Ernst Russ AG

Germany | Transport & Logistics | MCap EUR 192.0m

1 April 2025

INITIATION

Mastering the boom-bust cycle with resilience; Initiate with BUY

BUY (none)

Target price	**EUR 10.00** (na)
Current price	EUR 5.70
Up/downside	75.4%

ResearchHub

SCAN ME

What's it all about?

We initiate coverage of Ernst Russ AG (ER) with a BUY recommendation and a PT of EUR 10.00 offering an upside potential of 75.4%. ER, founded in 1893, is an international shipowner operating at the intersection of asset management, shipping operations, and financial services. The company currently manages a fleet of 26 vessels valued at c. USD 460m. ER's resilience in the competitive shipping industry is underpinned by financial strength, operational efficiency, and a long-term charter strategy. Despite short-term headwinds, ER is well-positioned for future growth, expecting healthy over the cycle ROCE of ~25% and over the cycle (10 yrs.) FCF generation of > EUR 40m p.a. The company's hidden reserves, indicated by a 50% disparity between market and book value of assets, further suggests significant untapped value, particularly as ER is now entering a phase of active portfolio management.

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Ernst Russ AG

Germany | Transport & Logistics | MCap EUR 192.0m | EV EUR 84.5m

BUY (none)

Target price	**EUR 10.00** (INITIATION)
Current price	EUR 5.70
Up/downside	75.4%

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Mastering the boom-bust cycle with resilience; Initiate with BUY

More than 130 years of history. Ernst Russ AG (ER), an international shipowner with a rich history dating back to 1893, operates at the intersection of maritime asset management, shipping operations, and financial services. The company currently manages a fleet of 26 fully consolidated vessels valued at c. USD 460m, including 24 container ships, 1 bulk carrier, and 1 multipurpose vessel.

The resilient one ER has established itself as a resilient player in the competitive shipping industry, distinguished by its financial strength and operational efficiency. The company's substantial cash reserves and diversified fleet composition provide flexibility in navigating market fluctuations. In addition, ER's long-term charter strategy and comparably low break-even levels enhances earnings visibility and stability way into FY26 – a crucial element in the cyclical shipping industry. Finally, its tight knit relationship with major shareholder Döhle, provides unrivaled access to know-how, financing and network of the entire spectrum of the maritime shipping landscape.

Long term gain but short term pain Despite short-term headwinds from geopolitical tensions and the cooling global economic, ER is well-positioned for sustainable earnings in a structurally growing market. The company's resilient business model and strong financial foundation are expected to generate decent returns (over the cycle ROCE of ~25% and substantial FCF, even as charter rates tend to normalize. In addition, its financial cushion and the backing of a strong shareholder should help it to seize market opportunities as they arise, whether in the form of further additions to its fleet or in reducing complexity by buying out minority stakes.

Untapped hidden reserves The company's substantial cash reserves, combined with stable revenue streams and robust cash generation from long-term charters, contribute to an attractive risk-adjusted valuation. Moreover, the hidden reserves in ER's balance sheet, evidenced by a substantial 50% disparity between market value and book value of assets, suggest significant untapped value for investors, particularly as ER is now entering a phase of active portfolio management. The recent tragic accident involving MV Solong has temporarily overshadowed the near-term outlook, but initial assessments indicate a potentially neutral or even positive financial impact due to comprehensive insurance coverage. As such, we initiate coverage with a BUY and a PT of EUR 10.00, implying an upside potential of over 70%.

Ernst Russ AG	2022	2023	2024	2025E	2026E	2027E
Sales	191.7	202.7	172.7	158.0	148.2	126.6
Growth yoy	107.8%	5.7%	-14.8%	-8.5%	-6.2%	-14.6%
EBITDA	121.7	116.6	93.0	118.3	77.8	52.6
EBIT	90.1	86.6	67.7	93.3	56.5	30.9
Net profit	47.3	55.1	42.5	44.2	31.1	16.3
Net debt (net cash)	-54.5	-65.0	-108.6	-177.6	-209.6	-214.2
Net debt/EBITDA	-0.4x	-0.6x	-1.2x	-1.5x	-2.7x	-4.1x
EPS reported	1.46	1.66	1.26	1.31	0.92	0.48
DPS	0.20	1.00	0.20	0.30	0.35	0.30
Dividend yield	3.5%	17.5%	3.5%	5.3%	6.1%	5.3%
Gross profit margin	53.2%	53.1%	48.6%	49.9%	47.8%	36.9%
EBITDA margin	63.5%	57.5%	53.9%	74.9%	52.5%	41.6%
EBIT margin	47.0%	42.7%	39.2%	59.0%	38.1%	24.4%
ROCE	40.3%	32.1%	23.8%	27.0%	14.5%	7.7%
EV/Sales	0.7x	0.6x	0.5x	0.1x	-0.1x	-0.2x
EV/EBITDA	1.1x	1.1x	0.9x	0.1x	-0.2x	-0.4x
EV/EBIT	1.5x	1.5x	1.2x	0.2x	-0.3x	-0.7x
PER	3.9x	3.4x	4.5x	4.3x	6.2x	11.8x

Source: Company data, mwb research

Source: Company data, mwb research

High/low 52 weeks	7.80 / 4.62
Price/Book Ratio	1.1x

Ticker / Symbols

ISIN	DE000A161077
WKN	A16107
Bloomberg	HXCK:GR

Changes in estimates

		Sales	EBIT	EPS
2025E	old	158.0	93.3	1.31
	Δ	0.0%	0.0%	0.0%
2026E	old	148.2	56.5	0.92
	Δ	0.0%	0.0%	0.0%
2027E	old	126.6	30.9	0.48
	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)	14,754

Major shareholders

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

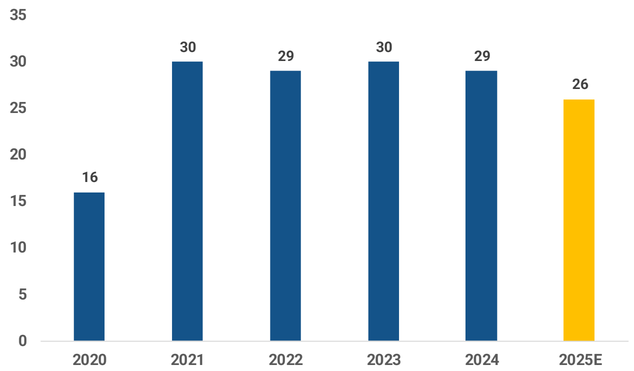
Company description

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.

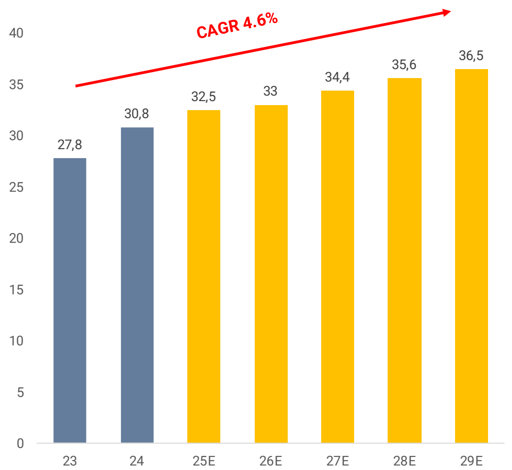
Investment case in six charts

Products & Services

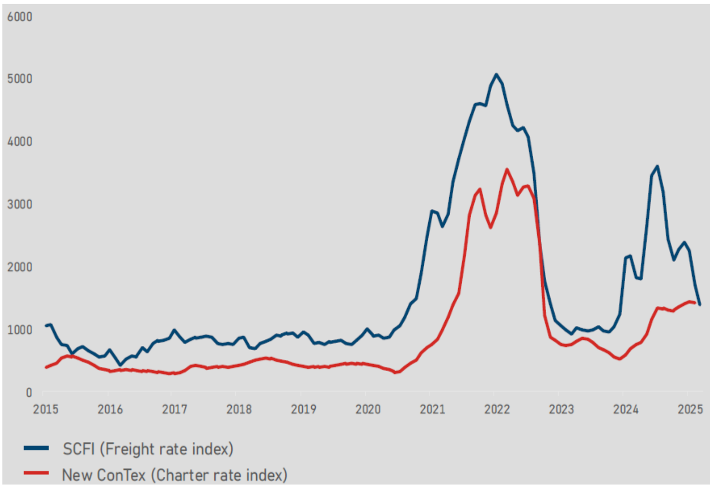
Number of fully consolidated ships (YE data)



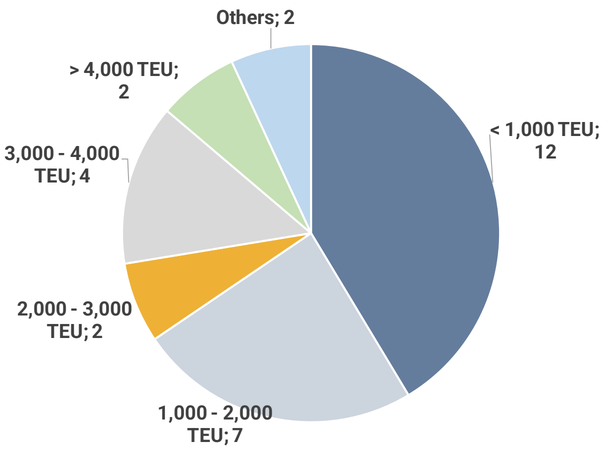
Nominal capacity addition (net in TEUm)



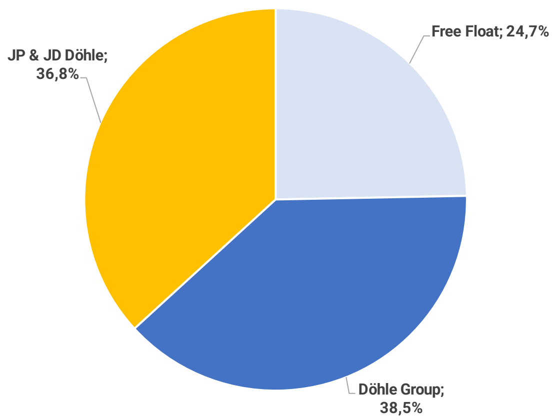
Charter and freight rates



Size category per 31.12.2024



Major Shareholders



Source: Company data; mwb research AG, DHL, Clarksons,

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Company background

Business model

Ernst Russ AG ("ER"), is an international shipping company based in Hamburg, Germany. With roots, dating back to 1893, the company operates at the intersection of maritime asset management, shipping operations, and financial services.

Impressions

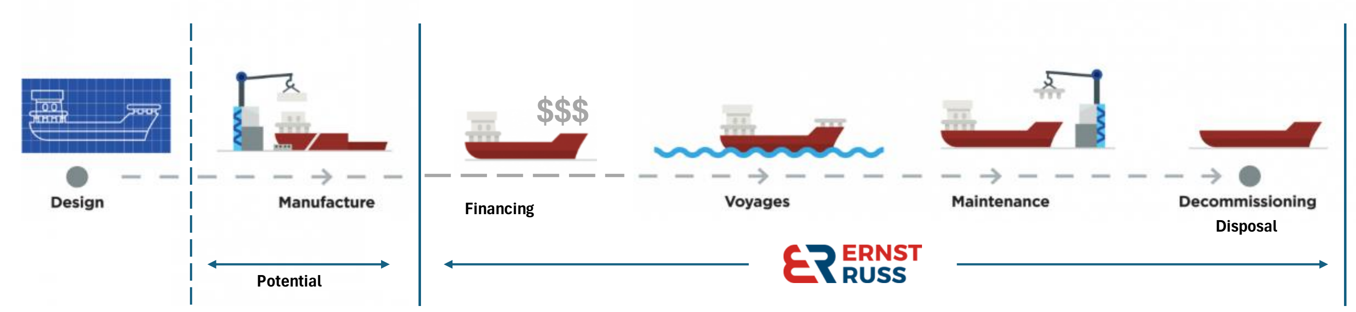
Source: Company data; mwb research AG

Pure play shipping company

After having disposed its real estate business in 2020 and major parts of its Management Services division in H1 2023, ER's business model effectively revolves around its shipping segment, making it a pure play shipping company. Operating its own fleet of vessels – generally in cooperation with strategic partners – thus form the core of ER's revenue generation. At present, the company owns and manages a fleet of vessels (both inhouse and with strategic partners) worth c. USD 460m (market value), including container ships, bulk carriers, and multipurpose vessels. ER oversees the entire lifecycle of ship investments, from

- acquisition and financing to
- insurance,
- technical management,
- crewing, and marketing strategies as well as
- decommissioning or disposals

Life cycle -Ship operator

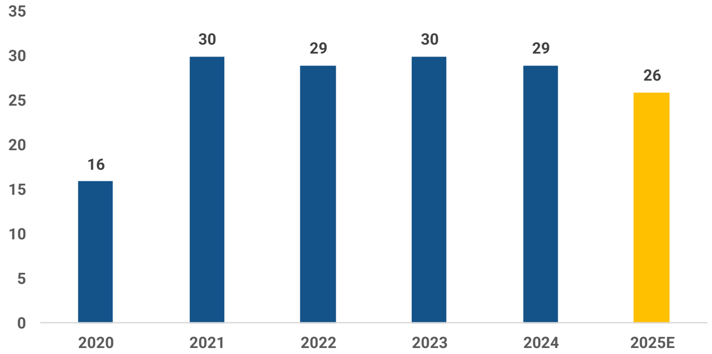


Source: www.atlanticcouncil.org; mwb research AG

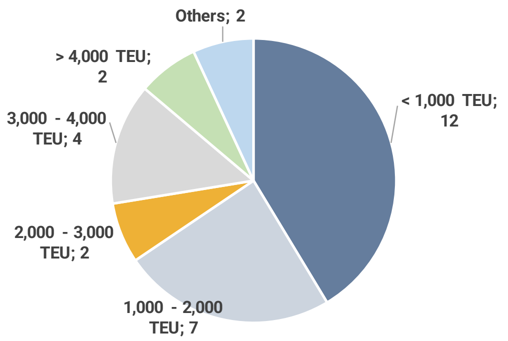
In general, ER has an agnostic approach to portfolio management. This means that ER would potentially invest in all types of vessels as well as across all size classes. In addition, ER would potentially also invest in new ship buildings should the opportunity arise.

ER aims to generate long-term stable income through sustainable and future-proof shipping projects. As per 31.12.2024, ER managed 29 (2025E: 26) vessels, primarily focusing on container ships with capacities ranging from 700 to 4,200 TEU. The fleet composition is further enhanced by the inclusion of two larger container vessels, boasting capacities of approximately 6,600 (ESL Wasl) and 13,400 TEU (Rome Express) respectively, whereas the ESL Wasl has been disposed in March '25. Additionally, ER's portfolio extends beyond container ships, incorporating a Handysize bulker with a deadweight tonnage (dwt) of 40,000 dwt and a versatile multi-purpose vessel. This varied fleet structure allows the company to cater to different segments of the maritime shipping market, providing flexibility and resilience in its operations.

