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Equity Research Division

Krones AG

Machine Manufacturer in the Beverage Industry

Target Price: € 144.25

Current Price: € 115.30

Upside/Downside Potential: **+25.1%**

Recommendation: BUY

Vienna, 02-Feb-24

Team Overview

Equity Research



Valentin
Horak

Head

- Task Distribution
- Story Guideline



MUTARES

LAZARD

BSc. (WU)



Katrin
Leitgeb

Analyst

- Financial Model
- CTA & CCA
- Risks & Catalysts



MSc. (WU) –
1st Sem.



Jonas
Knappitsch

Analyst

- Financial Model
- Industry Analysis



BSc. (WU) –
3rd Sem.
LL.B. (UniVie) –
3rd Sem.



Maximilian
Pichler

Analyst

- Financial Model
- Strategy
- CCA



BSc. (WU) –
5th Sem.
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5th Sem.



Felix
Ruppel

Analyst

- Financial Model
- M&A Activities
- Supply Chain



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3rd Sem.



Jessica
Paul

Analyst

- Financial Model
- Business Model

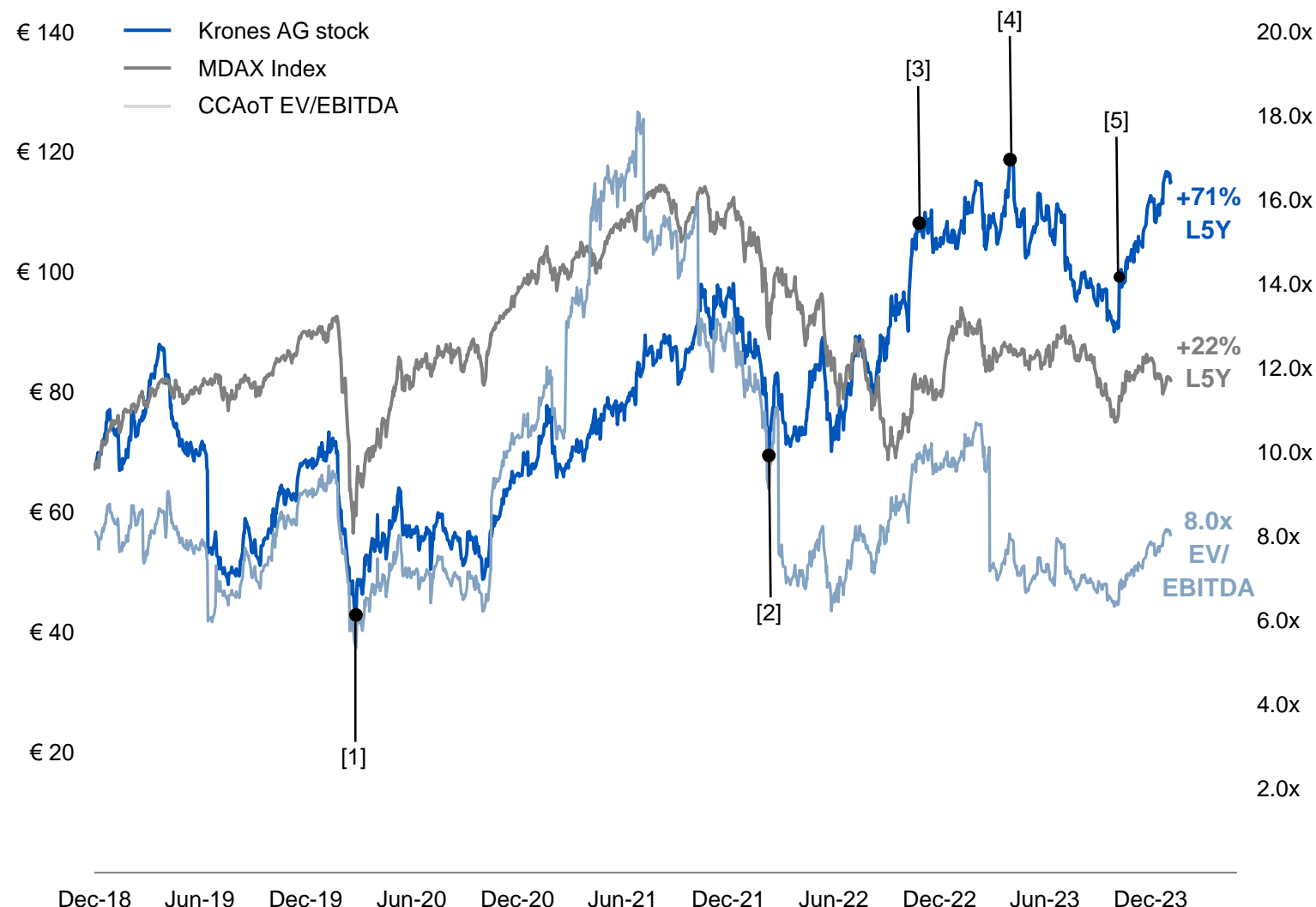


BSc. (WU) –
7th Sem.

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Company Overview	5
Business Model & Product Overview	9
Business Strategy	15
Market & Industry Overview	19
Financial Analysis & Valuation	23
Conclusion	30
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Share Price Performance

Strong Top Line Growth And Significant Order Intake Have Boosted Krones AG's Share Price Performance



Major events

- [1] Feb/Mar 2020 / **(30.6%)** – Krones AG faces a sharp decline in stock price during the **COVID-induced market downturn** in March
- [2] Feb/Mar 2022 / **(16.5%)** – Krones AG evacuates employees after the **outbreak** of the **Russia-Ukraine war** and outlays exit out of Russian business
- [3] Nov 2022 / **11.6%** – Krones AG announces **record order intake (+44%)** and profitability improvement
- [4] Apr 2023 / **8.5%** – **Acquisition** of US company **Ampco Pumps** which expands Krones AG's capabilities in **process technology**
- [5] Nov 2023 **7.5%** – Krones AG reports **strong growth**, contract value of orders exceeded the €4bn mark for the first time, ensuring **production capacity utilization through to 2025**

Key stats

- IPO:** 15-Nov-1984
- Ticker:** KRN (XTRA)
- Market capitalization:** € 3.642bn
- 52-week range:** € 89.25 - € 120.30

Key investment highlights



1

Krones AG enjoys a **dominant market positioning** due to its unique strategic focus of being **solely focused on the beverage industry**

2

Krones AG manages to **optimize cost for beverage producers** by providing **energy efficient and sustainable solutions**, such as Enviro lines

3

Krones AG can service client needs along the **entire beverage value chain** via offering machinery for **production, packaging, filling and logistics**

4

Krones AG's fully vertical product portfolio is **increasingly digitalized**, allowing them to **benefit from customer data and improve service**

5

Krones AG's modular machinery systems **save customers' significant acquisition cost** by **building on to existing machinery**

6

Krones AG's operations are sensitive to **political risk** and **economic developments**, especially in targeted emerging markets



Krones AG

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Company Overview

KRONES

KRONES MetaPure W

Company Overview

Equipment Manufacturer In The Beverage Industry Providing Tailored Packaging And End-to-end Process Solutions

Company overview

- Founded in 1951, Krones AG enables **sustainable, resource-efficient and tailored packaging solutions** for beverage companies
- The company operates in the segments:
 - Integrated Filling & Packaging Solutions
 - Process Technology
 - Automated Intralogistics
- Process Technology and Intralogistics were reshaped as growth segments in 2021
- Krones AG is headquartered in Neutraubling (Bavaria), employing 18,000 people

Key financials

in €m	2019A	2020A	2021A	2022A	2023E	L5Y
Revenue	4,130	3,519	3,869	4,466	4,919	5Y CAGR
YoY %	2.8%	(14.8%)	10.0%	15.4%	10.1%	3.6%
EBITDA	227	133	313	373	436	5Y Avg.
Margin %	5.5%	3.8%	8.1%	8.4%	8.9%	6.9%
Net Income	9	(80)	141	187	234	5Y Avg.
Margin %	0.2%	(2.3%)	3.7%	4.2%	4.8%	2.1%

Management overview



Christoph Klenk
CEO
since 2016



Uta Anders
CFO
since 2023



Thomas Ricker
Chief Sales
Officer
since 2018



Ralf Goldbrunner
Head of
Operations
since 2014

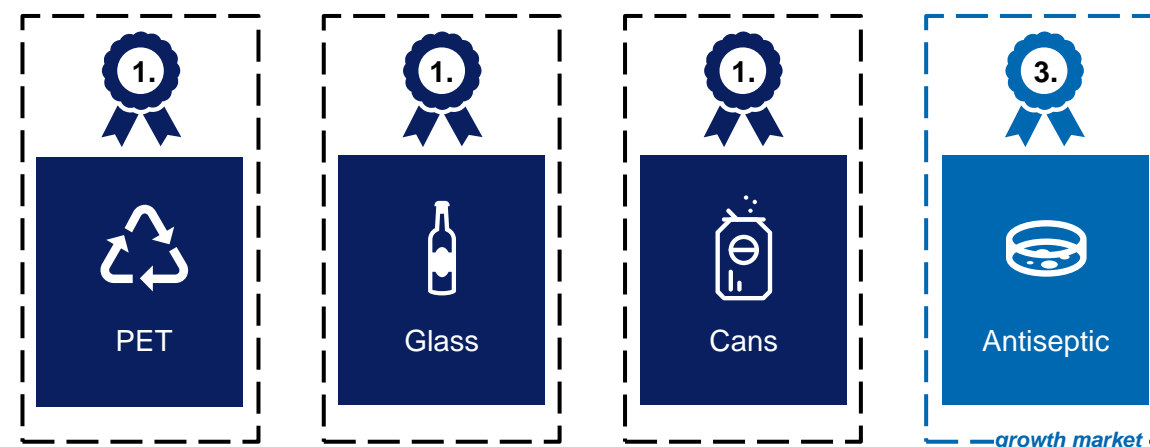


Markus Tischer
International Ops
and Services
since 2014



Tenured board with extensive experience in the packaging industry

Material market positioning



Segment Executive Summary

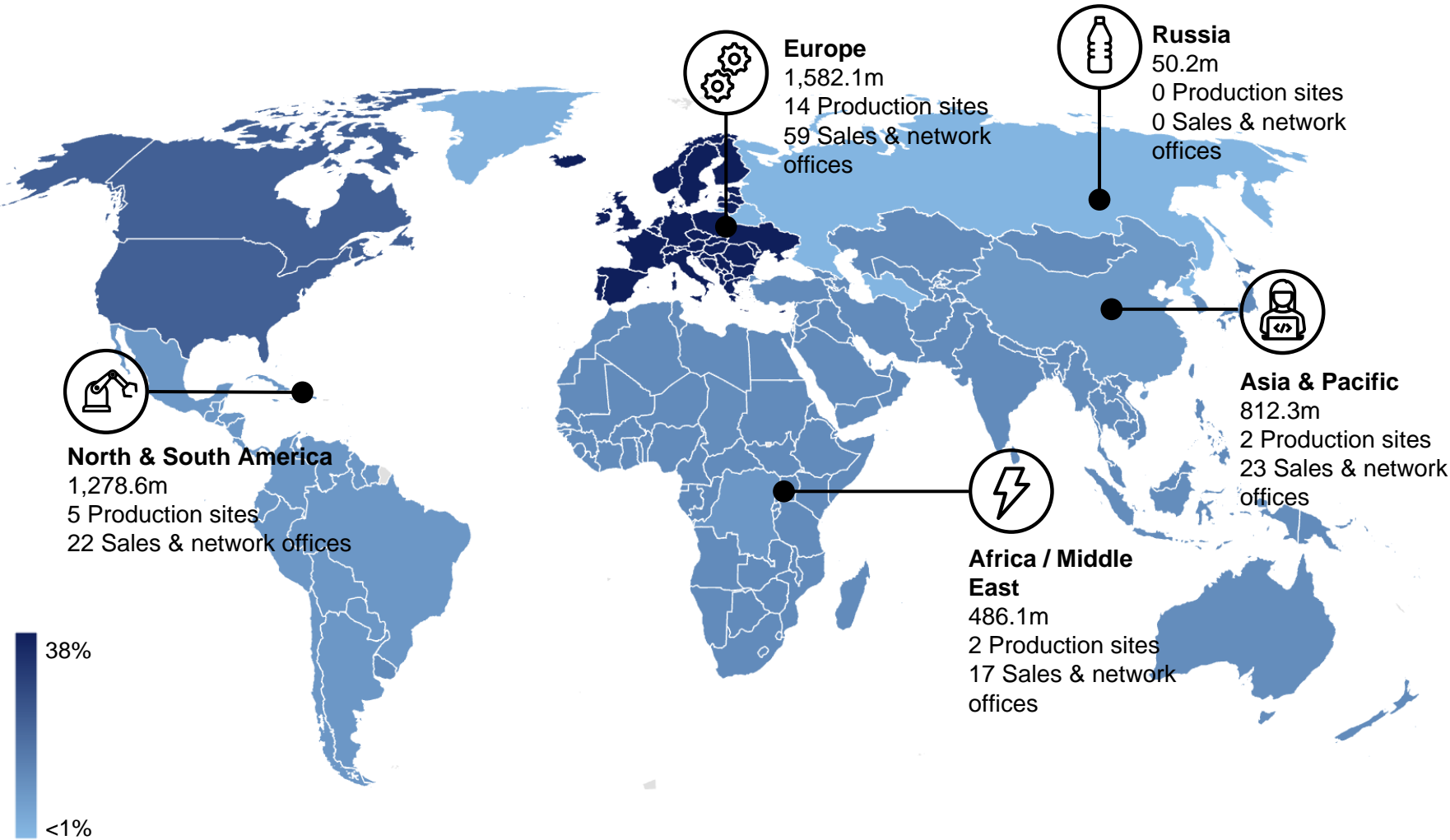
Krones AG Is Operating In Three Segments; Filling And Packaging Technology, Process Technology And Intralogistics

	Filling and Packaging Technology	Process Technology	Intralogistics																																							
Operating metrics (in €k)	<p>Revenues — EBITDA margin</p> <table><thead><tr><th>Year</th><th>Revenues</th><th>EBITDA margin</th></tr></thead><tbody><tr><td>2019A</td><td>3,265,417</td><td>6.7%</td></tr><tr><td>2020A</td><td>2,797,319</td><td>6.1%</td></tr><tr><td>2021A</td><td>3,045,598</td><td>9.3%</td></tr><tr><td>2022A</td><td>3,497,316</td><td>9.5%</td></tr></tbody></table>	Year	Revenues	EBITDA margin	2019A	3,265,417	6.7%	2020A	2,797,319	6.1%	2021A	3,045,598	9.3%	2022A	3,497,316	9.5%	<p>Revenues — EBITDA margin</p> <table><thead><tr><th>Year</th><th>Revenues</th><th>EBITDA margin</th></tr></thead><tbody><tr><td>2019A</td><td>693,458</td><td>1.3%</td></tr><tr><td>2020A</td><td>525,424</td><td>(7.3%)</td></tr><tr><td>2021A</td><td>296,584</td><td>6.3%</td></tr><tr><td>2022A</td><td>367,499</td><td>5.5%</td></tr></tbody></table>	Year	Revenues	EBITDA margin	2019A	693,458	1.3%	2020A	525,424	(7.3%)	2021A	296,584	6.3%	2022A	367,499	5.5%	<p>Revenues — EBITDA margin</p> <table><thead><tr><th>Year</th><th>Revenues</th><th>EBITDA margin</th></tr></thead><tbody><tr><td>2021A</td><td>292,274</td><td>3.7%</td></tr><tr><td>2022A</td><td>344,524</td><td>5.9%</td></tr></tbody></table>	Year	Revenues	EBITDA margin	2021A	292,274	3.7%	2022A	344,524	5.9%
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Segment description	<ul style="list-style-type: none">Machines and lines for filling, labelling, packaging and conveyingBeer, soft drinks, fruit juices, milk, dairy drinks and alternative proteins products	<ul style="list-style-type: none">Machines and lines for producingBeer, soft drinks, fruit juices, milk, dairy drinks and alternative proteins and water treatment	<ul style="list-style-type: none">Planning and design of fully automated warehousingOrder picking and material flow systems with high speed feeders and automated guided vehicle (AGV) under the subsidiary System Logistics																																							
Selected products	<p>Individually composed F&P line</p>	<p>Individually composed production line</p>	<p>Intralogistic lines and automatization tools</p>																																							

Geographical Breakdown

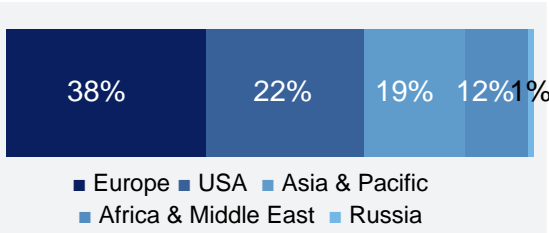
Krones AG's Truly Global Network Reach Enables Cost Advantages And Efficient Customer Servicing

Geographical revenue split (€m)

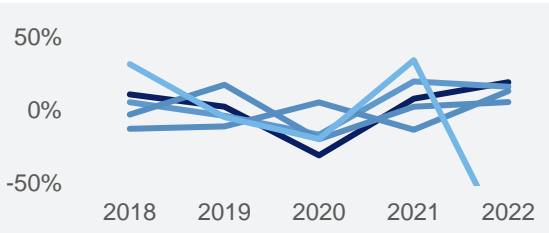


Deep dive into geographies

Key markets



Revenue growth



Key stats

- 6 continents
- 23 manufacturing plants
- 121 network centers
- Expansion in emerging markets

A photograph of a large industrial facility, likely a brewery or food processing plant. The scene is filled with tall, vertical stainless steel tanks and a complex network of pipes and conduits. The lighting is industrial, with some areas in shadow and others brightly lit. In the foreground, there are blue plastic drums and some equipment. The background shows a brick wall and more industrial structures.

