

Ernst Russ AG

Germany | Transport & Logistics | MCap EUR 228.4m

21 August 2025

UPDATE



Disposal gains and firm charter rates likely to drive robust Q2; BUY

What's it all about?

Ernst Russ AG (ER) is set to release Q2/H1 2025 results on August 28. We expect solid profitability, supported by resilient charter rates, near-perfect average vessel availability (99.2%), and disposal gains from vessel sales. Despite a leaner fleet (26 vs. 29 ships), Q2 revenues should remain broadly stable at EUR 39m, aided by firm average day rates (~USD 17,500). EBIT is projected at EUR 14.2m, with disposal gains (~EUR 5m) cushioning the impact of fewer vessels. Net income is seen at EUR 9.5m (EPS EUR 0.28). With ~84% of FY25 revenues already secured and most disposal gains realized, outlook visibility is high. Strong balance sheet, reliable cash flows, and structural streamlining support our BUY rating with a PT of EUR 10.00.

BUY (BUY)

Target price	EUR 10.00 (10.00)
Current price	EUR 6.78
Up/downside	47.5%



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Ernst Russ AG

Germany | Transport & Logistics | MCap EUR 228.4m | EV EUR 120.8m

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Disposal gains and charter rates likely to drive robust Q2; BUY

Ernst Russ AG ("ER") is scheduled to publish its Q2/H1 2025 results on August 28. We expect solid profitability, supported by resilient charter fundamentals and further disposal gains, while reported sales remain broadly stable.

Stable revenues despite smaller fleet Sales are estimated at EUR 39m in Q2 2025 (-4.2% yoy), broadly in line with last year despite a leaner fleet (26 vessels vs. 29 a year ago). The revenue impact from vessel disposals (ESL Wasl in Q1, Andante in Q2) and the continued absence of the Solong is weighing on sales, whilst firm charter rates and high utilization are likely to be offsetting factors. Average charter rates are seen flat yoy at around USD 17,500/day, while technical availability should reach a near-perfect level of 99.2% (+1.9pp yoy), demonstrating operational strength and comparably lower dry docking time compared with last year's period.

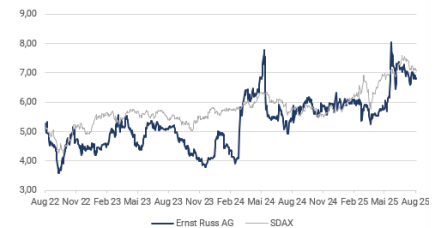
Earnings lifted by disposal gains EBIT is projected at EUR 14.2m (-8.4% yoy), corresponding to an EBIT margin of 36% (vs. 38%). Despite disposal gain from the sale of the feeder vessel Andante (mwb research est. ~EUR 5m) and stable charter rates yoy, earnings are likely to reflect the company's leaner shipping fleet (-3 yoy), hence weighing on the underlying performance. However, net income after minorities is projected to be down slightly under proportionately at EUR 9.5m (-6.9% yoy), with EPS of EUR 0.28 (vs. EUR 0.31) as we expect first tangible improvements in the company's structural simplification. H1 25 EPS would hence arrive at ~EUR 0.96.

Outlook likely to be confirmed With approx. EUR 145.5m of FY25 revenues already secured through long-term charters (~84% coverage), ER enjoys a high degree of visibility. Management guidance for FY25 revenues of EUR 147-167m and EBIT from ship operations of EUR 43-73m (EUR 75-105m incl. capital gains) appears well underpinned. Following Q2, more than EUR 30m of the ~EUR 32m expected disposal gains for FY25 should already be recognized, de-risking the outlook.

Conclusion We expect a decent Q2 '25, driven by exceptional operational reliability, firm charter rates, and material disposal gains. With a robust balance sheet, solid cash flows, and ongoing streamlining of minority interests, ER remains well positioned for disciplined capital allocation. We reiterate our BUY recommendation with an unchanged PT of EUR 10.00, reflecting attractive upside potential and chances for bottom-line upgrades as the company progresses with the buy-in of minority interests.

Ernst Russ AG	2022	2023	2024	2025E	2026E	2027E
Sales	191.7	202.7	172.7	152.5	143.1	122.2
<i>Growth yoy</i>	107.8%	5.7%	-14.8%	-11.7%	-6.2%	-14.6%
EBITDA	121.7	116.6	93.0	115.3	75.2	50.9
EBIT	90.1	86.6	67.7	90.3	53.9	29.4
Net profit	47.3	55.1	42.5	42.7	29.6	15.4
Net debt (net cash)	-54.5	-65.0	-108.6	-173.5	-204.0	-208.1
Net debt/EBITDA	-0.4x	-0.6x	-1.2x	-1.5x	-2.7x	-4.1x
EPS reported	1.46	1.66	1.26	1.27	0.88	0.46
DPS	0.20	1.00	0.20	0.30	0.35	0.30
<i>Dividend yield</i>	2.9%	14.7%	2.9%	4.4%	5.2%	4.4%
Gross profit margin	53.2%	53.1%	48.6%	49.9%	47.8%	36.9%
EBITDA margin	63.5%	57.5%	53.9%	75.6%	52.5%	41.6%
EBIT margin	47.0%	42.7%	39.2%	59.2%	37.7%	24.0%
ROCE	40.3%	32.1%	23.8%	26.4%	14.1%	7.4%
EV/Sales	0.9x	0.8x	0.7x	0.4x	0.2x	0.2x
EV/EBITDA	1.4x	1.4x	1.3x	0.5x	0.3x	0.4x
EV/EBIT	1.9x	1.9x	1.8x	0.6x	0.5x	0.7x
PER	4.7x	4.1x	5.4x	5.3x	7.7x	14.8x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 8.10 / 4.85
Price/Book Ratio 1.3x

