HWK 1365 SE

Germany | Industrial Manufacturing | MCap EUR 6.6m

19 September 2025

UPDATE

Conference presentation & company visit; BUY

BUY (BUY)

Target price	**EUR 39.00** (41.00)
Current price	EUR 24.00
Up/downside	62.5%

ResearchHub

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What's it all about?

HWK presented the investment case and current developments at the mwb High-Tech Engineering Conference. This was followed next day by a company visit and a tour of the production site. Despite a higher order backlog at the beginning of the year, the core business remains challenging for HWK as investments in the paper industry remain at a low level. We are adjusting our estimates accordingly. However, HWK's highly specialized production processes and in-depth expertise ensure that it is the undisputed market leader for large calender rolls, meaning that a market upturn should be immediately noticeable. Further potential will arise when the Chinese market consolidates and switches to larger systems. Taking the adjusted estimates into account, the target price is now EUR 39.00 (previously EUR 41.00) and we confirm our BUY rating.

MAIN AUTHOR
Dr. Oliver Wojahn, CFA
o.wojahn@mwb-research.com
+49 40 309 293-58

mwb research

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Conference presentation & company visit; BUY

Conference presentation and company visit. Dr. Heiko Hesemann, Managing Director of Hüttenwerke Königsbronn GmbH, the operating subsidiary of HWK 1365 SE (HWK), presented the company's investment case and current developments at the mwb High-Tech Engineering Conference. The following day, we visited the company at its headquarters in Königsbronn and had the opportunity for an intensive exchange with Dr. Hesemann as well as Roman Zitzelsberger, Managing Director and member of the Board of Directors of HWK, Andreas Henninger, Chairman of the Board of Directors of HWK and Joachim Färber, Commercial Director of Hüttenwerke Königsbronn GmbH. We then toured the production facilities at the site.

Markets remain difficult, estimates adjusted. The rising order backlog at the beginning of the financial year (EUR 12.7m, + EUR 1.0m compared to the previous year) had initially raised hopes that significant growth could be achieved in FY25. However, further progress during the year has shown that there has been no sustained recovery in the core business with rolls for the paper industry - investments in this area remain at a low level for the time being. Activities in adjacent business areas, e.g. in the food industry, can only compensate for the restrained demand in the core business to a limited extent. Overall, we therefore expect only a slight increase in sales for FY25 and are adjusting our estimates accordingly. This results in an EBITDA close to break-even and an EBIT loss, although it should be noted that this includes c. EUR 1.0m in scheduled amortization of goodwill from the IPO. According to our adjusted planning, HWK should report a balanced free cash flow in FY25 and also be in a position to finance operations internally in the coming years. The company should therefore remain debt-free.

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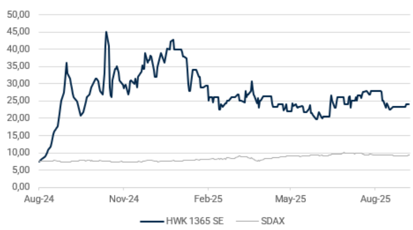
HWK 1365 SE	2022	2023	2024	2025E	2026E	2027E
Sales	19.4	21.8	17.6	17.9	18.8	19.6
Growth yoy	19.4%	12.4%	-19.5%	2.0%	5.0%	4.0%
EBITDA	-1.1	2.5	0.1	0.2	1.1	1.3
EBIT	-1.4	2.1	-1.9	-1.3	-0.5	-0.4
Net profit	-1.2	1.7	-6.9	-1.3	-0.4	-0.3
Net debt (net cash)	0.1	-3.5	-0.9	-0.8	-1.1	-1.6
Net debt/EBITDA	-0.1x	-1.4x	-11.6x	-3.6x	-1.1x	-1.2x
EPS reported	-4.19	6.12	-25.17	-4.72	-1.36	-0.99
DPS	0.00	0.00	0.00	0.00	0.00	0.00
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	42.8%	63.2%	61.1%	62.3%	63.6%	64.2%
EBITDA margin	-5.5%	11.6%	0.5%	1.3%	5.6%	6.7%
EBIT margin	-7.0%	9.7%	-11.0%	-7.3%	-2.8%	-1.9%
ROCE	-80.7%	11.2%	-16.2%	-12.1%	-5.0%	-3.7%
EV/Sales	0.4x	0.1x	0.3x	0.3x	0.3x	0.3x
EV/EBITDA	-6.4x	1.3x	72.3x	25.6x	5.4x	4.0x
EV/EBIT	-5.1x	1.5x	-3.0x	-4.6x	-10.8x	-13.7x
PER	-5.7x	3.9x	-1.0x	-5.1x	-17.6x	-24.3x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks	45.00 / 19.80
Price/Book Ratio	0.7x

Ticker / Symbols

ISIN	DE000A3CMG80
WKN	A3CMG8
Bloomberg	9MQ:GR

Changes in estimates

		Sales	EBIT	EPS
2025E	old	19.6	1.4	3.59
	Δ	-8.7%	na%	na%
2026E	old	20.8	1.5	3.76
	Δ	-9.6%	na%	na%
2027E	old	19.6	-0.4	-0.99
	Δ	0.0%	na%	na%

Key share data

Number of shares: (in m pcs)	0.28
Book value per share: (in EUR)	36.38
Ø trading vol.: (12 months)	180

Major shareholders

CElf GmbH	33.3%
Wolf Waschkuhn	33.3%
Free Float	33.3%

Company description
HWK is Germany's oldest industrial company, with roots dating back to 1365, and is the world market leader in large calender rolls for the paper industry.