Number of fully consolidated ships (YE data)



Size categories per 31.12.2024



Source: Company data; mwb research AG

Operating model

ER primarily earns money through its container ship chartering business. The company chartes its shipping fleet to other companies in the shipping industry, mainly called "the charterer". Ship chartering is the process of hiring a ship temporarily for transporting goods (or passengers), typically involving a contract between the charterer and the shipowner. The relationship between the shipowner and a charterer is defined by a charter party, a contract for the hire of a vessel.

The **shipowner** is the officially registered owner of the vessel, with the key responsibility of investing capital in the acquisition and maintenance / repair of their vessels, insurance, registration, and seaworthiness. Besides the capital costs, the ship owner provides the ship including the crew and has to pay the operational expenses (opex). In return, the ship owner receives a charter rate from the charterer.

The **charterer**, on the other hand, pays the voyage (e.g. bunker, port or canal expenses as well as other cargo related handling expenses). The charterers primary focus is to find, negotiate and agree on freight rates with the **shipper**.

Relationship Charterer, Ship owner and Shipper

Source: https://www.merchantnavydecoded.com/ship-chartering, mwb research

Key aspects of ER's revenue and earnings model therefore directly and indirectly linked to

Charter revenue: The company's main income source is from chartering out its container ships, with earnings directly tied to charter rates in the market.

Fleet management: Ernst Russ actively manages its fleet, acquiring new vessels and divesting older ones to maintain an efficient and competitive fleet.

Cost management: The company focuses on controlling operating costs (opex), which has helped maintain profitability even when charter rates decline.

Diversification: While primarily focused on container shipping, Ernst Russ has expanded its fleet to include different vessel sizes, ranging from < 1,000 TEU to 13,400 TEU capacity ships.

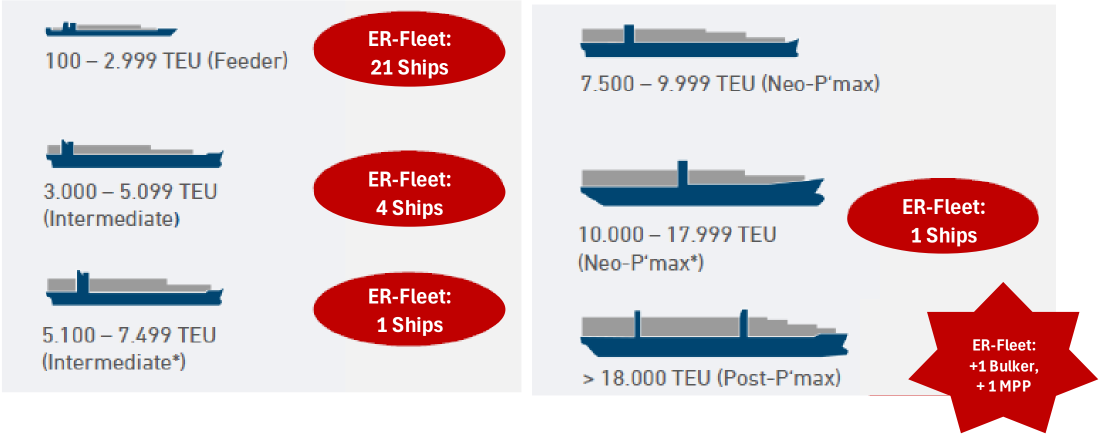
The constantly developing fleet of ER operates worldwide and transports all kinds of goods and merchandise around the globe. The extensive maritime traffic network of the ER fleet connects the largest export markets worldwide – the routes pass China, South East Asia, the USA, Europe, the Indian subcontinent and almost every other corner of the globe.

Example route of the bulker RUBINA

Source: Company data; mwb research AG

The majority of the vessels sailing for the ER Group belong to the feeder ship segment. These vessels link the most important deep-sea ports, where the largest container vessels (>20,000 TEU) can land, with the smallest seaports or hinterland traffic. They play a systemically relevant role in maintaining trade, particularly in the Hub and Spoke operating model of the global shipping industry.

Container ship classes per 31.12.2024



Source: Company data; mwb research AG

Hub and Spoke

The Hub and Spoke principle is a fundamental model in the global shipping industry that optimizes the movement of cargo across the world. This system revolves around strategically located central ports (hubs) that act as major transshipment points, connected to smaller regional ports (spokes).

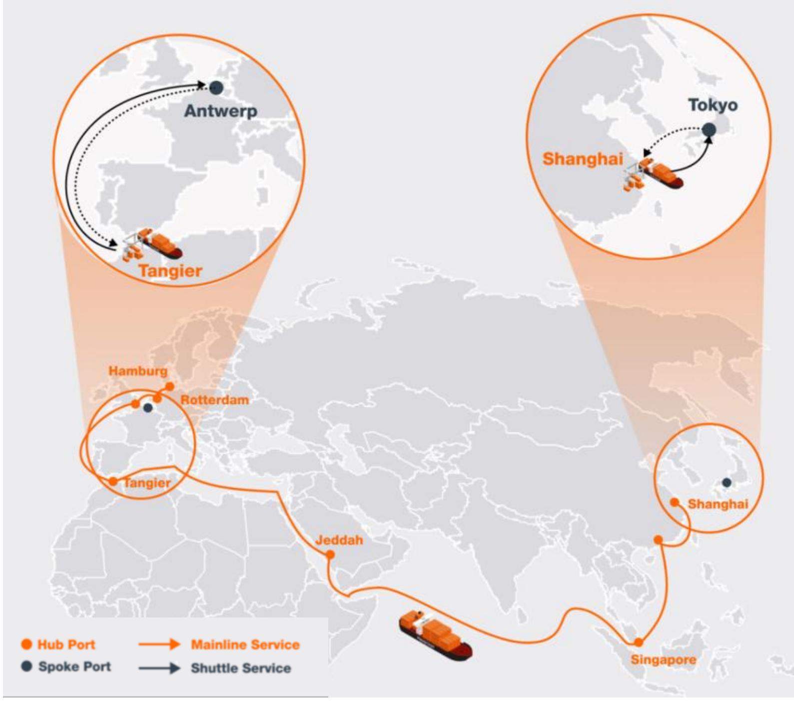
How the Hub and Spoke system works

Collection at spoke ports: Containers are loaded at smaller, regional ports and transported by feeder vessels to a central hub.

Sorting at hub ports: Cargo from multiple spoke ports is received, unloaded, and sorted based on final destinations.

Distribution to final destinations: Sorted cargo is either loaded onto larger vessels heading to other international hubs or smaller feeder ships bound for regional spokes.

Hub-and-Spoke vizualization



Source: Hapag Lloyd; mwb research AG

The Hub and Spoke system offers several advantages for the global shipping industry. It enhances cost efficiency by focusing on fewer, larger routes between hub ports, allowing shipping companies to deploy larger vessels that carry more containers at a lower cost per unit. This model also maximizes vessel capacity, as large mainline vessels are utilized on the busiest routes between hubs, ensuring optimal use of resources. Additionally, the system improves service frequency by centralizing operations around hub ports, enabling more regular services on key routes, which benefits supply chain management. Furthermore, the Hub and Spoke model provides flexibility, as feeder services can be adjusted to accommodate changes in demand or disruptions without impacting the entire network. These advantages make the system a cornerstone of modern shipping logistics.

The following table displays ER's majority owned shipping fleet per end of 2024, incl. capacity, both measured in TEU and dwt.

		Capacity				Capacity	
Name	**Ship Type**	**TEU**	**DWT**	**Name**	**Ship Type**	**TEU**	**DWT**
Rome Express	Container	13.400	153.514	Bakkafoss	Container	1.025	12.970
ESL Wasl*	Container	6.589	81.002	Faith	Container	917	10.700
Venetia	Container	4.178	52.788	Andante*	Container	868	11.433
EF Olivia	Container	3.091	42.200	Trouper	Container	868	11.200
Hebe	Container	3.091	42.213	Visitor	Container	862	11.181
Lodur	Container	3.091	41.800	Dream	Container	803	9.300
Rita	Container	2.785	37.213	Ido	Container	803	9.300
Frida Russ	Container	2.194	25.145	Meandi	Container	803	9.300
ESL Winner	Container	1.841	28.500	Mirror	Container	803	9.300
EF Emira	Container	1.710	24.150	Solong**	Container	803	9.300
EF Emma	Container	1.700	24.100	EF Ava	Container	698	8.168
EF Eldra	Container	1.341	17.127	Skogafoss	Container	679	8.200
Baldur	Container	1.341	17.127	Rubina	Bulker	-	39.959
EF Elena	Container	1.338	17.892	Louise Auerbach	Multi-purpose	665	12.652
Isabella B	Container	1.036	12.878				
Total	**TEU**	**59.323**					
Total	**dwt**	**790.612**					

Source: Company data; mwb research AG; * sold in 2025 ** Incident on March 10, 2025 (ongoing)

Shipping related KPI's

ER uses several key performance indicators (KPIs) to analyze its shipping operations. These KPIs highlight significant trends and developments in fleet size, asset values and operational metrics:

Shipping related KPIs		2020	2021	2022	2023	2024
Fleet size	# of vessels (fully consolidated)*	16	30	29	30	29
	Average age (yrs)	13,0	15,2	15,4	15,6	16,4
	Capacity (in TEU)	37.173	49.411	49.113	60.191	59.323
	Capacity (in dwt)	528.813	692.525	684.883	801.994	790.612
Asset and market value	Market value (EURm)	79,1	525,5	451,5	406,8	458,4
	therof Ernst Russ	*88,3*	*320,5*	*265,9*	*268,8*	*305,9*
	Debt (EURm)	52,6	78,6	15,7	28,2	15,8
	Net vessel equity value	26,50	446,92	435,77	378,66	442,66
	Gross LTV	66,5%	15,0%	3,5%	6,9%	3,4%
	Carrying amount	119,7	210,2	195,9	251,8	227,1
	Discount to marke value	151,2%	40,0%	43,4%	61,9%	49,5%
	Avg. Carrying amount per ship	7,48	7,01	6,76	8,39	7,83
Operating data	Average charter rate (USD)	8.662	15.038	19.057	20.091	17.457
	yoy change in %	na	73,6%	26,7%	5,4%	-13,1%
	Average remaining term of charterparties (months)	13,8	15,7	17,4	17,9	15,8
	Days employed	4.936	6.372	10.064	10.522	10.338
	Utilization in %	95,9%	97,9%	95,7%	95,6%	96,4%

Source: Company data; mwb research AG; * as at year end

Fleet Size

ER has been opportunistic in developing (both buying and selling) its own fleet. The **size of the fleet** has grown steadily and increased from 16 vessels in 2020 to 29 vessels at the end of 2024. In FY21, ER added a total of 14 fully consolidated vessels to its fleet.

- In February 2021, the Group acquired majority interests in two multipurpose vessels (of which one has already been sold again), each with a deadweight tonnage of approximately 12,500 tonnes.
- At the end of December 2021, a further twelve container vessels were added to the scope of consolidation. These consisted of eleven feeder vessels with a capacity of around 800 TEU and one container vessel with a slot capacity of around 1,800 TEU.

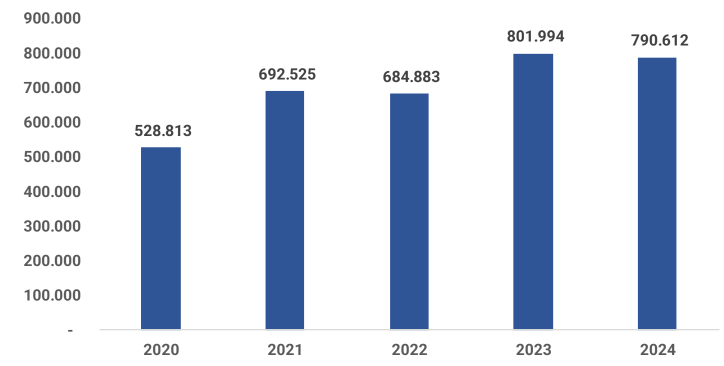
This fleet expansion in 2021 enabled ER to significantly increase its capacity. TEU capacity increased from 37,173 TEU in 2020 to 49,411 TEU in 2021, an increase of 12,238 TEU. A further significant capacity increase was achieved with the acquisition of the "Rome Express", a larger container ship built in 2010 with a capacity of 13,371 TEU. The contract for this vessel was signed in Q3 23 and the delivery toke place in July 2023.

Despite a relatively stable (net) development of ER's fleet until end of 2024, there have been changes to the fleet in Q1 2025. In March 2025, ER sold two vessels (ESL Wasl with c. 6,600 TEU and Andante with 868 TEU). In addition, an incident involving the MV Solong on March 10, 2025, resulted in a severely damaged ship. To what extent this will affect the future development of ER's fleet is currently difficult to predict. Further information on this topic can be found in the "Theme" section.

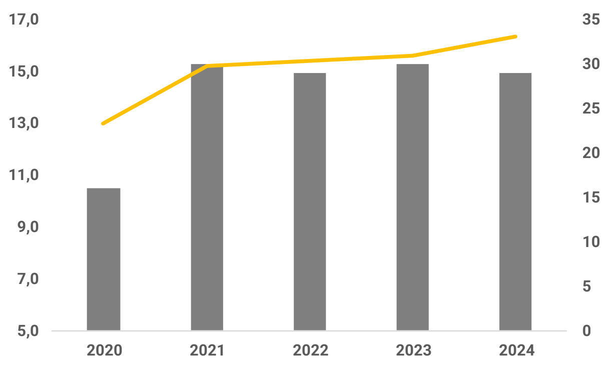
As ER invests in different segments of the shipping industry, including container ships, bulkers and multi-purpose vessels, a more comprehensive measure of capacity would be deadweight tonnage (dwt), which includes capacity beyond containerization (see chart below).

Finally, the **average age** of the Group's fleet is a relevant indicator. The average age has increased from around 13 years in 2020 to around 16 years in 2024. This makes ER's fleet a typical "mid-age" fleet, which may have reached 50% of its potential useful life. Compared to the global average, ER operates a relatively mature fleet, as the average age of the global containership fleet was reported to be 14.2 years in recent studies.

