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Research update

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# STS Group AG

## Share price performance in sharp contrast to operating progress

**Rating:** Buy (unchanged) | **Price:** 4.64 € | **Price target:** 18.60 € (prev.: 20.80 €)


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# Current development


## Basic data

| | |
|---|---|
| **Based in:** | Hagen |
| **Sector:** | Automotive supplier |
| **Headcount:** | 1,300 |
| **Accounting:** | IFRS |
| **Ticker:** | SF3:GR |
| **ISIN:** | DE000A1TNU68 |
| **Price:** | 4.64 Euro |
| **Market segment:** | General Standard |
| **Number of shares:** | 6.5 m |
| **Market Cap:** | 30.2 m Euro |
| **Enterprise Value:** | 64.5 m Euro |
| **Free Float:** | 25.6 % |
| **Price high/low (12 M):** | 7.25 / 4.20 Euro |
| **Øturnover (12 M Xetra):** | 13,500 Euro |

## Restrained market development

After the previous year shaped by catch-up effects, the market development in the heavy commercial vehicle sector is much more restrained in the current year. In China, sales in the first half of the year still increased by 4 percent to 507,000 units, but in the second quarter there was a decline in sales volume in every month compared to the previous month. In the USA, the number of heavy trucks sold in the first half of the year fell by as much as 6 percent to 247,000, with some double-digit year-on-year declines in the second quarter. The European market, on the other hand, was stable, with registrations in the heavy-duty segment up 0.3 percent, slightly above the previous year (data source: YCharts, SteelOrbis, ACEA).

## Lower momentum in Q2

In this heterogeneous environment, STS continued its growth process, albeit with declining momentum in the second quarter. While sales in the first three months increased by 9.4 percent to EUR 80.9 m compared to the reference period in 2023, the increase in the months from April to June was only 4.5 percent to EUR 72.6 m. On a half-year basis, an increase of

| FY ends: 31.12. | 2021 | 2022 | 2023 | 2024e | 2025e | 2026e |
|---|---|---|---|---|---|---|
| **Sales (m Euro)** | 242.0 | 235.1 | 277.9 | 294.4 | 315.8 | 328.0 |
| **EBITDA (m Euro)** | 19.2 | 9.6 | 20.5 | 25.3 | 28.5 | 29.8 |
| **Net profit** | 1.8 | -9.9 | -1.2 | -0.7 | 1.9 | 5.2 |
| **EpS** | 0.28 | -1.53 | -0.18 | -0.11 | 0.30 | 0.80 |
| **Dividend per share** | 0.04 | 0.00 | 0.04 | 0.04 | 0.04 | 0.04 |
| **Sales growth** | 3.0% | -2.9% | 18.2% | 5.9% | 7.2% | 3.9% |
| **Profit growth** | - | - | - | - | - | 171.8% |
| **PSR** | 0.12 | 0.13 | 0.11 | 0.10 | 0.10 | 0.09 |
| **PER** | 16.8 | - | - | - | 15.8 | 5.8 |
| **PCR** | 0.8 | 4.6 | 1.0 | 2.1 | 1.4 | 1.3 |
| **EV / EBITDA** | 3.4 | 6.7 | 3.1 | 2.5 | 2.3 | 2.2 |
| **Dividend yield** | 0.9% | 0.0% | 0.9% | 0.9% | 0.9% | 0.9% |

7.0 percent to EUR 153.5 m was thus achieved. The most important growth driver was the Plastics division, which covers the business with truck components in Europe and Central and North America and which increased by 9.9 percent to EUR 117.6 m, primarily thanks to higher tool sales for new customer projects in Europe. At least a small increase was also achieved in China (+2.3 percent to EUR 24.3 m), whereas sales in the Materials segment fell by 9.7 percent to EUR 18.6 m, which is attributable to a changed product mix.