Highly specialized production facilities and know-how. The tour of the production facilities provided a deeper understanding of the challenges faced in production of large rolls. The smoothing process for paper and cardboard in a paper machine is carried out using heated rolls, known as calender rolls. The paper web is smoothed between these rolls under high pressure and at high temperatures. Due to the high production speed and the extremely short dwell time in the nip, the rolls must be manufactured with the highest precision. The rolls consist of up to 150 individual parts and their design must be able to withstand temperature differences of up to 100 °C, as even a slight change in temperature has a significant effect on the shape of the roller. These high demands on material and design are crucial for uniform smoothing of the paper or cardboard.

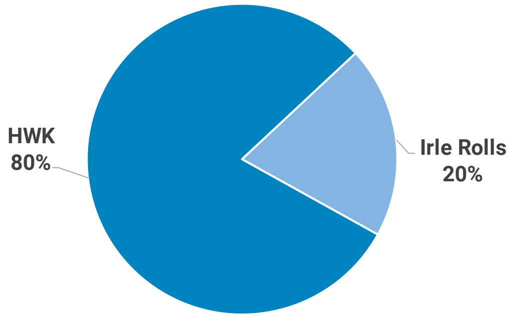
To produce large calender rolls of this quality, up to 100 tons of pig iron and scrap are first melted in induction furnaces and cast in rotating molds. This process produces a hard, heat-conducting shell of white iron carbides and a softer core of gray iron. After casting, the roll blank is machined. This requires specialized grinding machines that stand on deep foundations in order to maintain the extremely tight tolerances of just a few micrometers. In addition, deep holes for heating channels must be drilled precisely in lengths of up to 12 meters. These highly specialized processes and the necessary know-how ensure HWK's market leadership in the market for large calender rolls.

Rating confirmed as BUY, target price EUR 39.00. With the adjusted estimates, we arrive at a new price target of EUR 39.00 (old: EUR 41.00). Early signs of a recovery in investment activity in the paper market could serve as a catalyst for a revaluation. Further potential arises from a consolidation of the Chinese market combined with a switch to larger machines, where HWK has an undisputed market leadership. We confirm our BUY rating.

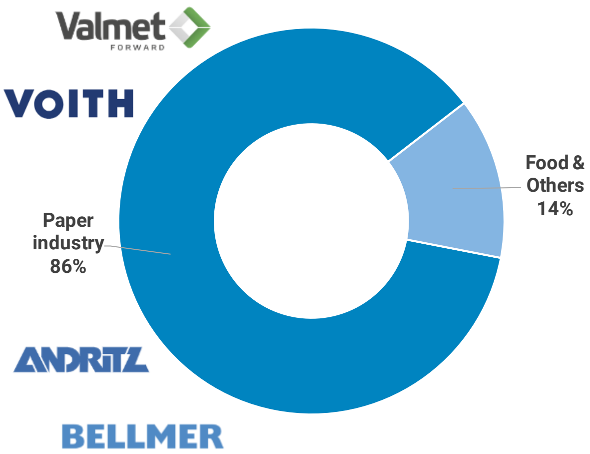
Investment case in six charts

Products & Services

Market shares large calendar rolls

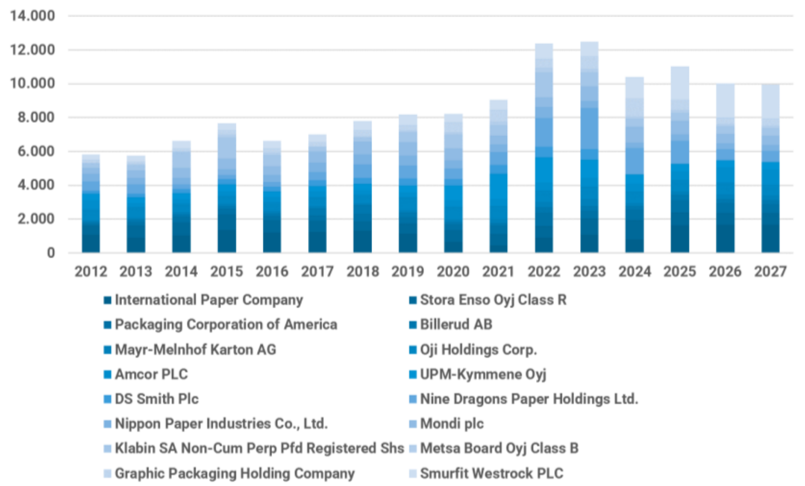


Target markets and customers

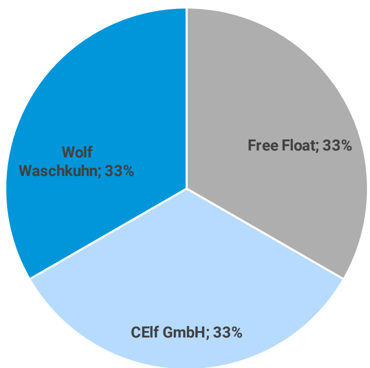


Production process

Capex Top Players in the Paper Industry (EURm)



Major Shareholders



Source: HWK, mwb research

SWOT analysis

Strengths

- Focus and dominance in the niche: global market leader with 80% market share for core products
- Good negotiating position with customers
- In-depth technological know-how
- Management and employees as co-owners
- Price escalation clauses for energy and raw materials

Weaknesses

- Core market (paper machines) is mature and cyclical
- Dependence on a few major customers in a sector - cluster risk
- Limited financial leeway could become a problem if the economic situation deteriorates

Opportunities

- Market potential in Asia and South America
- Intensified ingredient marketing of HWK calendar rolls
- Expansion of the service business
- Diversification into the food and other industries

Threats

- Increasing competition from China combined with declining quality requirements
- Failure of diversification efforts

Valuation

DCF Model

The DCF model results in a **fair value of EUR 39.13 per share**:

Top-line growth: We expect HWK 1365 SE to grow revenues at a CAGR of 2.7% between 2025E and 2032E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from -12.1% in 2025E to 1.8% in 2032E.

