

# Kone

## Company report

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This report is a summary translation of the report “Kiinan heikkous ei heilauta kokonaiskuvaa” published on 7/21/2024 at 11:55 pm EEST.

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# China weakness does not change the big picture

KONE released its Q2 report on Friday, which came in slightly below our forecasts for key operating metrics. The company updated the upper limits of the guidance range slightly downward. We have made negative revisions to our forecasts for the current year, but the revisions, which are limited to the second quarter, have reduced our full-year earnings forecasts by a modest 2%. Against this backdrop, we reiterate our EUR 50.0 target price and Accumulate recommendation

## Q2 figures slightly below our expectations

KONE's Q2 orders received increased by 2% to 2,328 MEUR, slightly below our 4% growth forecast. Due to a slower-than-expected development in New Building Solutions, the company's revenues declined by approximately 1%, whereas we had expected growth of a similar magnitude. The weakness in New Building Solutions was less surprisingly related to China and the challenges in the local real estate market, while other businesses and geographic markets were broadly in line with expectations. The adjusted EBIT margin improved to 11.9% in the second quarter from 11.7% in the year-ago period, also below our guidance of 12.3%. Against this background, the adjusted EBIT for Q2 remained at 335 MEUR, below our forecast of 356 MEUR.

## Weakness in China, forecast changes remain moderate

KONE slightly lowered the upper limits of the current year's guidance ranges. The company estimates that in 2024, its revenue growth will be in the range of 0 to 4% at comparable exchange rates (previously 0-5%). The adjusted EBIT margin is estimated to be 11.5-12.2% (previously 11.5-12.3%). The fine-tuning in growth guidance is, of course, related to the still sluggish development in China, where the company revised its outlook for the New Building Solutions market downward, as it did in the first quarter. The company expects a significant (>10%) decline in the market, but at the same time, thanks to the good momentum of the North American modernization market, significant growth is now expected there (previously: clear growth). In terms of profitability, the revenue mix will continue to develop positively thanks to modernization and higher margins in markets outside China. We believe these factors should support our expectations for the remainder of the year and for improved profitability in the coming years. Since the report, we have made relatively minor changes to our forecasts, limited in practice to the Q2 result. Reflecting this overall picture, our forecast for the current year is for KONE's revenue to grow by just over 2% in 2024 (was +3%), and our adjusted EBIT margin forecast is 12% (was 12.1%). Estimates for the coming years remain unchanged.

## We believe there is upside in the valuation

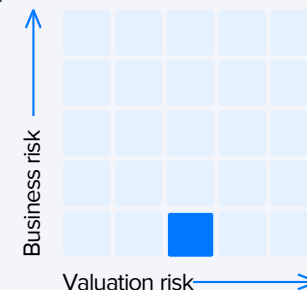
Our projected P/E multiples for 2024-2025 are 23x and 21x, and EV/EBIT multiples reflecting the strong balance sheet are 17x and 15x. In absolute terms, we believe these valuation multiples are reasonable given the high quality of the business. The stock also trades at a slight relative discount to the median multiples of its major peers, particularly Otis. In our view, this and the DCF model, which is above the share price, continue to support a positive view on the stock.

## Recommendation

**Accumulate**  
(previous Accumulate)

**EUR 50.00**  
(previous EUR 50.00)

**Share price:**  
46.99



## Key figures

	2023	2024e	2025e	2026e
<b>Revenue</b>	10952	11203	11996	12595
<b>growth-%</b>	0%	2%	7%	5%
<b>EBIT adj.</b>	1248.4	1342.3	1490.0	1598.7
<b>EBIT-% adj.</b>	11.4 %	12.0 %	12.4 %	12.7 %
<b>Net Income</b>	925.8	1039.9	1155.0	1243.5
<b>EPS (adj.)</b>	1.88	2.01	2.23	2.40
<b>P/E (adj.)</b>	24.0	23.4	21.0	19.5
<b>P/B</b>	8.5	8.4	7.9	7.2
<b>Dividend yield-%</b>	3.9 %	3.9 %	4.0 %	4.5 %
<b>EV/EBIT (adj.)</b>	18.1	17.5	15.7	14.4
<b>EV/EBITDA</b>	15.4	14.5	13.0	12.1
<b>EV/S</b>	2.1	2.1	1.9	1.8

Source: Inderes

## Guidance

(Adjusted)