| Business figures | 6M 23 | 6M 24 | *Change* |
|---|---|---|---|
| Sales | 143.5 | 153.5 | *+7.0%* |
| *- Plastics* | *107.0* | *117.6* | *+9.9%* |
| *- China* | *23.8* | *24.3* | *+2.3%* |
| *- Materials* | *20.6* | *18.6* | *-9.7%* |
| *- consolidation* | *-7.9* | *-7.0* | *-* |
| EBITDA | 8.4 | 11.8 | *+40.3%* |
| *- Plastics* | *5.9* | *8.0* | *+35.6%* |
| *- China* | *2.9* | *3.9* | *+34.5%* |
| *- Materials* | *1.1* | *1.2* | *+9.1%* |
| *- consolidation* | *-1.5* | *-1.3* | *-* |
| *EBITDA margin* | *5.8%* | *7.7%* | *+1.9Pp.* |
| EBIT | 2.1 | 4.5 | *114.3%* |
| *EBIT margin* | *1.5%* | *2.9%* | *+1.4Pp.* |
| Period result | -0.8 | -0.7 | - |

*In m Euro and percent; source: Company*

## EBITDA margin still increasing

Despite only slight growth, STS was once again able to significantly increase EBITDA in the second quarter (+17 percent to EUR 6.3 m), meaning that the margin (in relation to sales) improved from 7.8 to 8.7 percent. Following the strong Q1 (+82 percent), growth in the first half of the year was even 40.3 percent to EUR 11.8 m, resulting in an EBITDA margin of 7.7 percent (previous year: 5.8 percent). The margin increase is even more pronounced in relation to total output (excluding other operating income), which fell by 7.3 percent to EUR 139.3 m in the reporting period due to an extensive inventory reduction of EUR 14.2 m (previous year: increase of EUR 4.2 m). At the same time, however, the reduction in the cost of materials was disproportionately high (-12.1 percent to EUR 88.7 m) as a result of the normalisation of procurement conditions and thanks to further efficiency improvements, which meant that the cost of materials ratio (in relation to total output) improved from 67.1 to 63.7 percent. On the other hand, personnel costs (+1.3 percent) and other operating expenses (+7.9 percent) were slightly higher, meaning that the expense ratios increased from 20.0 to 21.9 percent and from 10.1 to 11.8 percent respectively, although this was offset by significantly higher other operating income (+88 percent to EUR 7.9 m). At individual segment level, the largest increase in EBITDA was achieved in the Plastics segment (+36 percent to EUR 8.0 m), closely followed by business in China (+35 percent to EUR 3.9 m). However, EBITDA in the Materials division also increased by EUR 0.1 m to EUR 1.2 m as a result of efficiency enhancement measures.

## Slightly negative result for the period

With slightly higher depreciation and amortisation (from EUR 6.3 m to EUR 7.3 m), half-year EBIT more than doubled from EUR 2.1 m to EUR 4.5 m. At the same time, however, the financial result deteriorated from EUR -2.1 m to EUR -3.2 m due to the increase in debt financing and higher interest rates, so that EBT only improved from EUR 0.0 m to EUR 1.3 m. The tax result being also significantly worse (from EUR -0.7 m to EUR -2.0 m) and reflecting non-recognisable expenses and limited offsetting options between profitable and loss-making units, the half-year loss of EUR -0.7 m was only slightly higher than the previous year's figure (EUR -0.8 m).

## FCF negative as well

At EUR 5.3 m, operating cash flow in the first half of the year was significantly below the reference level from 2023 (EUR 16.7 m), which, however, had been characterised by one-off effects on liabilities and advance payments in the run-up to the construction of the new US plant. This time, the positive balance is mainly due to the reduction in inventories. At the same time, as the cash outflow from investing activities increased from EUR -3.4 m to EUR -7.3 m, the free cash flow from January to June was slightly negative at EUR -2.1 m, after a surplus of EUR 13.3 m in the previous year. Together with a negative financing cash flow of EUR -4.3 m, which resulted from the repayment of lease liabilities (EUR -2.9 m), dividend payments (EUR -0.3 m) and the negative interest balance (EUR -2.0 m) with moderate net borrowing (EUR +0.8 m), this led to a decrease in liquidity from EUR 39.3 m to EUR 32.7 m (including minor exchange rate effects).