Ticker / Symbols

ISIN DE000A161077
WKN A16107
Bloomberg HXCK:GR

Changes in estimates

		Sales	EBIT	EPS
2025E	old	152.5	90.3	1.27
	Δ	0.0%	0.0%	0.0%
2026E	old	143.1	53.9	0.88
	Δ	0.0%	0.0%	0.0%
2027E	old	122.2	29.4	0.46
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 33.69
Book value per share: (in EUR) 5.37
Ø trading vol.: (12 months) 11,737

Major shareholders

Döhle Group 38.5%
JP & JD Döhle 36.8%
Free Float 24.7%

Company description

Ernst Russ is an international shipping company based in Hamburg. Parts of the company date back to 1893. The Group currently manages a fleet of 26 vessels partially operated with strategic partners. The focus is on container ships with a capacity of between 700 and 4,200 TEU, plus one larger container ship of around 13,400 TEU, a handysize bulker and a multi-purpose vessel.

mwb research's Q2 2025 earnings expectations:

QG&V in EURm	Q2 25E	Q2 24	yoy chg in %
Sales	39	40,7	-4,2%
EBIT	14,2	15,5	-8,4%
EBIT margin in %	36%	38%	
Net income after minorities	9,5	10,2	-6,9%
EPS	0,28	0,31	-9,1%
Number of vessels (fully consolidated)	26	29	-3
Technical availability	99,2%	97,3%	1,9pp
Charter rates (USD)	17.500	17.500	0,0%

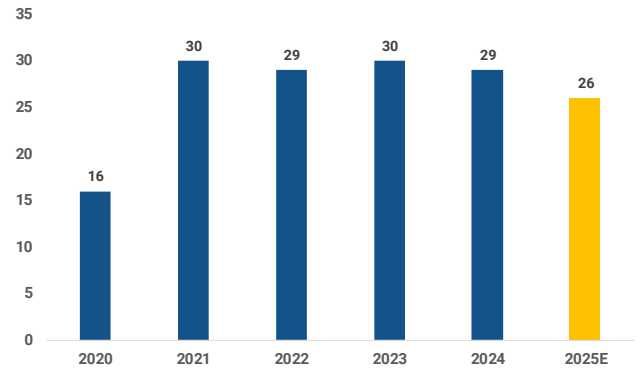
Source: Company data, mwb research

Investment case in six charts

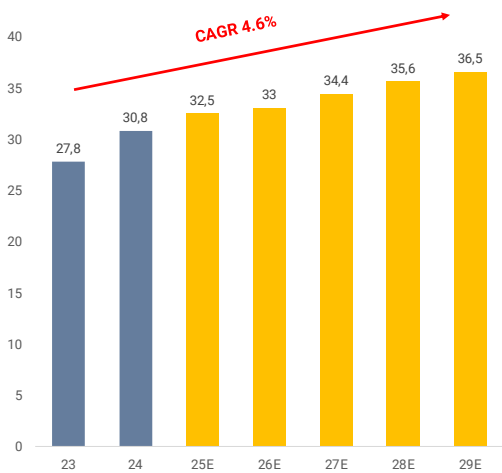
Products & Services



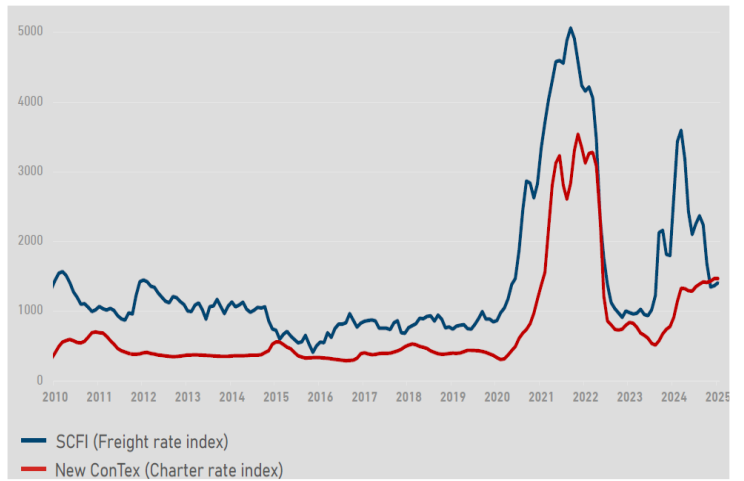
Number of fully consolidated ships (YE data)



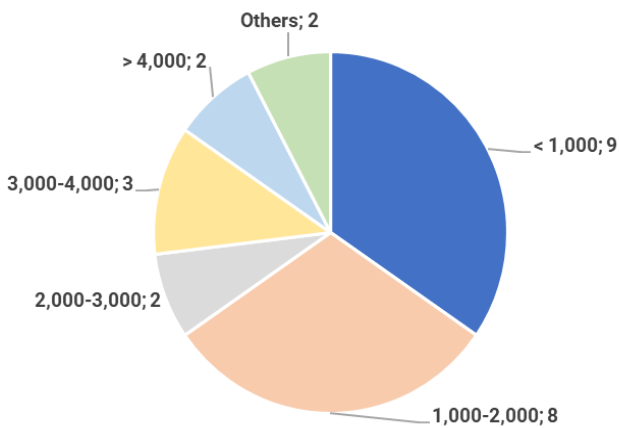
Nominal capacity addition (net in TEUm)