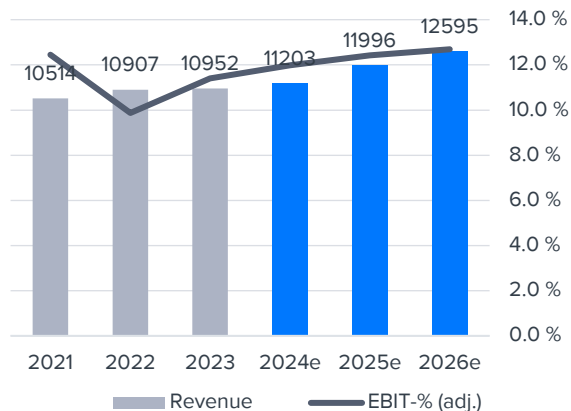
KONE estimates that in 2024, its revenue growth will be in the range of 0 to 4% at comparable exchange rates. The adjusted EBIT margin is estimated to be 11.5-12.2%.

## Share price



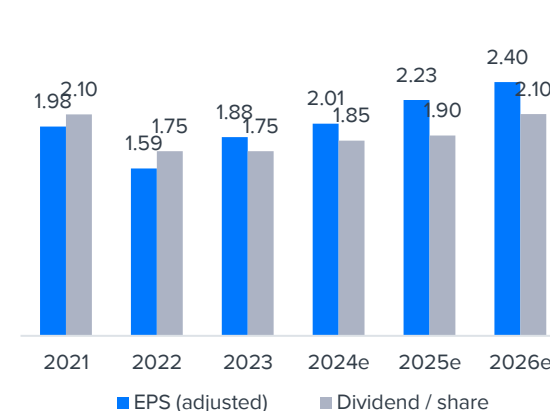
Source: Millstream Market Data AB

## Revenue and EBIT-%



Source: Inderes

## EPS and dividend



Source: Inderes



## Value drivers

- Demand recovery in the new equipment market
- Growth in the maintenance markets in China and other Asian countries
- The renewed operating model to support margins
- Rise of new digital services



## Risk factors

- Delay in the recovery of the Chinese construction market and continued tight price competition
- The Western market remains sluggish
- Standing out with digital services proves difficult

Valuation	2024e	2025e	2026e
Share price	47.0	47.0	47.0
Number of shares, millions	517.2	517.2	517.2
Market cap	24305	24305	24305
EV	23523	23322	23075
P/E (adj.)	23.4	21.0	19.5
P/E	23.4	21.0	19.5
P/B	8.4	7.9	7.2
P/S	2.2	2.0	1.9
EV/Sales	2.1	1.9	1.8
EV/EBITDA	14.5	13.0	12.1
EV/EBIT (adj.)	17.5	15.7	14.4
Payout ratio (%)	91.9 %	85.0 %	87.3 %
Dividend yield-%	3.9 %	4.0 %	4.5 %

Source: Inderes

## Q2 figures slightly below our expectations

Estimates MEUR / EUR	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Revenue	2836	2801	2885	2872	2771	- 2897	-3%	11203
EBIT (adj.)	332	335	356	352	319	- 367	-6%	1342
EBIT	283	335	356	345	319	- 367	-6%	1342
PTP	285	337	359	349	322	- 365	-6%	1352
EPS (adj.)	0.53	0.50	0.53	0.53	0.47	- 0.56	-7%	2.01
EPS (reported)	0.43	0.50	0.53	0.52	0.47	- 0.55	-7%	2.01
Revenue growth-%	11.0 %	-1.2 %	1.7 %	1.3 %	-2.3 %	- 2.2 %	-3 pp	2.3 %
EBIT-% (adj.)	11.7 %	11.9 %	12.3 %	12.3 %	11.5 %	- 12.7 %	-0.4 pp	12.0 %

Source: Inderes & Vara Research (consensus)