Capacity in dwt



Number of ships (grey, rs) and average age (in years, yellow, ls)

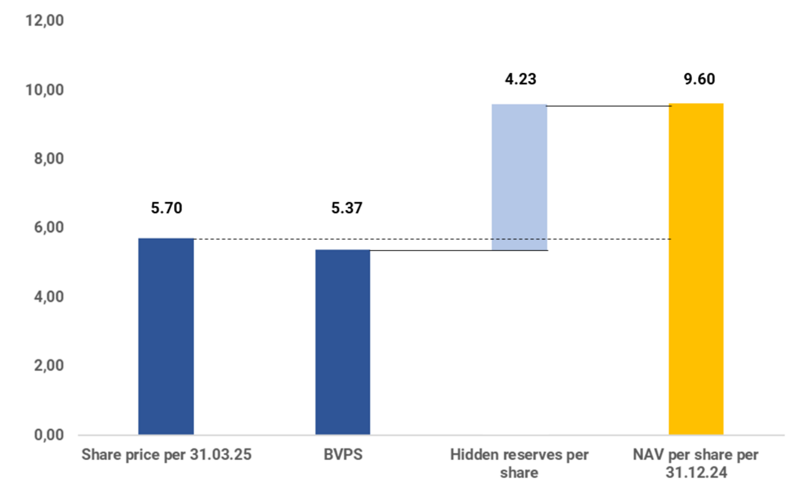


Source: Company data; mwb research AG

Asset and Market Values

ER's asset and market value metrics provide key insights into the valuation of the company's fleet. At the end of 2024, the **book value** of the fleet, which represents its historical book value on the balance sheet, was EUR 227m. However, the **market value**, which reflects the economic value of the fleet as assessed annually by an independent assessor taking into account current market conditions, is significantly higher at EUR 458m. This significant difference indicates hidden reserves of more than EUR 140m (ER share), or approximately EUR 4.23 per share. The market value of the vessels is therefore almost double their book value, highlighting the potential for future value realization.

NAV and hidden reserves per share - in EUR



Source: Company data; mwb research

Notably, ER has a remarkably strong balance sheet with more than EUR 110m in cash or cash equivalents. Shipping-related debt is a low EUR 16m, resulting in an exceptionally low **loan-to-value** (LTV) ratio of 3% for the fleet, which we believe is a significant competitive advantage over other, more indebted peers.

On average, each vessel is carried on Ernst Russ' balance sheet at a value of EUR 7-8m, a moderate amount reflecting the fact that ER's fleet is skewed towards the smaller end of the size spectrum.

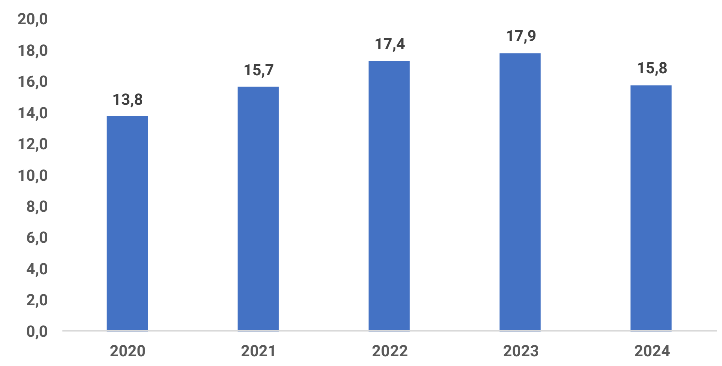
Operating data

ER's operating data reflects a dynamic yet stabilizing market environment in 2024. Following the post-pandemic surge in **charter rates**, which more than doubled, rates moderated by 13% yoy to an average of USD 17,426 per day. Despite this normalization, rates remain significantly above pre-pandemic levels, supporting the company's earnings potential.

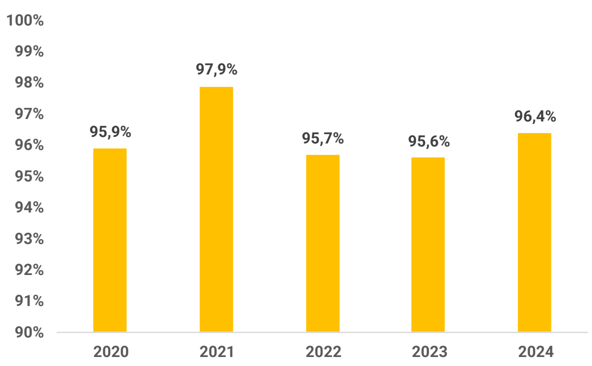
The **average remaining charter term** lengthened notably between 2020 and 2022 but has since contracted slightly, reflecting a strategic shift toward shorter-term contracts amidst evolving market conditions. Nevertheless, with an average remaining charter duration of nearly 16 months, ER retains strong financial visibility extending beyond FY25, enhancing its planning horizon. In fact, for FY25 around 84% of the ER Group's consolidated revenues is already secured through existing charterparties and we assume that 50-60% of ER's FY26 revenues are secured.

Operationally, the fleet's utilization rate remained robust at 96-98% between 2020 and 2024, a level that balances high efficiency with necessary maintenance and dry dockings to sustain vessel performance and classification. This high utilization underscores the fleet's ability to generate consistent revenue while managing significant investment requirements. Additionally, ER measures fleet productivity through cumulative days employed, which provides critical insight into operational efficiency across its portfolio. These metrics collectively highlight ER's resilience and adaptability in navigating fluctuating market conditions while maintaining stable operations and financial performance.

Average remaining term of charterparties (months)



Utilization in %

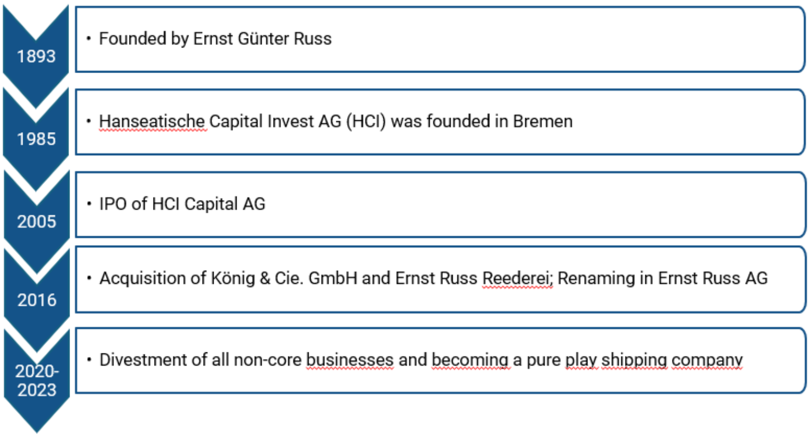


Source: Company data; mwb research AG

History

Ernst Russ AG's history spans over 130 years, tracing its roots back to 1893 when Ernst Günther Russ established himself as a shipbroker in Hamburg. The company quickly evolved into a successful shipping enterprise, benefiting from the opening of the Nord-Ostsee-Kanal in 1895.

On a separate historical path, Hanseatische Capital Invest AG (HCI) was founded in Bremen in 1985 as an issuing house specializing in ship investments. Over the years, it evolved into one of Germany's leading providers of closed-end ship funds. In 2005, HCI Holding GmbH was restructured into HCI Capital AG and successfully went public in 2005. In 2016, following the acquisition of König & Cie. GmbH and Ernst Russ Reederei, HCI Capital AG rebranded itself as Ernst Russ AG, marking a significant shift toward becoming an internationally active shipping company.



Source: Company data; mwb research AG

Management

The management team of ER consists of experienced professionals in the maritime and financial sectors. As of December 2024, the company's Management Board expanded to include Joseph Schuchmann, who joined as a new member with a term until December 31, 2026. Schuchmann, aged 30, brings valuable expertise from his background as a shipping merchant and his master's degree in shipping, along with several years of professional experience in European shipping companies. The existing management team includes Robert Gärtner as the CEO, who has been in his role since March 1, 2019, and Thomas Deutsch serving as Head of Finance.

Management Board



Robert Gärtner	**Joseph Schuchmann**	**Thomas Deutsch**
Executive Board, CEO	Executive Board, CCO	Head of Finance

Source: Company data; mwb research AG

Robert Gärtner has been a member of the Executive Board of Ernst Russ AG since March 2019, serving as Chief Executive Officer. Previously, he was a member of the company's Supervisory Board from June 2016 to February 2019. A trained industrial manager and company accountant, Robert Gärtner has held numerous financial management positions in both group and medium-sized companies over the course of his 50-year career. Robert Gärtner joined INTERSCHALT maritime Systems AG as a partner and member of the Executive Board in 2006. He led the company from supplying the shipbuilding industry to becoming a leading provider of software and services in the maritime industry.

Joseph Schuchmann has been a member of the Executive Board of Ernst Russ AG since December 2024, serving as Chief Commercial Officer. Prior to joining the company, Joseph Schuchmann was involved in corporate development at various European ship-owners, most recently at a publicly listed company on the Oslo Børs in Norway. After training as a shipping merchant, Joseph Schuchmann studied Technology and Management at the Technical University of Munich, as well as Shipping, Trade & Finance at Cass Business School in London.

Thomas Deutsch has held an executive position within the Ernst Russ Group for over 16 years. As Head of Finance, he is responsible for the areas of accounting, tax, controlling, IT, business development, and investor relations. As an authorized signatory and member of the management team, he is involved in all operational and strategic decisions of the Group. Before joining the Ernst Russ Group, Thomas Deutsch worked at one of the large, international auditing firms for seven years after completing his studies in business administration.

The company's Supervisory Board is chaired by **Harald Christ**, with **Jochen Thomas Döhle** as the Deputy Chairman, and includes members **Ingo Kuhlmann** and **Robert Lorenz-Meyer**.

Shareholders

ER is listed on the Hanseatic Stock Exchange Hamburg and is trading in the Scale segment of the Frankfurt Stock Exchange. As of March 2025, the company has c. 33.7m shares outstanding

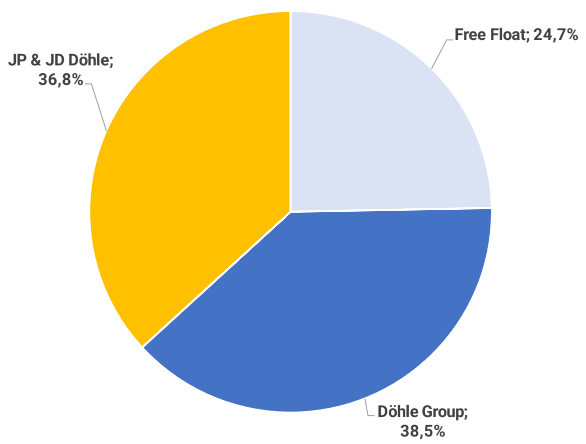
The ownership structure is characterized by significant insider holdings, with the **Döhle Group and JP & JD Döhle** being the largest single shareholders, controlling c. 39% and 37% respectively. Both shareholders combined control in total 75% of the outstanding shares. The Döhle Group is one of the largest private shipping group's globally, which covers, next to their own fleet of ships on the water, all relevant services for the modern shipping business. Among other businesses, they control two of the biggest exclusive container brokerages globally. The free float thus stands at c. 25%, indicating a relatively concentrated ownership structure. ER is not currently included in any major stock indices, which is typical for a company of its size and market segment.

For the fiscal year 2022, ER offered its shareholders a scrip dividend for the first time. A scrip dividend is an alternative form of dividend payment that provides shareholders with additional shares in a company instead of the usual cash dividend. In total, approximately 71% of the share capital opted to receive their dividend in the form of shares, strengthening the company's equity by approximately EUR 4.6m. EUR 1.9m was distributed to shareholders who preferred cash to shares. Based on the acceptance rate, 1.07m new shares were issued, which increased the number of outstanding shares by approximately 3.3% to 33.5m.

Notably, the company also offered an attractive dividend for FY23 of EUR 1.00 per share. As in the previous year, shareholders were able to chose between a cash dividend or in the form of newly issued shares. This time round, only c. 3% of the outstanding share capital opted for additional shares (189,000) whereas all other received a cash dividend of – in total – EUR 32.5m. Consequently, ER' shares outstanding increased to c. 33.7m.

For FY24 the management board and supervisory board will propose a cash dividend of EUR 0.20. Based on today's share price, the dividend still offers an attractive dividend yield of 3.4%. In our view, this highlights the solid financial capital structure of the group and shareholder friendly dividend policy. ER might therefore be of particular interest to income-focused investors, seeking attractive and stable dividend yields.

Major Shareholders



Source: Company data; mwb research AG

Quality

The shipping value chain explained

The relationship between **cargo owners**, **freight forwarding agents**, **global liner shipping companies**, and **ship owners** is a complex network of interactions that facilitates the global transportation of goods. To understand who the customers of ER are, it is essential to examine the connections between these parties.

The shipper, or the cargo owners, such as large retailers like IKEA, Zalando, Amazon or adidas need to transport goods from production centers, often in Asia, to consumer markets in Europe or other regions and vis versa. These cargo owners typically do not handle the logistics themselves but instead rely on **freight forwarding agents**, such as Schenker or Kühne & Nagel. Freight forwarders act as intermediaries, searching for optimal shipping routes, negotiating prices, and ensuring compliance with documentation requirements like customs regulations. Their role is critical in managing the operational and administrative aspects of international shipping.

Once the freight forwarders have determined the best options for transporting the cargo, they book space on vessels operated by **global shipping companies**. These companies specialize in organizing regular shipping services and often own fleets consisting of hundreds of ships. They provide capacity for various types of cargo, including containerized goods and bulk commodities. Major players in this sector include CMA CGM, Cosco, Maersk or Hapag-Lloyd.

While many shipping companies operate their own vessels, they also frequently charter additional capacity from **independent ship owners** like ER to meet demand. Ship owners provide vessels under charter agreements that can range from single voyages to long-term contracts. This arrangement allows liner companies to scale their operations flexibly without committing to owning all the ships they utilize.

In this setup, ship owners like ER maintain direct contractual relationships with these shipping companies. These agreements define the terms under which ships are leased, including duration and operational conditions. By chartering vessels to liner companies, ship owners play a vital role in supporting the global supply chain while remaining distinct from direct interactions with cargo owners or freight forwarders.

This interconnected system ensures efficient global trade by leveraging specialized roles: cargo owners focus on their core business; freight forwarders manage logistics; liner shipping companies organize transport routes; and ship owners provide critical vessel capacity.

Shipping value chain

Source: mwb research

Competitive landscape

It is therefore visible, that ER is acting in a complex competitive landscape within the maritime industry. Generally speaking the industry is characterized by **significant capital requirements** for acquiring and managing ships, creating significant barriers to entry. Besides the high investment costs, long (order) lead times of new capacity and volatile demand lead to a constant shift in bargaining power between players.

Similarly, the availability of alternative shipping options or investment opportunities must be taken into account, as well as price sensitivity in a highly competitive market.

