the company.

Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	2928	744	695	660	752	2851	734	715	653	718	2819	2796	2865	2951
Tietoevry Create		188	188	172	207	851	224	214	192	213	842	825	841	875
Tietoevry Banking		114	120	112	130	567	149	148	138	151	586	599	641	680
Tietoevry Care		54.4	61.5	48.9	57.1	236	58.6	58.6	52.3	61.7	231	234	248	263
Tietoevry Industry		82.9	78.5	67.4	74.6	263	69.8	67.3	63.9	67.9	269	272	289	306
Tietoevry Tech Services		121	119	105	122	1075	263	256	233	255	1007	975	950	926
Eliminations		-76	-77	-73	-83	-141	-30	-29	-26	-30	-116	-109	-104	-98
EBITDA	429	107	80.2	98.1	123	408	103	88	99.5	117	408	425	436	444
Depreciation	-162.2	-39	-39	-36	-38	-152	-41	-41	-41	-41	-163	-164	-154	-154
EBIT (excl. NRI)	379	92	73	86	108	359	89	78	88	97	352	356	370	379
EBIT	266	69	41	62	84	256	63	48	59	76	245	261	282	290
Group items and NRIs	-112.9	-23	-32	-24	-24	-103	-26	-31	-30	-21	-107	-95	-88	-89
Net financial items	-23.7	-6	-7	-8	-14	-35	-12	-12	-12	-12	-49	-48	-42	-38
PTP	243	62	35	53	71	221	51	36	46	64	197	214	239	252
Taxes	-54.2	-14	-7	-12	-16	-49	-12	-8	-10	-13	-43	-45	-50	-53
Net earnings	188	48	27	41	55	172	38	28	37	50	153	169	189	199
EPS (adj.)	2.35	0.56	0.44	0.51	0.63	2.14	0.50	0.44	0.51	0.56	2.01	2.06	2.18	2.28
EPS (rep.)	1.59	0.41	0.23	0.35	0.46	1.45	0.32	0.24	0.31	0.42	1.30	1.43	1.60	1.68
Key figures	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue growth-%	3.7 %	1.8 %	-6.0 %	-4.4 %	-2.0 %	-2.6 %	-1.4 %	2.8 %	-1.1 %	-4.6 %	-1.1 %	-0.8 %	2.5 %	3.0 %
Adjusted EBIT growth-%	3.1 %	8.5 %	-7.6 %	-12.5 %	-7.9 %	-5.4 %	-3.4 %	7.1 %	3.2 %	-11.0 %	-2.0 %	1.3 %	3.8 %	2.5 %
EBITDA-%	14.6 %	14.4 %	11.5 %	14.9 %	16.3 %	14.3 %	14.1 %	12.4 %	15.2 %	16.3 %	14.5 %	15.2 %	15.2 %	15.0 %
Adjusted EBIT-%	12.9 %	12.3 %	10.5 %	13.0 %	14.4 %	12.6 %	12.1 %	10.9 %	13.5 %	13.4 %	12.5 %	12.7 %	12.9 %	12.8 %
Net earnings-%	6.4 %	6.5 %	3.9 %	6.3 %	7.3 %	6.0 %	5.2 %	3.9 %	5.6 %	7.0 %	5.4 %	6.0 %	6.6 %	6.7 %

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	2565	2619	2596	2570	2556
Goodwill	1847	1907	1886	1886	1886
Intangible assets	337	340	317	264	224
Tangible assets	299	285	313	340	365
Associated companies	14.2	11.6	11.6	11.6	11.6
Other investments	16.2	16.7	10.0	10.0	10.0
Other non-current assets	20.6	34.7	34.7	34.7	34.7
Deferred tax assets	31.4	24.5	24.5	24.5	24.5
Current assets	829	899	807	744	734
Inventories	5.6	8.6	0.0	0.0	0.0
Other current assets	23.6	17.5	17.5	17.5	17.5
Receivables	550	654	620	587	573
Cash and equivalents	250	220	169	140	143
Balance sheet total	3394	3518	3403	3315	3289