# Only moderate forecasts changes

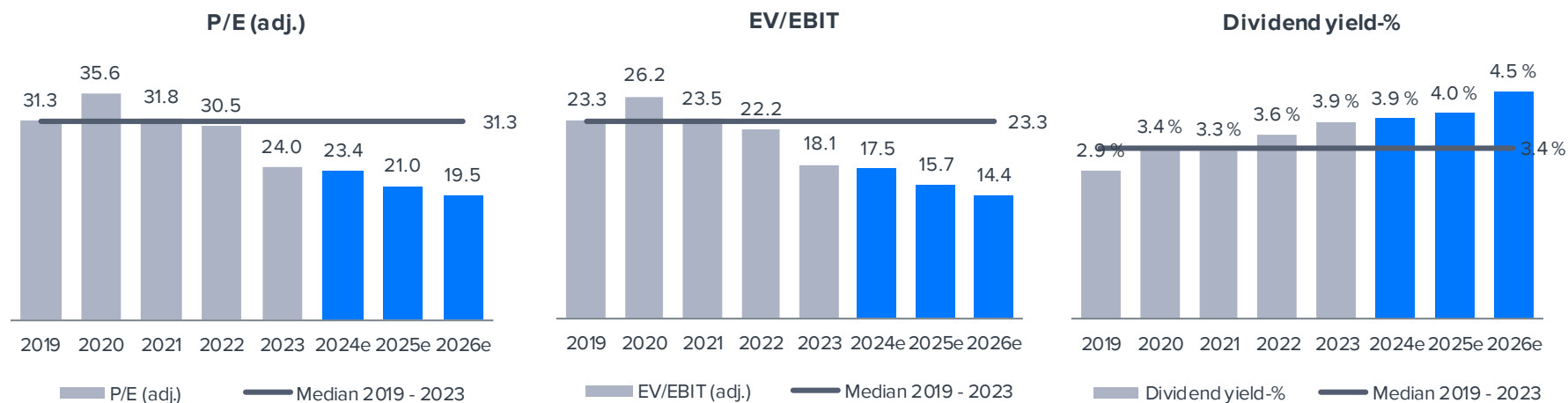
<b>Estimate revisions</b>	<b>2024e</b>	<b>2023</b>	<b>Change</b>	<b>2025e</b>	<b>2025e</b>	<b>Change</b>	<b>2026e</b>	<b>2026e</b>	<b>Change</b>
<b>MEUR / EUR</b>	<b>Inderes</b>	<b>Actualized</b>	<b>%</b>	<b>Old</b>	<b>New</b>	<b>%</b>	<b>Old</b>	<b>New</b>	<b>%</b>
<b>Revenue</b>	11287	11203	-1%	11996	11996	0%	12595	12595	0%
<b>EBITDA</b>	1649	1626	-1%	1789	1789	0%	1910	1910	0%
<b>EBIT (exc. NRIs)</b>	1363	1342	-2%	1490	1490	0%	1599	1599	0%
<b>EBIT</b>	1363	1342	-2%	1490	1490	0%	1599	1599	0%
<b>PTP</b>	1377	1352	-2%	1507	1503	0%	1621	1618	0%
<b>EPS (excl. NRIs)</b>	2.05	2.01	-2%	2.24	2.23	0%	2.41	2.40	0%
<b>DPS</b>	1.85	1.85	0%	1.90	1.90	0%	2.10	2.10	0%

Source: Inderes

# Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	58.3	66.5	63.0	48.3	45.2	47.0	47.0	47.0	47.0
Number of shares, millions	518.4	518.4	518.0	517.1	517.2	517.2	517.2	517.2	517.2
Market cap	30212	34452	32652	24975	23358	24305	24305	24305	24305
EV	28828	32722	30724	23908	22611	23523	23322	23075	22865
P/E (adj.)	31.3	35.6	31.8	30.5	24.0	23.4	21.0	19.5	18.4
P/E	32.4	36.7	32.2	32.2	25.2	23.4	21.0	19.5	18.4
P/B	9.5	10.9	10.3	8.8	8.5	8.4	7.9	7.2	6.8
P/S	3.0	3.5	3.1	2.3	2.1	2.2	2.0	1.9	1.8
EV/Sales	2.9	3.3	2.9	2.2	2.1	2.1	1.9	1.8	1.7
EV/EBITDA	20.1	22.5	20.0	18.5	15.4	14.5	13.0	12.1	11.4
EV/EBIT (adj.)	23.3	26.2	23.5	22.2	18.1	17.5	15.7	14.4	13.5
Payout ratio (%)	94.5 %	124.1 %	107.1 %	116.7 %	97.7 %	91.9 %	85.0 %	87.3 %	90.0 %
Dividend yield-%	2.9 %	3.4 %	3.3 %	3.6 %	3.9 %	3.9 %	4.0 %	4.5 %	4.9 %