Finally, on the supplier side, ER faces shipyards for vessel construction and maintenance, fuel suppliers, and technology and equipment providers. While the limited number of specialized shipyards may increase their power, fluctuating operating expenses can significantly impact costs.

In our view, ER's **established position** since 1893 as an international ship owner and maritime investment manager provides a competitive advantage, making it challenging for new entrants to acquire the necessary fleet, develop industry expertise, and navigate complex regulatory environments. In addition, the **diversified fleet** of ER, consisting of container ships, bulkers and multi-purpose vessels, but also in terms of different size categories helps to balance the buying power by serving different market segments. The structures and **personal contacts** built up over decades also help to weather cyclical ups and downs. In particular, **access to the international network of the Döhle Group** is an immense competitive advantage for ER, as it guarantees financing, operational support as well as access to all parts of the value chain within the shipping industry.

Customers

As a shipowner and operator, ER leases its fleet of 26 vessels to global charterers. The fleet includes container vessels ranging from 700 TEU to 13,400 TEU as well as bulk carriers serving containerized cargo and dry bulk customers. While specific charterers are not named in public disclosures, the company's focus on mid-size container vessels implies partnerships with logistics companies and feeder service providers operating in Europe, Asia and emerging markets.

As such, typical customers could well be the world's major container shipping lines. Indeed, most of these customers operate large fleets, often a mix of owned vessels and third party charter capacity.

#	Container shipping company	# of ships	Capacity TEUm
1	Mediterranean Shg Co	890	6,4
2	APM-Maersk	735	4,5
3	CMA CGM Group	664	3,8
4	Cosco Shipping Co Ltd	519	3,4
5	Hapag-Lloyd	300	2,4
6	Ocean Network Express (ONE)	257	2,0
7	Evergreen Line	226	1,8
8	Zim Integrated Shipping Services Ltd	130	0,8
9	SITC International Holdings Co., Ltd	117	0,2
10	Wan Hai Lines	111	0,5

Source: Handelsblatt according to Alphaliner; as per Mach 2025

The role of ship brokers

The shipping industry is characterized by close personal contacts and relationships, due to the a manageable number of active players evolving around the ca. 60.000 cargo ships currently trading internationally. As these players are scattered globally, business is often done through shipbrokers, which facilitate transactions and build trust among the parties of a transaction. The transactions brokered are mostly the booking of cargo, chartering of ships and the sale&purchase of ships. Ship brokers receive a commission for their services, depending on the transaction volume, typically around 1%.

The Döhle Group is one of the largest private shipping group's globally, which covers, next to their own fleet of ships on the water, all relevant services for the modern shipping business. Among other businesses, they control two of the biggest exclusive container brokerages globally.

Competitive advantages

The maritime industry is characterized by a tight-knit community where personal relationships and trust play crucial roles. ER benefits significantly from its **partnership with the Döhle Group**, one of the largest privately held shipping companies globally and co-owner of two of the biggest exclusive container brokerages globally. In our view, this provides ER with a substantial advantage in market access and deal flow. This connection, combined with ER's **agility as a smaller player**, allows the company to capitalize on market opportunities whenever they arise. The firm's well-connected major shareholder offers access to an extensive network of charterers, banks, and investors, enhancing its competitive position. This, coupled with ER's **robust balance sheet** enables it to act opportunistically during market fluctuations without the pressure of forced selling during downturns. Additionally, the company's access to capital markets further strengthens its financial flexibility. While larger industry players may be challenging to compete with directly, ER's focused approach and strategic partnerships allow it to carve out a niche in the maritime investment and asset management sector.

Competitive advantages

Long history	Credibility, know how and network
Diversified fleet	Counteracting cyclically changing demand pattern
Partnership with Döhle	Access, know how and financial support
Agile	Ability to act swiftly to changing market conditions
Robust balance sheet	Opportunistic approach to expand fleet
Efficient operation	High utilization rates and relatively low opex lead to low break-even points

Source: mwb research AG

SWOT analysis

Strengths

- **Experienced management team:** The management board has experience in the shipping and finance industry and has been with the company for many years. Robert Gärtner has been CEO since March 2019.
- **Main shareholder with strong 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 financial profile:** 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.
- **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 and management services:** 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

Growth

Market growth

ER operates within a multi-billion-dollar industry characterized by substantial scale and above-average growth rates. To accurately assess ER's market potential, it is essential to conduct a thorough analysis of its primary growth levers and market dynamics. Employing a top-down approach, we have identified the following (non exhausting) key growth drivers:

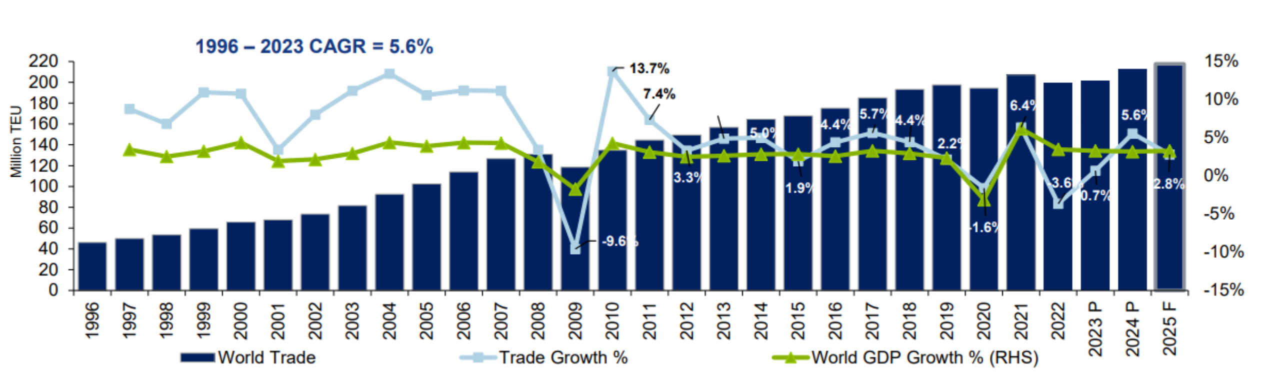
1. Global trade expansion
2. Sustained e-commerce boom
3. Technological advancements and
4. Infrastructure investments

These factors collectively contribute to the ongoing evolution and expansion of the global shipping industry, positioning it for continued growth in the foreseeable future.

Global trade with above average growth rates

Global trade, specifically containerized trade, has seen substantial development in the past. From 1996 to 2023, the industry experienced a compound annual growth rate (CAGR) of 5.6%, thereby outgrowing overall world GDP which grew by approximately 4.5% in the same period.

World container trade 1996-2025



Source: https://ir.navios-mlp.com/static-files/0ce63f67-223d-4ac1-be4c-f8d2274f8bf5

However, the historical data reveal significant volatility in containerized trade growth over the past decades. The industry has demonstrated a pronounced cyclical nature, characterized by periods of contraction followed by robust recoveries. Most notably, the global financial crisis of 2008 precipitated a severe contraction of 9.6% in containerized trade volumes. This downturn was succeeded by a remarkable rebound, with growth rates surging to 13.7% in 2010 and maintaining strong momentum at 7.4% in 2011. More recently, the industry faced another significant challenge with the onset of the COVID-19 pandemic, resulting in a 1.6% contraction in 2020. However, the sector's resilience was evident in the swift recovery observed in 2021, with growth rebounding to 6.4%. The subsequent deceleration in growth rates in 2022, coinciding with the geopolitical tensions arising from the conflict in Ukraine, further underscores the industry's susceptibility to external shocks and its cyclical nature.

Going forward, the containerized trade sector is poised for continued growth in the coming years, albeit at varying rates according to different market analyses. Projections indicate a CAGR ranging from 3.1% to 4.2% for the period 2025-2030, with the Asian market potentially posting the largest contribution to overall growth.

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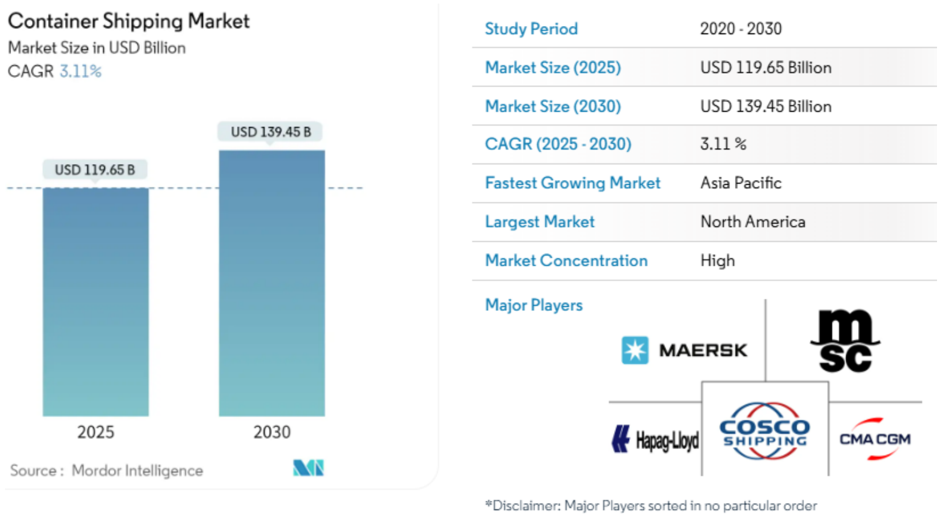
Development of the global container shipping market



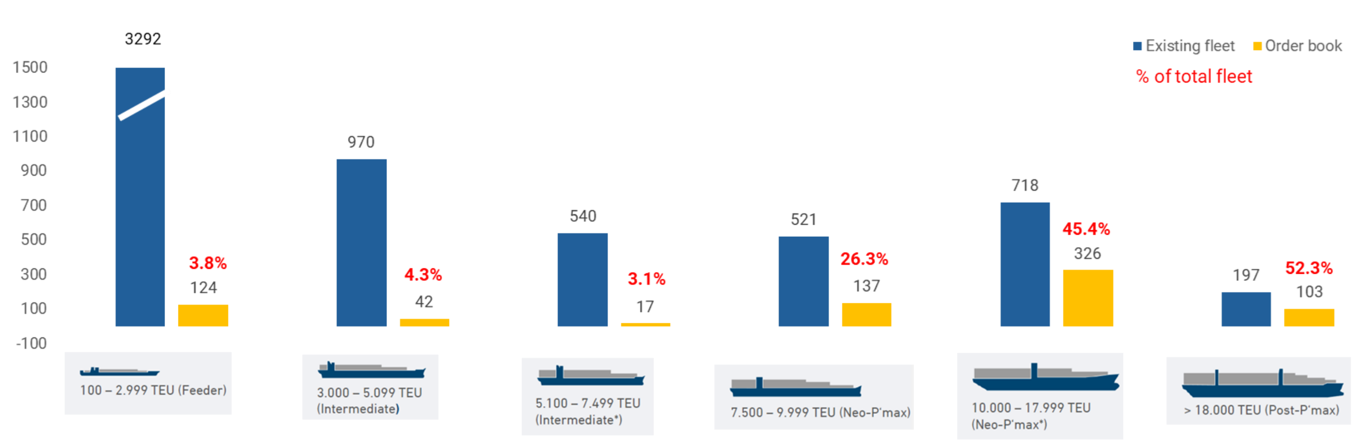
Source: www.mordorintelligence.com

Highly cyclical industry

While long-term containerized demand is projected to exhibit robust growth, it is crucial to note that the industry is characterized by pronounced cyclicality. These cycles are influenced by a multitude of exogenous factors, including geopolitical conflicts, pandemics, oil price fluctuations, and global economic and demographic trends. Moreover, the industry's inherent "boom-bust cycles" are further amplified by extended lead times for new capacity additions and the aging of the existing global fleet, which leads to capacity reductions as vessels reach the end of their operational lifecycle. These factors collectively render short-term fluctuations, both positive and negative, challenging to predict with precision.

The graphic provides a detailed analysis of the container ship order book segmented by ship class, highlighting significant differences in capacity adjustments across vessel categories. While smaller ship classes have relatively modest order volumes, representing only 4–7% of their current fleet capacity, larger vessel classes exhibit a stark contrast, with new orders accounting for 25–44% of existing capacity. This disparity suggests that smaller vessel categories are less likely to face risks of overcapacity, whereas the larger containership segments may experience tendencies toward oversupply in the near future. Additionally, the data reflects an overarching industry trend toward the deployment of increasingly larger and more efficient vessels, driven by economies of scale and the pursuit of enhanced operational efficiency.

Existing fleet, order book by ship class

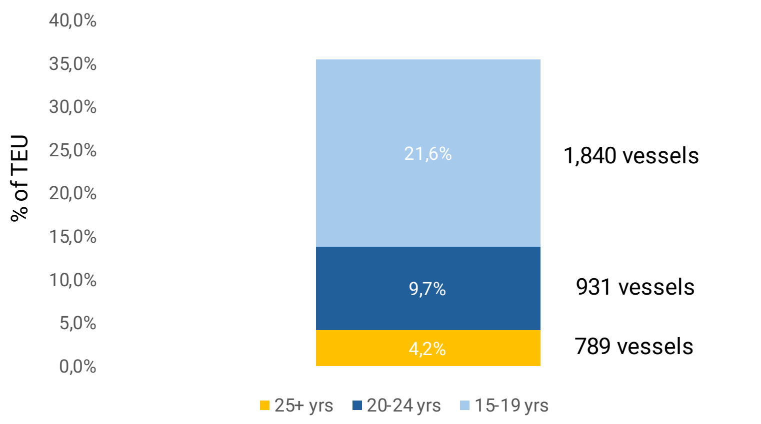


Source: Company data according to Alphaliner Monthly Monitor 02/2025; mwb research

Ship age

The global container shipping industry has reached a critical juncture in its lifecycle. According to recent BIMCO data, the average age of containerships has peaked at 14.2 years, the highest level since 2010, indicating a maturing fleet. In fact the chart below displays that nearly 14% of the global containership fleet consists of vessels aged 20+ years. This aging trend is particularly pronounced in smaller vessel segments, with even 76% of ships older than 20 years falling in the sub-2,999 TEU category. The industry's order book, however, suggests a strategic pivot towards fleet renewal and capacity expansion, with 750 new vessels slated for delivery by the end of 2025 (see chart above). This influx of newbuilds, primarily focused on larger vessel classes, is poised to reshape the industry's age profile and operational efficiency. The impending fleet rejuvenation, coupled with the introduction of vessels designed for slow steaming and alternative fuels, is likely to enhance the sector's energy efficiency and environmental performance. However, the mismatch between orderbook composition and the age distribution across vessel sizes may lead to segment-specific supply-demand imbalances, potentially impacting freight rates and asset values in the coming years.