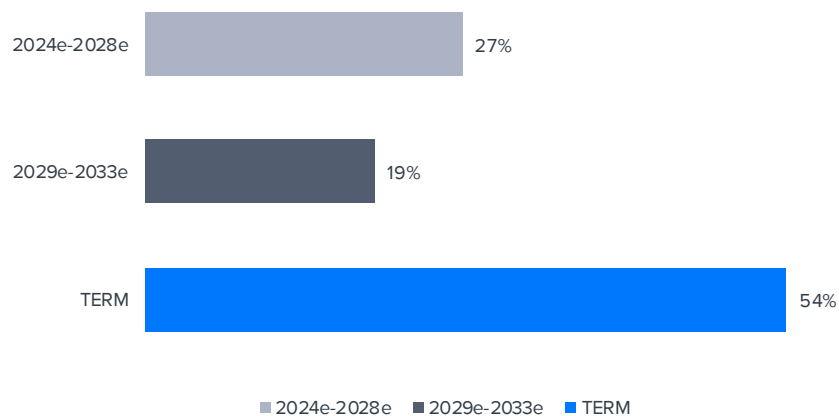
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	1719	1612	1552	1543	1548
Share capital	116	116	75.8	75.8	75.8
Retained earnings	400	293	272	264	269
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	1204	1204	1204	1204	1204
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	891	803	873	843	838
Deferred tax liabilities	24.6	47.5	47.5	47.5	47.5
Provisions	21.7	17.1	17.1	17.1	17.1
Interest bearing debt	795	701	771	742	736
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	49.4	37.3	37.3	37.3	37.3
Current liabilities	783	1103	979	928	903
Interest bearing debt	165	462	330	285	244
Payables	619	641	648	643	659
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	3394	3518	3403	3315	3289

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	-2.6 %	-1.1 %	-0.8 %	2.5 %	3.0 %	3.0 %	3.0 %	2.5 %	2.5 %	2.5 %	1.5 %	1.5 %
EBIT-%	9.0 %	8.7 %	9.3 %	9.8 %	9.8 %	11.0 %	11.0 %	10.0 %	10.0 %	10.0 %	10.0 %	10.0 %
EBIT (operating profit)	256	245	261	282	290	334	344	321	329	337	342	
+ Depreciation	152	163	164	154	154	154	165	159	156	154	153	
- Paid taxes	-18.8	-43.1	-44.9	-50.3	-52.9	-62.5	-66.0	-61.5	-63.7	-65.9	-67.6	
- Tax, financial expenses	-7.8	-10.9	-10.2	-9.1	-8.1	-7.9	-6.5	-6.0	-5.6	-5.0	-4.5	
+ Tax, financial income	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
- Change in working capital	-78.1	49.5	27.7	30.1	2.6	2.7	2.7	2.3	2.4	2.5	1.5	
Operating cash flow	304	404	398	407	386	421	440	415	418	423	425	
+ Change in other long-term liabilities	-16.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-216.3	-140.3	-137.5	-139.3	-141.4	-143.6	-145.8	-147.8	-149.7	-151.7	-130.5	
Free operating cash flow	70.5	263	260	267	244	277	294	268	268	271	295	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	70.5	263	260	267	244	277	294	268	268	271	295	4576
Discounted FCFF		259	237	226	191	200	197	166	154	144	145	2248
Sum of FCFF present value		4166	3906	3669	3444	3253	3053	2856	2690	2536	2392	2248
Enterprise value DCF		4166										
- Interest bearing debt		-1163.1										
+ Cash and cash equivalents		220										
-Minorities		0.0										
-Dividend/capital return		-174.1										
Equity value DCF		3048										
Equity value DCF per share		25.7										