WACC. The historical beta cannot be used for the valuation as the business model has changed with the reverse IPO. We take the beta for the European engineering sector of 1.24 as a starting point. Correcting for mean reversion yields an asset beta of 1.15. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 8.9%. With pre-tax cost of borrowing at 5.0%, a tax rate of 30.0% and target debt/equity of 0.0 this results in a long-term WACC of 8.9%.

DCF (EURm) (except per share data and beta)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	Terminal value
NOPAT	-1.3	-0.4	-0.3	-0.0	-0.0	0.1	0.1	0.1	
Depreciation & amortization	1.5	1.6	1.7	1.7	1.7	1.8	1.8	1.8	
Change in working capital	0.6	0.0	-0.1	-0.0	-0.2	-0.1	-0.2	-0.2	
Chg. in long-term provisions	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	
Capex	-0.9	-1.0	-0.9	-1.0	-1.0	-0.9	-0.9	-0.9	
Cash flow	-0.1	0.3	0.5	0.7	0.6	1.0	0.8	0.8	12.2
Present value	-0.1	0.3	0.4	0.5	0.4	0.6	0.5	0.4	6.6
WACC	9.0%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%

DCF per share derived from	
Total present value	9.6
Mid-year adj. total present value	10.0
Net debt / cash at start of year	-0.9
Financial assets	na
Provisions and off b/s debt	0.2
Equity value	10.8
No. of shares outstanding	0.3
Discounted cash flow / share	**39.13**
upside/(downside)	**63.1%**
Share price	**24.00**

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2025E-2032E)	2.7%
Terminal value growth (2032E - infinity)	2.0%
Terminal year ROCE	1.8%
Terminal year WACC	8.9%

Terminal WACC derived from	
Cost of borrowing (before taxes)	5.0%
Long-term tax rate	30.0%
Equity beta	1.25
Unlevered beta (industry or company)	1.15
Target debt / equity	0.0
Relevered beta	1.15
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	8.9%

Sensitivity analysis DCF

Change in WACC (%-points)	Long term growth 1.0%	1.5%	2.0%	2.5%	3.0%
2.0%	28.6	29.5	30.5	31.6	32.8
1.0%	31.8	32.9	34.2	35.7	37.4
0.0%	35.8	37.3	39.1	41.2	43.6
-1.0%	40.9	43.1	45.7	48.7	52.4
-2.0%	47.9	51.1	54.9	59.6	65.6

Share of present value	
2025E-2028E	11.5%
2029E-2032E	20.1%
terminal value	68.4%

Source: mwb research

mwb research

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR -13.11 per share based on 2025E and EUR 54.28 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	**0.2**	**1.1**	**1.3**	**1.7**	**1.7**
- Maintenance capex	0.5	0.7	0.8	0.8	0.8
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	0.0	-0.1	-0.1	-0.0	-0.0
= Adjusted FCF	**-0.3**	**0.5**	**0.6**	**0.9**	**0.9**
Actual Market Cap	**6.6**	**6.6**	**6.6**	**6.6**	**6.6**
+ Net debt (cash)	-0.8	-1.1	-1.6	-2.3	-2.9
+ Pension provisions	0.2	0.2	0.2	0.2	0.2
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	0.0	0.0	0.0	0.0	0.0
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
EV Reconciliations	-0.7	-0.9	-1.4	-2.1	-2.7
= Actual EV'	**6.0**	**5.7**	**5.2**	**4.5**	**3.9**
Adjusted FCF yield	**-5.0%**	**9.3%**	**12.1%**	**19.5%**	**21.9%**
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	**-4.3**	**7.5**	**9.0**	**12.5**	**12.3**
- EV Reconciliations	-0.7	-0.9	-1.4	-2.1	-2.7
Fair Market Cap	**-3.6**	**8.4**	**10.4**	**14.6**	**14.9**
No. of shares (million)	0.3	0.3	0.3	0.3	0.3
Fair value per share in EUR	**-13.11**	**30.69**	**37.74**	**53.00**	**54.28**
Premium (-) / discount (+)	**-154.6%**	**27.9%**	**57.3%**	**120.8%**	**126.2%**

Sensitivity analysis FV

Adjusted hurdle rate	5.0%	-19.3	41.6	50.8	71.1	72.1
	6.0%	-15.7	35.2	43.2	60.6	61.7
	7.0%	**-13.1**	**30.7**	**37.7**	**53.0**	**54.3**
	8.0%	-11.2	27.3	33.7	47.3	48.7
	9.0%	-9.7	24.6	30.5	42.9	44.4