Krones AG

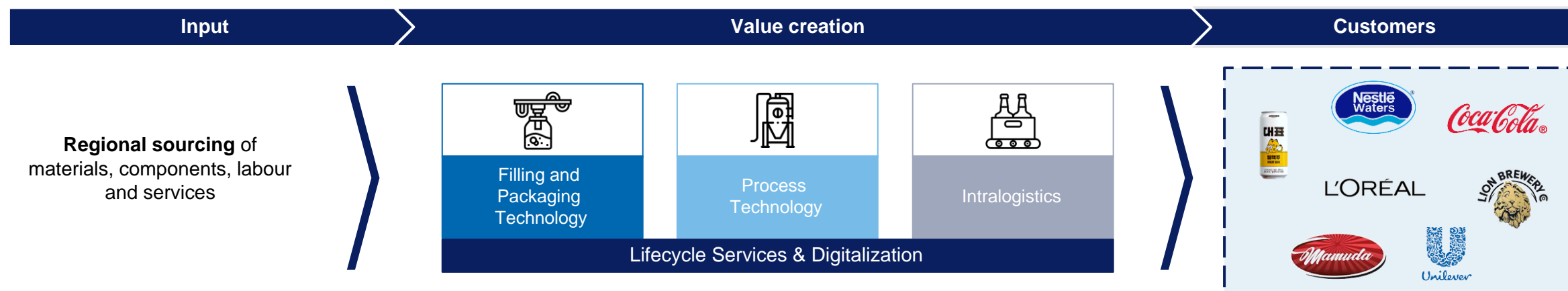
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Business Model & Product Overview

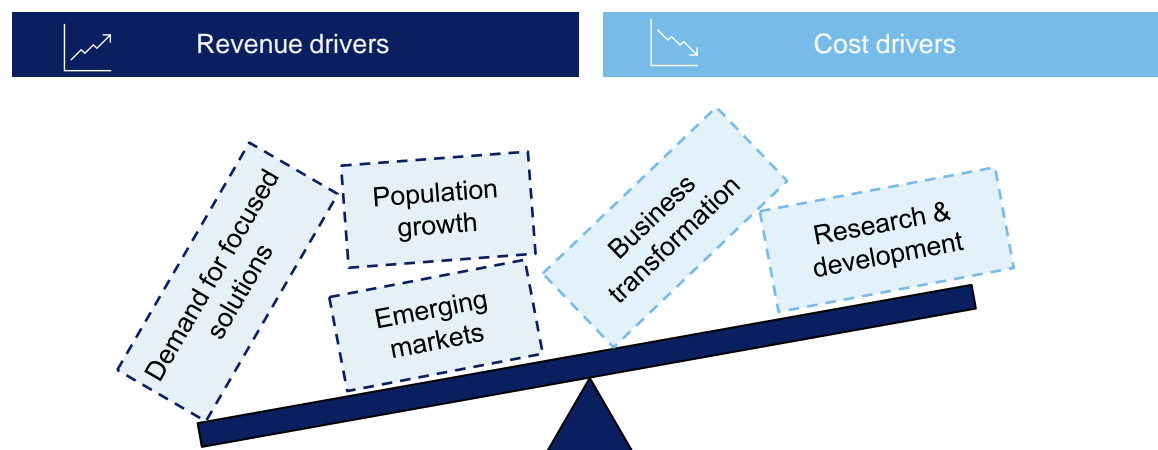
Business Model Overview

Strategic Focus And Increasing Integration Are The Key Drivers Of Krones AG's Business Model

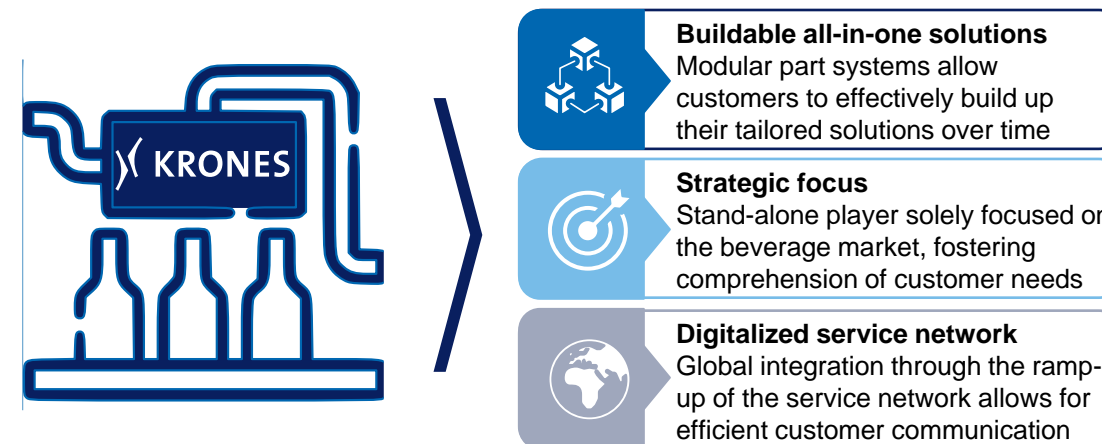
Krones AG's value chain



Revenue and cost drivers



Krones AG's competitive advantage



Business Model – Process Technology

The New Focus On Production Automation Allows Kronos AG To Serve Customers More End-to-end Solutions

Segment key facts



Positioning & role in Company
Management sees the segment as its rising star



General segment trend
Strong profitability increase since segment restructuring



Key segment strength
Upselling opportunities with complementary lines

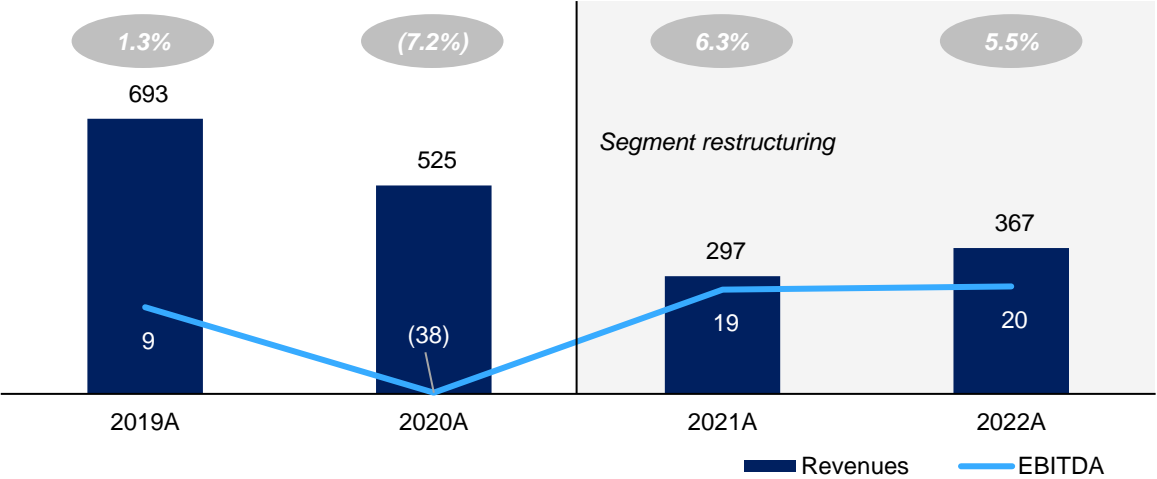
Beverage production automation and optimization



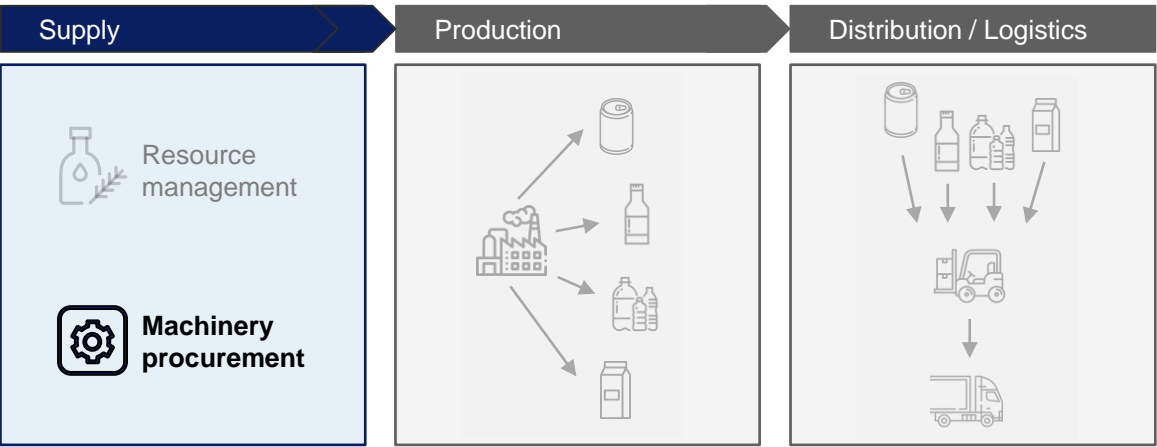




Revenue and EBITDA development L5Y (€m)



Role in the value chain



Business Model – Filling And Packaging Technology

Reliable Cash Cow Positioning Krones AG As Market Leader, Allowing The Company To Venture Into New Areas

Segment key facts



Positioning & role in company

Serves as cash cow, making up over 80% of revenues



General segment trend

Management sees population growth as key driver



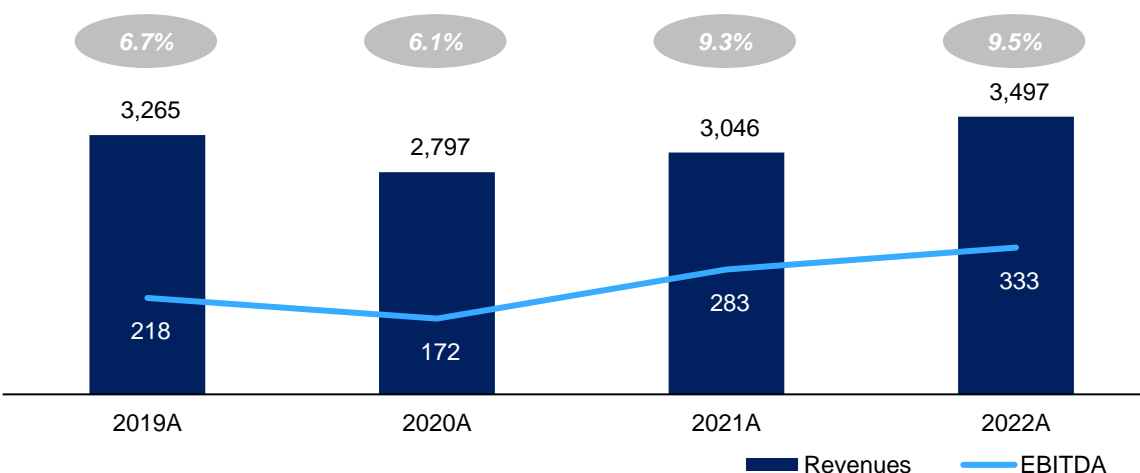
Key segment strength

Number one market positioning & modular part system

Automated filling
& complementary
support tools



Revenue and EBITDA development L5Y (€m)



Role in the value chain

Supply

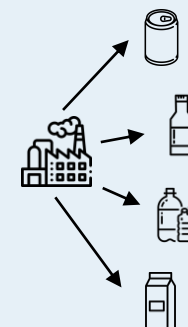


Resource
management



Machinery
procurement

Production



Distribution / Logistics



Selected example: Full scale filling and packaging line

Business Model – Intralogistics

Serving Clients Fully Along The Value Chain, Including Logistics, Makes Krones AG Unique In The Beverage Market

Segment key facts



Positioning & role in company

Necessary piece to truly serve customers end-to-end



General segment trend

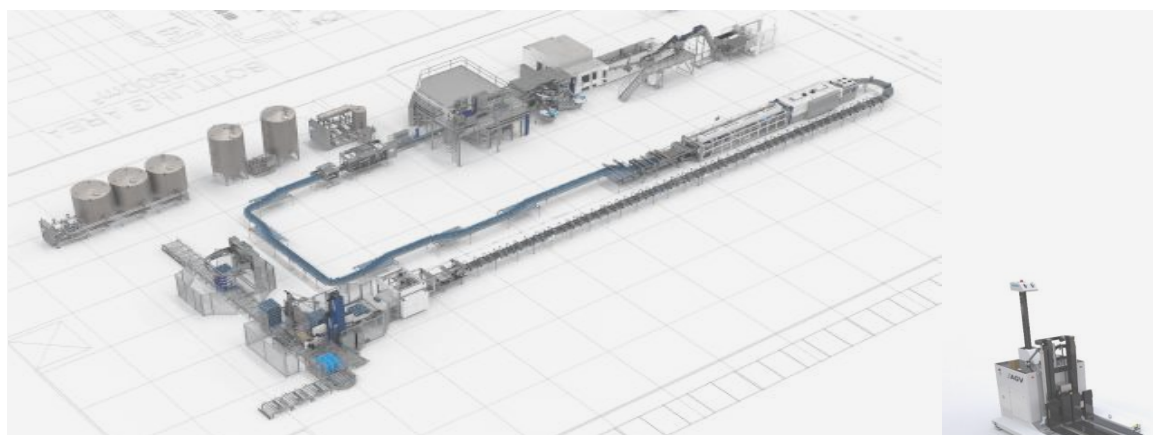
Management guidance places growth between F&P & PT



Key segment strength

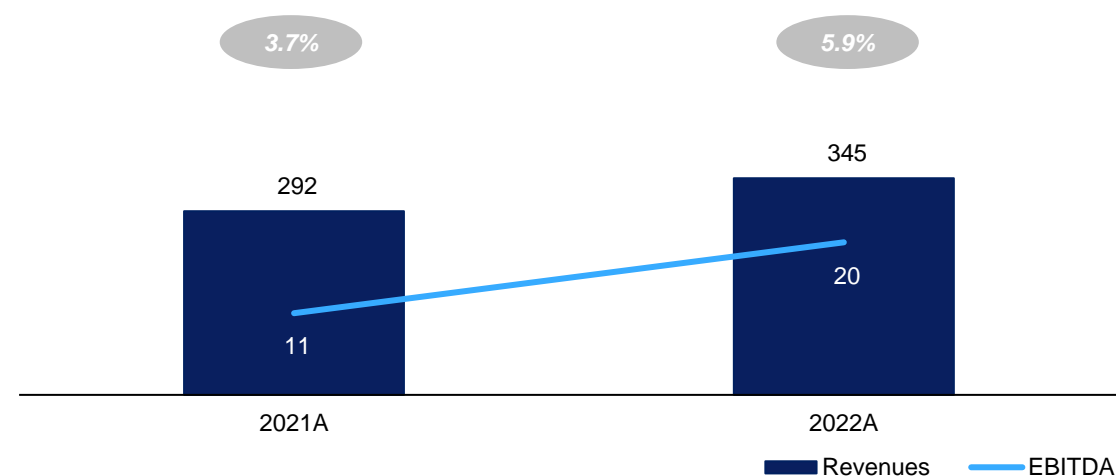
Unique position of being fully vertically integrated