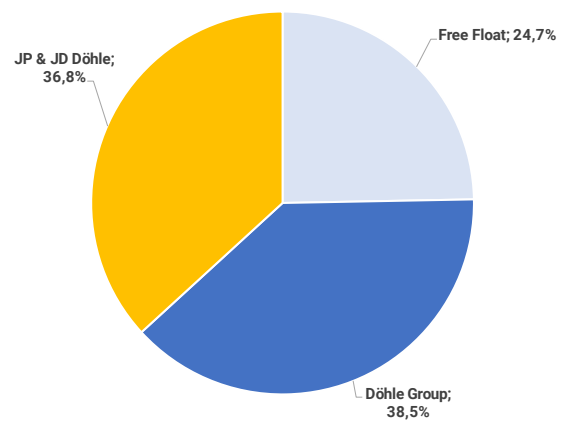
Charter and freight rates



Size category as per Aug 2025



Major Shareholders



Source: Company data, mwb research

SWOT analysis

Strengths

- **A main shareholder with a strong business network:** The Döhle Group, the main shareholder (combined stake with JP & JD Döhle of approximately 75%), is one of the largest shipping companies worldwide. ER benefits from the Döhle Group's network, which aids fleet expansion, vessel transactions, and access to charter deals.
- **Solid financials:** ER has a solid balance sheet. The company has reduced its debt and increasing available funds for fleet potential expansion.
- **Fleet is chartered out:** The employment concept for the fleet is focused on securing sustainable income over the long term.
- **Seasoned management team:** The management board has long term experience in the shipping and finance industry
- **Efficient operation** with high utilization rates and low relative opex leads to low break even points
- **Access to Capital Markets:** Listing on the Frankfurt Stock Exchange's Scale segment provides access to investors and growth capital.

Weaknesses:

- **Reliance on the shipping segment:** The traditional, medium-sized ER Group's business activities are based on the Shipping segment.
- **Exposure to US dollar:** Average charter rates for the fleet are calculated in US dollars, exposing ER to currency fluctuations, which may impact profitability. However, a large share of the costs is also booked in US dollars.

Opportunities:

- **Exploiting Market Developments:** Identifying and exploiting opportunities is a central element of the ER Group's strategic focus.
- **Stock exchange listing:** The listing of ER on the Frankfurt Stock Exchange provides access to investors and growth capital.
- **Long-standing experience:** Long-standing shipping and financing expertise and access to international market players are a basis for the future success of the ER Group.

Risks:

- **Risks in the shipping segment:** Dependency on performance of the global economy and individual national economies.
- **Decline of charter rates:** Sharply declining charter rates and reduced fixing times might have a negative impact on the operational performance of Ernst Russ.
- **External factors** such as pandemics, oil price fluctuations, accidents or piracy

Valuation

DCF Model

The DCF model results in a **fair value of EUR 9.92 per share**:

Top-line growth: We expect Ernst Russ AG to grow revenues at a CAGR of -1.7% between 2025E and 2032E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from 26.4% in 2025E to 7.2% in 2032E.

WACC. Starting point is a historical equity beta of 1.40. Unlevering and correcting for mean reversion yields an asset beta of 1.00. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 11.0%. With pre-tax cost of borrowing at 5.0% and target debt/equity of 0.5 this results in a long-term WACC of 9.0%.

DCF (EURm) (except per share data and beta)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Terminal value
NOPAT	44.9	31.7	17.5	18.0	18.6	19.2	19.7	20.3	
Depreciation & amortization	25.0	21.2	21.5	21.4	21.4	21.4	21.5	21.6	
Change in working capital	-8.3	-5.0	-8.8	-1.1	-1.2	-1.0	-1.0	-1.1	
Chg. in long-term provisions	-4.6	-1.4	-2.1	-0.5	-0.5	-0.5	-0.5	0.1	
Capex	-25.9	-24.3	-20.8	-21.2	-21.6	-22.0	-22.5	-22.9	
Cash flow	31.0	22.2	7.3	16.7	16.7	17.0	17.2	18.0	261.8
Present value	30.2	19.9	6.1	12.8	11.9	11.2	10.4	10.1	138.8
WACC	8.0%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	9.0%

DCF per share derived from	
Total present value	251.5
Mid-year adj. total present value	261.6
Net debt / cash at start of year	-70.6
Financial assets	3.0
Provisions and off b/s debt	1.0
Equity value	334.2
No. of shares outstanding	33.7
Discounted cash flow / share	9.92
upside/(downside)	46.3%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2025E-2032E)	-1.7%
Terminal value growth (2032E - infinity)	2.0%
Terminal year ROCE	7.2%
Terminal year WACC	9.0%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	0%
Equity beta	1.40
Unlevered beta (industry or company)	1.00
Target debt / equity	0.5
Relevered beta	1.50
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	11.0%

Share price	6.78
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Sensitivity analysis DCF							
Change in WACC (%-points)	Long term growth					Share of present value	
	1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%	8.1	8.2	8.4	8.6	8.8	2025E-2028E	27.4%
1.0%	8.7	8.9	9.1	9.3	9.6	2029E-2032E	17.4%
0.0%	9.3	9.6	9.9	10.3	10.7	terminal value	55.2%
-1.0%	10.2	10.6	11.0	11.6	12.2		
-2.0%	11.4	12.0	12.6	13.4	14.4		