## Equity ratio now at 17.2 percent

Despite the investments, which slightly increased property, plant and equipment from EUR 86.9 m to EUR 87.8 m, and a significant increase in receivables in the first six months (+EUR 12.7 m to EUR 51.1 m), total assets have fallen from EUR 266.5 m to EUR 264.6 m since the end of 2023 due to the reduction in inventories and liquidity. At the same time, the half-year loss also reduced equity from EUR 46.6 m to EUR 45.4 m, meaning that the equity ratio fell slightly from 17.5 percent to 17.2 percent. However, the contract liabilities (EUR 31.0 m), which are largely related to the new US plant and will be derecognised to a substantial extent when the tools are invoiced, continue to inflate the balance sheet total somewhat and distort the equity ratio downwards.

## Outlook confirmed

The contract liabilities from the tool orders for the US plant have now been completely reclassified from non-current to current liabilities, meaning that the projects are due to be finalised and invoiced in the next twelve months. For the current production business, the management has so far seen a development in line with expectations, despite the slowdown in momentum in the global truck market. For the current year, the company continues to expect both the sales growth and the EBITDA margin to be in the high single-digit percentage range. Positive impetus in the second half of the year will come from series production at the new US plant, which is being ramped up since the end of June. Overall, the management sees a normalisation in the commercial vehicle market after the catch-up effects have come to an end. According to the management, the industry is feeling the effects of uncertainty regarding the medium-term economic outlook on the one hand, while significantly higher cost of capital is hampering fleet renewal, but on the other hand, issues such as emissions reduction, connectivity, digitisation and autonomy are driving investments in the sector.

## Earnings estimate for 2024 lower

Overall, STS sales have developed in line with our expectations so far this year. For 2024, we had most recently forecast revenue from ongoing business of EUR 294.4 m and sales of tools of EUR 21.6 m. The latter is largely a transitory item, which is why the revenue in the table at the bottom of this page is shown for information purposes only and are not part of the core valuation model. The company generated revenue of EUR 153.5 m in the first half of the year, which included the income from tool sales. On this basis, we consider our full-year estimate to be easily achievable and are leaving it unchanged. Our previous EBITDA estimate (EUR 26.0 m) also appears quite achievable based on the half-year results (EUR 11.8 m), although the key earnings figures of the US plant in the first

| Revenue model (m Euro) | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|---|---|---|---|---|---|---|---|---|
| Plastics | 203.1 | 203.1 | 206.3 | 212.7 | 219.1 | 224.6 | 230.2 | 236.0 |
| China | 55.0 | 60.5 | 64.1 | 68.0 | 72.1 | 75.7 | 79.4 | 83.4 |
| Materials | 41.5 | 41.8 | 42.4 | 43.7 | 45.0 | 46.1 | 47.2 | 48.4 |
| USA | 10.0 | 26.0 | 31.2 | 36.0 | 37.8 | 39.7 | 41.7 | 43.8 |
| consolidation | -15.1 | -15.6 | -16.1 | -16.5 | -17.0 | -17.6 | -18.1 | -18.6 |
| **Sales ongoing business** | **294.4** | **315.8** | **328.0** | **343.8** | **356.9** | **368.5** | **380.5** | **392.9** |
| Tools sales* | 21.6 | 27.0 | | | | | | |
| **Total sales** | **316.0** | **342.8** | **328.0** | **343.8** | **356.9** | **368.5** | **380.5** | **392.9** |

*Estimates SMC-Research; *one-off business mainly for the start of the US plant* months of series production will play an important role. In view of the market slowdown, we are now taking a somewhat more cautious approach and expect EBITDA of EUR 25.3 m for 2024.

## Core figures unchanged from 2025 on

Although support from the overall market trend could continue to decline, the growth prospects for STS are good next year as well. On the one hand, the contribution from the increasing series production at the US plant will accrue for twelve months in 2025, and on the other hand, the company has won a new order for the plant in Mexico, which will significantly increase capacity utilisation there. We are therefore leaving our growth estimates for 2025 (and subsequent years) unchanged and expect revenue to increase by 7.2 percent to EUR 315.8 m next year (plus US tool sales of EUR 27.0 m) and an average growth rate (CAGR 25/31) of 3.7 percent until the end of the detailed forecast period in 2031. The expansion of US production and increasing capacity utilisation in Mexico will help to compensate for the potential increase in margin pressure on the market. We thus continue to expect an EBITDA margin improvement to 9 percent in 2025, resulting in unchanged earnings before interest, taxes, depreciation and amortisation of EUR 28.4 m, and a target margin of 9.2 percent, equivalent to a target EBITDA of EUR 36.2 m. The table below shows the development of the key cash flow figures up to 2031 resulting from these assumptions; further details of the estimates are provided in the Annex.