Serving
distribution and
storage

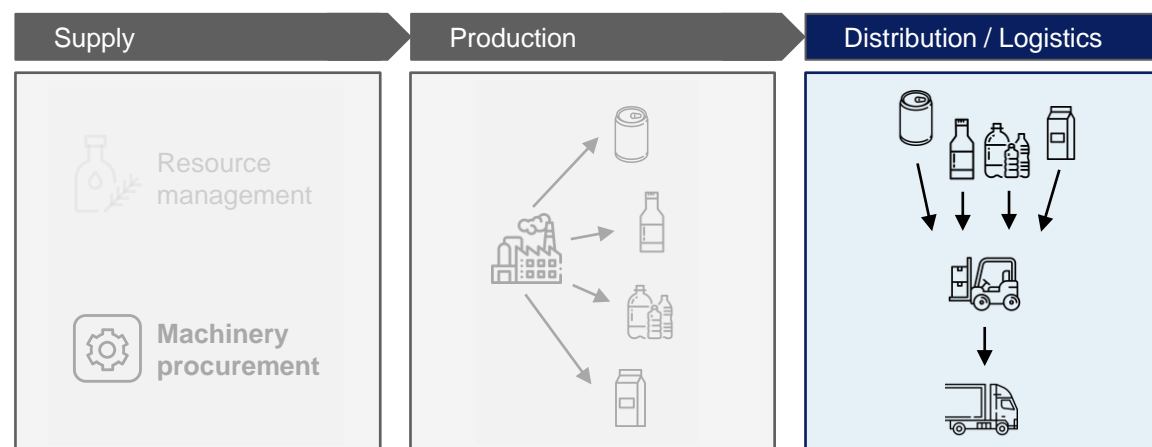


Selected example: Intralogistics solution and automated guided vehicles

Revenue and EBITDA development L5Y (€m)



Role in the value chain

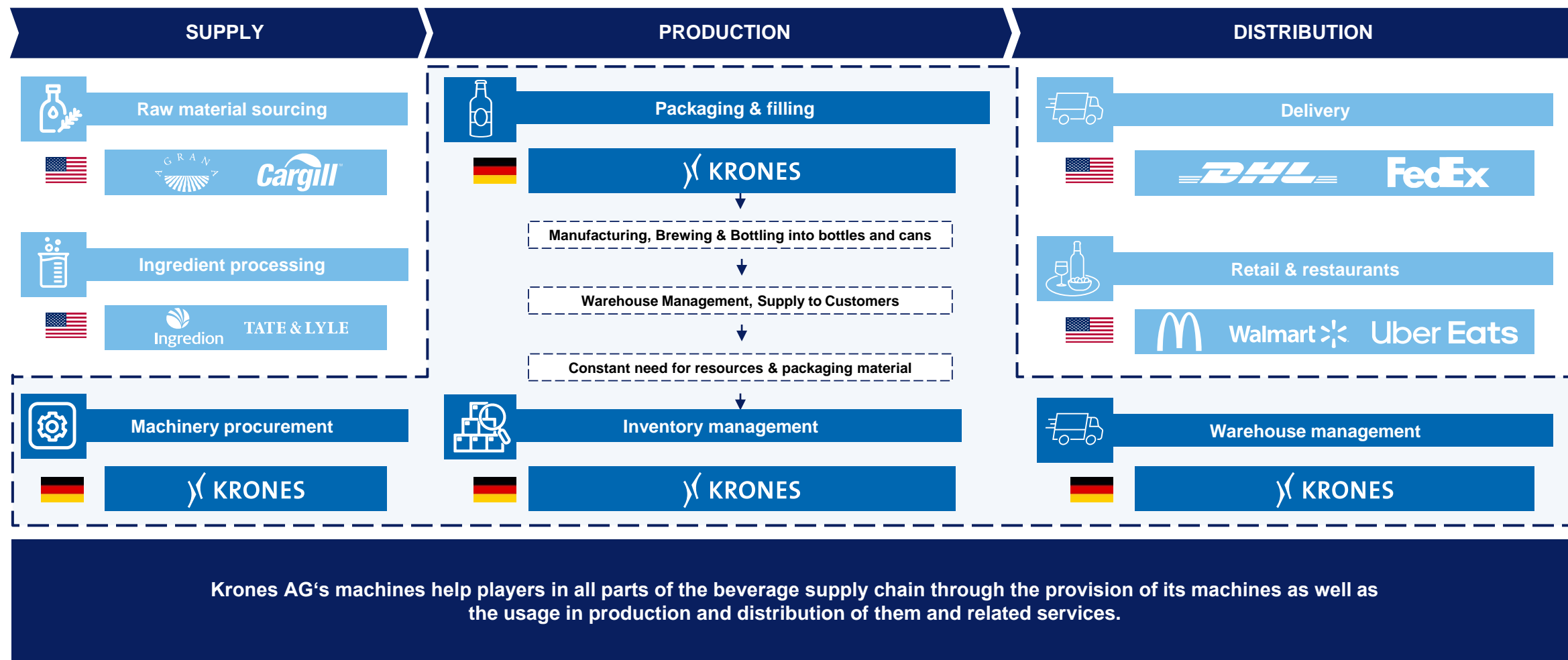


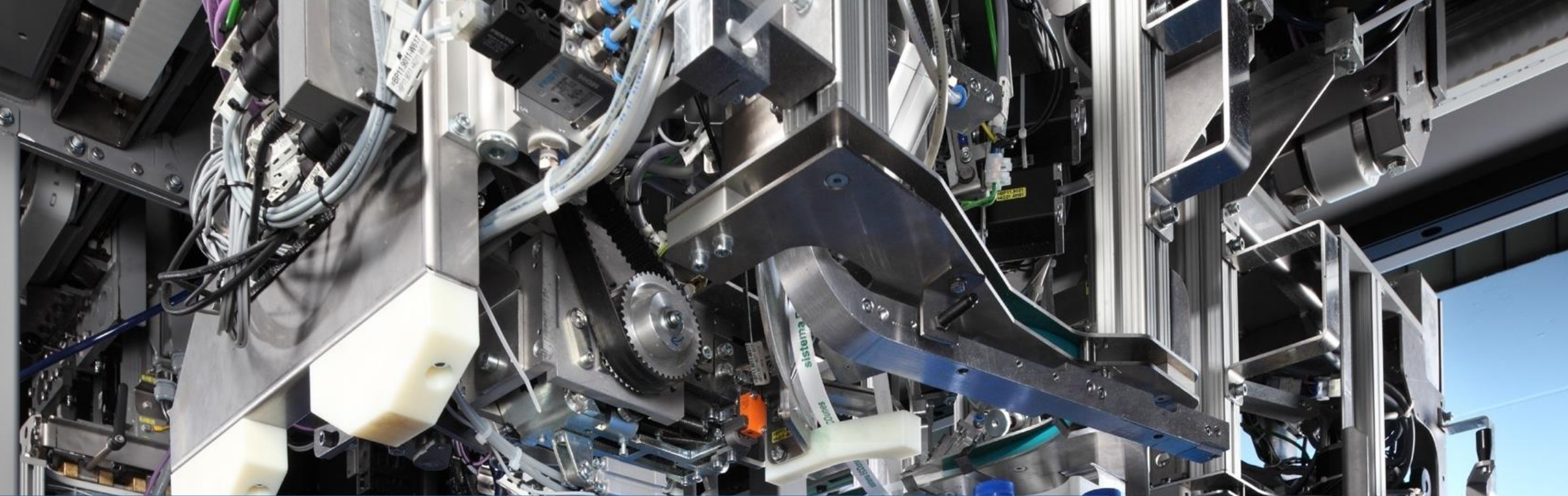
Krones AG's Valued-add In The Supply Chain

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Krones AG As A Machine And Service Provider Plays A Key Role In All Of The Beverage Supply Chain

Common supply chain for the consumer beverage sector





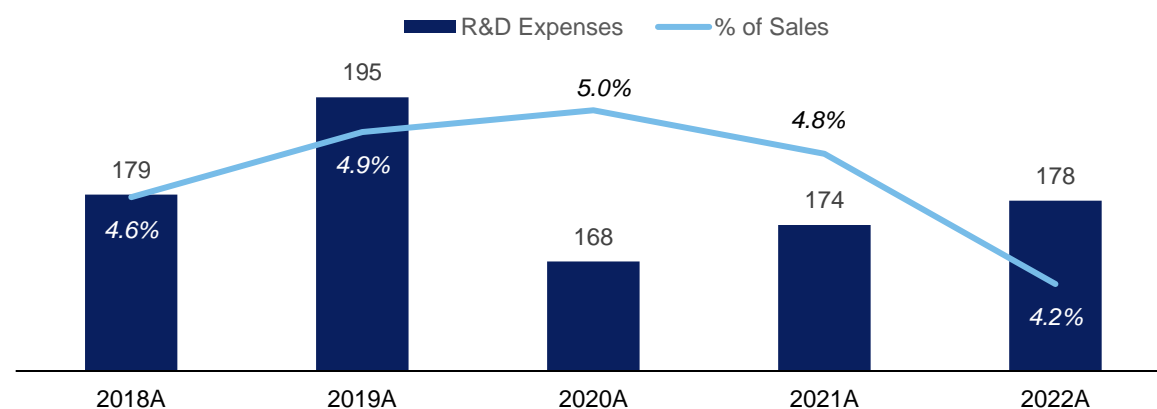
Krones AG

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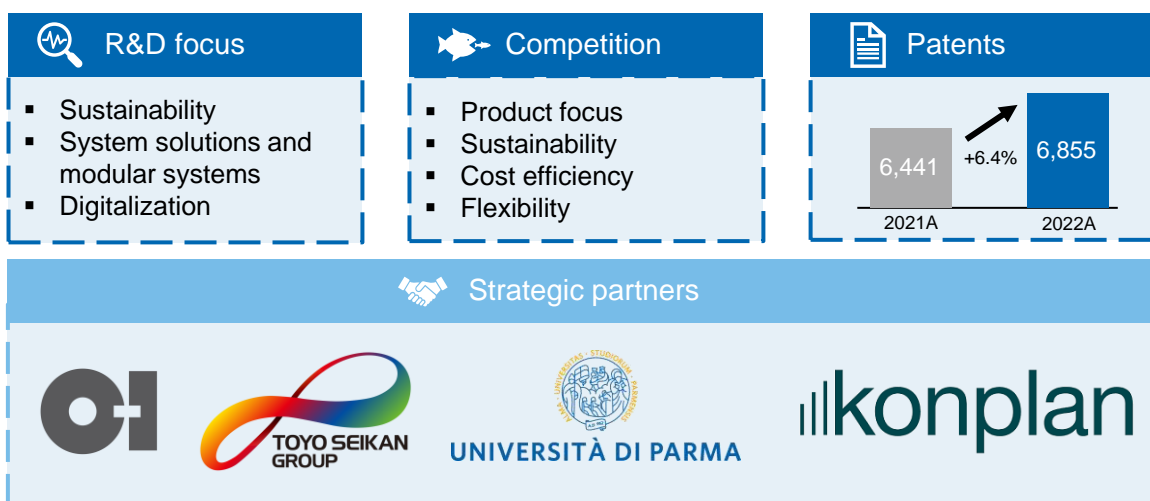
Business Strategy



R&D expenses (€m)



Competition drivers and cooperation



Latest R&D achievements

Fourth Generation Contiform

- 11% less heat energy
- 15% less installation area
- 20% less blast air
- AI based system



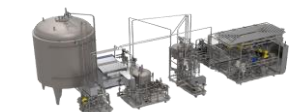
Ergobloc L

- First pet-wet-section block with **100.000 bottles** (0.5l) output **per hour** in the world



Vario Asept M

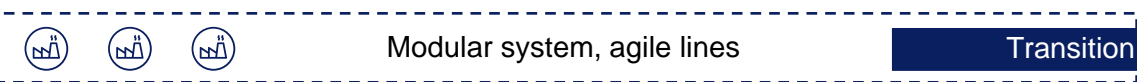
- 11% less heat energy
- 15% less installation area
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- AI based system



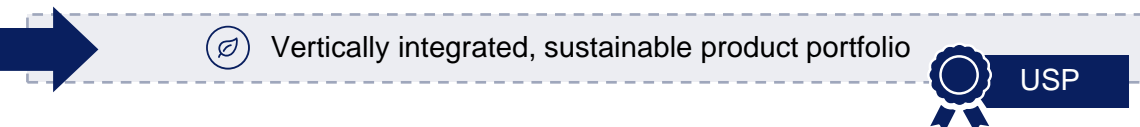
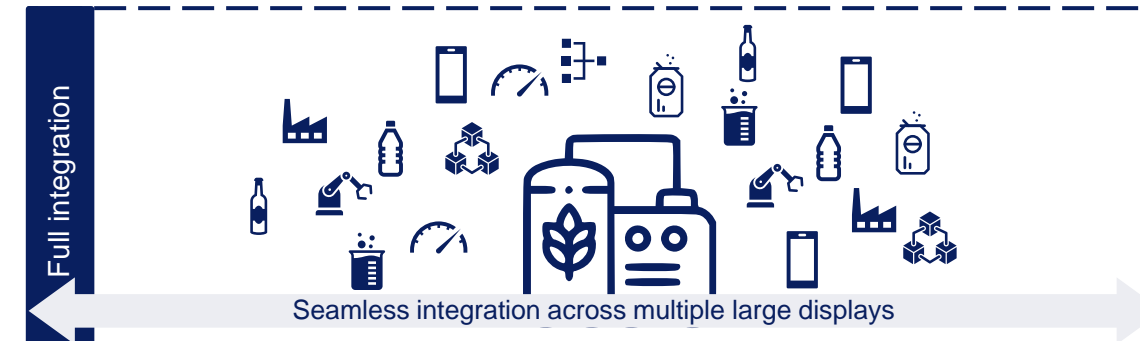
Transition To Enviro Lines

Krones AG Generates A Value-add For Customers Via Innovation, Sustainability And Their Tried And Tested Systems

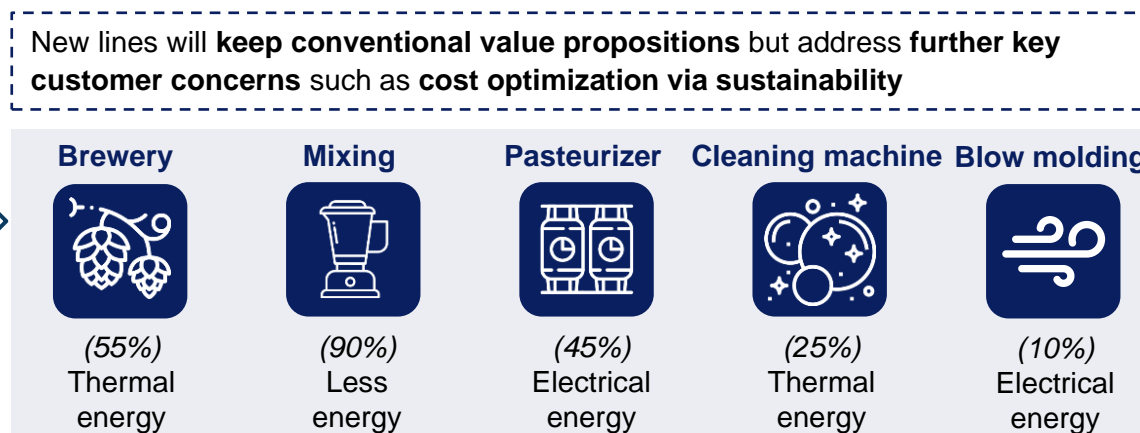
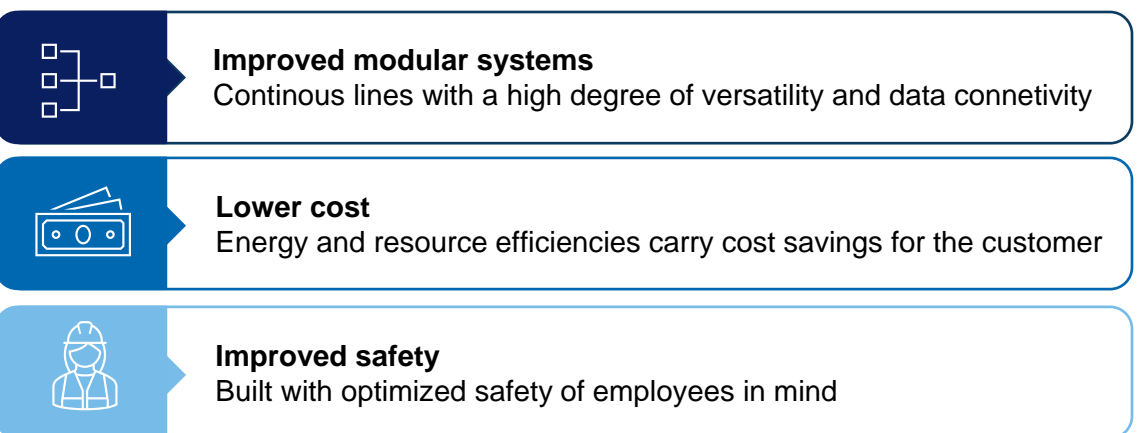
Conventional lines