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 18.43 per share based on 2025E and EUR 12.31 per share on 2029E 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	2025E	2026E	2027E	2028E	2029E
EBITDA	115.3	75.2	50.9	52.0	53.0
- Maintenance capex	25.0	21.2	21.5	21.4	21.4
- Minorities	42.7	20.6	10.7	11.0	11.5
- tax expenses	2.6	1.6	1.1	1.4	1.5
= Adjusted FCF	44.9	31.8	17.6	18.1	18.7
Actual Market Cap	228.4	228.4	228.4	228.4	228.4
+ Net debt (cash)	-112.8	-132.6	-135.3	-145.4	-155.5
+ Pension provisions	0.9	0.9	0.7	0.7	0.8
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	3.0	3.0	3.0	3.0	3.0
- Acc. dividend payments	6.7	16.8	28.6	38.7	49.2
<i>EV Reconciliations</i>	-121.6	-151.6	-166.2	-186.4	-207.0
= Actual EV'	106.8	76.8	62.2	42.1	21.5
Adjusted FCF yield	42.1%	41.4%	28.3%	43.0%	87.1%
base hurdle rate	8.0%	8.0%	8.0%	8.0%	8.0%
ESG adjustment	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
adjusted hurdle rate	9.0%	9.0%	9.0%	9.0%	9.0%
Fair EV	499.4	353.5	195.5	201.0	207.6
- <i>EV Reconciliations</i>	-121.6	-151.6	-166.2	-186.4	-207.0
Fair Market Cap	621.0	505.1	361.6	387.3	414.6
No. of shares (million)	33.7	33.7	33.7	33.7	33.7
Fair value per share in EUR	18.43	14.99	10.73	11.50	12.31
Premium (-) / discount (+)	171.9%	121.1%	58.3%	69.6%	81.5%

Sensitivity analysis FV						
Adjusted hurdle rate	7.0%	22.7	18.0	12.4	13.2	14.1
	8.0%	20.3	16.3	11.5	12.2	13.1
	9.0%	18.4	15.0	10.7	11.5	12.3
	10.0%	17.0	13.9	10.2	10.9	11.7
	11.0%	15.7	13.1	9.7	10.4	11.2

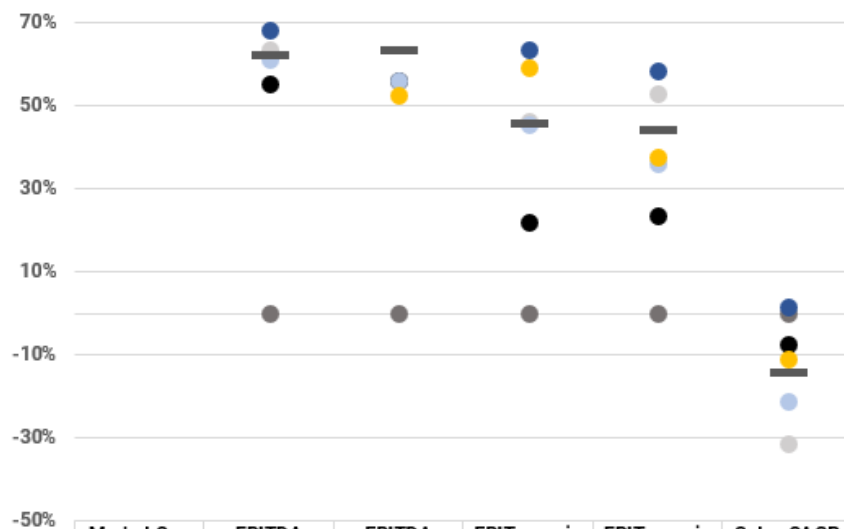
Source: Company data; mwb research

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 8.0%. 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 **Ernst Russ 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 Ernst Russ AG consists of the stocks displayed in the chart below. As of 21 August 2025 the median market cap of the peer group was EUR 916.2m, compared to EUR 228.4m for Ernst Russ AG. In the period under review, the peer group was less profitable than Ernst Russ AG. The expectations for sales growth are lower for the peer group than for Ernst Russ AG.

Peer Group – Key data



21-Aug-25

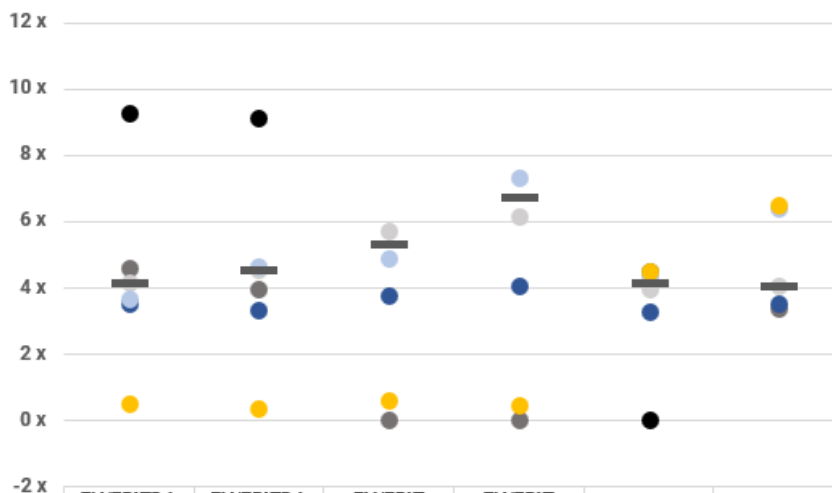
	Market Cap (EURm)	EBITDA margin 2025	EBITDA margin 2026	EBIT margin 2025	EBIT margin 2026	Sales CAGR 2024-2027
● SFL Corporation Limited	916	55,1%	55,9%	21,8%	23,5%	-7,3%
● Navios Maritime Partners LP	1.120	0,0%	0,0%	0,0%	0,0%	0,0%
● Costamare Inc.	1.144	63,5%	71,9%	46,1%	53,0%	-31,3%
● Euroseas Ltd.	378	68,1%	70,7%	63,6%	58,4%	1,5%
● MPC Container Ships ASA	708	61,0%	56,3%	45,4%	36,0%	-21,0%
● Ernst Russ AG	228	75,6%	52,5%	59,2%	37,7%	-10,9%
– Peer Group Median	916	62,3%	63,5%	45,7%	44,5%	-14,1%

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 Ernst Russ AG results in a range of fair values from EUR 3.59 to EUR 19.41.