Source: Inderes



# Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e	2024e
Schindler Holding AG	25004	22141	16.3	15.0	13.2	12.3	1.9	1.8	25.0	22.9	2.4	2.6	4.9
Assa Abloy AB	30152	35932	17.2	15.9	14.3	13.4	2.8	2.7	22.4	20.1	1.9	2.0	3.4
Koninklijke Philips NV	22324	28692	15.5	13.9	9.9	8.7	1.5	1.5	16.7	15.1	3.7	3.7	1.9
Otis Worldwide Corp	36285	41977	19.0	17.9	17.8	16.7	3.1	3.0	25.2	22.9	1.5	1.7	
Ingersoll Rand Inc	35883	37103	24.5	21.8	19.9	18.2	5.5	5.1	29.4	26.7	0.1	0.1	4.8
Johnson Controls International PLC	42654	52812	16.7	15.2	13.2	12.1	2.1	2.0	19.3	16.9	2.2	2.3	2.7
Gree Electric Appliances Inc of Zhuhai	27929	25727	6.2	5.9	5.3	5.1	0.9	0.9	7.1	6.7	6.7	7.2	1.7
Dover Corp	23183	25949	17.7	16.4	15.2	14.1	3.3	3.2	20.2	18.5	1.1	1.2	4.7
Honeywell International Inc	128331	141028	17.1	15.7	15.1	14.0	4.0	3.7	21.0	19.0	2.1	2.2	8.1
Lennox International Inc	18181	19438	22.3	20.0	20.4	18.3	4.1	3.8	27.7	24.5	0.8	0.8	25.2
Melco International Development Ltd	874	8469	17.9	15.2	7.5	6.9	2.0	1.8	57.0	9.4	0.2	0.3	14.9
<b>Kone (Inderes)</b>	<b>24305</b>	<b>23523</b>	<b>17.5</b>	<b>15.7</b>	<b>14.5</b>	<b>13.0</b>	<b>2.1</b>	<b>1.9</b>	<b>23.4</b>	<b>21.0</b>	<b>3.9</b>	<b>4.0</b>	<b>8.4</b>
<b>Average</b>			<b>17.3</b>	<b>15.7</b>	<b>13.8</b>	<b>12.7</b>	<b>2.8</b>	<b>2.7</b>	<b>24.6</b>	<b>18.4</b>	<b>2.0</b>	<b>2.2</b>	<b>7.2</b>
<b>Median</b>			<b>17.2</b>	<b>15.7</b>	<b>14.3</b>	<b>13.4</b>	<b>2.8</b>	<b>2.7</b>	<b>22.4</b>	<b>19.0</b>	<b>1.9</b>	<b>2.0</b>	<b>4.8</b>
<b>Diff-% to median</b>			<b>2%</b>	<b>-1%</b>	<b>1%</b>	<b>-3%</b>	<b>-24%</b>	<b>-27%</b>	<b>4%</b>	<b>11%</b>	<b>113%</b>	<b>100%</b>	<b>77%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2022	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue</b>	<b>10907</b>	<b>10952</b>	<b>2568</b>	<b>2801</b>	<b>2887</b>	<b>2946</b>	<b>11203</b>	<b>11996</b>	<b>12595</b>	<b>13145</b>
<b>EBITDA</b>	<b>1291</b>	<b>1470</b>	<b>334</b>	<b>405</b>	<b>427</b>	<b>459</b>	<b>1626</b>	<b>1789</b>	<b>1910</b>	<b>2011</b>
Depreciation	-259	-269	-71.5	-70.6	-70.6	-70.6	-283	-299	-311	-321
<b>EBIT (excl. NRI)</b>	<b>1077</b>	<b>1248</b>	<b>262</b>	<b>335</b>	<b>357</b>	<b>388</b>	<b>1342</b>	<b>1490</b>	<b>1599</b>	<b>1690</b>
<b>EBIT</b>	<b>1031</b>	<b>1200</b>	<b>262</b>	<b>335</b>	<b>357</b>	<b>388</b>	<b>1342</b>	<b>1490</b>	<b>1599</b>	<b>1690</b>
Net financial items	-2.7	6.1	3.3	2.2	2.2	2.2	9.9	13.3	19.7	26.5
<b>PTP</b>	<b>1029</b>	<b>1206</b>	<b>266</b>	<b>337</b>	<b>359</b>	<b>391</b>	<b>1352</b>	<b>1503</b>	<b>1618</b>	<b>1717</b>
Taxes	-244	-275	-59.8	-75.8	-80.8	-87.9	-304	-338	-364	-386
Minority interest	-10.0	-5.8	-2.9	-2.4	-1.5	-1.2	-8.0	-9.9	-10.7	-11.3
<b>Net earnings</b>	<b>775</b>	<b>926</b>	<b>203</b>	<b>259</b>	<b>277</b>	<b>302</b>	<b>1040</b>	<b>1155</b>	<b>1244</b>	<b>1319</b>
<b>EPS (adj.)</b>	<b>1.59</b>	<b>1.88</b>	<b>0.39</b>	<b>0.50</b>	<b>0.54</b>	<b>0.58</b>	<b>2.01</b>	<b>2.23</b>	<b>2.40</b>	<b>2.55</b>
<b>EPS (rep.)</b>	<b>1.50</b>	<b>1.79</b>	<b>0.39</b>	<b>0.50</b>	<b>0.54</b>	<b>0.58</b>	<b>2.01</b>	<b>2.23</b>	<b>2.40</b>	<b>2.55</b>