Source: Company data; mwb research

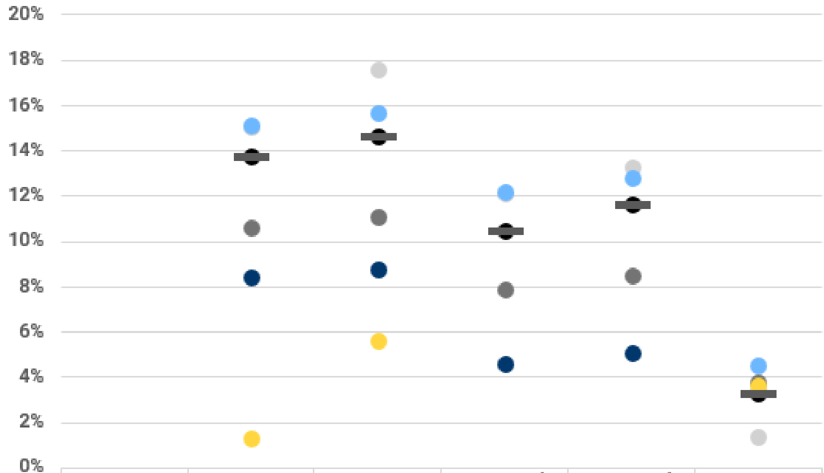
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

mwb research

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 **HWK 1365 SE** 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 HWK 1365 SE consists of the stocks displayed in the chart below. As of 19 September 2025 the median market cap of the peer group was EUR 5,620.8m, compared to EUR 6.6m for HWK 1365 SE. In the period under review, the peer group was more profitable than HWK 1365 SE. The expectations for sales growth are lower for the peer group than for HWK 1365 SE.

Peer Group – Key data



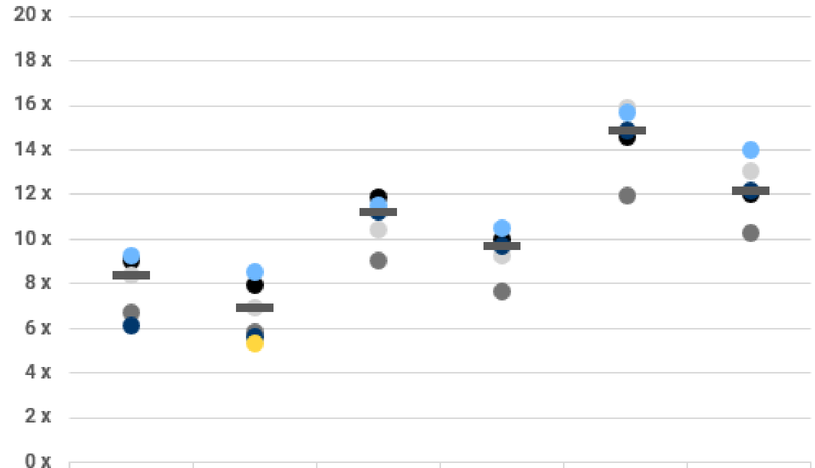
19-Sep-25	Market Cap (EURm)	EBITDA margin 2025	EBITDA margin 2026	EBIT margin 2025	EBIT margin 2026	Sales CAGR 2024-2027
● Valmet Corp	5.621	13,8%	14,6%	10,5%	11,6%	3,3%
● ANDRITZ AG	6.282	10,6%	11,1%	7,9%	8,5%	3,8%
● SKF AB Class A	9.694	15,1%	17,6%	12,1%	13,3%	1,4%
● Sumitomo Heavy Industries, Ltd.	2.413	8,5%	8,8%	4,6%	5,1%	-0,7%
● Sulzer AG	5.236	15,1%	15,7%	12,2%	12,8%	4,6%
● HWK 1365 SE	7	1,3%	5,6%	-7,3%	-2,8%	3,7%
– Peer Group Median	5.621	13,8%	14,6%	10,5%	11,6%	3,3%

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 HWK 1365 SE results in a range of fair values from EUR 37.63 to EUR 29.16.

Peer Group – Multiples and valuation

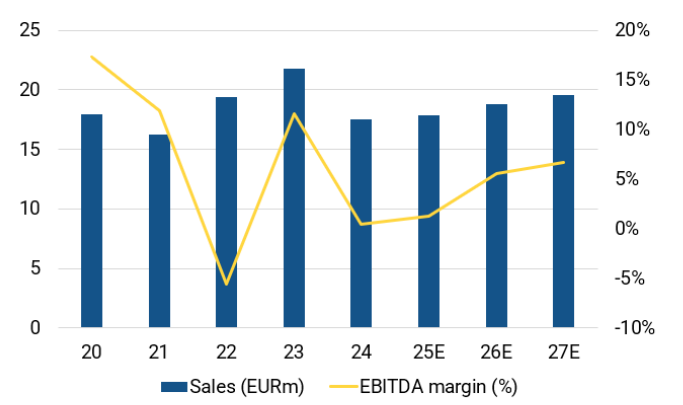


19-Sep-25	EV/EBITDA 2025	EV/EBITDA 2026	EV/EBIT 2025	EV/EBIT 2026	P/E 2025	P/E 2026
● Valmet Corp	9,1x	8,0x	11,9x	10,0x	14,6x	12,1x
● ANDRITZ AG	6,7x	5,9x	9,1x	7,7x	12,0x	10,3x
● SKF AB Class A	8,4x	7,0x	10,5x	9,3x	16,0x	13,1x
● Sumitomo Heavy Industries, Ltd.	6,2x	5,7x	11,3x	9,8x	14,9x	12,2x
● Sulzer AG	9,3x	8,6x	11,5x	10,5x	15,7x	14,0x
● HWK 1365 SE	25,6x	5,4x	-4,6x	-10,8x	-5,1x	-17,6x
– Peer Group Median	8,4x	7,0x	11,3x	9,8x	14,9x	12,2x
Fair Value (EUR)	9,50	29,16	-50,92	-16,25	-70,37	-16,69