Enviro lines



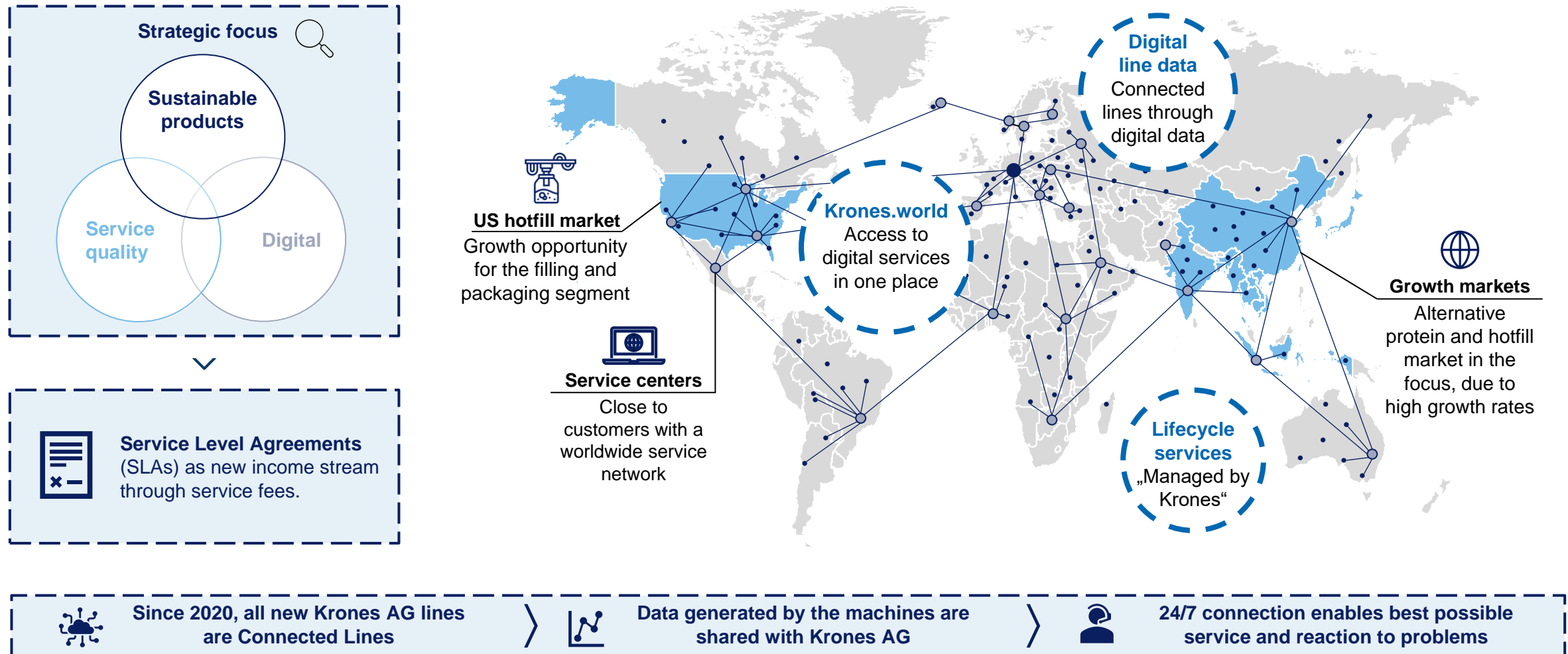
Key product transformation



Strategic Service Network

Krones AG Focuses On Digitalization, Service Quality And Sustainable Products

Machines from “Built by Krones to be managed by Krones”





Krones AG

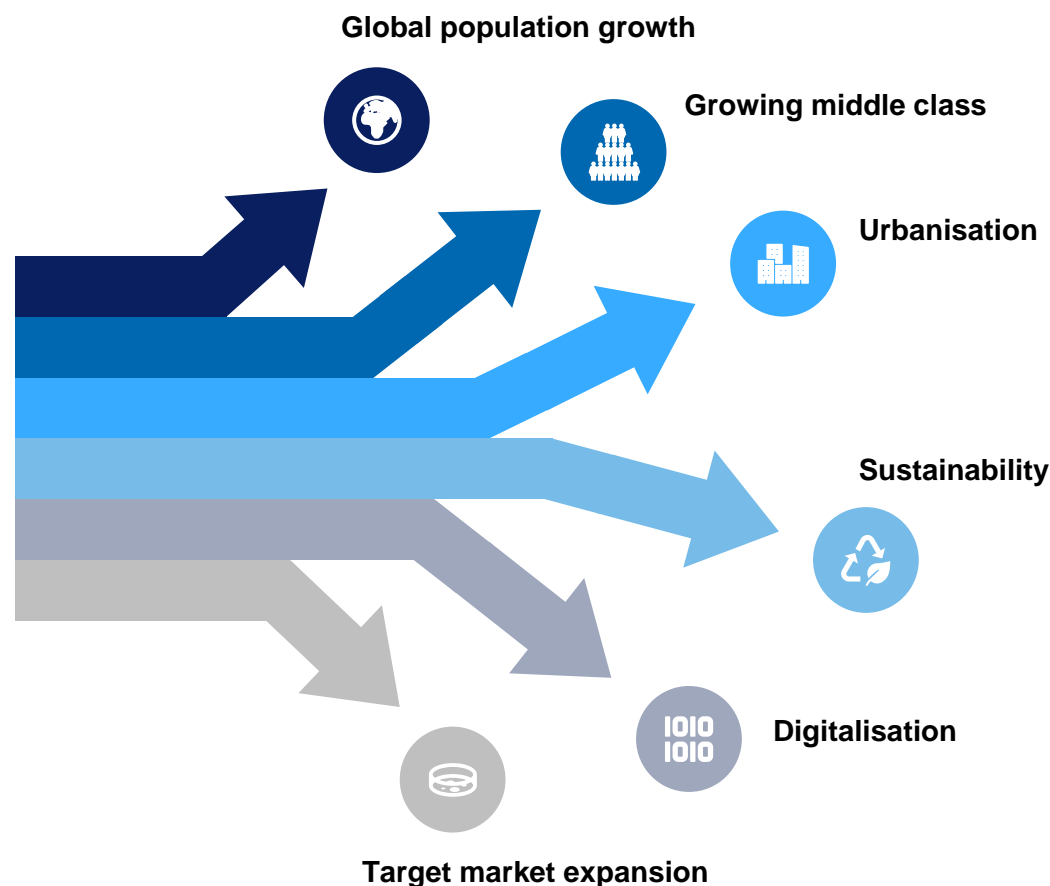
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Market & Industry Overview

Market Growth Drivers

Among Other Factors, Management Sees Population Growth As The Key Growth Driver In Their Guidance

Market growth drivers



Global population growth

The world's population will grow by 66 million each year, fueling demand for packaged goods to meet rising consumption needs.



Growing middle class

The middle classes will grow from 3.2 billion to 4.9 billion between 2020 and 2030. As incomes rise, so does consumer spending.



Urbanisation

As urban people tend to consume more packaged products, urbanization is boosting demand for packaged food and beverages.



Sustainability

Customers demand for eco-friendly and circular solutions is driving and evolving the packaging market.



Digitalisation

New data-based business models are built on collecting and analyzing data and using the results to derive benefits for customers.



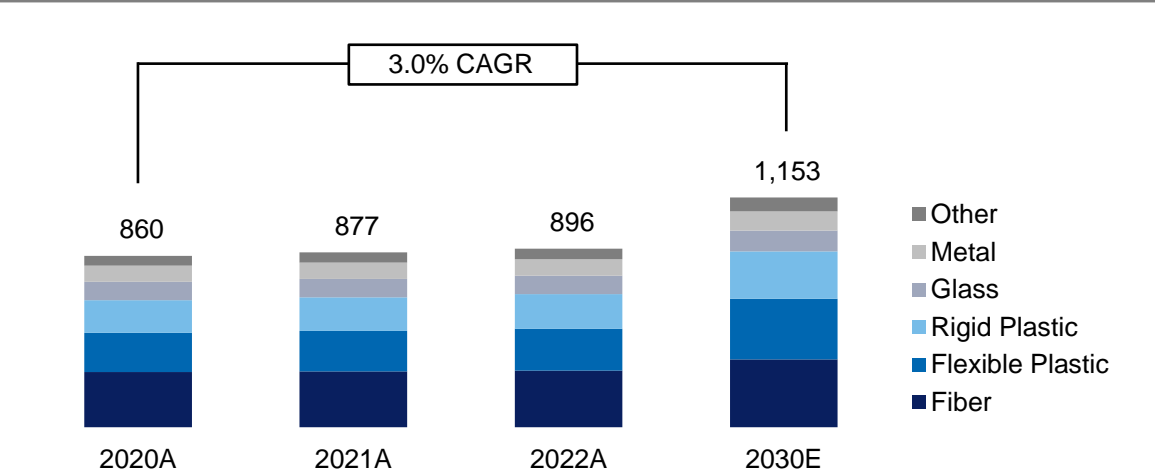
Target market expansion

Entering new markets with high growth rates, such as filling and packaging of pharmaceuticals and cosmetics drives the market size.

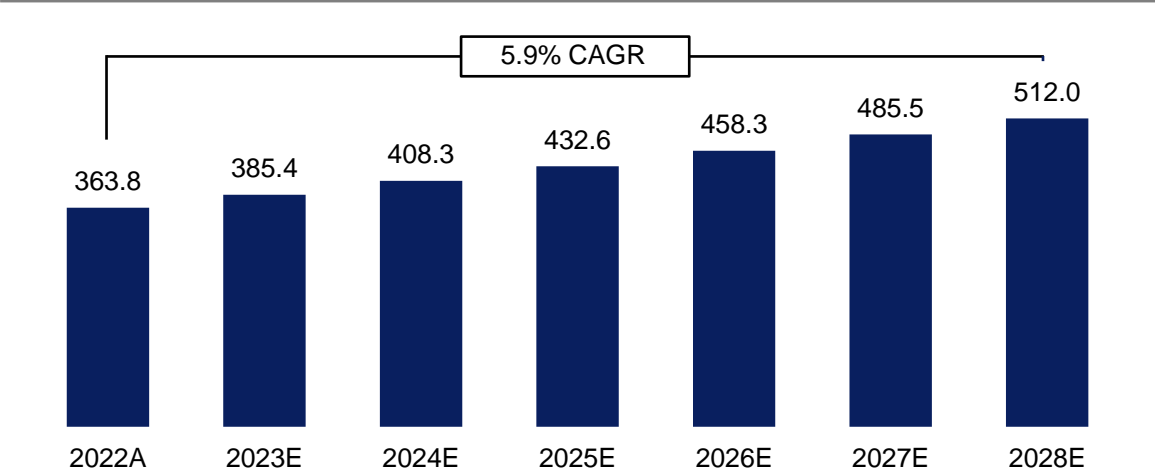
Packaging Market Outlook

Fiber And Plastics Packaging Will Grow Specifically, Especially For Food And Dairies

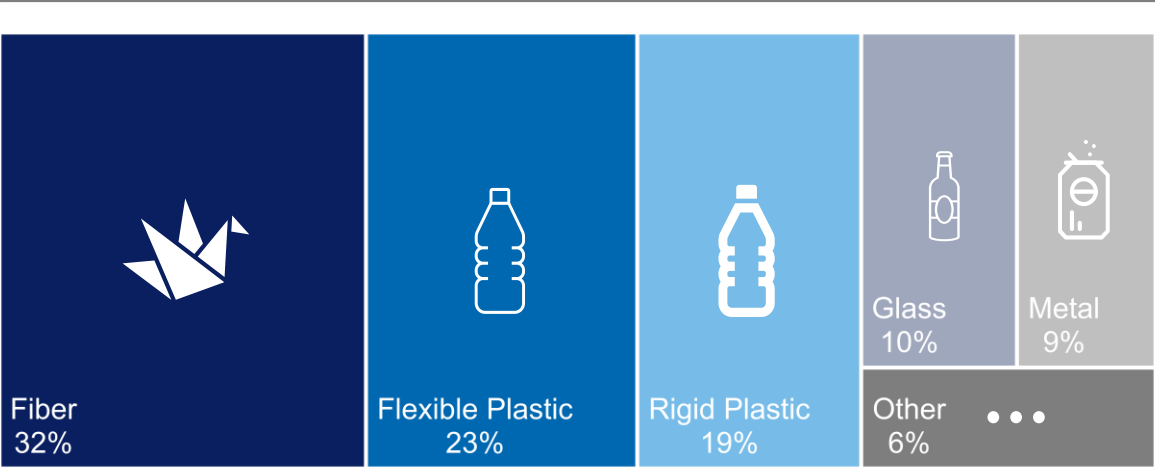
Packaging market value (€bn)



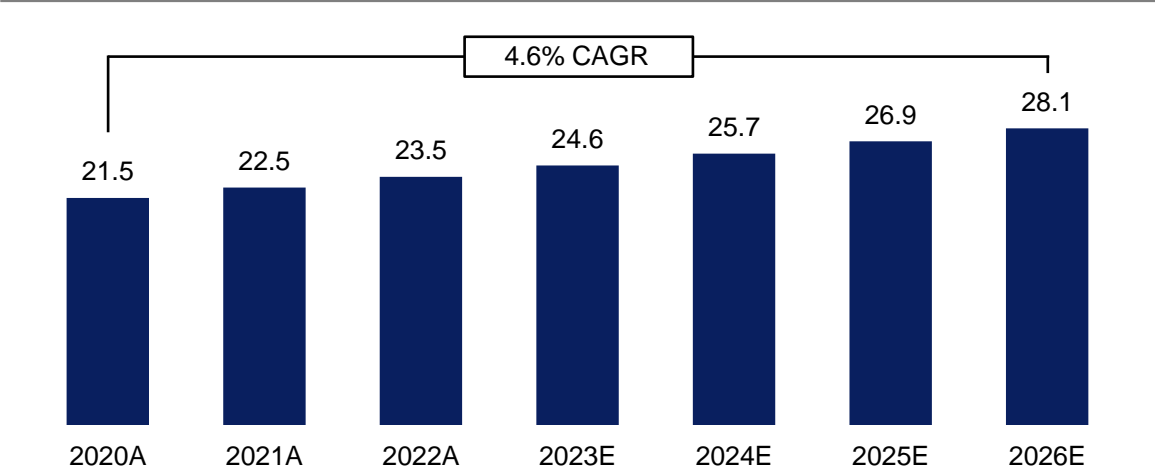
Food packaging market value (€bn)