Key figures	2022	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
<b>Revenue growth-%</b>	3.7 %	0.4 %	0.5 %	-1.2 %	5.0 %	4.9 %	2.3 %	7.1 %	5.0 %	4.4 %
<b>Adjusted EBIT growth-%</b>	-17.8 %	16.0 %	8.5 %	0.8 %	13.0 %	8.3 %	7.5 %	11.0 %	7.3 %	5.7 %
<b>EBITDA-%</b>	11.8 %	13.4 %	13.0 %	14.5 %	14.8 %	15.6 %	14.5 %	14.9 %	15.2 %	15.3 %
<b>Adjusted EBIT-%</b>	9.9 %	11.4 %	10.2 %	11.9 %	12.4 %	13.2 %	12.0 %	12.4 %	12.7 %	12.9 %
<b>Net earnings-%</b>	7.1 %	8.5 %	7.9 %	9.2 %	9.6 %	10.2 %	9.3 %	9.6 %	9.9 %	10.0 %

Source: Inderes



# Balance sheet

Assets	2022	2023	2024e	2025e	2026e
<b>Non-current assets</b>	<b>2899</b>	<b>3085</b>	<b>3160</b>	<b>3185</b>	<b>3213</b>
Goodwill	1415	1469	1500	1500	1500
Intangible assets	208	287	320	292	282
Tangible assets	717	780	794	847	885
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	124	101	114	114	114
Other non-current assets	10.0	9.2	10.3	10.3	10.3
Deferred tax assets	425	439	422	422	422
<b>Current assets</b>	<b>6191</b>	<b>5645</b>	<b>5775</b>	<b>6183</b>	<b>6492</b>
Inventories	844	821	840	899	944
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	3377	3127	3198	3425	3596
Cash and equivalents	1970	1698	1736	1859	1952
<b>Balance sheet total</b>	<b>9090</b>	<b>8731</b>	<b>8935</b>	<b>9368</b>	<b>9706</b>

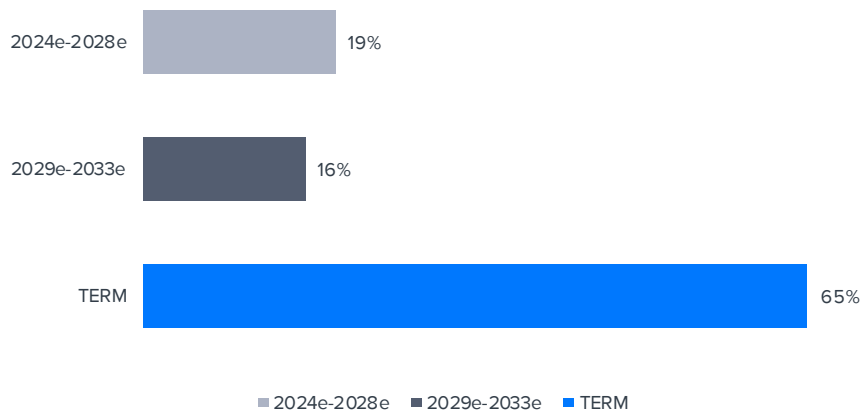
Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Equity</b>	<b>2867</b>	<b>2786</b>	<b>2932</b>	<b>3136</b>	<b>3403</b>
Share capital	66.2	66.2	66.2	66.2	66.2
Retained earnings	2184	2387	2522	2722	2984
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	586	299	305	305	305
Minorities	29.9	33.9	37.9	42.8	48.2
<b>Non-current liabilities</b>	<b>949</b>	<b>993</b>	<b>967</b>	<b>887</b>	<b>748</b>
Deferred tax liabilities	214	224	225	225	225
Provisions	177	197	193	193	193
Interest bearing debt	558	572	549	469	330
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>5275</b>	<b>4952</b>	<b>5036</b>	<b>5345</b>	<b>5555</b>
Interest bearing debt	104	113	108	92.4	64.9
Payables	5171	4840	4928	5253	5490
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>9090</b>	<b>8731</b>	<b>8935</b>	<b>9368</b>	<b>9706</b>

# DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	TERM
Revenue growth-%	0.4 %	2.3 %	7.1 %	5.0 %	4.4 %	4.2 %	4.0 %	3.8 %	3.6 %	3.4 %	2.5 %	2.5 %
EBIT-%	11.0 %	12.0 %	12.4 %	12.7 %	12.9 %	12.7 %	12.5 %	12.3 %	12.1 %	11.9 %	11.9 %	11.9 %
<b>EBIT (operating profit)</b>	<b>1200</b>	<b>1342</b>	<b>1490</b>	<b>1599</b>	<b>1690</b>	<b>1735</b>	<b>1776</b>	<b>1815</b>	<b>1851</b>	<b>1884</b>	<b>1931</b>	
+ Depreciation	269	283	299	311	321	330	341	352	363	374	385	
- Paid taxes	-278	-286	-338	-364	-386	-398	-408	-417	-426	-434	-446	
- Tax, financial expenses	-8.9	-6.3	-5.9	-5.0	-3.9	-3.2	-2.7	-2.3	-1.9	-1.8	-1.8	
+ Tax, financial income	10.3	8.5	8.9	9.4	9.9	10.3	10.7	11.1	11.6	12.2	13.0	
- Change in working capital	-58.4	-2.0	39.0	21.3	15.2	12.9	10.4	7.9	5.2	2.4	25.1	
<b>Operating cash flow</b>	<b>1134</b>	<b>1340</b>	<b>1493</b>	<b>1571</b>	<b>1646</b>	<b>1688</b>	<b>1728</b>	<b>1766</b>	<b>1802</b>	<b>1836</b>	<b>1906</b>	
+ Change in other long-term liabilities	19.5	-4.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-442	-375	-324	-339	-349	-362	-374	-386	-398	-409	-419	
<b>Free operating cash flow</b>	<b>712</b>	<b>960</b>	<b>1169</b>	<b>1232</b>	<b>1297</b>	<b>1326</b>	<b>1354</b>	<b>1380</b>	<b>1404</b>	<b>1426</b>	<b>1487</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	712	960	1169	1232	1297	1326	1354	1380	1404	1426	1487	33198
<b>Discounted FCFF</b>		<b>932</b>	<b>1059</b>	<b>1042</b>	<b>1024</b>	<b>978</b>	<b>932</b>	<b>888</b>	<b>843</b>	<b>800</b>	<b>779</b>	<b>17385</b>
Sum of FCFF present value		26661	25730	24671	23629	22605	21626	20694	19807	18963	18163	17385
<b>Enterprise value DCF</b>		<b>26661</b>										
- Interest bearing debt		-684.2										
+ Cash and cash equivalents		1698										
-Minorities		-318.3										
-Dividend/capital return		-904.1										
<b>Equity value DCF</b>		<b>26474</b>										
<b>Equity value DCF per share</b>		<b>51.2</b>										

Cash flow distribution



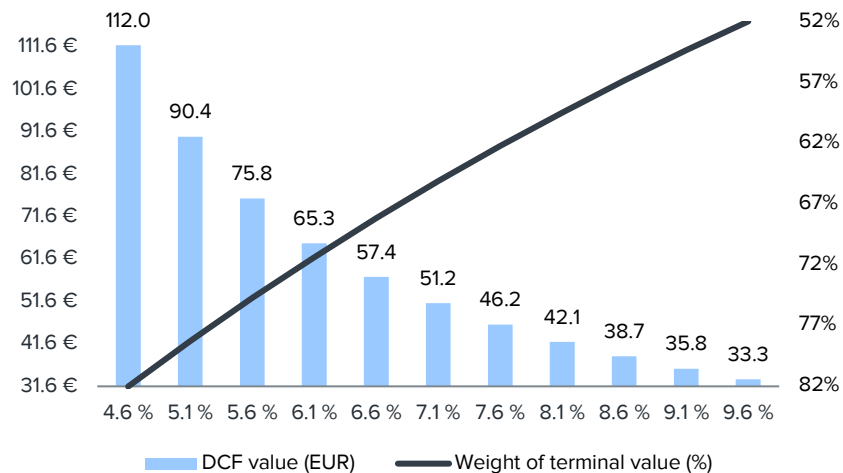
## WACC

Tax-% (WACC)	22.5 %
Target debt ratio (D/(D+E))	3.0 %
Cost of debt	2.5 %
Equity Beta	1.00
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>7.3 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>7.1 %</b>