Peer Group – Multiples and valuation



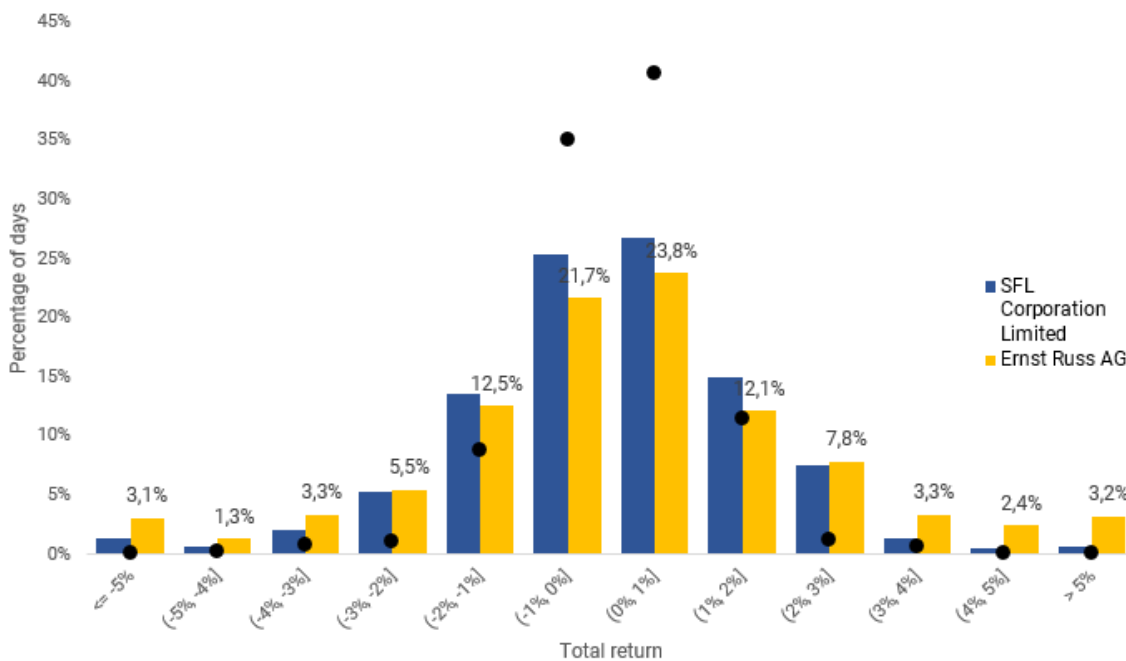
21-Aug-25	EV/EBITDA 2025	EV/EBITDA 2026	EV/EBIT 2025	EV/EBIT 2026	P/E 2025	P/E 2026
● SFL Corporation Limited	9,3x	9,1x	23,5x	21,7x	0,0x	32,2x
● Navios Maritime Partners LP	4,6x	4,0x	0,0x	0,0x	4,5x	3,4x
● Costamare Inc.	4,2x	4,5x	5,7x	6,2x	3,9x	4,1x
● Euroseas Ltd.	3,5x	3,3x	3,8x	4,0x	3,3x	3,5x
● MPC Container Ships ASA	3,7x	4,7x	4,9x	7,3x	4,3x	6,4x
● Ernst Russ AG	0,5x	0,3x	0,6x	0,5x	4,5x	6,5x
– Peer Group Median	4,2x	4,5x	5,3x	6,7x	4,1x	4,1x
Fair Value (EUR)	19,40	15,26	19,41	15,91	5,26	3,59

Source: FactSet, mwb research

Risk

The chart displays the **distribution of daily returns of Ernst Russ AG** over the last 3 years, compared to the same distribution for SFL Corporation Limited. 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 Ernst Russ AG, the worst day during the past 3 years was 03/06/2024 with a share price decline of -10.6%. The best day was 15/03/2024 when the share price increased by 22.5%.

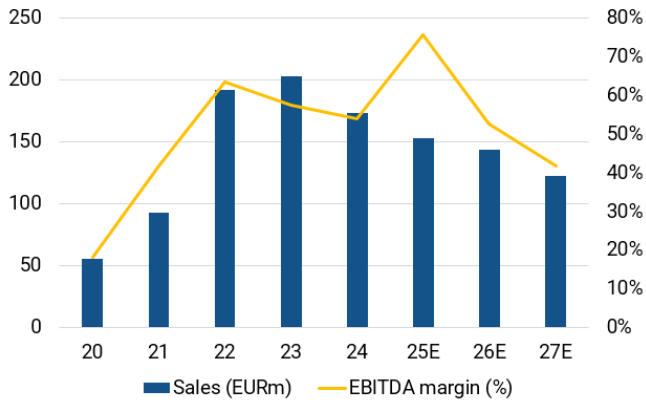
Risk – Daily Returns Distribution (trailing 3 years)