Packaging material shares



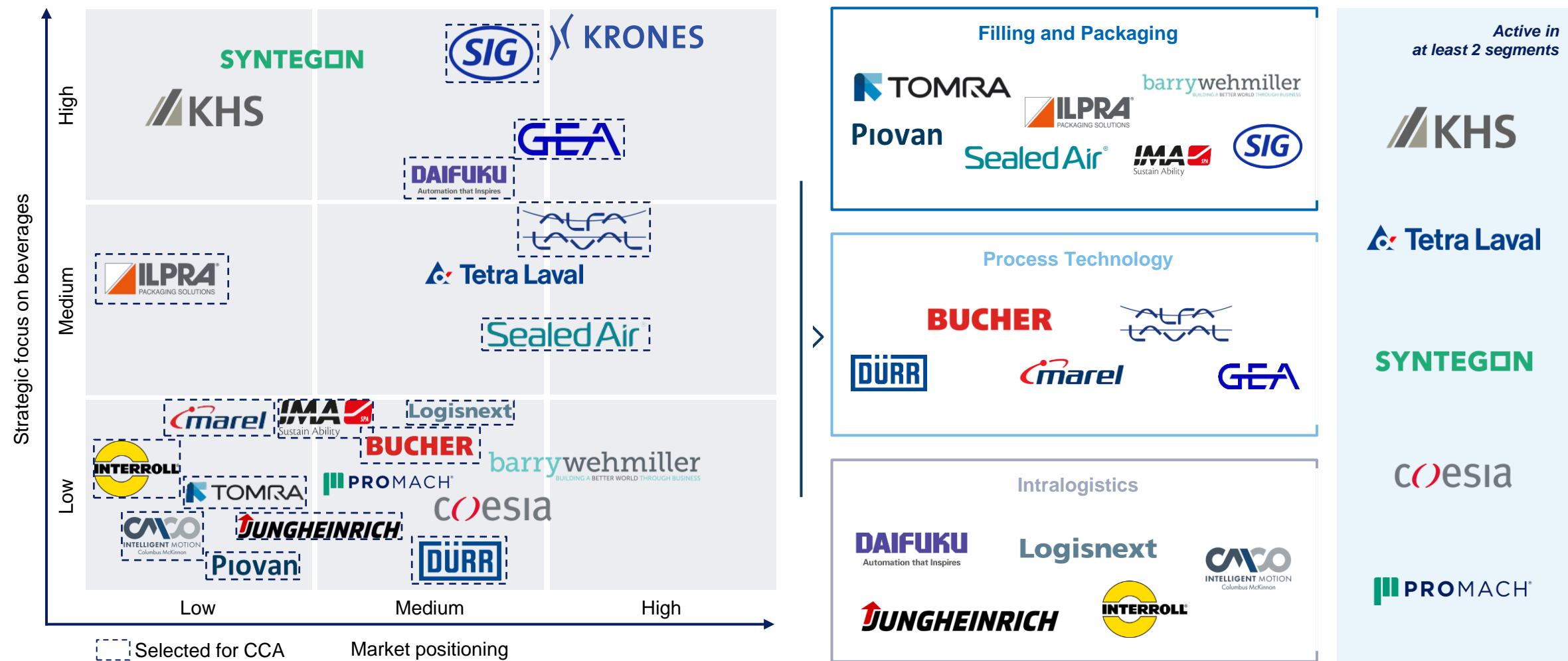
Dairy packaging market value (€bn)



Competitive Landscape

Krones AG Is Near Standalone In Being Solely Focused On Beverages, Providing Optimal Positioning For Client Service

Competitors





Krones AG

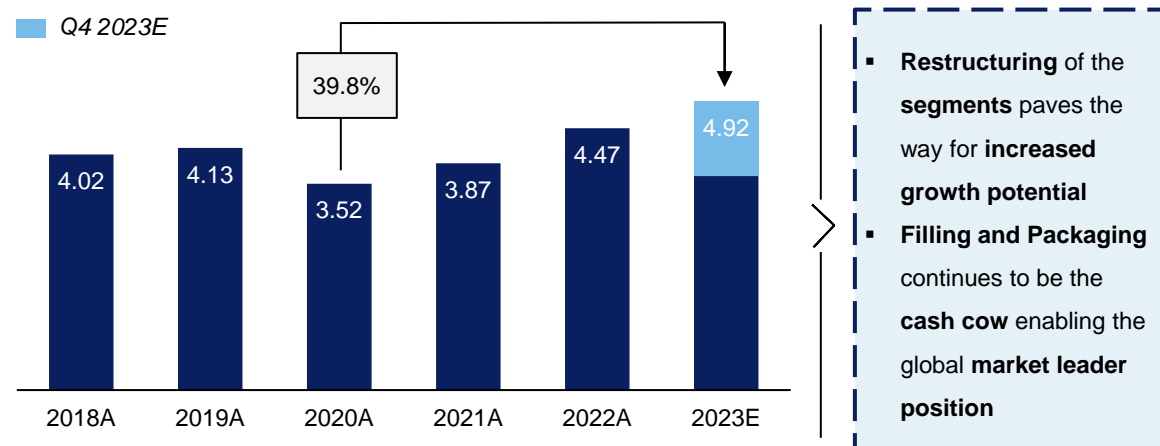
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Financial Analysis & Valuation

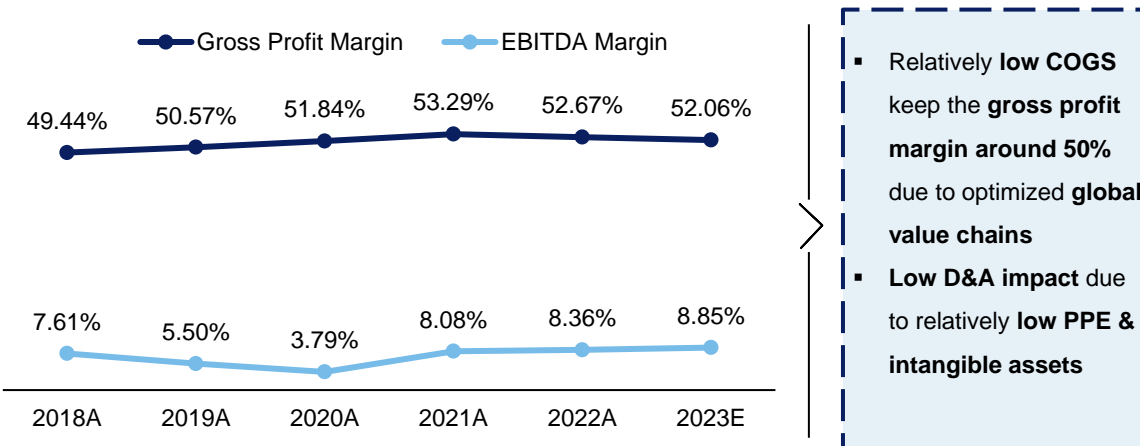
Earnings And Profitability

Strong Market Positioning Drives Sales; Optimized Global Value Chains Relieve Pressure On Variable Cost Margins

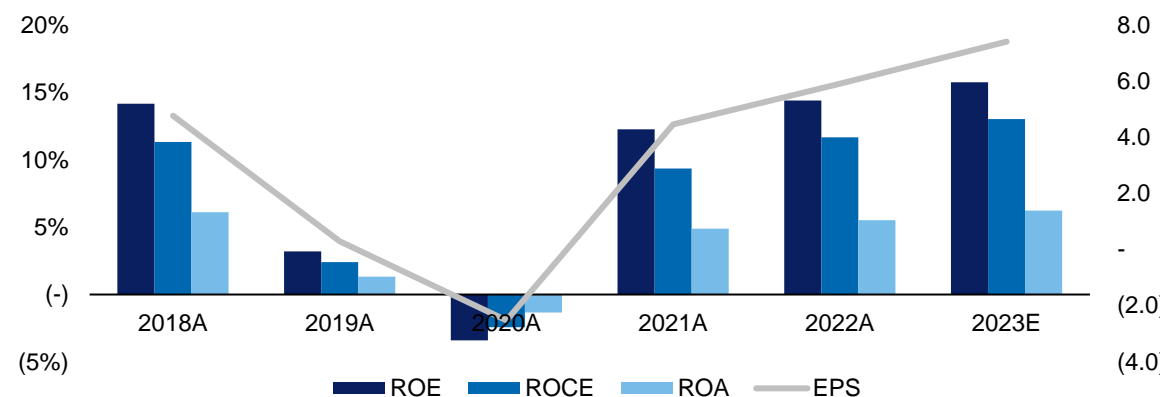
Revenue development (in €bn)



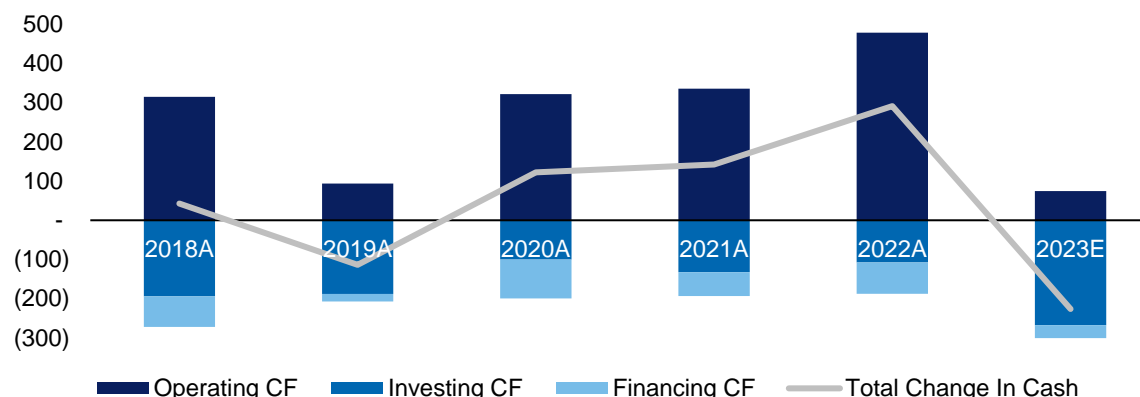
Margin development



Profitability ratios



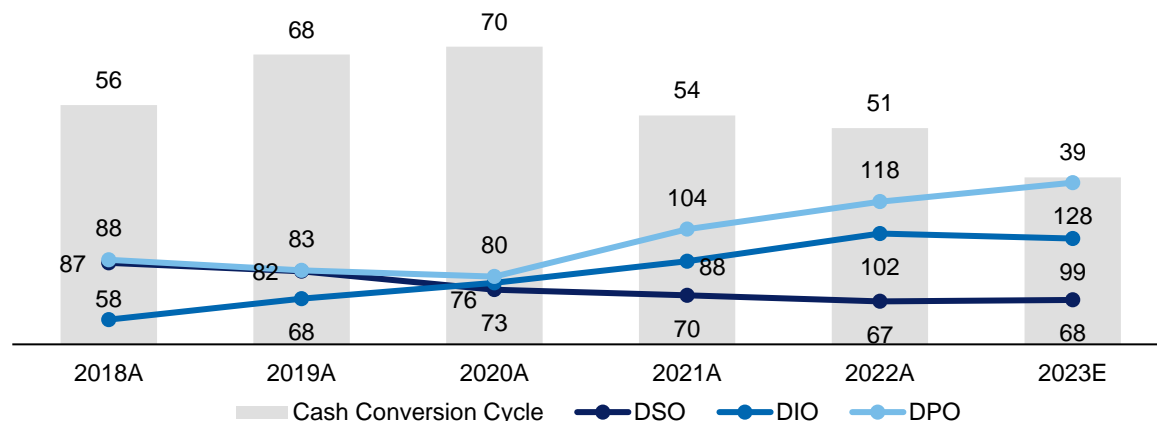
Cashflow (in €m)



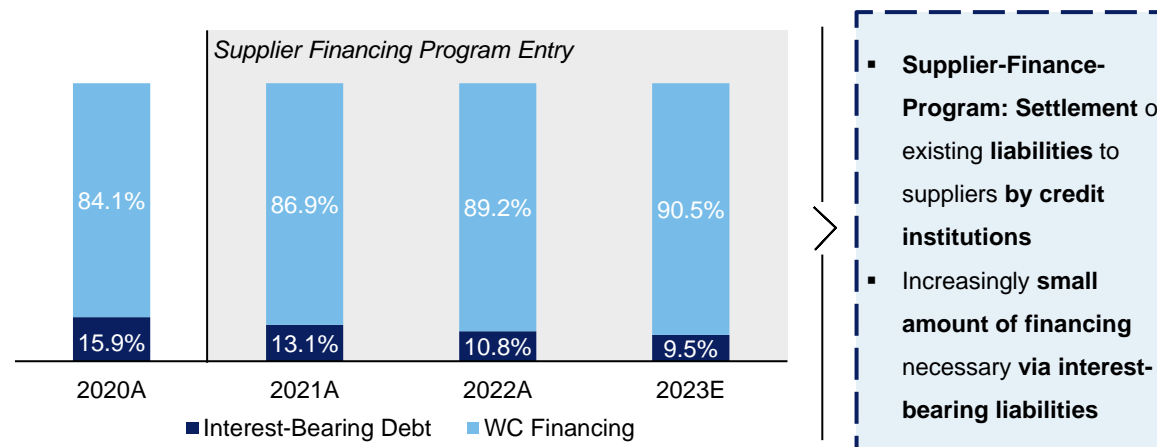
Assets And Financing Structure

Krones AG Is Financed By A Very Low Degree Of Interest-Bearing Liabilities, Driven By Their Supplier Financing Program

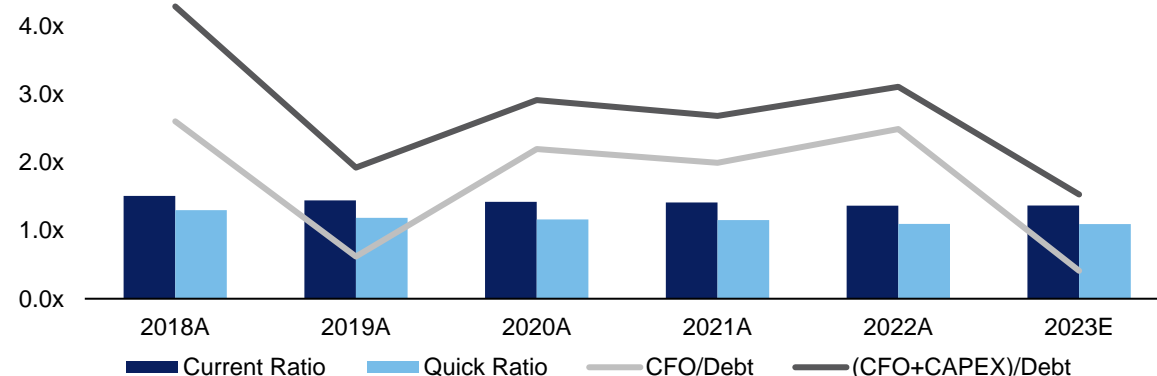
Cash conversion cycle (in days)