## Net profit estimate lower

However, we have reduced our net profit estimate. On the one hand, we have slightly increased the tax rate for the coming years, which is ultimately due to the fact that some units are not yet profitable, but these losses are not billable. In the medium term, we are leaving the tax rate at 29.0 percent. Overall, however, we have increased the assumed interest rate from 6.0 percent to 6.7 percent, as the financing expenses are significantly above our estimates. As a result, we now expect a net profit of EUR -0.7 m for 2024 (previously: EUR +3.0 m) and EUR +1.9 m for 2025 (previously: EUR +5.6 m).

## Higher discount rate

We continue to calculate the terminal value with a 25-percent discount to the target margin of 2031 and a “perpetual” cash flow growth of 1 percent p.a. However, as explained above, we have increased the as-

| m Euro | 12 2024 | 12 2025 | 12 2026 | 12 2027 | 12 2028 | 12 2029 | 12 2030 | 12 2031 |
|---|---|---|---|---|---|---|---|---|
| Sales | 294.4 | 315.8 | 328.0 | 343.8 | 356.9 | 368.5 | 380.5 | 392.9 |
| Sales growth | | 7.2% | 3.9% | 4.8% | 3.8% | 3.2% | 3.3% | 3.3% |
| **EBITDA** | **25.3** | **28.4** | **29.8** | **31.6** | **32.8** | **33.9** | **35.0** | **36.2** |
| EBIT | 10.1 | 12.5 | 14.3 | 16.4 | 17.8 | 19.0 | 20.1 | 21.2 |
| Tax rate | 40.0% | 32.0% | 31.0% | 30.0% | 29.0% | 29.0% | 29.0% | 29.0% |
| Adjusted tax payments | 4.0 | 4.0 | 4.4 | 4.9 | 5.2 | 5.5 | 5.8 | 6.2 |
| **NOPAT** | **6.1** | **8.5** | **9.8** | **11.5** | **12.6** | **13.5** | **14.3** | **15.1** |
| + Depreciation & Amortisation | 15.2 | 15.9 | 15.6 | 15.3 | 15.1 | 14.9 | 14.9 | 14.9 |
| + Increase long-term accruals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| + Others | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Gross operating cash flows** | 21.3 | 24.4 | 25.4 | 26.7 | 27.7 | 28.4 | 29.2 | 30.0 |
| - Increase Net Working Capital | -7.3 | -4.3 | -4.5 | -3.3 | -3.5 | -3.6 | -3.7 | -3.8 |
| - Investments in fixed assets | -13.9 | -13.7 | -13.4 | -13.9 | -14.3 | -14.7 | -15.0 | -15.4 |
| **Free Cashflow** | **0.1** | **6.4** | **7.5** | **9.5** | **9.9** | **10.2** | **10.5** | **10.8** |

*SMC estimation model*

sumed interest rates on borrowed capital from 6.0 to 6.7 percent, which has an impact on the discount rate. With an unchanged cost of equity according to CAPM of 11.2 percent (with: safe interest rate of 2.5 percent, market risk premium of 5.8 percent and beta factor of 1.5), a target capital structure with 65 percent debt capital and a tax rate for the tax shield of 29 percent, the discount rate is now 7.0 percent (previously 6.7 percent).

## New price target: EUR 18.60

After the model adjustments, the fair value we determined is now EUR 120.7 m or EUR 18.58 per share, from which we derive EUR 18.60 as the new price target (a sensitivity analysis for determining the price target can be found in the Annex). The reduction compared to our last estimate (EUR 20.80) is due to the slightly lower earnings expectations, which are based on the reduced margin estimate for 2024, the increased tax rate for the current period and subsequent years and the generally slightly higher assumed interest rate on borrowed capital. On a scale of 1 (low) to 6 (high), we continue to classify the forecast risk as slightly above average at 4 points, which is primarily due to the influence of the pronounced cyclical nature of the truck market.