Cash flow distribution

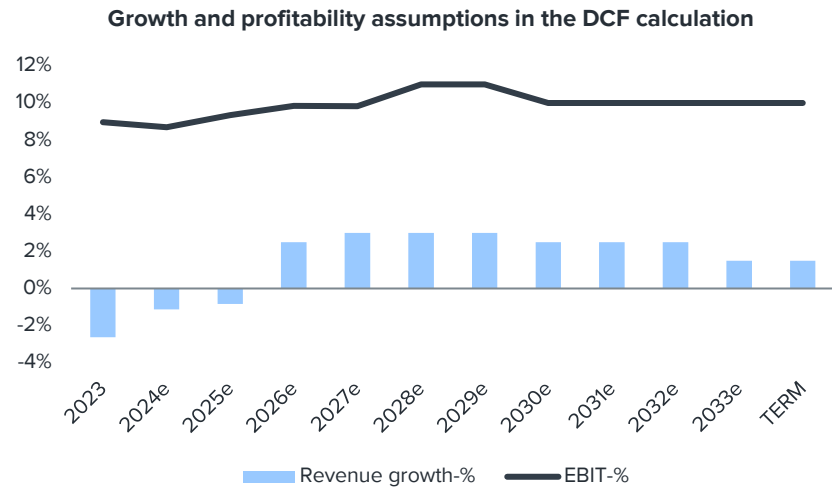
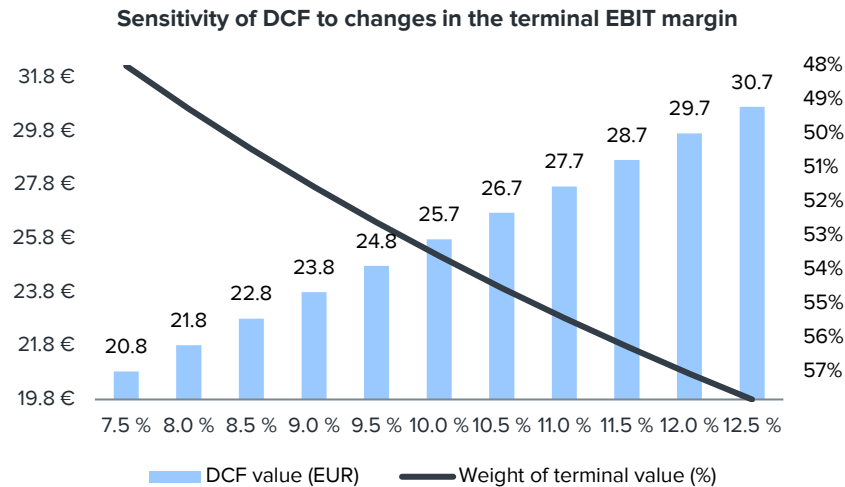
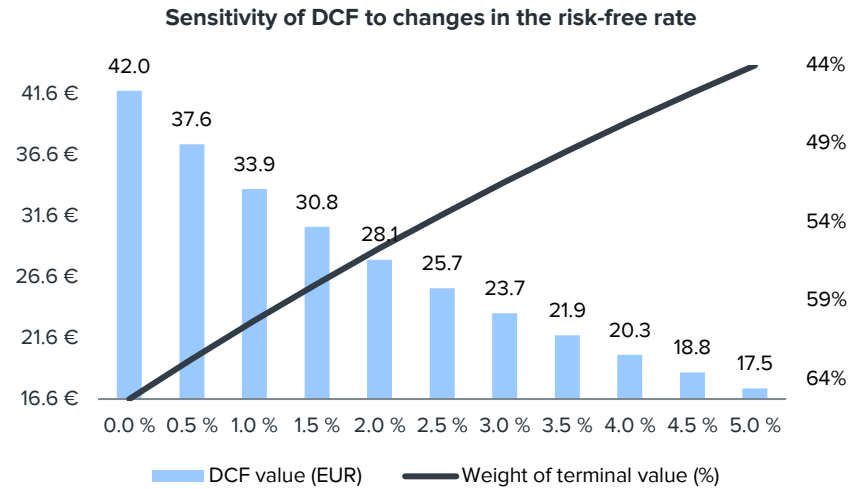
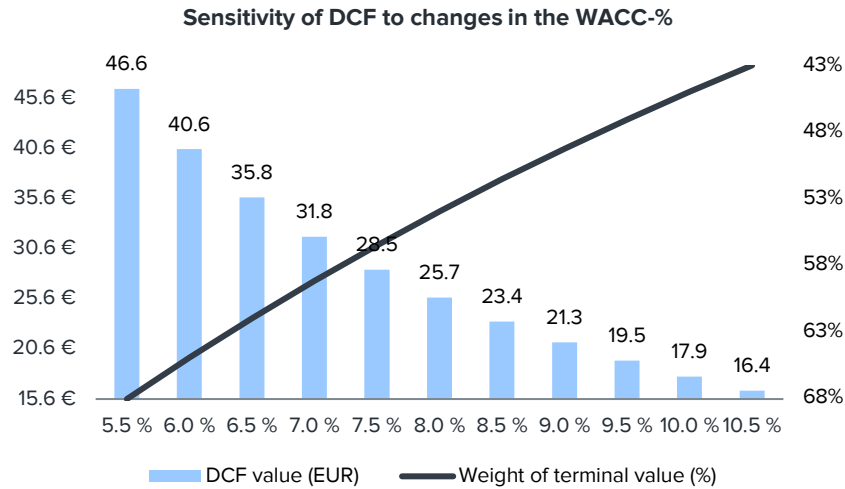


WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	5.5 %
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.7 %
Weighted average cost of capital (WACC)	8.0 %