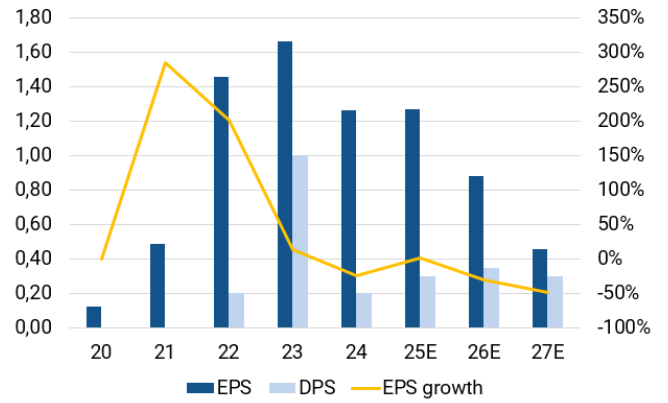
Source: FactSet, mwb research

Financials in six charts

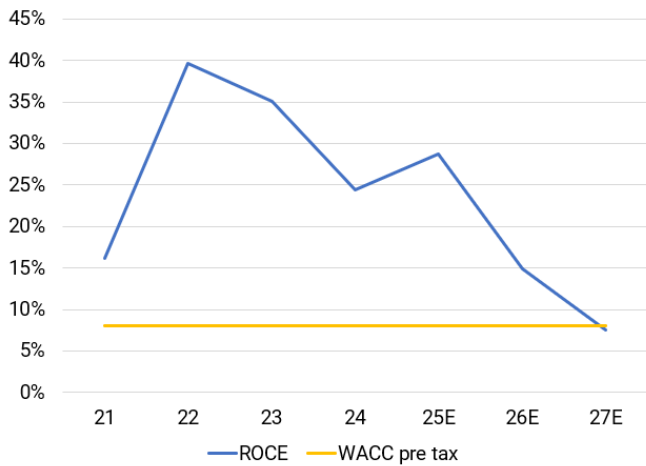
Sales vs. EBITDA margin development



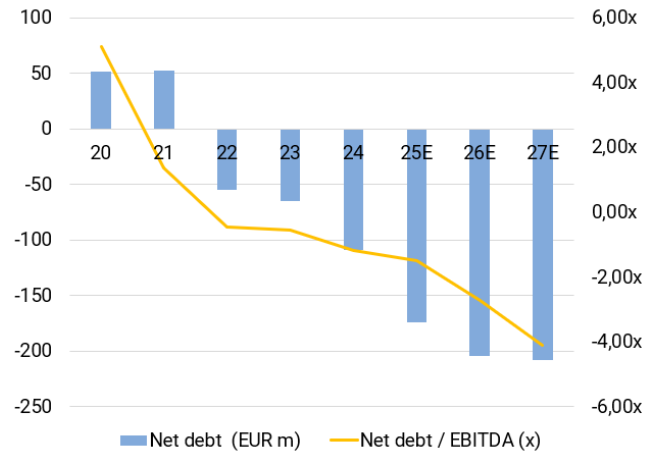
EPS, DPS in EUR & yoy EPS growth



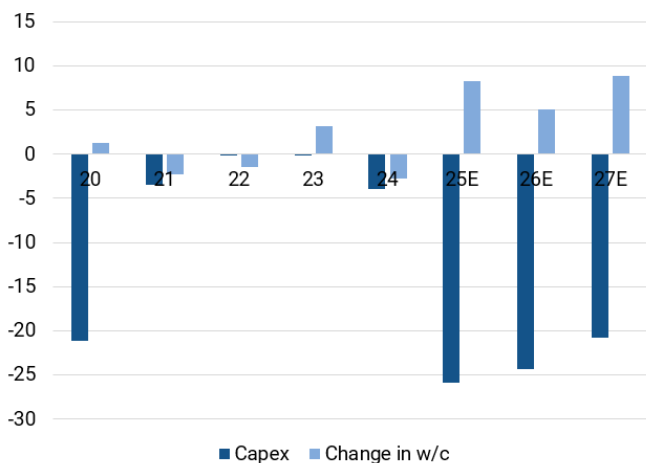
ROCE vs. WACC (pre tax)



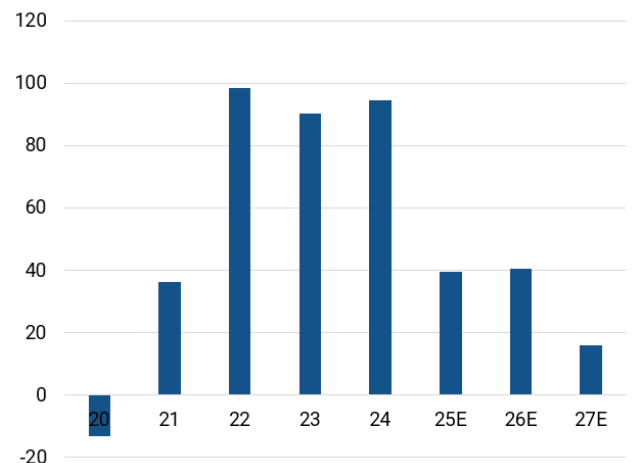
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; mwb research

Financials

Profit and loss (EURm)	2022	2023	2024	2025E	2026E	2027E
Net sales	191.7	202.7	172.7	152.5	143.1	122.2
Sales growth	107.8%	5.7%	-14.8%	-11.7%	-6.2%	-14.6%
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	191.7	202.7	172.7	152.5	143.1	122.2
Material expenses	89.7	95.0	88.7	76.3	74.7	77.1
Gross profit	102.0	107.7	84.0	76.1	68.4	45.1
Other operating income	30.7	19.6	20.4	49.8	16.7	14.3
Personnel expenses	4.8	4.8	4.3	4.6	4.3	3.7
Other operating expenses	6.2	5.9	7.1	6.1	5.7	4.9
EBITDA	121.7	116.6	93.0	115.3	75.2	50.9
Depreciation	30.6	29.2	25.3	25.0	21.2	21.5
EBITA	91.1	87.3	67.7	90.3	53.9	29.4
Amortisation of goodwill and intangible assets	1.0	0.8	0.0	0.0	0.0	0.0
EBIT	90.1	86.6	67.7	90.3	53.9	29.4
Financial result	-5.8	-4.4	5.8	-2.2	-2.2	-2.2
Recurring pretax income from continuing operations	84.3	82.2	73.5	88.1	51.7	27.2
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	84.3	82.2	73.5	88.1	51.7	27.2
Taxes	0.4	0.6	1.7	2.6	1.6	1.1
Net income from continuing operations	83.9	81.6	71.8	85.5	50.2	26.1
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	83.9	81.6	71.8	85.5	50.2	26.1
Minority interest	-36.6	-26.5	-29.3	-42.7	-20.6	-10.7
Net profit (reported)	47.3	55.1	42.5	42.7	29.6	15.4
Average number of shares	32.43	33.17	33.69	33.69	33.69	33.69
EPS reported	1.46	1.66	1.26	1.27	0.88	0.46