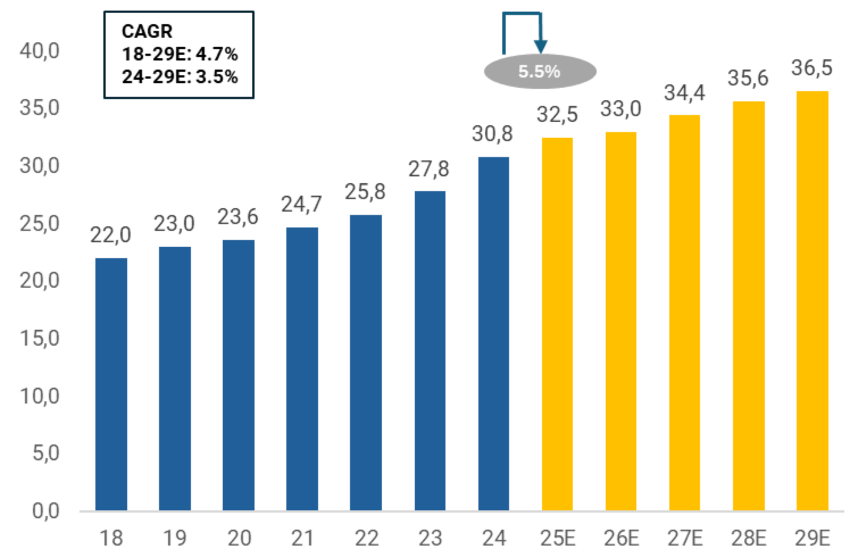
Containership fleet age profile



Source : Navios; mwb research

Overall, over the long term, net capacity additions are expected to be broadly in line with overall demand growth rates in the container shipping market. While in the short term nominal net capacity additions may exceed market demand (see graph below), the long-term CAGR of 3.5% up to 2029 is much more in line with the long-term growth of containerized trade, which is expected to grow at a CAGR of 3-4% over the same period. However, as highlighted above, short-term imbalances between supply and demand - whether in the form of overcapacity or undersupply - can lead to market volatility. In addition, the different age distribution of vessel sizes can also lead to segment-specific supply/demand imbalances. In our view, these dynamics underscore the importance of closely monitoring industry developments in order to anticipate and effectively mitigate potential disruptions.

Nominal capacity addition (net in TEUm)



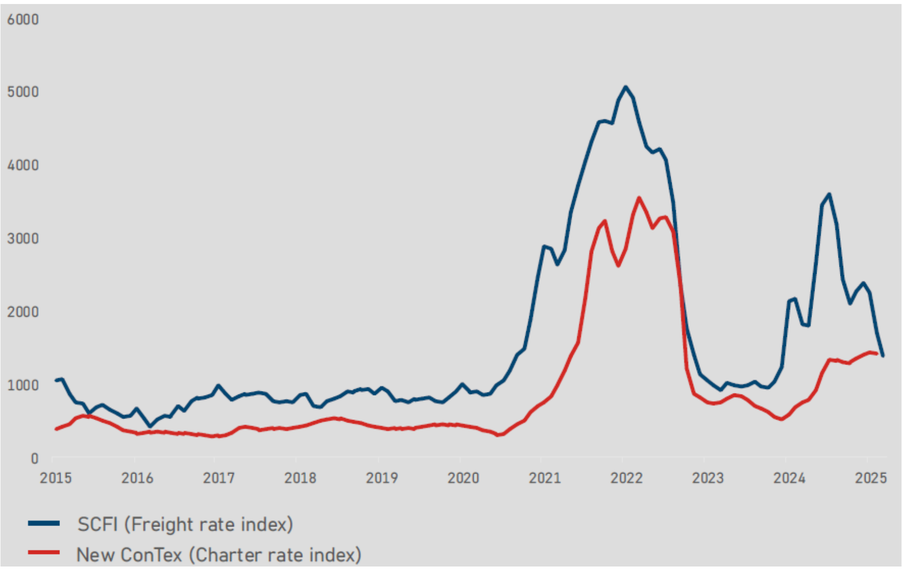
Source : DHL ; mwb research

Charter rates – the market's self-correction

The market's self-correcting mechanism is effectively facilitated through transparent pricing, primarily in the form of charter rates. Consequently, charter rates can exhibit significant year-over-year volatility, as evidenced in 2022 when a confluence of factors, including supply chain disruptions in the post-pandemic era and the Ukraine conflict, drove charter rates up by as much as 70% year-over-year.

This cyclical nature and sensitivity to external factors underscore the importance of robust risk management strategies and adaptive business models within the container shipping industry.

Development of freight and charter rates



Source: Ernst Russ according to "The Maritime Overview" – Issue 2025 03, Clarksons (03/2025).

Growth at Ernst Russ

Sales

In our view, the sales development at ER in particular is a function of several parameters. These are

a) Size of its ship fleet
b) Development of charter rates
c) USD development
d) Utilization rate measure by the number of days employed

Even though ER is strategically planning to expand its **fleet**, we are not including any further potential additions (nor divestments) in our forecasts at this time. Instead, we are planning with just 26 ships from 2025 onwards (2024: 29), reflecting the two vessels disposed in March 2025 (ESL Wasl and Andante) as well as the recently damaged "Solong", which we believe is likely not to be operational any longer. For more details on this topic, see the "Theme" section.

Charter rates, in turn, are a key driver of future revenue growth. Although ER benefits from relatively comfortable durations in terms of charter rates (currently around 16 months), we believe that rates could normalize to a certain extent in the coming months. However, it should be noted that geopolitical events will have a significant impact on charter rates. For example, the safe passage through the Suez Canal could quickly drive rates down again. An expansion of the conflict or other trouble spots around the world, on the other hand, could lead to a further increase in freight rates. In principle, however, we see increased pressure on charter rates due to the short-term increase in new capacities given increased construction activities in recent years.

As far as efficiency indicators are concerned, we are planning for continued high **capacity utilization**. However, dry docking periods are likely to lead to some volatility in capacity utilization, as vessels have more or less fixed repair and maintenance intervals (usually every 5 years), which are necessary to maintain the ship class. We therefore see some volatility in our revenue and earnings expectations due to the temporary repair and maintenance intervals.

Overall, in our detailed forecast period (2025-2027), we therefore expect a **CAGR decline in revenues of around 10%,** mainly due to

- a reduction in ER's fleet from 29 vessels in 2024 to 26 in 2025E (two sold and one damaged)
- a decline in medium-term charter rates, from around USD 17,500 in 2024 to USD 14,700 in 2027E, as we expect the conflict with the Houthi rebels potentially to be resolved in the medium term.
- However, short-term charter rates should hold up well at ER, as long-term charters cover 84% of 2025 revenues and still 50-60% of 2026 revenues (mwb est.)
- Moderate decline in utilization rates, as we forecast a disproportionately high number of vessels in dry docking in the next 2-3 years (mwb est.: 1 in '25; 5 in '26 and 7 in '27).

However, it should be noted that further ship acquisitions/disposals or minority buy-outs could have a significant impact on the company's future revenue performance. We therefore view our current estimates as a base case scenario that could provide further impetus for growth.

in EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Shipping sales	37,5	81,3	183,5	195,5	166,8	154,0	144,2	122,6
Others	18,1	11,0	8,2	7,2	5,9	4,0	4,0	4,0
Group Sales	**55,6**	**92,3**	**191,7**	**202,7**	**172,7**	**158,0**	**148,2**	**126,6**
yoy chg in %	na	66,1%	107,7%	5,7%	-14,8%	-8,5%	-6,2%	-14,6%
Charter rate (USD)	8.662	15.038	19.057	20.091	17.457	17.632	17.279	14.687
yoy chg in %	na	73,6%	26,7%	5,4%	-13,1%	1,0%	-2,0%	-15,0%
Avg USD	1,05	1,05	1,05	1,08	1,08	1,08	1,08	1,08
Charter rate (EUR)	8.238	14.303	18.125	18.569	16.164	16.326	15.999	13.599
# of vessels	**14**	**18**	**29**	**30**	**29**	**26**	**26**	**26**
Days employed	4.936	6.372	10.064	10.522	10.338	9.432	9.016	9.016
in%	95,9%	97,9%	95,7%	95,6%	96,4%	97,7%	95,0%	95,0%

Source: Company data; mwb research AG

EBITDA

ER's earnings development on the other hand is a function of

- Number of ships
- Ship opex and dry docking costs
- USD development
- Gains or losses from vessel disposals

Ship opex includes various costs associated with the day-to-day operation of a vessel. The main components of ship opex are crew wages and travel expenses, maintenance, insurance and administrative costs.

Dry docking costs on the other hand are significant expenses in the maritime industry, encompassing various components related to the maintenance, repair, and inspection of a vessel. The main elements of dry docking costs include dry docking fees, repair and maintenance costs and classification surveyors' costs. Dry docking costs are generally rather volatile and can therefore have a significant impact on earnings performance in individual years. As a rule of thumb, dockings are usually mandatory every 5 years for class renewal.

The following chart displays the development of ER's EBITDA per day and ship, based on the average charter rates and opex / dry docking costs. It becomes evident that ER's ship operation boasts a relatively **low break-even point**, which is a crucial advantage in the highly cyclical shipping industry, as the company would still manage to remain profitable even if charter rates were reduced to approx. half of their current levels.

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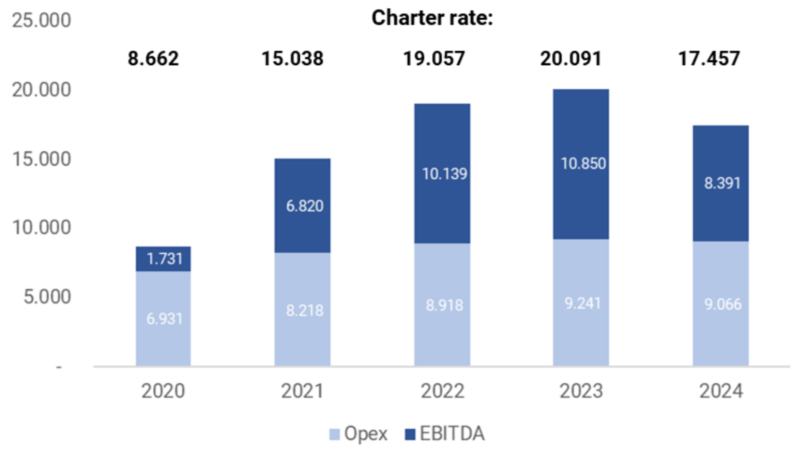
EBITDA, opex and charter rate - in USD p.d. per ship



Source: Company data; mwb research AG

In addition to the daily EBITDA contribution from ER's fleet, the company actively manages its portfolio by expanding its fleet when prices are favorable and selling vessels when attractive prices can be achieved. Consequently, alongside the regular EBITDA from its existing fleet, Group EBITDA is impacted **by extraordinary gains or losses from vessel disposals.**

In 2025 for example, Group EBITDA is expected to rise significantly due to significant book gains of EUR 32m from the sale of two vessels. Thereafter, however, Group EBITDA is projected to normalize to EUR 55-77m in 2026-2027, driven by declining charter rates and fluctuating operational expenses influenced by varying dry-docking schedules (mwb estimates: 1 ship in 2025, 5 in 2026, and 7 in 2027).

EBITDA in USD p.d.	2020	2021	2022	2023	2024	2025E	2026E	2027E
Charter rate	**8.662**	**15.038**	**19.057**	**20.091**	**17.457**	**17.632**	**17.279**	**14.687**
yoy chg in %	na	73,6%	26,7%	5,4%	-13,1%	1,0%	-2,0%	-15,0%
OPEX I p.d.	5.663	6.402	5.966	6.304	7.080			
OPEX II p.d.	1.268	1.816	2.952	2.937	1.986			
Total opex p.d.	**6.931**	**8.218**	**8.918**	**9.241**	**9.066**	**7.797**	**8.031**	**8.513**
yoy chg in %	na	18,6%	8,5%	3,6%	-1,9%	-14,0%	3,0%	6,0%
EBITDA	**1.731**	**6.820**	**10.139**	**10.850**	**8.391**	**9.834**	**9.248**	**6.174**

Group EBITDA in EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
# of vessels	14	18	29	30	29	26,45	26	26
Utilization rate	95,9%	97,9%	95,7%	95,6%	96,4%	97,7%	95,0%	95,0%
Total costs	33,7	51,4	89,8	93,5	88,9	68,1	67,0	71,1
Group EBITDA (Shippig)	**8,1**	**41,7**	**97,7**	**105,0**	**79,3**	**85,9**	**77,2**	**51,5**
Extraorninary gains / losse	2,0	-3,1	24,7	11,1	12,7	32,0		
Group EBITDA	**10,1**	**38,6**	**122,4**	**116,1**	**92,0**	**117,9**	**77,2**	**51,5**

Source: Company data; mwb research AG

Definition OPEX I and II:

OPEX I: Maintenance, Crewing, Insurance
OPEX II: Dry Docking, Ship Management, Administration costs, Fuel & Lubricant

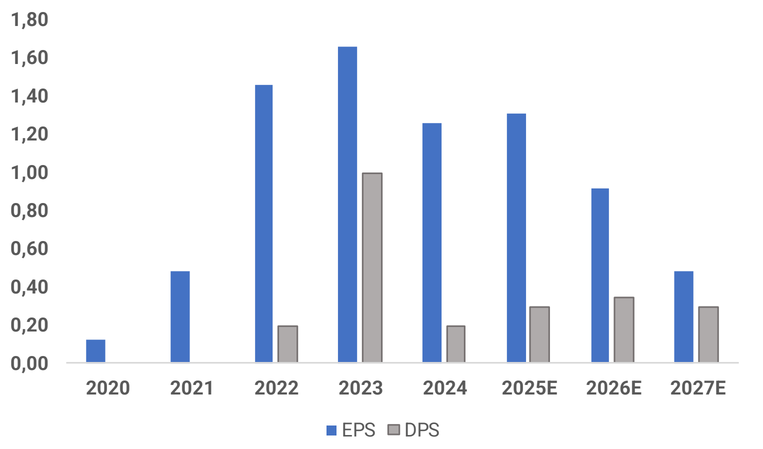
EPS and DPS

The bottom line performance of ER is likely to remain rather volatile, mirroring the volatile operating performance of the company. The following key planning parameters are additionally taken into account:

- Depreciation on the vessel portfolio averages 15-17%.
- ER maintains a strong cash position on the balance sheet, generating income from financial results.
- Shipping companies benefit from preferential taxation. The tonnage tax regime allows shipping companies to retain profits without having to pay income taxes on them. We calculate a consolidated effective tax rate of only 3-5% p.a.
- Due to various co-investment structures in individual vessels, ER carries a significant amount of minority interests on its balance sheet. Approximately 40-50% of after-tax earnings are attributable to non-controlling interests.