Source: Inderes

DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	2823	2928	2851	2819	2796	EPS (reported)	2.46	1.59	1.45	1.30	1.43
EBITDA	552	429	408	408	425	EPS (adj.)	2.20	2.35	2.14	2.01	2.06
EBIT	382	266	256	245	261	OCF / share	4.42	2.37	2.56	3.41	3.36
PTP	354	243	221	197	214	FCF / share	3.27	2.04	0.60	2.23	2.20
Net Income	292	188	172	153	169	Book value / share	15.38	14.52	13.62	13.10	13.03
Extraordinary items	14	-113	-103	-107	-95	Dividend / share	1.40	1.45	1.47	1.50	1.55
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	3587	3394	3518	3403	3315	Revenue growth-%	1%	4%	-3%	-1%	-1%
Equity capital	1821	1719	1612	1552	1543	EBITDA growth-%	71%	-22%	-5%	0%	4%
Goodwill	1944	1847	1907	1886	1886	EBIT (adj.) growth-%	4%	3%	-5%	-2%	1%
Net debt	646	710	944	932	887	EPS (adj.) growth-%	1%	7%	-9%	-6%	3%
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	19.6 %	14.6 %	14.3 %	14.5 %	15.2 %
EBITDA	552	429	408	408	425	EBIT (adj.)-%	13.0 %	12.9 %	12.6 %	12.5 %	12.7 %
Change in working capital	19	-83	-78	49	28	EBIT-%	13.5 %	9.1 %	9.0 %	8.7 %	9.3 %
Operating cash flow	523	281	304	404	398	ROE-%	16.9 %	10.6 %	10.3 %	9.7 %	10.9 %
CAPEX	-111	-15	-216	-140	-137	ROI-%	13.7 %	9.8 %	9.4 %	9.1 %	10.0 %
Free cash flow	387	242	71	263	260	Equity ratio	50.8 %	50.7 %	45.8 %	45.6 %	46.5 %
Valuation multiples	2021	2022	2023	2024e	2025e	Gearing	35.5 %	41.3 %	58.5 %	60.1 %	57.5 %
EV/S	1.4	1.3	1.2	1.1	1.1						
EV/EBITDA	7.1	9.0	8.6	7.4	7.0						
EV/EBIT (adj.)	10.6	10.2	9.7	8.6	8.3						
P/E (adj.)	12.5	11.3	10.1	8.8	8.5						
P/B	1.8	1.8	1.6	1.3	1.3						
Dividend-%	5.1 %	5.5 %	6.8 %	8.5 %	8.8 %						

Source: Inderes

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Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
4/26/2018	Reduce	29.00 €	29.86 €
7/23/2018	Accumulate	28.00 €	25.96 €
10/25/2018	Reduce	27.00 €	26.30 €
11/29/2018	Reduce	27.00 €	25.70 €
2/7/2019	Reduce	27.00 €	26.70 €
4/26/2019	Reduce	27.00 €	27.50 €
7/22/2019	Accumulate	26.00 €	23.10 €
10/25/2019	Reduce	26.00 €	25.92 €
12/11/2019	Reduce	27.00 €	26.86 €
2/17/2020	Reduce	29.00 €	30.30 €
3/30/2020	Accumulate	21.00 €	18.69 €
4/29/2020	Accumulate	25.00 €	21.94 €
7/27/2020	Accumulate	28.00 €	26.24 €
10/21/2020	Buy	30.00 €	25.90 €
10/28/2020	Buy	30.00 €	22.66 €
2/18/2021	Buy	30.00 €	26.34 €
4/30/2021	Buy	34.00 €	28.98 €
7/21/2021	Buy	34.00 €	28.36 €
10/27/2021	Buy	34.00 €	26.94 €
2/18/2022	Buy	32.00 €	25.70 €
5/6/2022	Buy	31.00 €	22.72 €
7/25/2022	Buy	31.00 €	26.14 €
10/28/2022	Accumulate	28.00 €	24.34 €
12/1/2022	Accumulate	29.00 €	25.92 €
2/16/2023	Accumulate	33.00 €	29.58 €
5/5/2023	Accumulate	31.00 €	26.56 €
7/24/2023	Accumulate	26.00 €	22.34 €
9/20/2023	Accumulate	25.00 €	21.52 €
10/27/2023	Buy	25.00 €	19.51 €
1/17/2024	Accumulate	25.00 €	21.86 €
2/16/2024	Accumulate	25.00 €	22.10 €
4/26/2024	Buy	24.00 €	17.35 €
7/24/2024	Buy	24.00 €	18.81 €
10/18/2024	Buy	22.00 €	17.58 €



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