Profit and loss (common size)	2022	2023	2024	2025E	2026E	2027E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	0%	0%	0%	0%	0%	0%
Total sales	100%	100%	100%	100%	100%	100%
Material expenses	47%	47%	51%	50%	52%	63%
Gross profit	53%	53%	49%	50%	48%	37%
Other operating income	16%	10%	12%	33%	12%	12%
Personnel expenses	3%	2%	2%	3%	3%	3%
Other operating expenses	3%	3%	4%	4%	4%	4%
EBITDA	63%	58%	54%	76%	53%	42%
Depreciation	16%	14%	15%	16%	15%	18%
EBITA	48%	43%	39%	59%	38%	24%
Amortisation of goodwill and intangible assets	1%	0%	0%	0%	0%	0%
EBIT	47%	43%	39%	59%	38%	24%
Financial result	-3%	-2%	3%	-1%	-2%	-2%
Recurring pretax income from continuing operations	44%	41%	43%	58%	36%	22%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	44%	41%	43%	58%	36%	22%
Taxes	0%	0%	1%	2%	1%	1%
Net income from continuing operations	44%	40%	42%	56%	35%	21%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	44%	40%	42%	56%	35%	21%
Minority interest	-19%	-13%	-17%	-28%	-14%	-9%
Net profit (reported)	25%	27%	25%	28%	21%	13%

Source: Company data; mwb research

Balance sheet (EURm)	2022	2023	2024	2025E	2026E	2027E
Intangible assets (excl. Goodwill)	0.6	0.5	0.3	0.3	0.3	0.3
Goodwill	1.6	1.0	0.4	0.4	0.4	0.4
Property, plant and equipment	196.1	252.0	227.1	212.0	215.1	214.4
Financial assets	6.8	3.2	3.0	3.0	3.0	3.0
FIXED ASSETS	205.1	256.7	230.8	215.8	218.9	218.2
Inventories	1.7	2.5	2.7	2.1	2.0	2.1
Accounts receivable	4.9	2.7	2.1	2.1	2.4	3.0
Other current assets	10.4	8.3	6.7	6.7	6.7	6.7
Liquid assets	57.7	67.3	110.7	175.6	208.0	212.1
Deferred taxes	0.5	0.4	0.2	0.2	0.2	0.2
Deferred charges and prepaid expenses	2.9	2.5	1.9	1.8	1.7	1.5
CURRENT ASSETS	78.2	83.6	124.2	188.4	221.0	225.5
TOTAL ASSETS	283.3	340.3	355.0	404.2	439.9	443.7
SHAREHOLDERS EQUITY	118.0	170.7	180.8	243.6	283.7	298.0
MINORITY INTEREST	89.5	89.4	85.5	85.5	85.5	85.5
Long-term debt	3.3	2.3	2.1	2.1	4.0	4.0
Provisions for pensions and similar obligations	1.3	1.2	1.0	0.9	0.9	0.7
Other provisions	11.7	6.3	15.1	10.7	9.3	7.3
Non-current liabilities	16.2	9.7	18.2	13.7	14.2	12.1
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	5.1	3.4	2.8	2.5	2.3	2.1
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	39.5	54.2	56.6	47.3	42.9	35.4
Deferred taxes	5.7	5.8	6.3	6.3	6.3	6.3
Deferred income	9.3	7.1	4.6	5.3	5.0	4.3
Current liabilities	59.5	70.4	70.4	61.4	56.5	48.1
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	283.3	340.3	355.0	404.2	439.9	443.7