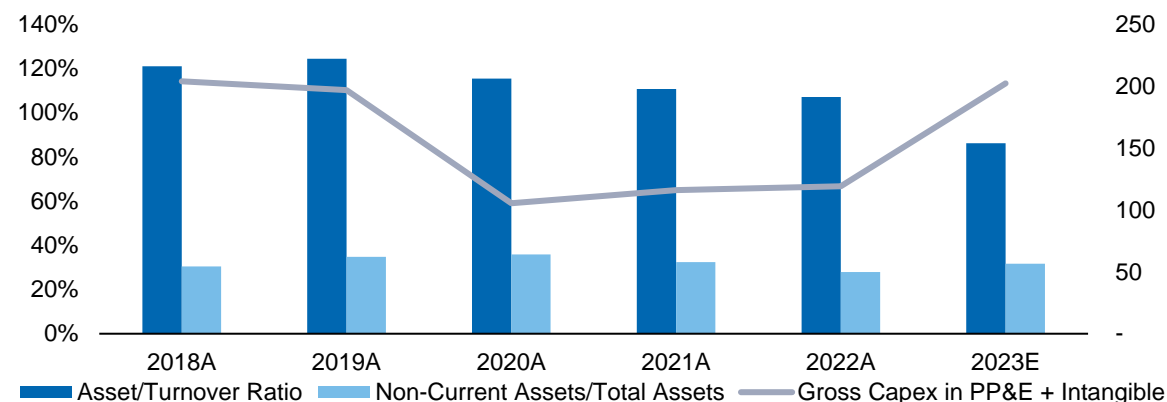
Working capital financing



Liquidity and solvency



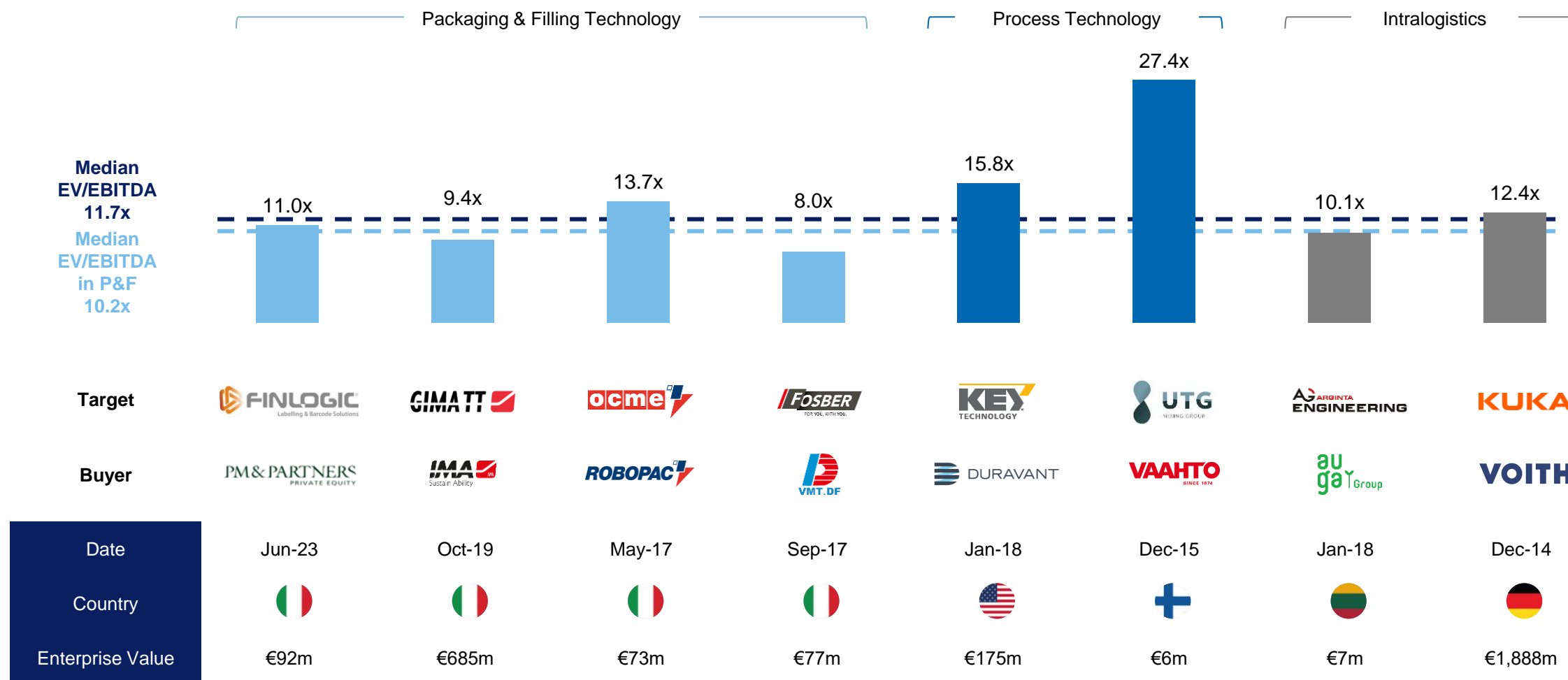
Asset analysis (in €m)



Comparable Transaction Analysis

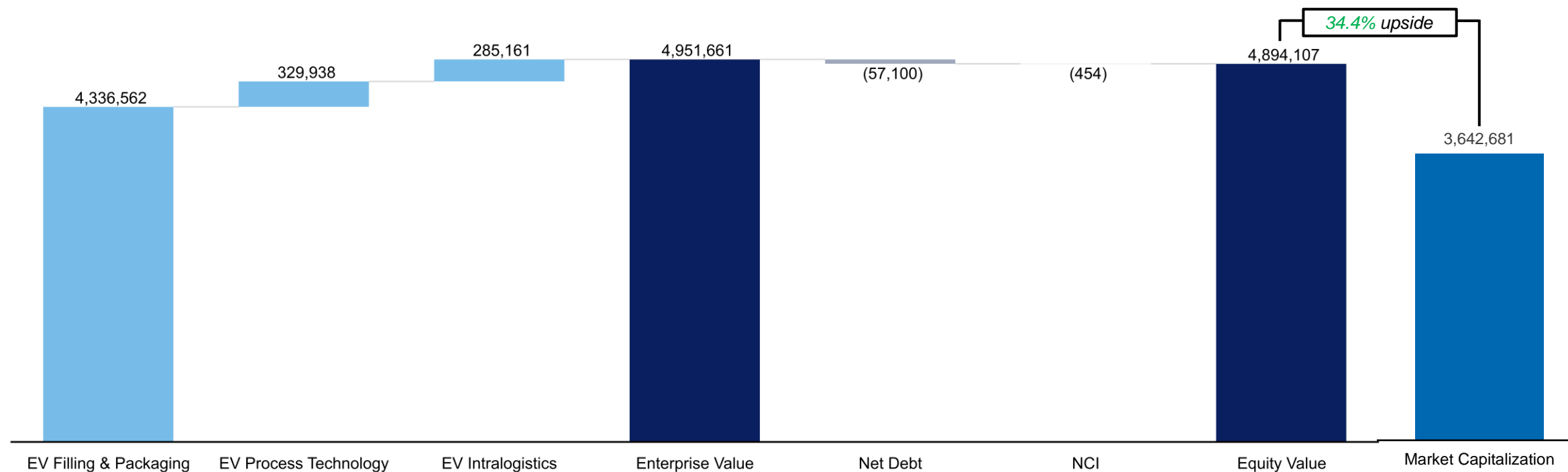
Comparable Transactions Suggest An Upside Potential For Krones AG's Share Price

Selected transactions



Sum Of The Parts Analysis

A SOTP Analysis Of Krones AG Based On EBITDA 2023E Shows Significant Upside Potential



2023E			Multiple range		Firm value range	
	Metric	€m	Low	High	Low	High
Filling & Packaging	EBITDA	377.8	8.1x	15.9x	3,048.0	6,009.1
Processing Technology	EBITDA	32.6	4.9x	11.8x	158.8	384.6
Intralogistics	EBITDA	25.1	7.1x	16.7x	177.2	418.2

Discounted Cash Flow Analysis

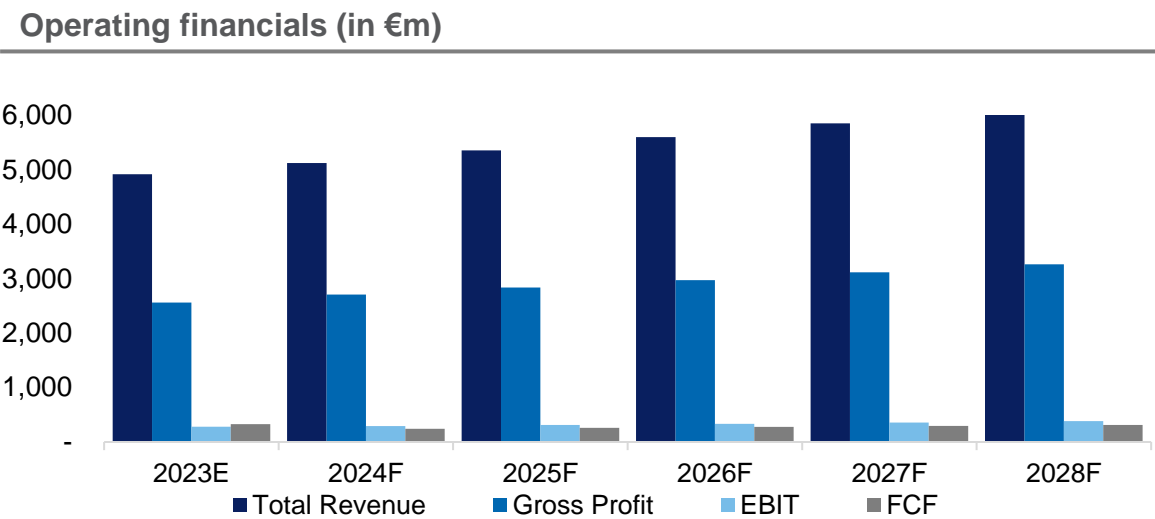
Krones AG Manages To Broadly Achieve Its Management Guidance And Continues To Push Supplier Financing

Operating assumptions

Revenue development
Krones AG can achieve its management guidance of ~5% organic growth p.a., strongly driven by growth segments

Cash conversion
Krones AG continues to lower their net working capital via supplier financing but slows down slightly in doing so to avoid liquidity risks

Capital expenditure
Krones AG invests less than ~5% of revenues p.a. (guidance) due to sluggish M&A market and ventures into less capital intensive areas



Key valuation drivers & target DCF share price

9.32%
WACC

0.91
Unlevered peer-group beta

2.81%
Perpetuity growth rate

9.9x
EBITDA exit multiple

+14.7%

115.3

132.3

Current share price

Target share price

Sensitivity table

		Growth rate				
WACC	132.30	2.61%	2.71%	2.81%	2.91%	3.01%
	9.72%	121.75	123.09	124.47	125.89	127.36
	9.52%	125.36	126.79	128.27	129.79	131.36
	9.32%	129.18	130.72	132.30	133.93	135.61
	9.12%	133.25	134.89	136.58	138.33	140.14
	8.92%	137.57	139.33	141.15	143.03	144.98

Valuation Summary

Discounted Cash Flow, Comparables And Sum Of The Parts Analyses Yield An Upside Range Between 10% And 50%

Scenario analysis



The **bullish** scenario is driven by **cost reductions** due to **successful development** of highly **profitable digital business services**. Thus, management **achieves their guidance** comfortably by 2025.

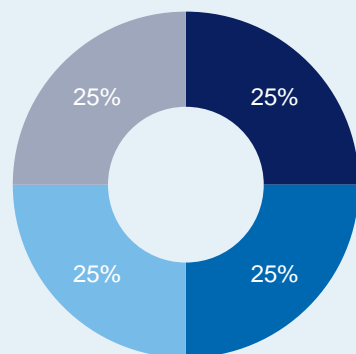


Steady sales increase at market growth rates as well as **slight cost reductions** (however only toprecedented levels). Target revenue growth and 10% - 13% EBITDA margin is **only partially fulfilled** by 2025.



In the bearish scenario, **revenue and margin guidance are both not reached**. The company does **not manage to capitalize off potential new market entries** and falls slightly **below current margins**.

Target share price composition



■ DCF ■ CCA ■ CTA ■ SOTP



All valuation approaches are **weighted equally**

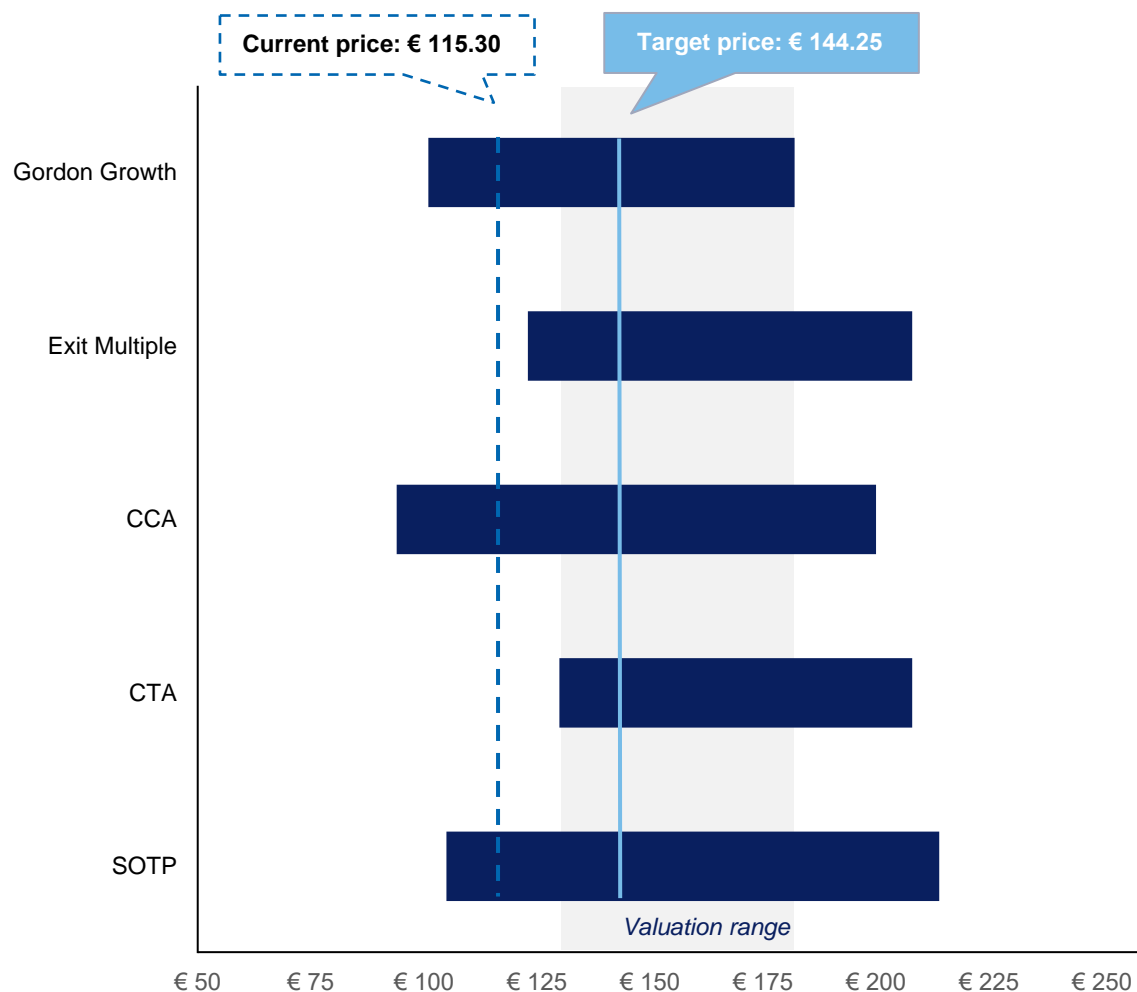


€ 144.25
Target share price



+25.1%
Upside potential

Football field





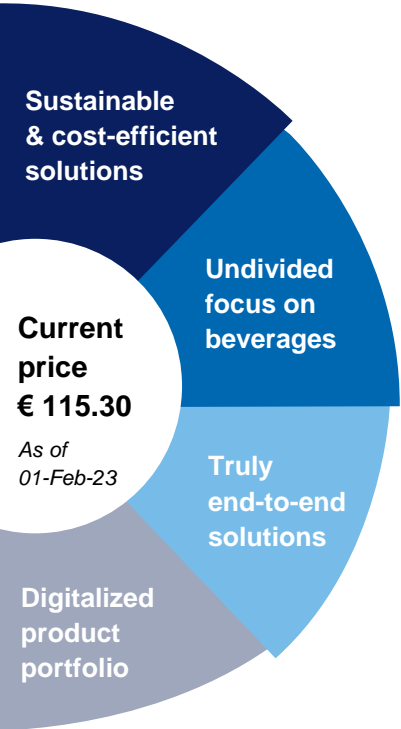
Krones AG

WUTIS – Equity Research

Conclusion

Conclusion

We Evaluate Krones AG With A BUY Rating And A Target Share Price Of € 144.25





Krones AG

WUTIS – Equity Research

Appendix

Rising Costs, Supply Chain Disruptions And IT System Failures Are The Biggest Risks For Krones AG

- O1

Price risks: Krones AG operates in a price competitive market in which some orders do not cover costs. Fixed-price contracts also entail price risks.
- O2

Procurement risk: Global supply chains and procurement markets remain tight, leading to rising prices and material bottlenecks in production.
- O3

Cost risk: Krones AG seeks to optimise cost structures along the entire value chain. Cost savings might be smaller than expected.
- O4

Personnel risk: Krones AG intends to grow more rapidly in particular in service and digital, for which highly qualified employees are needed.
- M5