# Conclusion

Global market development in the heavy commercial vehicle sector has lost momentum in the current year and is heterogeneous: There is a significant decline in the USA, stagnation in Europe and only moderate growth in China.

Although STS's sales growth fell to 4.5 percent in the second quarter as a result (after 9.4 percent in Q1), the company is coping very well with the general conditions. This is evident in the continued increase in profitability. After improving from 4.1 to 6.8 percent in the first quarter, the EBITDA margin increased from 7.8 to 8.7 percent in Q2. Accumulated over the first half of the year, sales grew by 7 percent to EUR 153.5 m and EBITDA increased by 40 percent to EUR 11.8 m, which equates to a margin of 7.7 percent.

Management is positive about the prospects for the future, with especially the start of series production in the USA at the end of June making a growing contribution over the course of the year. The company has therefore confirmed its forecast for the full year, which envisages sales growth in a higher single-digit percentage range and an EBITDA margin in the high single-digit percentage range.

From next year, growing US production and increasing capacity utilisation at the plant in Mexico, for which a major new order has been won, will provide positive impetus.

We see STS on an intact growth path, which we have conservatively estimated with revenue growth of around 6 percent in the current period, around 7 percent next year and a subsequent CAGR of 3.7 percent until 2031. We also consider our EBITDA margin estimate to be cautious and expect an improvement to 9 percent next year; at the same time, we have only set the target margin at 9.2 percent. However, following the half-year figures, we have slightly reduced our EBITDA margin estimate for the current year from 8.8 to 8.6 percent. We have also slightly increased our estimates for the tax rate for 2024 and subsequent years as well as the interest rate.

As a result, our target price has fallen from EUR 20.80 to EUR 18.60. However, it continues to signal a serious undervaluation of the STS share, whose temporary gains made in response to the company's positive performance are completely gone again. We see an increasingly glaring discrepancy between operating progress and the share price trend and reiterate our “Buy” rating.

# Annex I: SWOT analysis

## Strengths

- STS has established itself as a global tier-one truck supplier for plastic parts.
- The company has expertise and flexibility in the application of a wide range of manufacturing techniques (SMC, thermocompression and injection moulding), materials and batch sizes, and is increasingly becoming a system supplier.
- Successful international expansion with a strong market position in China and the acquisition of a major order from the USA.
- Proved competence in acquisition and integration of companies as well as in the implementation of efficiency enhancement measures.
- With Adler Pelzer, the company has a strong parent company.

## Weaknesses

- Despite the recent improvement, the EBITDA margin is still low at 7.7 percent. The net result is still negative, and further progress is needed to achieve a profit.
- The balance sheet debt is fairly high (equity ratio 17.2 percent). However, the multiple of net financial debt to EBITDA was only a moderate 1.4 in 2023.
- Due to the long lead time from order placement to revenue generation, sales initiatives only show up in group revenue with a significant delay.
- Structural growth dynamics in the still important European commercial vehicle market are low.
- In the wake of the takeover by Adler Pelzer, the liquidity of the share has decreased.

## Opportunities

- The launch of the new US plant is providing important growth impetus, which is why management is forecasting an increase in revenue in the high single-digit percentage range.
- Despite the plant start-up, the forecast EBITDA margin in the high single-digit range offers potential for further margin improvement.
- Together with Adler Pelzer, there are good opportunities for order acquisition in the USA and further market share gains in China.
- Electromobility and new emission regulations act as growth drivers.
- The STS share is very low-priced and offers very high upside potential as soon as investors gain confidence in STS's sustainable growth prospects.

## Threats

- The global momentum of the truck market has slowed and could curb growth over the course of the year.
- China is struggling with structural problems that could have a lasting negative impact on the commercial vehicle market.
- Increasing headwinds from the markets could delay the leap into the profit zone in terms of net income.
- Series production in the USA could initially cause even higher costs than expected.
- International conflicts (especially with China) could make business development more difficult.
- Adler Pelzer could decide to delist the share.