Notwithstanding these factors, the company's EPS is forecasted in a range of EUR 0.48-1.55 per share. According to our planning, even at the lower end of the range, this still represents a very comfortable net margin of around 12% (2027E). These earnings should therefore provide the basis for a healthy dividend payment, which we see in the range of EUR 0.30-0.35 per share or 5-6% dividend yield.

EPS vs. DPS



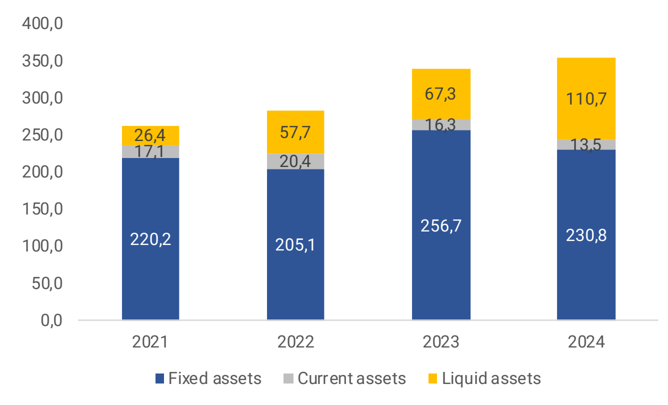
Source: Company data; mwb research AG

Balance sheet

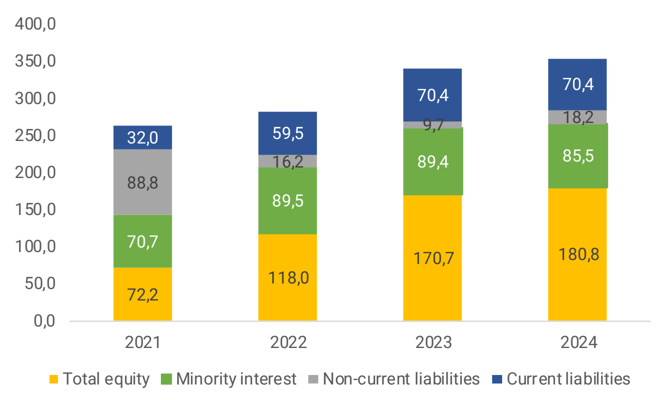
ER’s balance sheet presents a robust financial position as of year-end 2024. The company's shipping assets are valued at EUR 230m, which significantly understates their current market value. Independent appraisals estimate the market value of ER's fleet at approximately EUR 440m, indicating substantial hidden reserves of about 90% above book value.

The liability structure of ER is characterized by a strong equity position. As of December 31, 2024, total equity amounted to EUR 181mn, with an additional EUR 86m in minority interests. This translates to a solid equity ratio of 75%, which increases to 87% when including non-controlling interests. Such a robust capital structure enhances ER's financial stability and provides a foundation for potential future growth initiatives.

Balance sheet - Assets in EURm



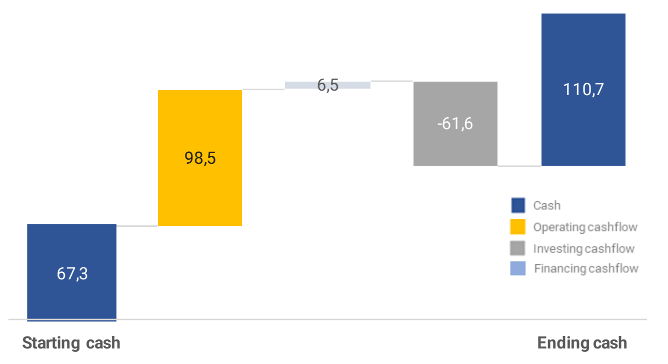
Balance sheet - Liabilities in EURm



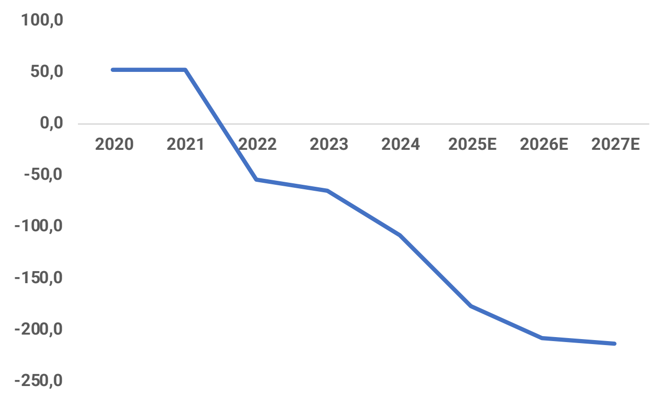
Source: Company data; mwb research AG

A notable strength is ER's liquidity position, with over EUR 110m in cash and cash equivalents. This cash-rich status provides a competitive edge against more leveraged industry peers and enables ER to capitalize on market opportunities as they arise. The company's financial flexibility potentially allows for strategic actions such as buying out minority shareholders where advantageous.

Cash flow profile in EURm



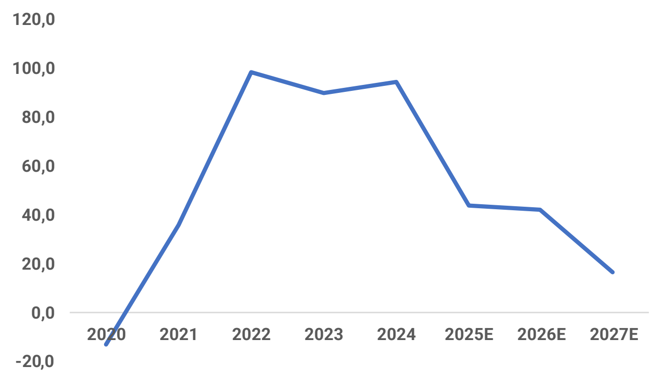
Net debt in EURm



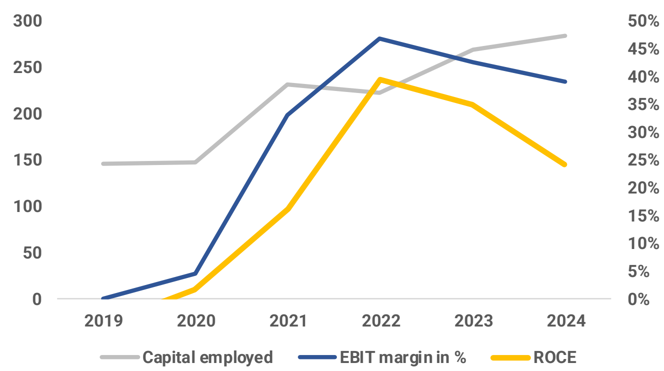
Source: Company data; mwb research AG

In sum, ER demonstrates strong cash generation capabilities, although Free Cash Flow (FCF) is somewhat volatile. Over the course of the last five years, FCF generation averaged EUR 61m, with peak FCF of close to EUR 100m in recent years. We believe the company remains well-positioned to continue generating substantial FCF, albeit at significantly lower rates going forward (mwb est. of average FCF of EUR 34m 2025-2027E). This should translate into high returns that significantly exceed its cost of capital. As a result, the company is creating sustainable shareholder value, which it is committed to either reinvesting or distributing to investors through dividend payments.

Free cash flow in EURm



Capital turn vs. EBIT margin vs. ROCE



Source: Company data; mwb research AG

Guidance

The company anticipates ongoing high demand, at least in H1/25, but expects some contracts to be renewed at lower rates. ER's FY25 guidance therefore indicates a moderate performance based on the current ship portfolio of 26 vessels. ER projects consolidated revenues for FY25 in the range between EUR 147-167m (2024: EUR 173m). Midpoint sales of EUR 157m would therefore represent a 8.5% yoy decline. mwb research estimates are within the guidance range and stands at EUR 158m.

EBIT from ship operations without consideration of vessel sales is expected to be in a range between EUR 43-73m (2024: EUR 66m). Again, midpoint EBIT of EUR 58m would therefore represent a 12% yoy decline.

In Q1 25, ER sold two vessels. At the same time, ER strategically increased its stake in three other vessels in which it already held a majority interest. Taking into account the vessel sales with capital gains on disposals totaling EUR 32m (2024: EUR 1.9m, one vessel) the forecast increases to a range between EUR 75-105m for the EBIT including vessel sales. Likewise, mwb research estimates are within the guidance range and stands at EUR 99.3m.

In addition, ER aims to reduce minority shareholdings within the group in order to simplify the existing investment structure and to further boost efficiency gains.

Theme

MV Solong incident

On March 10, 2025, the container ship MV Solong, in which Ernst Russ holds a 55% stake, suffered severe damage from a collision in the North Sea, leaving the vessel heavily burned. Investigations into the incident are ongoing, but given the extent of fire damage, it is highly unlikely that the ship can be economically restored to service. As a result, Solong has been excluded from our fleet estimates, reducing the projected fleet size to 26 vessels. Based on historical experience, it is expected that the financial impact of this incident will be largely covered by insurance, resulting in only a minimal negative effect on ER's FY25 accounts.

FY24 results

On 25 March, the company published its financial results and annual report for the year ended 31 December 2024. Despite ongoing geopolitical tensions and economic uncertainties, the company looks back on a satisfactory year. Although it was not possible to maintain the exceptionally high base of the previous year, consolidated revenue was still pleasing at EUR 173 m, with the decline of around 15% mainly due to the decline in charter rates, which normalized somewhat in 2024 after the peak of the year before last.

The company's EBIT reached a respectable level of almost EUR 68m, slightly above analysts' expectations. Net profit after tax and minority interests amounted to EUR 42.5m, equivalent to EPS of EUR 1.26. The net profit margin remained impressive at around 30%.

The company's cash generation was again a highlight. Free cash flow (FCF) for FY24 was EUR 95m. Reported net cash increased to around EUR 110m, providing the company with sufficient financial flexibility for further growth initiatives.

For the past financial year, a dividend of EUR 0.20 per share will be proposed to shareholders. While this represents a payout ratio of only 16%, it still represents an attractive dividend yield of around 3.5%. The next earnings date is scheduled for the Q1 results on 21 May.

Valuation

In order to derive at a fair value for ER we have conducted several valuation approaches. We note however that valuing real estate firms, traditional valuation techniques often provide pitfalls and hence do not 100% accurately reflect the true value of the company. These are:

1. **DCF Model**
2. **Adj. FCF yield**
3. **NAV**
4. **Peer group analysis**

The following table summarizes the potential range of fair values for ER, using the different valuation approaches.

Valuation overview in EUR

Valuation overview in EUR		Fair Value
Peer Group	blended	**13,8**
NAV	as per 31.12.24	**9,60**
Average		**9,87**
adj. FCF yield	2027/2028	**11,14-15,58**
DCF		**9,62**
EUR	7,0 8,0 9,0 10,0 11,0 12,0 13,0 14,0 15,0 16,0	

Source: mwb research; yellow: most appropriate

mwb research valuation toolbox

As discussed later, a **peer group comparison** often comes with challenges in finding the appropriate peers. More often than not, comparable companies differ quite significantly in terms of size, growth rates, profitability and/or geographical exposure. Also, different stages in the life-cycle of a company might command different risk-/reward profiles. All these elements have a significant impact on the appropriate fair value computation. We therefore deem our peer analysis as a rather inappropriate measure to derive at a fair value for ER.

The **NAV (Net Asset Value) computation** is the most common technique when it comes to real asset companies. The NAV arrives at an estimated net asset value by adding the value of the asset components and subtracting the net debt of the company. The main disadvantage is that the NAV calculation does not provide any meaningful insight into any further value creation.

Our proprietary **adj. FCF yield valuation** technique values a company on a stand-alone basis. However, the FCF yield observation is a relatively static approach where the cash flows of *one specific year* in the future will be taken as the basis for valuing the entire company, i.e. taking a private equity view, where all cash flows and earnings belong to the potential buyer. An additional pitfall is that cash flows are not discounted to today's value. Hence, the adj. FCF yield only derives at meaningful results if a company has stable future cash flows. For ER, buying, operating and occasionally selling shipping assets, steady cash flows are difficult to predict.

Our **DCF derived fair value** valuation is the most appropriate valuation method for companies in its growth phase but with "easy" to predict future cash flows. Again, Ernst Russ buys, operates and occasionally sells ships. Hence, future cash flows and growth rates are hard to predict. Consequently, we take our DCF valuation with a grain of salt when valuing ER.

mwb research

DCF Model

The DCF model results in a **fair value of EUR 9.62 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 27.0% in 2025E to 7.3% in 2032E.

WACC. Starting point is a historical equity beta of 1.40. Unlevering and correcting for mean reversion yields an asset beta of 1.05. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 11.5%. With pre-tax cost of borrowing at 5.0% and target debt/equity of 0.5 this results in a long-term WACC of 9.3%.