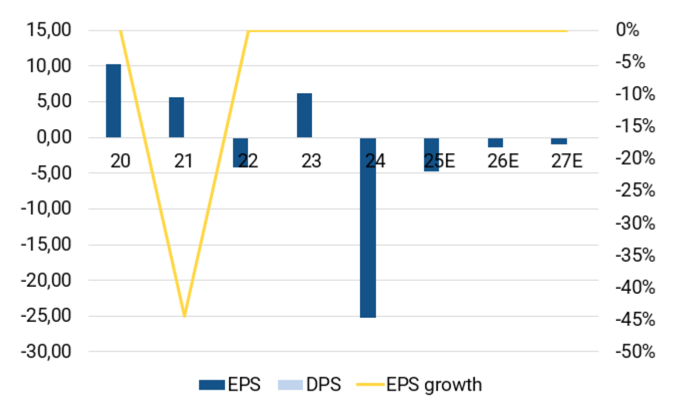
Source: FactSet, mwb research

Financials in six charts

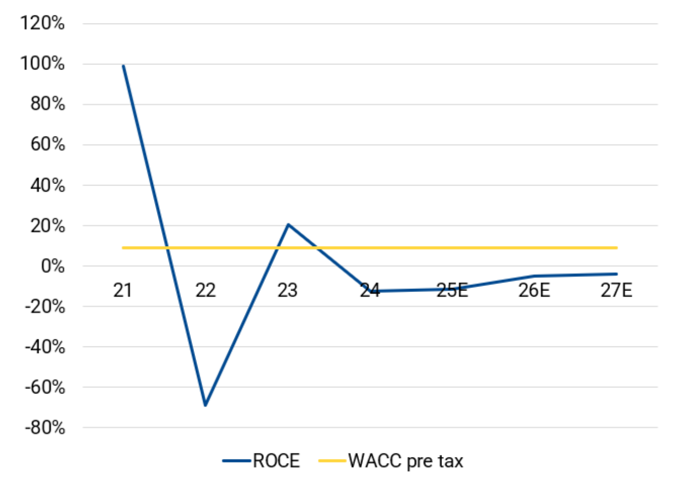
Sales vs. EBITDA margin development



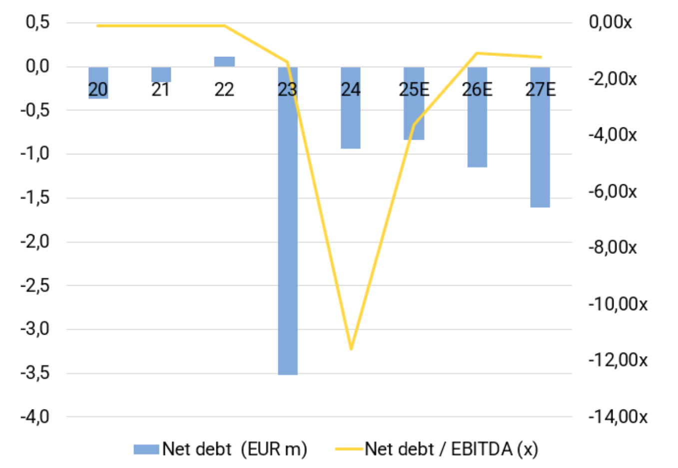
EPS, DPS in EUR & yoy EPS growth



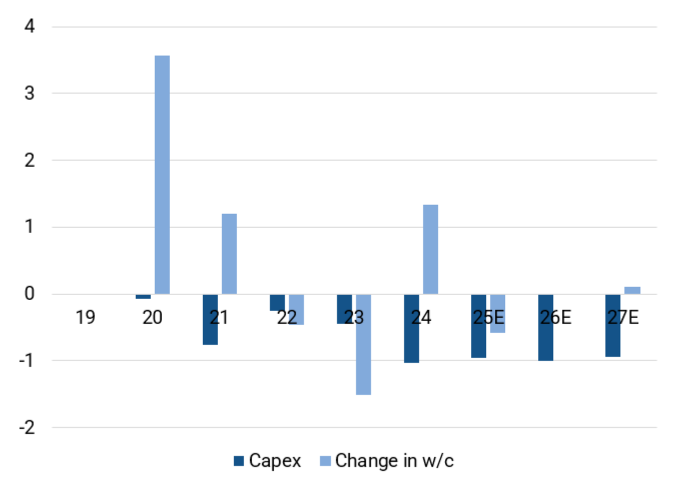
ROCE vs. WACC (pre tax)