# Annex II: Balance sheet and P&L estimation

## Balance sheet estimation

| m Euro | 2023 act. | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e |
|---|---|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | | | |
| I. Total non-current | 111.7 | 110.4 | 108.2 | 106.1 | 104.7 | 104.0 | 103.7 | 103.8 | 104.2 |
| 1. Intangible assets | 19.1 | 19.6 | 20.1 | 20.5 | 20.8 | 21.1 | 21.3 | 21.5 | 21.7 |
| 2. Tangible assets | 86.9 | 85.0 | 82.4 | 79.9 | 78.2 | 77.2 | 76.7 | 76.6 | 76.9 |
| II. Total current assets | 154.8 | 136.3 | 102.0 | 110.6 | 121.1 | 132.5 | 144.5 | 157.1 | 170.3 |
| LIABILITIES | | | | | | | | | |
| I. Equity | 46.6 | 45.7 | 47.3 | 52.2 | 59.0 | 67.2 | 76.4 | 86.4 | 97.5 |
| II. Accruals | 10.0 | 10.1 | 10.2 | 10.3 | 10.4 | 10.6 | 10.7 | 10.8 | 10.9 |
| III. Liabilities | | | | | | | | | |
| 1. Long-term liabilities | 80.6 | 53.6 | 52.6 | 51.8 | 51.3 | 50.8 | 50.3 | 49.7 | 49.2 |
| 2. Short-term liabilities | 129.3 | 137.3 | 100.1 | 102.3 | 105.0 | 107.9 | 110.8 | 113.9 | 117.0 |
| **TOTAL** | **266.5** | **246.7** | **210.2** | **216.6** | **225.8** | **236.4** | **248.1** | **260.8** | **274.6** |

## P&L estimation

| m Euro | 2023 act. | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e |
|---|---|---|---|---|---|---|---|---|---|
| Sales (current) | 277.9 | 294.4 | 315.8 | 328.0 | 343.8 | 356.9 | 368.5 | 380.5 | 392.9 |
| Total output | 286.8 | 289.4 | 310.8 | 328.0 | 343.8 | 356.9 | 368.5 | 380.5 | 392.9 |
| Gross profit | 100.5 | 108.4 | 118.1 | 121.4 | 127.2 | 132.1 | 136.3 | 140.8 | 145.4 |
| EBITDA | 20.5 | 25.3 | 28.4 | 29.8 | 31.6 | 32.8 | 33.9 | 35.0 | 36.2 |
| EBIT | 6.8 | 10.1 | 12.5 | 14.3 | 16.4 | 17.8 | 19.0 | 20.1 | 21.2 |
| EBT | 0.5 | 3.4 | 4.8 | 8.0 | 10.4 | 11.9 | 13.3 | 14.6 | 15.9 |
| EAT (before minorities) | -1.2 | -0.7 | 1.9 | 5.2 | 7.0 | 8.5 | 9.4 | 10.4 | 11.3 |
| EAT | -1.2 | -0.7 | 1.9 | 5.2 | 7.0 | 8.5 | 9.4 | 10.4 | 11.3 |
| EPS | -0.18 | -0.11 | 0.29 | 0.80 | 1.08 | 1.30 | 1.45 | 1.59 | 1.74 |

# Annex III: Cash flows estimation and key figures

## Cash flows estimation

| m Euro | 2023 act. | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e |
|---|---|---|---|---|---|---|---|---|---|
| CF operating | 30.5 | 14.1 | 21.6 | 23.0 | 25.6 | 26.6 | 27.2 | 27.9 | 28.7 |
| CF from investments | -14.3 | -13.9 | -13.7 | -13.4 | -13.9 | -14.3 | -14.7 | -15.0 | -15.4 |
| CF financing | -2.9 | -7.5 | -10.7 | -8.9 | -8.0 | -8.0 | -8.0 | -7.9 | -7.9 |
| Liquidity beginning of year | 25.6 | 39.3 | 32.1 | 29.2 | 29.9 | 33.5 | 37.8 | 42.4 | 47.4 |
| Liquidity end of year | 39.3 | 32.1 | 29.2 | 29.9 | 33.5 | 37.8 | 42.4 | 47.4 | 52.8 |