DCF (EURm) (except per share data and beta)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Terminal value
NOPAT	46.3	33.2	18.4	18.9	19.5	20.1	20.6	21.2	
Depreciation & amortization	25.0	21.3	21.7	21.7	21.7	21.8	21.9	22.0	
Change in working capital	-6.5	-5.2	-9.2	-1.1	-1.2	-1.0	-1.1	-1.1	
Chg. in long-term provisions	-4.2	-1.5	-2.2	-0.5	-0.5	-0.5	-0.5	0.1	
Capex	-26.9	-25.2	-21.5	-22.0	-22.4	-22.8	-23.3	-23.8	
Cash flow	33.7	22.6	7.2	17.0	17.1	17.4	17.6	18.4	257.5
Present value	31.7	19.6	5.8	12.6	11.6	10.9	10.2	9.8	129.2
WACC	8.3%	8.4%	8.4%	8.4%	8.4%	8.5%	8.5%	8.5%	9.3%

DCF per share derived from	
Total present value	241.5
Mid-year adj. total present value	251.6
Net debt / cash at start of year	-70.6
Financial assets	3.0
Provisions and off b/s debt	1.0
Equity value	324.1
No. of shares outstanding	33.7
Discounted cash flow / share	**9.62**
upside/(downside)	**68.8%**
Share price	**5.70**

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	7.3%
Terminal year WACC	9.3%

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)	1.05
Target debt / equity	0.5
Relevered beta	1.57
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	11.5%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	7.9	8.0	8.2	8.4	8.6
1.0%	8.4	8.6	8.8	9.1	9.3
0.0%	9.1	9.3	9.6	9.9	10.3
-1.0%	10.0	10.3	10.7	11.1	11.7
-2.0%	11.1	11.5	12.1	12.8	13.7

Share of present value	
2025E-2028E	28.9%
2029E-2032E	17.6%
terminal value	53.5%

Source: mwb research

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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 18.98 per share based on 2025E and EUR 12.76 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	**118.3**	**77.8**	**52.6**	**53.8**	**54.9**
- Maintenance capex	25.0	21.3	21.7	21.7	21.7
- Minorities	44.2	21.6	11.3	11.7	12.1
- tax expenses	2.7	1.6	1.1	1.5	1.6
= Adjusted FCF	**46.4**	**33.3**	**18.5**	**19.0**	**19.6**
Actual Market Cap	**192.0**	**192.0**	**192.0**	**192.0**	**192.0**
+ Net debt (cash)	-115.4	-136.2	-139.2	-149.9	-160.8
+ Pension provisions	0.9	0.9	0.8	0.8	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
EV Reconciliations	-124.2	-155.2	-170.1	-190.9	-212.2
= Actual EV'	**67.8**	**36.9**	**21.9**	**1.1**	**-20.1**
Adjusted FCF yield	**68.4%**	**90.3%**	**84.3%**	**1,700.9%**	**-97.4%**
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	**515.3**	**369.7**	**205.3**	**211.2**	**217.7**
- EV Reconciliations	-124.2	-155.2	-170.1	-190.9	-212.2
Fair Market Cap	**639.5**	**524.9**	**375.4**	**402.1**	**429.8**
No. of shares (million)	33.7	33.7	33.7	33.7	33.7
Fair value per share in EUR	**18.98**	**15.58**	**11.14**	**11.93**	**12.76**
Premium (-) / discount (+)	**233.0%**	**173.3%**	**95.5%**	**109.4%**	**123.8%**

Sensitivity analysis FV						
Adjusted hurdle rate	7.0%	23.4	18.7	12.9	13.7	14.6
	8.0%	20.9	17.0	11.9	12.7	13.6
	9.0%	**19.0**	**15.6**	**11.1**	**11.9**	**12.8**
	10.0%	17.5	14.5	10.5	11.3	12.1
	11.0%	16.2	13.6	10.0	10.8	11.6

Source: Company data; mwb research

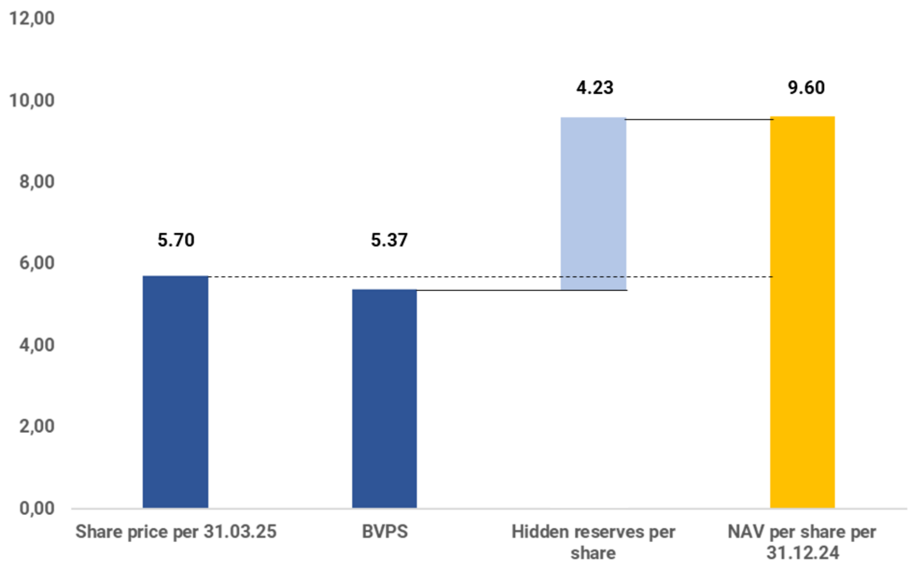
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 8.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments 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.**

Net asset value

We have conducted a Net Asset Value (NAV) calculation. This analysis not only highlights the book value per share but also reveals the hidden reserves, which arise from the discrepancy between the book value of the shipping assets and the current market value of the fleet. From this, it becomes evident that the book value per share is approximately equivalent to the current share price. However, the hidden reserve amounting to EUR 4.23 is not yet reflected in the current share price.

As of December 31, 2024, the NAV per share stood at approximately EUR 9.60, which is about 70% higher than the current share price. Furthermore, the NAV per share aligns closely with our fair value assessment of around EUR 10.00.

NAV and hidden reserves per share - in EUR

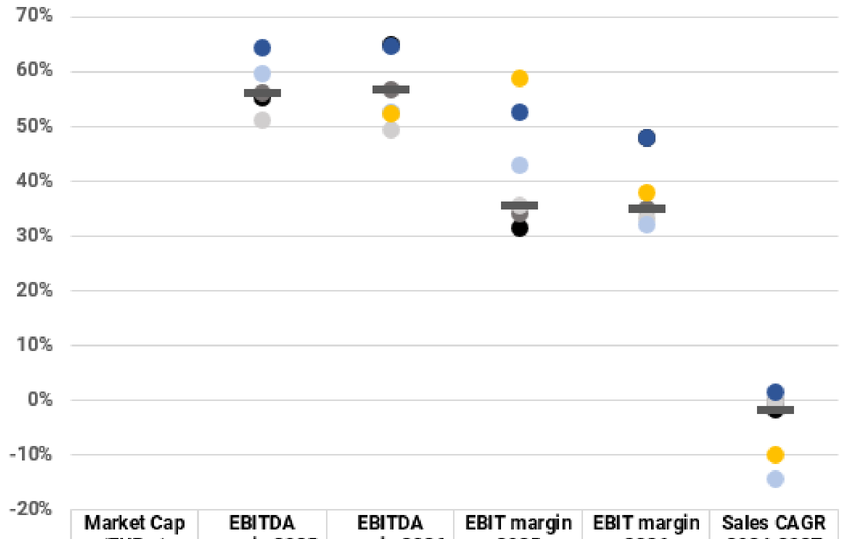


Source: Company data

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 n the below. As of 1 April 2025 the median market cap of the peer group was EUR 1,070.6m, compared to EUR 192.0m 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 higher for the peer group than for Ernst Russ AG.

Peer Group – Key data

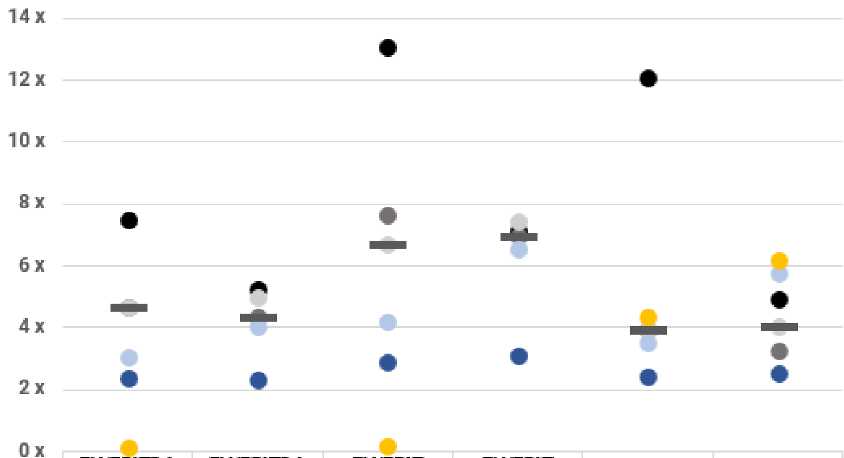


1-Apr-25	Market Cap (EURm)	EBITDA margin 2025	EBITDA margin 2026	EBIT margin 2025	EBIT margin 2026	Sales CAGR 2024-2027
● Golden Ocean Group Ltd	1.473	55,3%	65,0%	31,6%	48,0%	-1,7%
● Navios Maritime Partners LP	1.071	56,2%	56,7%	34,4%	35,2%	0,0%
● Costamare Inc.	1.093	51,3%	49,4%	35,6%	33,2%	0,0%
● Euroseas Ltd.	200	64,4%	64,8%	52,9%	48,1%	1,5%
● MPC Container Ships ASA	620	59,7%	52,6%	43,0%	32,2%	-14,3%
● Ernst Russ AG	192	74,9%	52,5%	59,0%	38,1%	-9,8%
– Peer Group Median	1.071	56,2%	56,7%	35,6%	35,2%	-1,7%

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 3.74 to EUR 23.86.

Peer Group – Multiples and valuation



1-Apr-25	EV/EBITDA 2025	EV/EBITDA 2026	EV/EBIT 2025	EV/EBIT 2026	P/E 2025	P/E 2026
● Golden Ocean Group Ltd	7,5x	5,3x	13,1x	7,1x	12,1x	4,9x
● Navios Maritime Partners LP	4,7x	4,3x	7,6x	7,0x	3,9x	3,2x
● Costamare Inc.	4,7x	5,0x	6,7x	7,4x	3,9x	4,1x
● Euroseas Ltd.	2,4x	2,3x	2,9x	3,1x	2,4x	2,5x
● MPC Container Ships ASA	3,0x	4,0x	4,2x	6,6x	3,5x	5,7x
● Ernst Russ AG	0,1x	-0,2x	0,2x	-0,3x	4,4x	6,2x
– Peer Group Median	4,7x	4,3x	6,7x	7,0x	3,9x	4,1x
Fair Value (EUR)	21,63	15,24	23,86	16,93	5,13	3,74

Source: FactSet, mwb research

The following provides a small business description of ER's listed peers:

Golden Ocean Group Ltd. engages in the ownership and operation of dry bulk vessels. It manages Newcastlemax, Capesize, Panamax, and Ultramax vessels and transports bulk commodities, including ores, coal, grains, and fertilizers. It is also involved in the charter, purchase, and sale of vessels. The company was founded on September 18, 1996 and is headquartered in Hamilton, Bermuda.

Navios Maritime Partners LP operates as a shipping and logistics company, which engages in owning and management of dry cargo and container vessels. It focuses on transport and transshipment of dry bulk commodities including iron ore, coal, and grain. The company was founded on August 7, 2007 and is headquartered in Monte Carlo, Monaco.

Costamare, Inc. is a holding company, which engages in the provision of containerships chartering. It operates through the following segments: Container Vessels, Dry Bulk Vessels, CBI, and NML. The Container Vessels segment consists of transportation of containerized products through ownership and trading of container vessels. The Dry Bulk Vessels segment includes dry bulk commodities transportation services. The CBI segment charters-in/out dry bulk vessels and enters contracts of affreightment, FFAs and may also utilize hedging solutions. The NML segment acquires and bareboat charters out the acquired vessels to the respective seller-lessees of the vessels. The company was founded by Konstantinos Vasileios Konstantakopoulos in 1974 and is headquartered in Monaco.

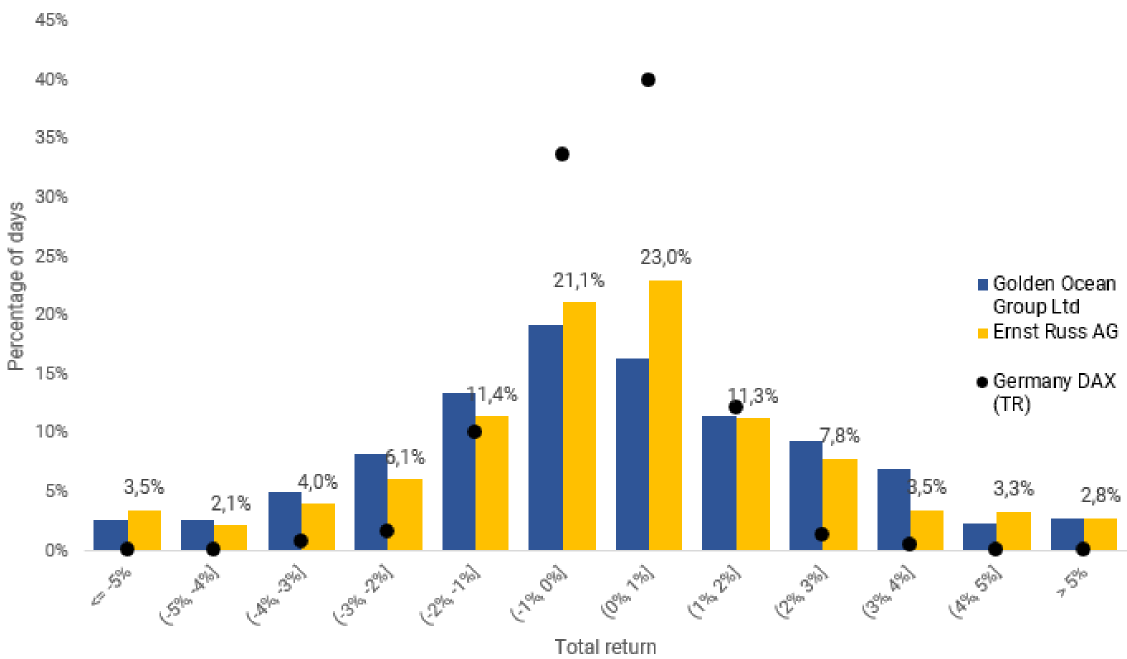
Euroseas Ltd. is a holding company, which engages in the provision of ocean-going transportation services. It operates containerships that transport dry and refrigerated containerized cargoes, mainly including manufactured products, and perishables. The company also owns drybulk carriers that transport major bulks such as iron ore, coal and grains, and minor bulks such as bauxite, phosphate and fertilizers. Euroseas was founded on May 5, 2005 and is headquartered in Athens, Greece.

MPC Container Ships ASA engages in the provision of container tonnage, with a focus on small to mid-size containerships. It is involved in the operation of a portfolio of container ships serving intra-regional trade lanes on fixed-rate charters. The company was founded on January 9, 2017 and is headquartered in Oslo, Norway.

Risk

The chart displays the distribution of daily returns of Ernst Russ AG over the last 3 years, compared to the same distribution for Golden Ocean Group Ltd. 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 13/06/2022 with a share price decline of -12.2%. The best day was 15/03/2024 when the share price increased by 22.5%.