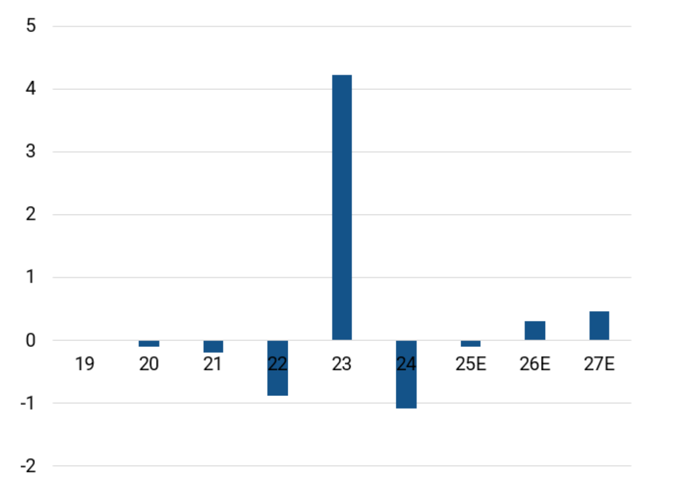
Net debt and net debt/EBITDA



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	**19.4**	**21.8**	**17.6**	**17.9**	**18.8**	**19.6**
Sales growth	19.4%	12.4%	-19.5%	2.0%	5.0%	4.0%
Change in finished goods and work-in-process	-0.1	0.5	-0.0	0.0	0.0	0.0
Total sales	**19.3**	**22.3**	**17.5**	**17.9**	**18.8**	**19.6**
Material expenses	11.0	8.5	6.8	6.7	6.8	7.0
Gross profit	**8.3**	**13.8**	**10.7**	**11.2**	**12.0**	**12.6**
Other operating income	0.5	0.3	0.5	0.4	0.5	0.5
Personnel expenses	6.5	6.7	7.1	7.3	7.3	7.6
Other operating expenses	3.3	4.9	4.1	4.0	4.0	4.1
EBITDA	**-1.1**	**2.5**	**0.1**	**0.2**	**1.1**	**1.3**
Depreciation	0.3	0.4	0.5	0.5	0.7	0.8
EBITA	-1.4	2.1	-0.4	-0.3	0.4	0.5
Amortisation of goodwill and intangible assets	0.0	0.0	1.5	1.0	0.9	0.9
EBIT	**-1.4**	**2.1**	**-1.9**	**-1.3**	**-0.5**	**-0.4**
Financial result	-0.0	0.0	0.0	0.0	0.0	0.0
Recurring pretax income from continuing operations	-1.4	2.1	-1.9	-1.3	-0.5	-0.4
Extraordinary income/loss	0.0	0.0	-5.1	0.0	0.0	0.0
Earnings before taxes	-1.4	2.1	-7.0	-1.3	-0.5	-0.4
Taxes	-0.2	0.4	-0.1	0.0	-0.1	-0.1
Net income from continuing operations	-1.2	1.7	-6.9	-1.3	-0.4	-0.3
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**-1.2**	**1.7**	**-6.9**	**-1.3**	**-0.4**	**-0.3**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-1.2	1.7	-6.9	-1.3	-0.4	-0.3
Average number of shares	0.28	0.28	0.28	0.28	0.28	0.28
EPS reported	**-4.19**	**6.12**	**-25.17**	**-4.72**	**-1.36**	**-0.99**

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%	2%	-0%	0%	0%	0%
Total sales	**100%**	**102%**	**100%**	**100%**	**100%**	**100%**
Material expenses	57%	39%	39%	38%	36%	36%
Gross profit	**43%**	**63%**	**61%**	**62%**	**64%**	**64%**
Other operating income	2%	2%	3%	3%	3%	3%
Personnel expenses	34%	31%	40%	41%	39%	39%
Other operating expenses	17%	23%	23%	23%	21%	21%
EBITDA	**-6%**	**12%**	**0%**	**1%**	**6%**	**7%**
Depreciation	1%	2%	3%	3%	4%	4%
EBITA	-7%	10%	-3%	-2%	2%	3%
Amortisation of goodwill and intangible assets	0%	0%	9%	6%	5%	5%
EBIT	**-7%**	**10%**	**-11%**	**-7%**	**-3%**	**-2%**
Financial result	-0%	0%	0%	0%	0%	0%
Recurring pretax income from continuing operations	-7%	10%	-11%	-7%	-3%	-2%
Extraordinary income/loss	0%	0%	-29%	0%	0%	0%
Earnings before taxes	-7%	10%	-40%	-7%	-3%	-2%
Taxes	-1%	2%	-0%	0%	-1%	-1%
Net income from continuing operations	-6%	8%	-39%	-7%	-2%	-1%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	**-6%**	**8%**	**-39%**	**-7%**	**-2%**	**-1%**
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	**-6%**	**8%**	**-39%**	**-7%**	**-2%**	**-1%**

Source: Company data; mwb research

Balance sheet (EURm)	2022	2023	2024	2025E	2026E	2027E
Intangible assets (exl. Goodwill)	**0.0**	**0.1**	**8.4**	**7.4**	**6.5**	**5.6**
Goodwill	0.0	14.6	0.0	0.0	0.0	0.0
Property, plant and equipment	0.8	1.0	1.5	1.9	2.3	2.4
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	**0.8**	**15.7**	**9.9**	**9.4**	**8.8**	**8.0**
Inventories	1.2	6.8	6.5	5.5	5.6	5.8
Accounts receivable	0.5	0.7	1.1	1.2	1.2	1.3
Other current assets	0.2	0.5	0.7	0.7	0.7	0.7
Liquid assets	0.1	3.5	0.9	0.8	1.1	1.6
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.2	0.4	0.3	0.3	0.3	0.3
CURRENT ASSETS	**2.1**	**12.0**	**9.6**	**8.6**	**9.0**	**9.7**
TOTAL ASSETS	**2.9**	**27.6**	**19.6**	**17.9**	**17.8**	**17.7**
SHAREHOLDERS EQUITY	**0.4**	**16.9**	**10.0**	**8.7**	**8.3**	**8.1**
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.1	0.2	0.2	0.2	0.2	0.2
Other provisions	0.9	1.8	1.8	1.8	1.9	2.0
Non-current liabilities	**1.0**	**2.0**	**2.0**	**2.0**	**2.1**	**2.2**
short-term liabilities to banks	0.2	0.0	0.0	0.0	0.0	0.0
Accounts payable	1.0	0.5	0.5	0.5	0.5	0.5
Advance payments received on orders	0.0	4.9	4.6	4.7	4.9	5.1
Other liabilities (incl. from lease and rental contracts)	0.2	3.0	2.4	2.0	1.9	1.8
Deferred taxes	0.0	0.3	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	**1.5**	**8.7**	**7.6**	**7.2**	**7.4**	**7.5**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**2.9**	**27.6**	**19.6**	**17.9**	**17.8**	**17.7**