## Key figures

| percent | 2023 act. | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e |
|---|---|---|---|---|---|---|---|---|---|
| Sales growth | 18.2% | 5.9% | 7.2% | 3.9% | 4.8% | 3.8% | 3.2% | 3.3% | 3.3% |
| Gross margin | 36.2% | 36.8% | 37.4% | 37.0% | 37.0% | 37.0% | 37.0% | 37.0% | 37.0% |
| EBITDA margin | 7.4% | 8.6% | 9.0% | 9.1% | 9.2% | 9.2% | 9.2% | 9.2% | 9.2% |
| EBIT margin | 2.4% | 3.4% | 4.0% | 4.4% | 4.8% | 5.0% | 5.1% | 5.3% | 5.4% |
| EBT margin | 0.2% | 1.2% | 1.5% | 2.4% | 3.0% | 3.3% | 3.6% | 3.8% | 4.0% |
| Net margin | -0.4% | -0.2% | 0.6% | 1.6% | 2.0% | 2.4% | 2.6% | 2.7% | 2.9% |

# Annex IV: Sensitivity analysis

| | Perpetual cash flow growth | | | | |
|---|---|---|---|---|---|
| WACC | **2.0%** | **1.5%** | **1.0%** | **0.5%** | **0.0%** |
| **6.0%** | 29.50 | 26.39 | 23.89 | 21.85 | 20.15 |
| **6.5%** | 25.37 | 22.96 | 20.99 | 19.35 | 17.96 |
| **7.0%** | 22.07 | 20.16 | **18.58** | 17.23 | 16.08 |
| **7.5%** | 19.36 | 17.83 | 16.53 | 15.42 | 14.46 |
| **8.0%** | 17.11 | 15.86 | 14.78 | 13.85 | 13.04 |

# Disclaimer

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The charts were made with Tai-Pan (www.lp-software.de).

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*II) Preparation and updating*

The present financial analysis was prepared by: Dipl.-Kfm. Holger Steffen

Participants in the preparation of the present financial analysis: -

The present analysis was finished on 14.08.2024 at 13:30 and published on 14.08.2024 at 14:15.

For the preparation of its financial analyses, the sc-consult GmbH uses a five-tier rating scheme with regard to price expectation in the next twelve months. Additionally, estimation risk is quantified on a scale from 1 (low) to 6 (high). The ratings are as follows:

| | |
|---|---|
| Strong Buy | We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as below average (1 to 2 points). |
| Buy | We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as average (3 to 4 points). |
| Speculative Buy | We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as above average (5 to 6 points). |

| | |
|---|---|
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| Sell | We expect that the price of the analysed financial instrument will drop by at least 10 percent. The forecast risk (1 to 6 points) has no further impact on the rating. |

The expected change in price refers to the current share price of the analysed company. This price and any other share prices used in this analysis are XETRA closing prices as of the last trading day before publication. If the share is not traded on XETRA, the closing price of another public stock exchange is used with a separate note to that effect.

The price targets published within the assessment are calculated with common methods of financial mathematics, especially with the DCF (discounted cash flow) method, the sum of the parts valuation and a peer group analysis. The valuation methods are affected by economic framework conditions, especially by the development of the interest rates.

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In the past 24 months, sc-consult GmbH has published the following financial analyses for the company:

| Date | Investment recomm. | Target price | Conflict of interests |
|---|---|---|---|
| 06.06.2024 | Buy | 20.80 Euro | 1), 3), 10) |
| 12.04.2024 | Buy | 20.30 Euro | 1), 3), 10) |
| 15.11.2023 | Buy | 19.80 Euro | 1), 3), 10) |
| 02.10.2023 | Buy | 19.50 Euro | 1), 3), 10) |
| 09.08.2023 | Buy | 19.50 Euro | 1), 3), 4), 10) |
| 30.05.2023 | Buy | 16.00 Euro | 1), 3), 10) |
| 26.04.2023 | Buy | 16.00 Euro | 1), 3), 10) |
| 07.12.2022 | Buy | 12.60 Euro | 1), 3), 4), 10) |
| 17.08.2022 | Hold | 11.80 Euro | 1), 3), 10) |

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