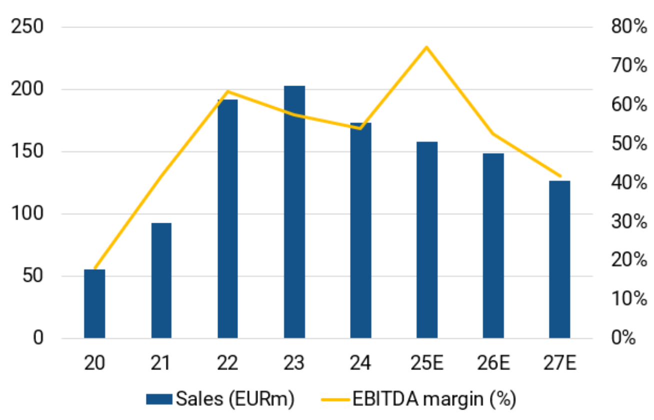
Risk – Daily Returns Distribution (trailing 3 years)



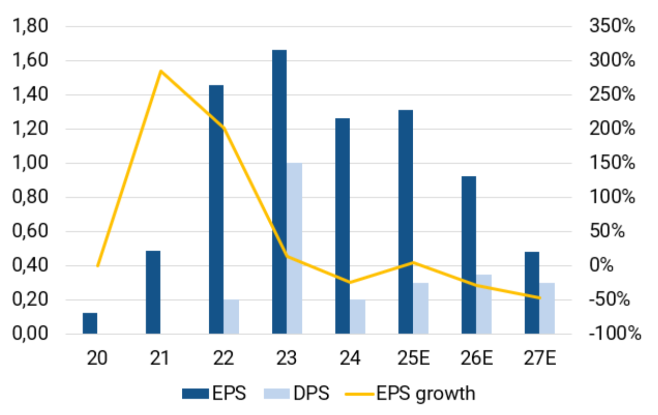
Source: FactSet, mwb research

Financials in six charts

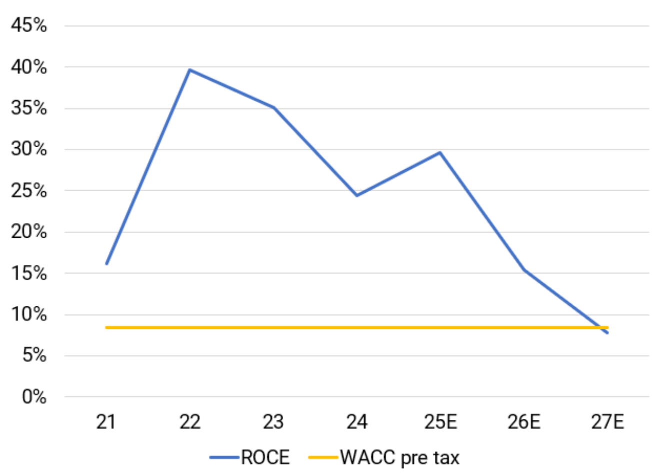
Sales vs. EBITDA margin development



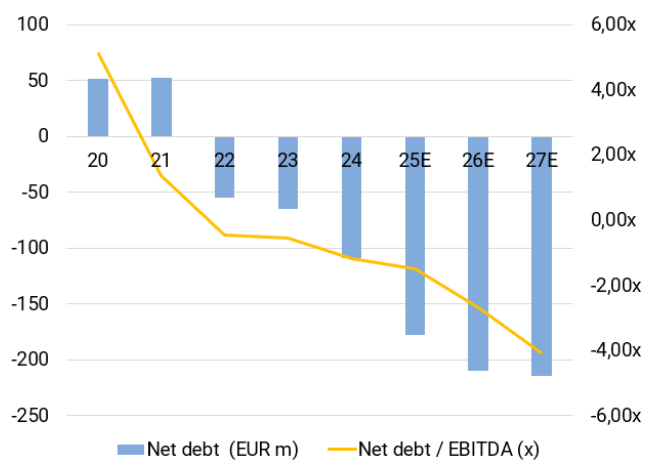
EPS, DPS in EUR & yoy EPS growth



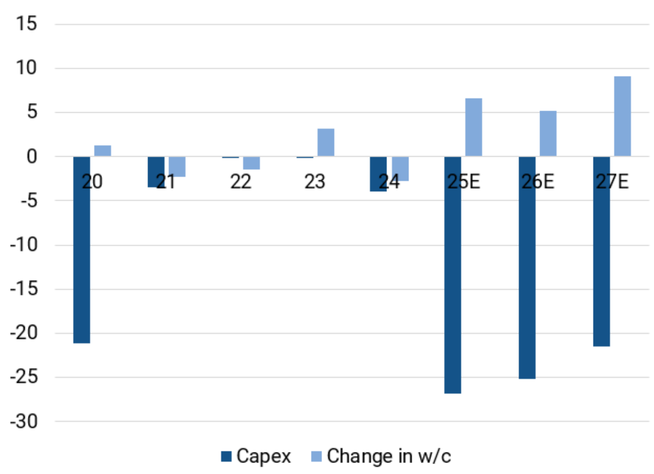
ROCE vs. WACC (pre tax)



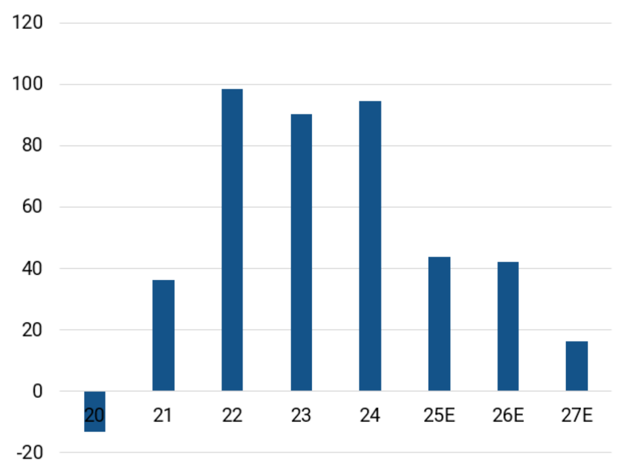
Net debt and net debt/EBITDA



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**	**158.0**	**148.2**	**126.6**
Sales growth	107.8%	5.7%	-14.8%	-8.5%	-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**	**158.0**	**148.2**	**126.6**
Material expenses	89.7	95.0	88.7	79.2	77.4	79.9
Gross profit	**102.0**	**107.7**	**84.0**	**78.8**	**70.8**	**46.7**
Other operating income	30.7	19.6	20.4	50.5	17.3	14.8
Personnel expenses	4.8	4.8	4.3	4.7	4.4	3.8
Other operating expenses	6.2	5.9	7.1	6.3	5.9	5.1
EBITDA	**121.7**	**116.6**	**93.0**	**118.3**	**77.8**	**52.6**
Depreciation	30.6	29.2	25.3	25.0	21.3	21.7
EBITA	91.1	87.3	67.7	93.3	56.5	30.9
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**	**93.3**	**56.5**	**30.9**
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	91.1	54.3	28.7
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	84.3	82.2	73.5	91.1	54.3	28.7
Taxes	0.4	0.6	1.7	2.7	1.6	1.1
Net income from continuing operations	83.9	81.6	71.8	88.3	52.7	27.6
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**	**88.3**	**52.7**	**27.6**
Minority interest	-36.6	-26.5	-29.3	-44.2	-21.6	-11.3
Net profit (reported)	47.3	55.1	42.5	44.2	31.1	16.3
Average number of shares	32.43	33.17	33.69	33.69	33.69	33.69
EPS reported	**1.46**	**1.66**	**1.26**	**1.31**	**0.92**	**0.48**

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%	32%	12%	12%
Personnel expenses	3%	2%	2%	3%	3%	3%
Other operating expenses	3%	3%	4%	4%	4%	4%
EBITDA	**63%**	**58%**	**54%**	**75%**	**52%**	**42%**
Depreciation	16%	14%	15%	16%	14%	17%
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%	-1%	-2%
Recurring pretax income from continuing operations	44%	41%	43%	58%	37%	23%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	44%	41%	43%	58%	37%	23%
Taxes	0%	0%	1%	2%	1%	1%
Net income from continuing operations	44%	40%	42%	56%	36%	22%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**44%**	**40%**	**42%**	**56%**	**36%**	**22%**
Minority interest	-19%	-13%	-17%	-28%	-15%	-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 (exl. 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	213.0	216.9	216.7
Financial assets	6.8	3.2	3.0	3.0	3.0	3.0
FIXED ASSETS	**205.1**	**256.7**	**230.8**	**216.7**	**220.6**	**220.5**
Inventories	1.7	2.5	2.7	2.2	2.1	2.2
Accounts receivable	4.9	2.7	2.1	2.2	2.4	3.1
Other current assets	10.4	8.3	6.7	6.7	6.7	6.7
Liquid assets	57.7	67.3	110.7	179.7	213.6	218.2
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	1.9	1.8	1.5
CURRENT ASSETS	**78.2**	**83.6**	**124.2**	**192.7**	**226.7**	**231.9**
TOTAL ASSETS	**283.3**	**340.3**	**355.0**	**409.5**	**447.4**	**452.3**
SHAREHOLDERS EQUITY	**118.0**	**170.7**	**180.8**	**246.5**	**289.0**	**304.8**
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	0.8
Other provisions	11.7	6.3	15.1	11.1	9.6	7.6
Non-current liabilities	**16.2**	**9.7**	**18.2**	**14.1**	**14.5**	**12.4**
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	2.6	2.3	2.2
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	49.0	44.5	36.7
Deferred taxes	5.7	5.8	6.3	6.3	6.3	6.3
Deferred income	9.3	7.1	4.6	5.5	5.2	4.4
Current liabilities	**59.5**	**70.4**	**70.4**	**63.4**	**58.3**	**49.6**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**283.3**	**340.3**	**355.0**	**409.5**	**447.4**	**452.3**

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%	48%	48%
Financial assets	2%	1%	1%	1%	1%	1%
FIXED ASSETS	**72%**	**75%**	**65%**	**53%**	**49%**	**49%**
Inventories	1%	1%	1%	1%	0%	0%
Accounts receivable	2%	1%	1%	1%	1%	1%
Other current assets	4%	2%	2%	2%	1%	1%
Liquid assets	20%	20%	31%	44%	48%	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%**	**51%**	**51%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**42%**	**50%**	**51%**	**60%**	**65%**	**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	56.3	52.7	27.6
Depreciation of fixed assets (incl. leases)	33.5	35.3	26.3	25.0	21.3	21.7
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	-4.2	-1.5	-2.2
Cash flow from operations before changes in w/c	97.3	93.3	95.7	77.2	72.5	47.1
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	-0.1	-0.3	-0.7
Increase/decrease in accounts payable	5.8	-5.5	-0.6	-0.2	-0.3	-0.1
Increase/decrease in other w/c positions	-4.3	2.3	3.0	-6.8	-4.7	-8.3
Increase/decrease in working capital	1.4	-3.2	2.7	-6.5	-5.2	-9.2
Cash flow from operating activities	**98.8**	**90.2**	**98.5**	**70.6**	**67.3**	**38.0**
CAPEX	-0.2	-0.0	-3.9	-26.9	-25.2	-21.5
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**	**5.1**	**-25.2**	**-21.5**
Cash flow before financing	111.4	18.4	105.0	75.7	42.1	16.4
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	69.0	33.9	4.6
Liquid assets at end of period	**57.7**	**67.3**	**110.7**	**179.7**	**213.6**	**218.2**

Source: Company data; mwb research

Regional sales split (EURm)	2022	2023	2024	2025E	2026E	2027E
Domestic	146.8	167.3	172.7	158.0	148.2	126.6
Europe (ex domestic)	0.0	0.0	0.0	0.0	0.0	0.0
The Americas	0.0	0.0	0.0	0.0	0.0	0.0
Asia	0.0	0.0	0.0	0.0	0.0	0.0
Rest of World	44.9	35.3	0.0	0.0	0.0	0.0
Total sales	**191.7**	**202.7**	**172.7**	**158.0**	**148.2**	**126.6**

Regional sales split (common size)	2022	2023	2024	2025E	2026E	2027E
Domestic	76.6%	82.6%	100.0%	100.0%	100.0%	100.0%
Europe (ex domestic)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
The Americas	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rest of World	23.4%	17.4%	0.0%	0.0%	0.0%	0.0%
Total sales	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

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	1.31	0.92	0.48
Cash flow per share	2.10	1.84	2.17	1.35	1.36	0.48
Book value per share	3.64	5.15	5.37	7.32	8.58	9.05
Dividend per share	0.20	1.00	0.20	0.30	0.35	0.30
Valuation						
P/E	3.9x	3.4x	4.5x	4.3x	6.2x	11.8x
P/CF	2.7x	3.1x	2.6x	4.2x	4.2x	11.8x
P/BV	1.6x	1.1x	1.1x	0.8x	0.7x	0.6x
Dividend yield (%)	3.5%	17.5%	3.5%	5.3%	6.1%	5.3%
FCF yield (%)	36.8%	32.2%	38.1%	23.8%	23.9%	8.5%
EV/Sales	0.7x	0.6x	0.5x	0.1x	-0.1x	-0.2x
EV/EBITDA	1.1x	1.1x	0.9x	0.1x	-0.2x	-0.4x
EV/EBIT	1.5x	1.5x	1.2x	0.2x	-0.3x	-0.7x
Income statement (EURm)						
Sales	191.7	202.7	172.7	158.0	148.2	126.6
yoy chg in %	107.8%	5.7%	-14.8%	-8.5%	-6.2%	-14.6%
Gross profit	102.0	107.7	84.0	78.8	70.8	46.7
Gross margin in %	53.2%	53.1%	48.6%	49.9%	47.8%	36.9%
EBITDA	121.7	116.6	93.0	118.3	77.8	52.6
EBITDA margin in %	63.5%	57.5%	53.9%	74.9%	52.5%	41.6%
EBIT	90.1	86.6	67.7	93.3	56.5	30.9
EBIT margin in %	47.0%	42.7%	39.2%	59.0%	38.1%	24.4%
Net profit	47.3	55.1	42.5	44.2	31.1	16.3
Cash flow statement (EURm)						
CF from operations	98.8	90.2	98.5	70.6	67.3	38.0
Capex	-0.2	-0.0	-3.9	-26.9	-25.2	-21.5
Maintenance Capex	30.6	29.2	25.3	25.0	21.3	21.7
Free cash flow	98.6	90.1	94.6	43.7	42.1	16.4
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	213.0	216.9	216.7
Shareholders' equity	118.0	170.7	180.8	246.5	289.0	304.8
Pension provisions	1.3	1.2	1.0	0.9	0.9	0.8
Liabilities and provisions	16.2	9.7	18.2	14.1	14.5	12.4
Net financial debt	-54.5	-65.0	-108.6	-177.6	-209.6	-214.2
w/c requirements	1.5	1.7	2.0	1.7	2.2	3.1
Ratios						
ROE	71.1%	47.8%	39.7%	35.8%	18.2%	9.1%
ROCE	40.3%	32.1%	23.8%	27.0%	14.5%	7.7%
Net gearing	-46.2%	-38.1%	-60.1%	-72.1%	-72.5%	-70.3%
Net debt / EBITDA	-0.4x	-0.6x	-1.2x	-1.5x	-2.7x	-4.1x

Source: Company data; mwb research

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