Balance sheet (common size)	2022	2023	2024	2025E	2026E	2027E
Intangible assets (excl. Goodwill)	**1%**	**0%**	**43%**	**41%**	**37%**	**32%**
Goodwill	0%	53%	0%	0%	0%	0%
Property, plant and equipment	26%	4%	8%	11%	13%	14%
Financial assets	0%	0%	0%	0%	0%	0%
FIXED ASSETS	**27%**	**57%**	**51%**	**52%**	**49%**	**45%**
Inventories	40%	24%	33%	31%	32%	33%
Accounts receivable	16%	3%	6%	6%	7%	7%
Other current assets	8%	2%	4%	4%	4%	4%
Liquid assets	4%	13%	5%	5%	6%	9%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	5%	2%	1%	2%	2%	2%
CURRENT ASSETS	**73%**	**43%**	**49%**	**48%**	**51%**	**55%**
TOTAL ASSETS	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
SHAREHOLDERS EQUITY	**15%**	**61%**	**51%**	**49%**	**47%**	**46%**
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	0%	0%	0%	0%	0%	0%
Provisions for pensions and similar obligations	5%	1%	1%	1%	1%	1%
Other provisions	30%	7%	9%	10%	11%	11%
Non-current liabilities	**35%**	**7%**	**10%**	**11%**	**12%**	**12%**
short-term liabilities to banks	7%	0%	0%	0%	0%	0%
Accounts payable	36%	2%	3%	3%	3%	3%
Advance payments received on orders	0%	18%	23%	26%	27%	29%
Other liabilities (incl. from lease and rental contracts)	7%	11%	12%	11%	11%	10%
Deferred taxes	0%	1%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	**50%**	**31%**	**39%**	**40%**	**41%**	**42%**
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	-1.2	1.7	-6.9	-1.3	-0.4	-0.3
Depreciation of fixed assets (incl. leases)	0.3	0.4	0.5	0.5	0.7	0.8
Amortisation of goodwill	0.0	0.0	6.6	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	1.0	0.9	0.9
Others	-0.2	1.1	1.1	0.0	0.1	0.1
Cash flow from operations before changes in w/c	-1.1	3.2	1.3	0.3	1.3	1.5
Increase/decrease in inventory	0.0	0.2	0.2	1.0	-0.1	-0.1
Increase/decrease in accounts receivable	0.0	-0.5	-0.4	-0.0	-0.1	-0.0
Increase/decrease in accounts payable	0.0	-0.6	0.0	-0.0	0.0	0.0
Increase/decrease in other w/c positions	0.0	2.3	-1.2	-0.4	0.1	0.1
Increase/decrease in working capital	0.5	1.5	-1.3	0.6	0.0	-0.1
Cash flow from operating activities	**-0.6**	**4.7**	**-0.0**	**0.9**	**1.3**	**1.4**
CAPEX	-0.3	-0.4	-1.0	-0.9	-1.0	-0.9
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	-0.3	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	**-0.3**	**-0.4**	**-1.3**	**-0.9**	**-1.0**	**-0.9**
Cash flow before financing	-0.9	4.2	-1.3	-0.1	0.3	0.5
Increase/decrease in debt position	0.2	-0.2	-0.6	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.6	0.0	-0.3	0.0	0.0	0.0
Dividends paid	0.0	-0.7	0.0	0.0	0.0	0.0
Others	-0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	**0.8**	**-0.9**	**-0.9**	**0.0**	**0.0**	**0.0**
Increase/decrease in liquid assets	-0.1	3.3	-2.3	-0.1	0.3	0.5
Liquid assets at end of period	**0.1**	**3.5**	**0.9**	**0.8**	**1.1**	**1.6**

Source: Company data; mwb research

Regional sales split (EURm)	2022	2023	2024	2025E	2026E	2027E
Domestic	0.0	0.0	8.3	8.5	8.9	9.2
Europe (ex domestic)	0.0	0.0	7.3	7.5	7.8	8.1
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	0.0	0.0	2.0	2.0	2.1	2.2
Total sales	**19.4**	**21.8**	**17.6**	**17.9**	**18.8**	**19.6**