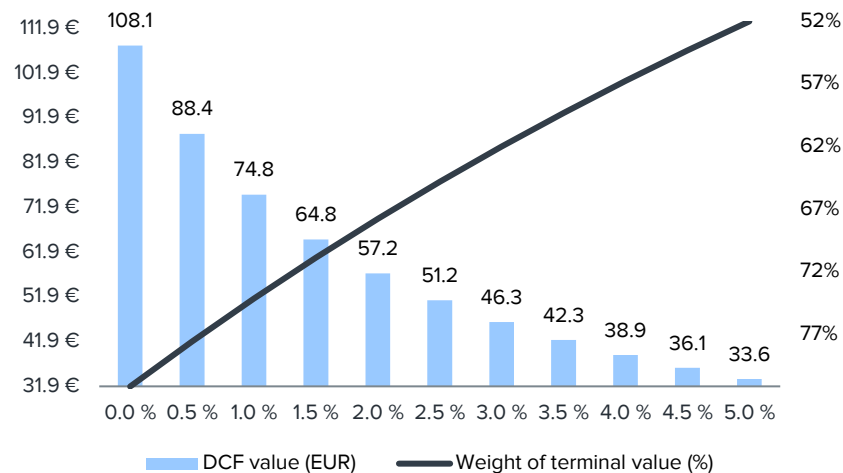
Source: Inderes

# DCF sensitivity calculations and key assumptions in graphs

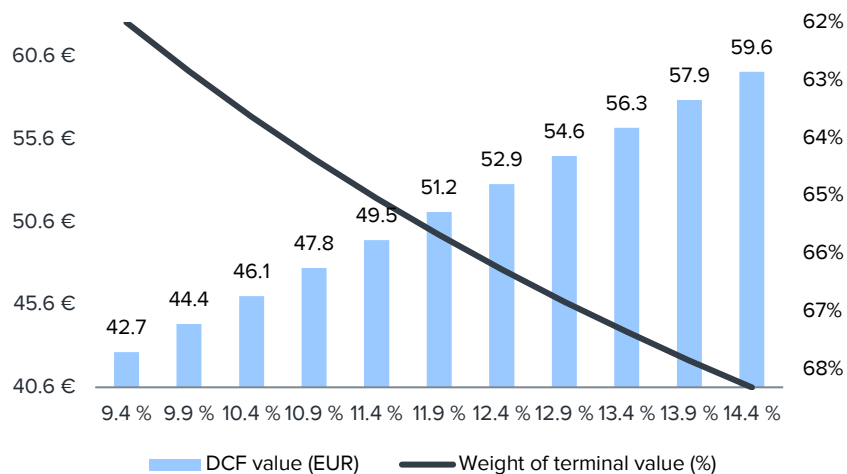
Sensitivity of DCF to changes in the WACC-%