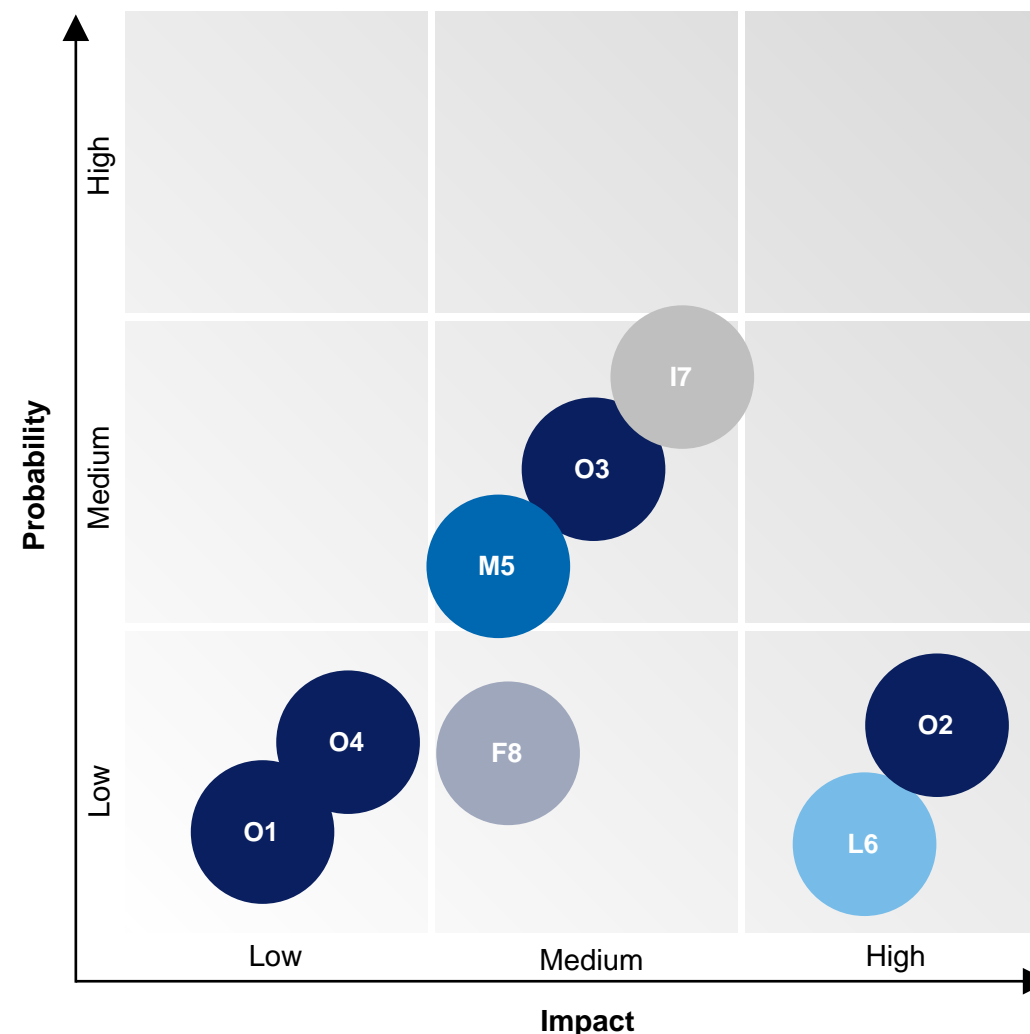
Macroeconomic risk: As an actor in the beverage market, Krones AG is less dependent on economic cycles, but exposed to interest rate risks.
- L6

Legal risk: Krones AG is exposed to risks arising from operating activities in connection with possible legal disputes.
- I7









IT risk: Failure, malfunction or unauthorised access to critical systems could result in production stoppages and misuse of customer data.
- F8

Financial risks: The financial risks Krones AG is exposed to are default risks, liquidity risks, interest rate risks and currency risks.

Operations (O) – Market (M) – Legislation (L) – IT (I) – Financial (F)



Krones AG's Share Price Can Be Influenced By Several Future Events

Catalyst	Type	Influenced factor	Estimated impact on share price
 Packaging & Packaging Waste Regulation (PPWR)	Hard	All packaging on the EU market must be recyclable by 2030	<ul style="list-style-type: none"> Medium Krones AG is already market leader in PET and cans, both segments with a high recycling quota. 
 Krones AG is acquiring Netstal in Switzerland	Hard	Krones AG is diversifying its product portfolio with injection moulding	<ul style="list-style-type: none"> Medium The acquisition will complement the Krones AG product portfolio with its PET and closure business. 
 R&D results of the joint venture with Steinecker	Hard	The goal of the joint venture is the cell-based production of new products	<ul style="list-style-type: none"> High With a R&D breakthrough, Krones AG could be the first-mover in a new market segment offering sustainable solutions 
 German federal election 2025	Soft	A new government will be elected in Germany in 2025	<ul style="list-style-type: none"> Low Election outcomes may lead to changes in government policies, regulations, and economic conditions 

SWOT Analysis

Strengths In Innovative End-To-End Solutions Allow To Seize Industry Opportunities And Outweigh Threats

STRENGTHS

- **Innovation and technology leadership:** Krones AG is focusing its new developments on the topics of sustainability, digitalization and system solutions
- **Global presence and customer proximity:** production sites and associated supply chains in Hungary and China to achieve significant cost advantages
- Covering the **entire value chain** with its **end-to-end solutions:** customer solutions along the entire beverage value chain
- Strong **R&D commitment** (~5% of annual revenue): Krones AG reacts agilely to current market trends through cooperation with universities and research institutes as well as M&A activity



- **Limited diversification:** Through its strategic focus, Krones AG is highly dependent on the beverage **packaging industry**
- Krones AG's **reliance on integrated digital systems** introduce a pronounced risk and require ongoing **enhancement of security protocols**
- Krones AG offers **highly complex system solutions** with certain **demands to the machine line operators** in order to fully benefit from the Krones AG value proposition ranging from hardware to software

WEAKNESSES

OPPORTUNITIES

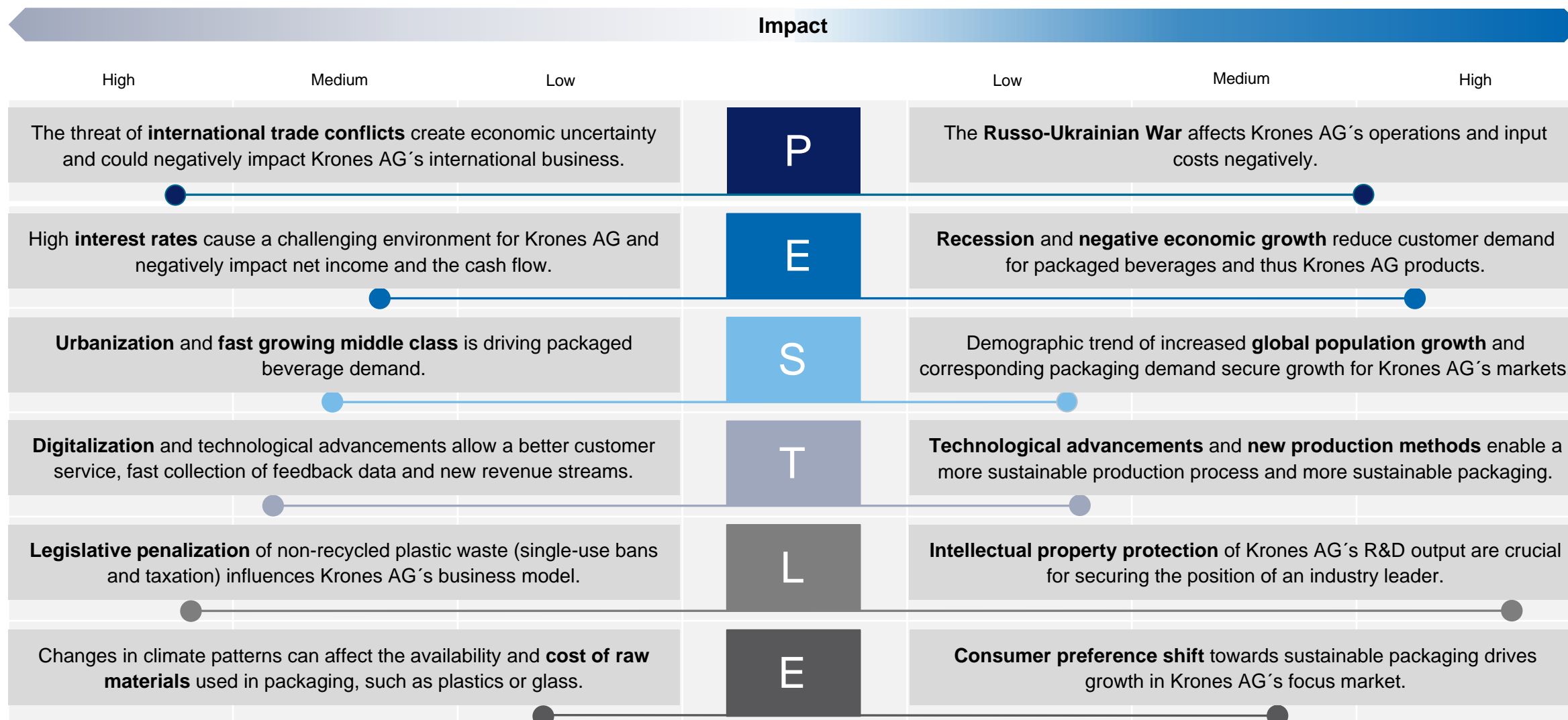
- Growing **demand for sustainable packaging solutions**, sustainability being an important **key driver**
- Expansion of **emerging markets: population growth** as an important **key driver** in future demand
- **Circular economy practices, digitalization and industry 4.0** allowing advanced **smart solutions:** Expansion of new core competence of Krones AG
- Growing demand for **vegan protein alternatives** aligns with Krones AG's **fermentation expertise** creating further opportunity to expand

- The **evolving regulatory environment** under the **EU Green Deal & taxonomy** demand for **systemic adaption** in order to **comply with the new framework** in the future – **neglecting adjustments** leads to **competitive disadvantage** and **costs**
- Due to **high material need**, material shortages and interruptions in global supply chains pose a **risk to continuity and operational stability**
- Globally **rising inflation** and **interest rates** poses significant risk to **economic stability, growth** and other **macro-economic factors** that influence Krones AG

THREATS

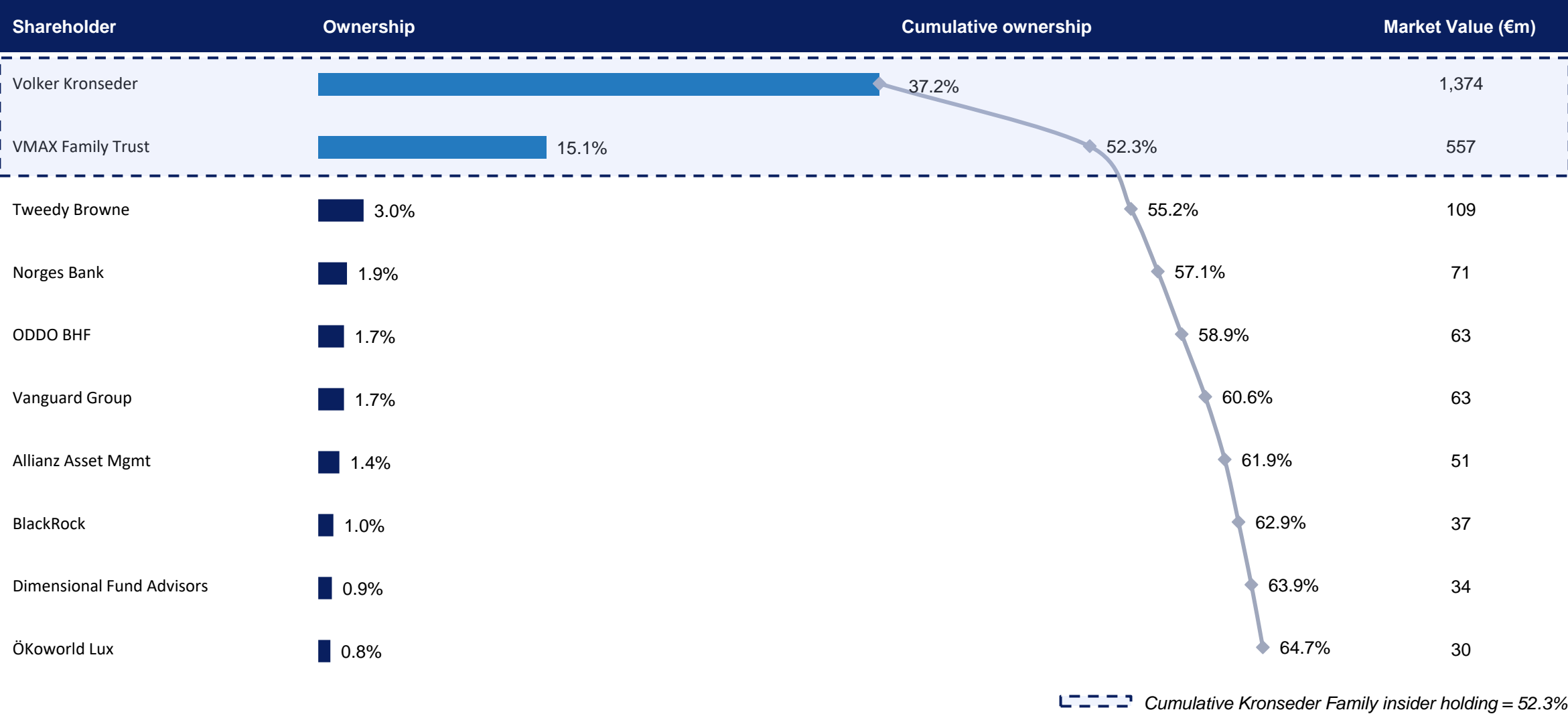
PESTLE Analysis

Political Forces Influencing Economic Conditions Have The Highest Impact On Krones AG's Industry



Shareholder Structure

The Kronseder Family Holds And Controls More Than Half Of Krones AG’s Shares



Recent M&A Activities


Despite A Sluggish M&A Market In The Beverage Industry, Krones AG Pursues Acquisitions Frequently