Regional sales split (common size)	2022	2023	2024	2025E	2026E	2027E
Domestic	0.0%	0.0%	47.2%	47.2%	47.2%	47.2%
Europe (ex domestic)	0.0%	0.0%	41.6%	41.6%	41.6%	41.6%
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	0.0%	0.0%	11.2%	11.2%	11.2%	11.2%
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	-4.19	6.12	-25.17	-4.72	-1.36	-0.99
Cash flow per share	-3.33	15.52	-2.06	1.16	2.28	2.22
Book value per share	1.58	61.54	36.38	31.66	30.30	29.31
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-5.7x	3.9x	-1.0x	-5.1x	-17.6x	-24.3x
P/CF	-7.2x	1.5x	-11.6x	20.6x	10.5x	10.8x
P/BV	15.2x	0.4x	0.7x	0.8x	0.8x	0.8x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-13.9%	64.7%	-8.6%	4.8%	9.5%	9.3%
EV/Sales	0.4x	0.1x	0.3x	0.3x	0.3x	0.3x
EV/EBITDA	-6.4x	1.3x	72.3x	25.6x	5.4x	4.0x
EV/EBIT	-5.1x	1.5x	-3.0x	-4.6x	-10.8x	-13.7x
Income statement (EURm)						
Sales	19.4	21.8	17.6	17.9	18.8	19.6
yoy chg in %	19.4%	12.4%	-19.5%	2.0%	5.0%	4.0%
Gross profit	8.3	13.8	10.7	11.2	12.0	12.6
Gross margin in %	42.8%	63.2%	61.1%	62.3%	63.6%	64.2%
EBITDA	-1.1	2.5	0.1	0.2	1.1	1.3
EBITDA margin in %	-5.5%	11.6%	0.5%	1.3%	5.6%	6.7%
EBIT	-1.4	2.1	-1.9	-1.3	-0.5	-0.4
EBIT margin in %	-7.0%	9.7%	-11.0%	-7.3%	-2.8%	-1.9%
Net profit	-1.2	1.7	-6.9	-1.3	-0.4	-0.3
Cash flow statement (EURm)						
CF from operations	-0.6	4.7	-0.0	0.9	1.3	1.4
Capex	-0.3	-0.4	-1.0	-0.9	-1.0	-0.9
Maintenance Capex	0.3	0.4	0.5	0.5	0.7	0.8
Free cash flow	-0.9	4.2	-1.1	-0.1	0.3	0.5
Balance sheet (EURm)						
Intangible assets	0.0	14.7	8.4	7.4	6.5	5.6
Tangible assets	0.8	1.0	1.5	1.9	2.3	2.4
Shareholders' equity	0.4	16.9	10.0	8.7	8.3	8.1
Pension provisions	0.1	0.2	0.2	0.2	0.2	0.2
Liabilities and provisions	1.2	2.0	2.0	2.0	2.1	2.2
Net financial debt	0.1	-3.5	-0.9	-0.8	-1.1	-1.6
w/c requirements	0.6	2.1	2.6	1.5	1.4	1.4
Ratios						
ROE	-264.8%	9.9%	-69.2%	-14.9%	-4.5%	-3.4%
ROCE	-80.7%	11.2%	-16.2%	-12.1%	-5.0%	-3.7%
Net gearing	26.2%	-20.8%	-9.4%	-9.6%	-13.8%	-19.9%
Net debt / EBITDA	-0.1x	-1.4x	-11.6x	-3.6x	-1.1x	-1.2x

Source: Company data; mwb research

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Contacts

mwb research AG
Mittelweg 142
20148 Hamburg
Germany

Tel.: +49 40 309 293-52
Email.: contact@mwb-research.com
Website: www.mwb-research.com
Research: www.research-hub.de

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-53
E-Mail: h.hof@mwb-research.com

LEON MÜHLENBRUCH
Analyst
Tel: +49 40 309 293-57
E-Mail: l.muehlenbruch@mwb-research.com

ABED JARAD
Analyst
Tel: +49 40 309 293-54
E-Mail: a.jarad@mwb-research.com

JENS-PETER RIECK
Analyst
Tel: +49 40 309 293-54
E-Mail: jp.rieck@mwb-research.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-58
E-Mail: t.wissler@mwb-research.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-55
E-Mail: o.wojahn@mwb-research.com

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-56
E-Mail: a.zienkowicz@mwb-research.com

Sales

HOLGER NASS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: h.nass@mwb-research.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-52
E-Mail: h.gabert@mwb-research.com

mwb fairtrade
Wertpapierhandelsbank AG
Rottenbucher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
Website: www.mwbfairtrade.com
E-Mail: info@mwbfairtrade.com

Sales / Designated Sponsoring /Corporate Finance

ALEXANDER DEUSS
Institutional Sales
Tel: +49 40 36 0995-22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995-23
E-Mail: sguenon@mwbfairtrade.com

JAN NEYNABER
Institutional Sales
Tel: +49 69 1387-1255
E-Mail: jneynaber@mwbfairtrade.com

DIRK WEYERHÄUSER
Corporate Finance
Tel: +49 69 1387-1250
E-Mail: dweyerhaeuser@mwbfairtrade.com

Locations

HAMBURG (Research)
Mittelweg 142
20148 Hamburg
+49 40 309 293-52

HAMBURG (Corporates & Markets)
Kleine Johannisstraße 4
20457 Hamburg
+49 40 360 995-0

FRANKFURT A.M.
Unterlindau 29
60323 Frankfurt am Main
+49 40 360 995-22

MUNICH
Rottenbucher Str. 28
82166 Gräfelfing
+49 89-85852-0

BERLIN
Kurfürstendamm 151
10709 Berlin

HANNOVER
An der Börse 2
30159 Hannover

Our research can be found at

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