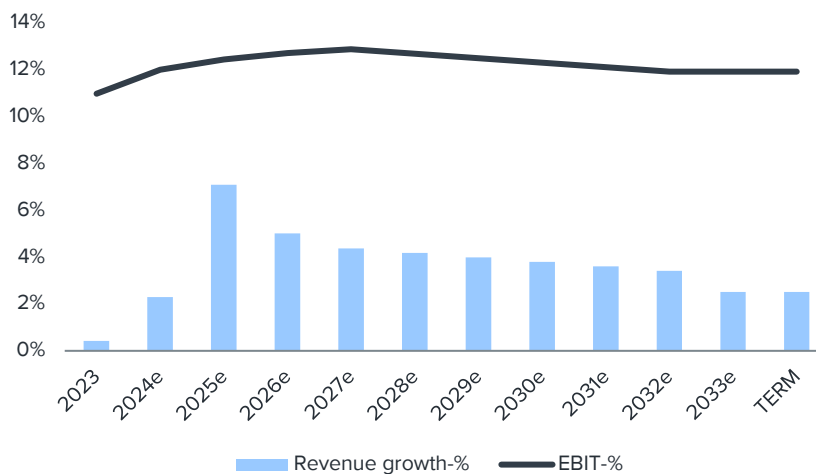
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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	10514.1	10906.7	10952.3	<b>11202.8</b>	<b>11995.7</b>	EPS (reported)	1.96	1.50	1.79	<b>2.01</b>	<b>2.23</b>
EBITDA	1539.3	1290.5	1469.5	<b>1625.6</b>	<b>1789.3</b>	EPS (adj.)	1.98	1.59	1.88	<b>2.01</b>	<b>2.23</b>
EBIT	1295.3	1031.2	1200.1	<b>1342.3</b>	<b>1490.0</b>	OCF / share	3.02	0.86	2.19	<b>2.59</b>	<b>2.89</b>
PTP	1320.8	1028.5	1206.2	<b>1352.2</b>	<b>1503.3</b>	FCF / share	2.34	0.51	1.38	<b>1.86</b>	<b>2.26</b>
Net Income	1014.2	774.5	925.8	<b>1039.9</b>	<b>1155.0</b>	Book value / share	6.13	5.49	5.32	<b>5.59</b>	<b>5.98</b>
Extraordinary items	-14.5	-45.4	-48.3	<b>0.0</b>	<b>0.0</b>	Dividend / share	2.10	1.75	1.75	<b>1.85</b>	<b>1.90</b>
Balance sheet	2021	2022	2023	2024e	2025e	Growth and profitability	2021	2022	2023	2024e	2025e
Balance sheet total	9720.4	9090.4	8730.8	<b>8934.9</b>	<b>9368.4</b>	Revenue growth-%	6%	4%	0%	<b>2%</b>	<b>7%</b>
Equity capital	3199.2	2866.5	2786.0	<b>2931.5</b>	<b>3135.7</b>	EBITDA growth-%	6%	-16%	14%	<b>11%</b>	<b>10%</b>
Goodwill	1405.2	1414.7	1469.0	<b>1500.0</b>	<b>1500.0</b>	EBIT (adj.) growth-%	5%	-18%	16%	<b>8%</b>	<b>11%</b>
Net debt	-2164.1	-1309.0	-1013.4	<b>-1079.1</b>	<b>-1297.5</b>	EPS (adj.) growth-%	6%	-20%	19%	<b>7%</b>	<b>11%</b>
Cash flow	2021	2022	2023	2024e	2025e	EBITDA-%	14.6 %	11.8 %	13.4 %	<b>14.5 %</b>	<b>14.9 %</b>
EBITDA	1539.3	1290.5	1469.5	<b>1625.6</b>	<b>1789.3</b>	EBIT (adj.)-%	12.5 %	9.9 %	11.4 %	<b>12.0 %</b>	<b>12.4 %</b>
Change in working capital	364.0	-559.8	-58.4	<b>-2.0</b>	<b>39.0</b>	EBIT-%	12.3 %	9.5 %	11.0 %	<b>12.0 %</b>	<b>12.4 %</b>
Operating cash flow	1563.0	443.4	1134.3	<b>1339.7</b>	<b>1492.9</b>	ROE-%	31.9 %	25.8 %	33.1 %	<b>36.8 %</b>	<b>38.6 %</b>
CAPEX	-349.3	-204.3	-442.0	<b>-375.3</b>	<b>-324.1</b>	ROI-%	34.6 %	28.4 %	35.4 %	<b>39.1 %</b>	<b>42.0 %</b>
Free cash flow	1211.3	264.2	711.8	<b>960.3</b>	<b>1168.8</b>	Equity ratio	41.2 %	40.3 %	40.9 %	<b>42.5 %</b>	<b>43.5 %</b>
						Gearing	-67.6 %	-45.7 %	-36.4 %	<b>-36.8 %</b>	<b>-41.4 %</b>
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	2.9	2.2	2.1	<b>2.1</b>	<b>1.9</b>						
EV/EBITDA	20.0	18.5	15.4	<b>14.5</b>	<b>13.0</b>						
EV/EBIT (adj.)	23.5	22.2	18.1	<b>17.5</b>	<b>15.7</b>						
P/E (adj.)	31.8	30.5	24.0	<b>23.4</b>	<b>21.0</b>						
P/B	10.3	8.8	8.5	<b>8.4</b>	<b>7.9</b>						
Dividend-%	3.3 %	3.6 %	3.9 %	<b>3.9 %</b>	<b>4.0 %</b>						

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
	The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
7/22/2022	Accumulate	51.00 €	44.38 €
8/31/2022	Reduce	44.00 €	40.89 €
10/17/2022	Reduce	41.50 €	39.09 €
1/27/2023	Reduce	46.00 €	52.48 €
4/28/2023	Reduce	47.50 €	51.98 €
7/21/2023	Reduce	47.50 €	45.47 €
10/26/2023	Reduce	42.00 €	39.50 €
1/24/2024	Reduce	42.00 €	43.14 €
1/28/2024	Reduce	43.00 €	46.31 €
4/24/2024	Accumulate	50.00 €	45.05 €
7/22/2024	Accumulate	50.00 €	46.99 €



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