Balance sheet (common size)	2022	2023	2024	2025E	2026E	2027E
Intangible assets (excl. Goodwill)	0%	0%	0%	0%	0%	0%
Goodwill	1%	0%	0%	0%	0%	0%
Property, plant and equipment	69%	74%	64%	52%	49%	48%
Financial assets	2%	1%	1%	1%	1%	1%
FIXED ASSETS	72%	75%	65%	53%	50%	49%
Inventories	1%	1%	1%	1%	0%	0%
Accounts receivable	2%	1%	1%	1%	1%	1%
Other current assets	4%	2%	2%	2%	2%	2%
Liquid assets	20%	20%	31%	43%	47%	48%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	1%	1%	1%	0%	0%	0%
CURRENT ASSETS	28%	25%	35%	47%	50%	51%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	42%	50%	51%	60%	64%	67%
MINORITY INTEREST	32%	26%	24%	21%	19%	19%
Long-term debt	1%	1%	1%	1%	1%	1%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	4%	2%	4%	3%	2%	2%
Non-current liabilities	6%	3%	5%	3%	3%	3%
short-term liabilities to banks	0%	0%	0%	0%	0%	0%
Accounts payable	2%	1%	1%	1%	1%	0%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	14%	16%	16%	12%	10%	8%
Deferred taxes	2%	2%	2%	2%	1%	1%
Deferred income	3%	2%	1%	1%	1%	1%
Current liabilities	21%	21%	20%	15%	13%	11%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2022	2023	2024	2025E	2026E	2027E
Net profit/loss	83.9	81.6	71.8	53.5	50.2	26.1
Depreciation of fixed assets (incl. leases)	33.5	35.3	26.3	25.0	21.2	21.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	-20.1	-23.6	-2.4	-4.6	-1.4	-2.1
Cash flow from operations before changes in w/c	97.3	93.3	95.7	73.9	70.0	45.5
Increase/decrease in inventory	0.0	0.0	-0.3	0.6	0.0	-0.1
Increase/decrease in accounts receivable	0.0	0.0	0.6	-0.0	-0.3	-0.7
Increase/decrease in accounts payable	5.8	-5.5	-0.6	-0.3	-0.3	-0.1
Increase/decrease in other w/c positions	-4.3	2.3	3.0	-8.6	-4.6	-8.0
Increase/decrease in working capital	1.4	-3.2	2.7	-8.3	-5.0	-8.8
Cash flow from operating activities	98.8	90.2	98.5	65.6	64.9	36.7
CAPEX	-0.2	-0.0	-3.9	-25.9	-24.3	-20.8
Payments for acquisitions	-33.8	-98.1	0.0	0.0	0.0	0.0
Financial investments	0.8	-0.5	5.4	0.0	0.0	0.0
Income from asset disposals	45.8	26.7	5.0	32.0	0.0	0.0
Cash flow from investing activities	12.6	-71.8	6.5	6.1	-24.3	-20.8
Cash flow before financing	111.4	18.4	105.0	71.6	40.6	15.9
Increase/decrease in debt position	-72.2	13.1	-0.2	0.0	1.9	0.0
Purchase of own shares	-9.7	-5.0	0.0	0.0	0.0	0.0
Capital measures	4.2	1.9	0.0	0.0	0.0	0.0
Dividends paid	0.0	-15.6	-47.6	-6.7	-10.1	-11.8
Others	-2.9	-1.6	-18.3	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.7	-1.5	4.6	0.0	0.0	0.0
Cash flow from financing activities	-80.0	-8.8	-61.6	-6.7	-8.2	-11.8
Increase/decrease in liquid assets	31.4	9.6	43.4	64.9	32.4	4.1
Liquid assets at end of period	57.7	67.3	110.7	175.6	208.0	212.1

Source: Company data; mwb research

Ratios	2022	2023	2024	2025E	2026E	2027E
Per share data						
Earnings per share reported	1.46	1.66	1.26	1.27	0.88	0.46
Cash flow per share	2.10	1.84	2.17	1.20	1.30	0.45
Book value per share	3.64	5.15	5.37	7.23	8.42	8.85
Dividend per share	0.20	1.00	0.20	0.30	0.35	0.30
Valuation						
P/E	4.7x	4.1x	5.4x	5.3x	7.7x	14.8x
P/CF	3.2x	3.7x	3.1x	5.6x	5.2x	15.1x
P/BV	1.9x	1.3x	1.3x	0.9x	0.8x	0.8x
Dividend yield (%)	2.9%	14.7%	2.9%	4.4%	5.2%	4.4%
FCF yield (%)	31.0%	27.1%	32.0%	17.8%	19.1%	6.6%
EV/Sales	0.9x	0.8x	0.7x	0.4x	0.2x	0.2x
EV/EBITDA	1.4x	1.4x	1.3x	0.5x	0.3x	0.4x
EV/EBIT	1.9x	1.9x	1.8x	0.6x	0.5x	0.7x
Income statement (EURm)						
Sales	191.7	202.7	172.7	152.5	143.1	122.2
yoy chg in %	107.8%	5.7%	-14.8%	-11.7%	-6.2%	-14.6%
Gross profit	102.0	107.7	84.0	76.1	68.4	45.1
Gross margin in %	53.2%	53.1%	48.6%	49.9%	47.8%	36.9%
EBITDA	121.7	116.6	93.0	115.3	75.2	50.9
EBITDA margin in %	63.5%	57.5%	53.9%	75.6%	52.5%	41.6%
EBIT	90.1	86.6	67.7	90.3	53.9	29.4
EBIT margin in %	47.0%	42.7%	39.2%	59.2%	37.7%	24.0%
Net profit	47.3	55.1	42.5	42.7	29.6	15.4
Cash flow statement (EURm)						
CF from operations	98.8	90.2	98.5	65.6	64.9	36.7
Capex	-0.2	-0.0	-3.9	-25.9	-24.3	-20.8
Maintenance Capex	30.6	29.2	25.3	25.0	21.2	21.5
Free cash flow	98.6	90.1	94.6	39.6	40.6	15.9
Balance sheet (EURm)						
Intangible assets	2.2	1.5	0.8	0.8	0.8	0.8
Tangible assets	196.1	252.0	227.1	212.0	215.1	214.4
Shareholders' equity	118.0	170.7	180.8	243.6	283.7	298.0
Pension provisions	1.3	1.2	1.0	0.9	0.9	0.7
Liabilities and provisions	16.2	9.7	18.2	13.7	14.2	12.1
Net financial debt	-54.5	-65.0	-108.6	-173.5	-204.0	-208.1
w/c requirements	1.5	1.7	2.0	1.7	2.1	3.0
Ratios						
ROE	71.1%	47.8%	39.7%	35.1%	17.7%	8.8%
ROCE	40.3%	32.1%	23.8%	26.4%	14.1%	7.4%
Net gearing	-46.2%	-38.1%	-60.1%	-71.2%	-71.9%	-69.8%
Net debt / EBITDA	-0.4x	-0.6x	-1.2x	-1.5x	-2.7x	-4.1x

Source: Company data; mwb research

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