Krones AG latest transactions

€19m

Annual revenue

Synergies:
Machine parts



€43m

Annual revenue

Synergies:
R&D



€25m

Annual revenue

Synergies:
Dairy & brewings



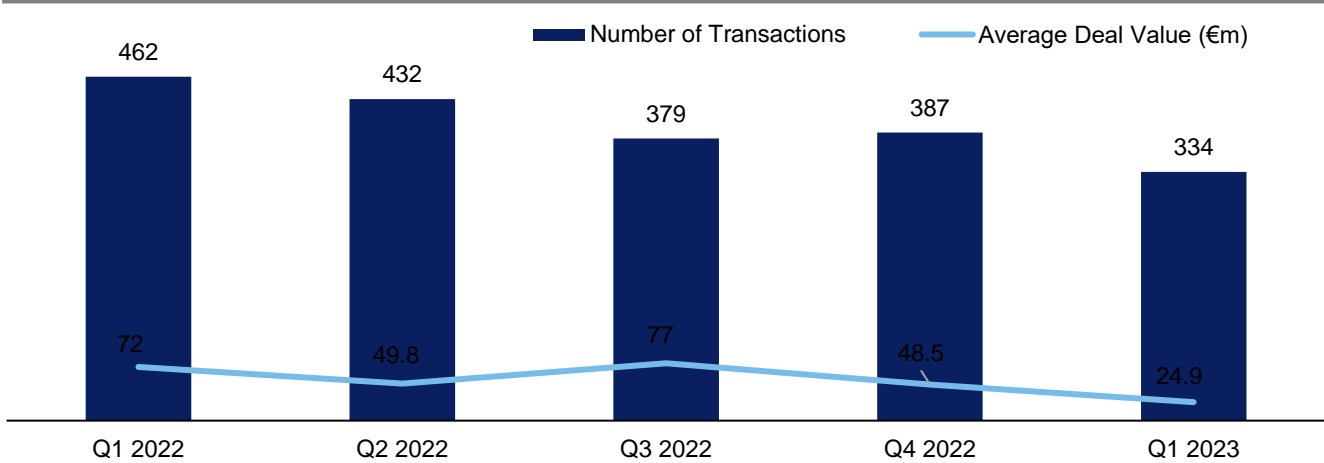
€15m

Annual revenue

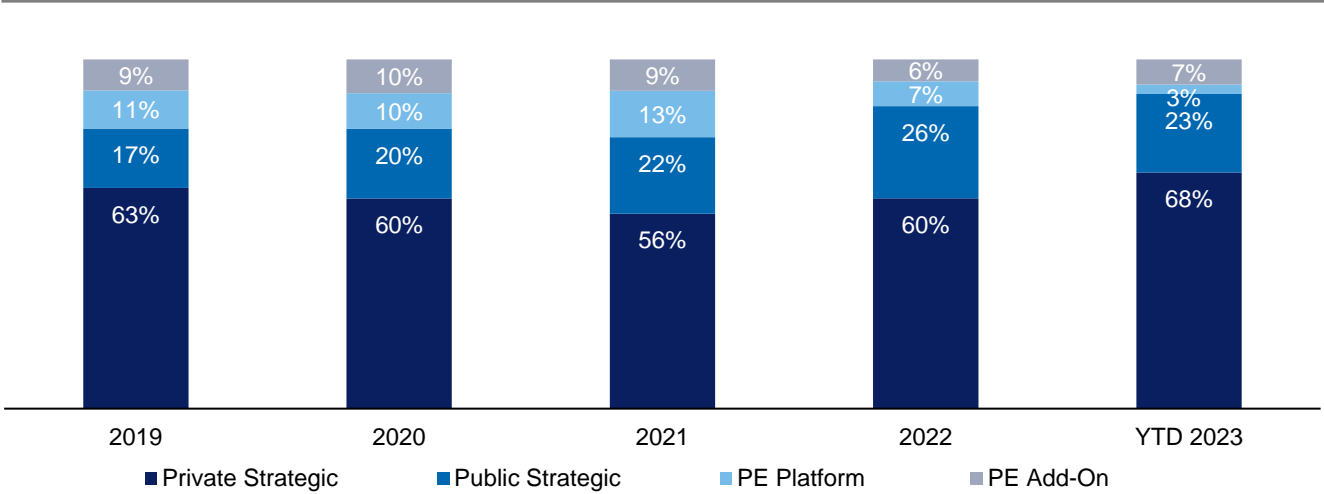
Synergies:
PET & pharma



Global M&A activity in the beverage market

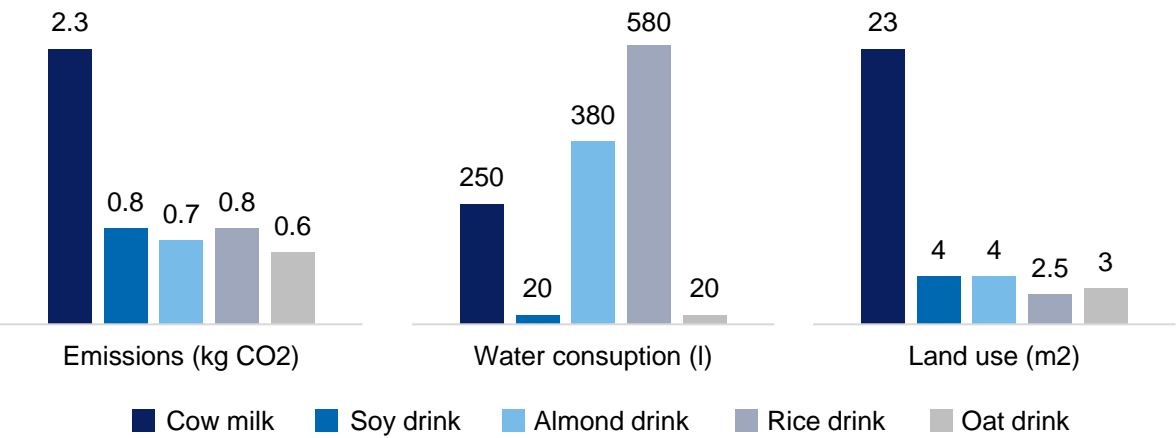


M&A activities by strategic focus

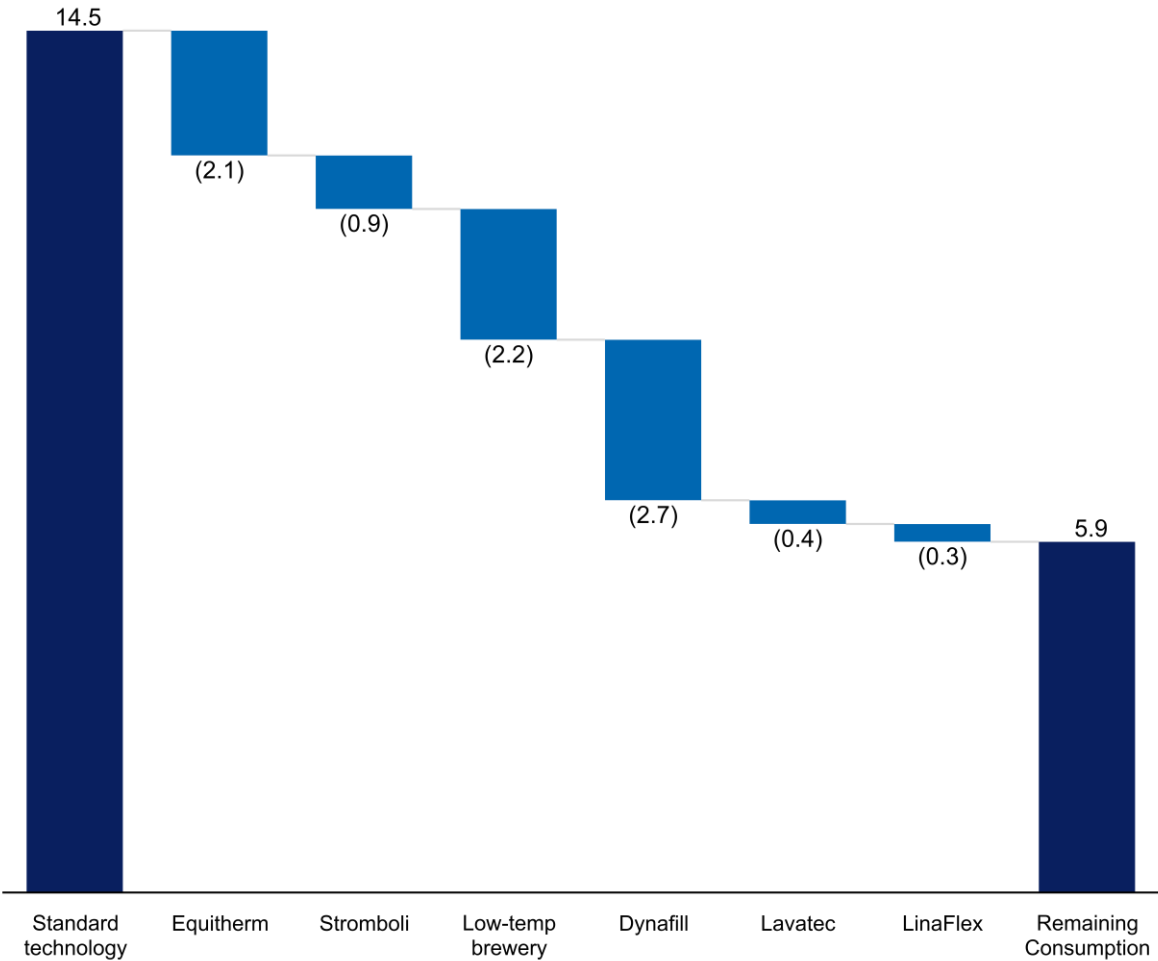


Krones AG Is Focusing On New Alternative-Protein, Water, And Sustainable Solutions

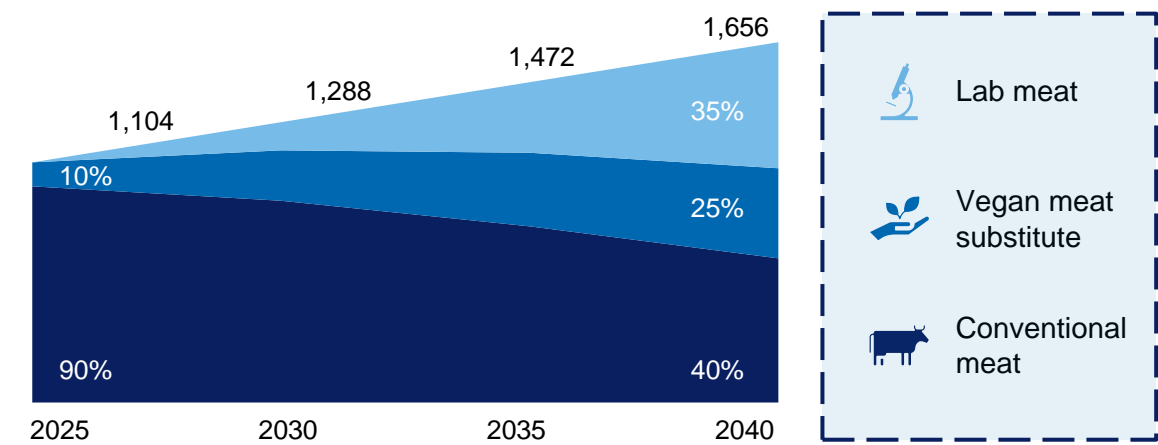
Milk versus dairy alternatives environmental impact (per kg)



Brewnomics: Brewing energy efficiency increases (kWh/hl)

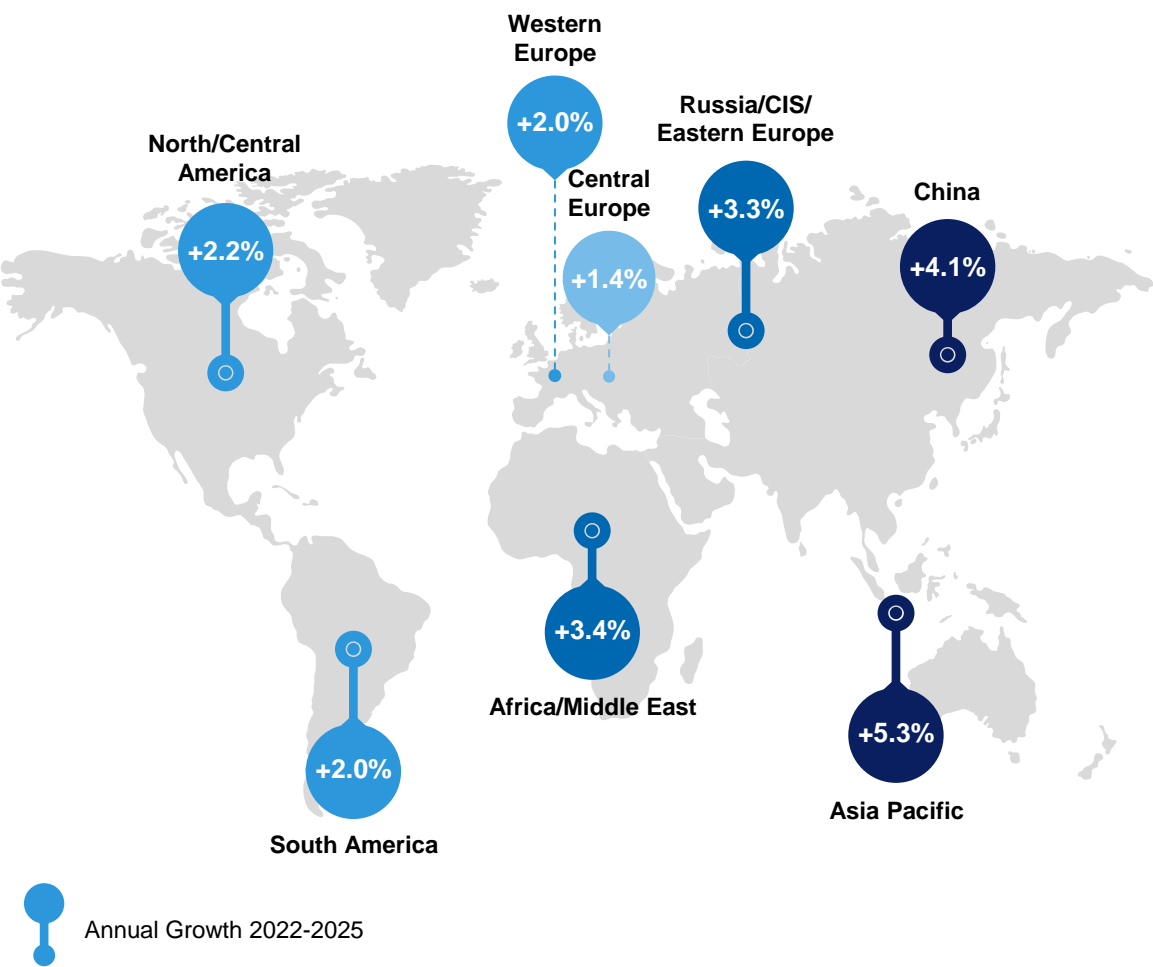


Global meat market forecast (€bn)

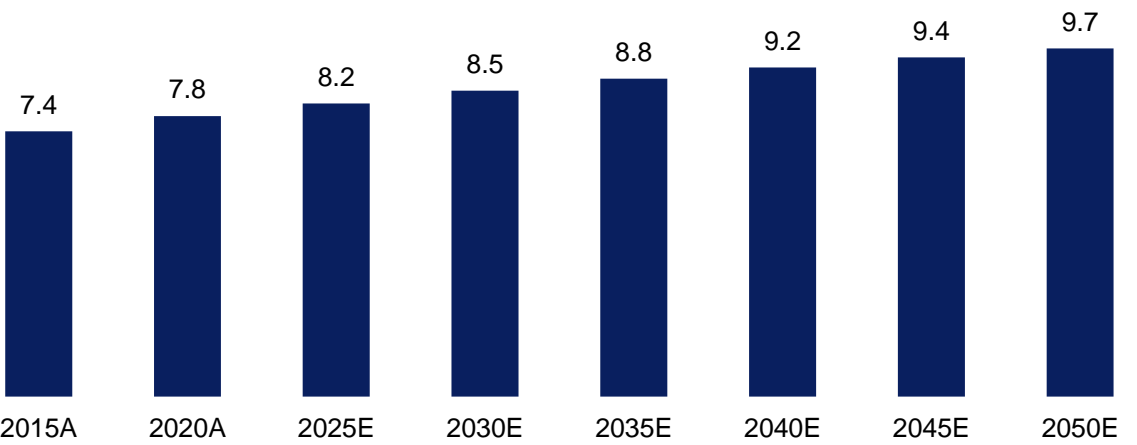


China And The APAC Region Show The Highest Increase In Consumption Of Packaged Beverages

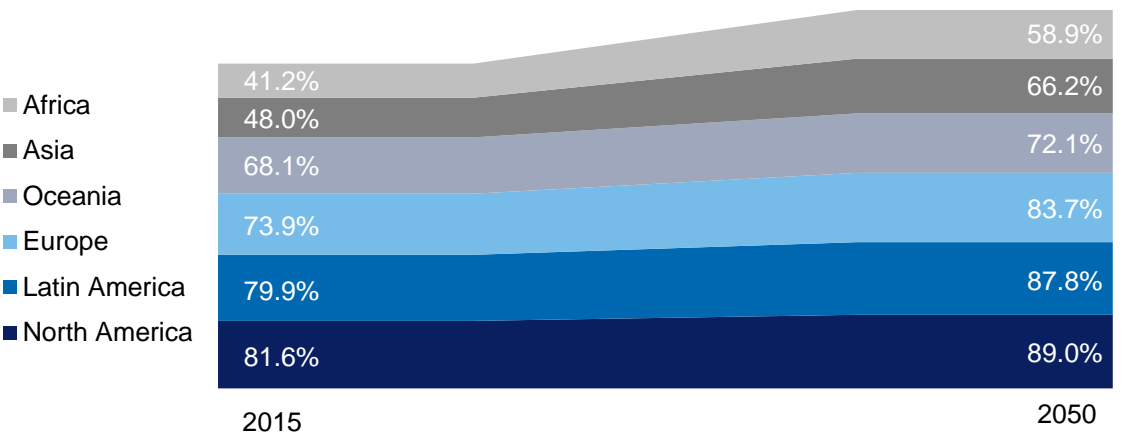
Global consumption of packaged beverages



World population prospects (bn)



Urban population share

































Comparable Company Analysis

W U T I S

Krones AG Is Trading Below Its Segment Peers Within Their Respective Sectors

Comparable companies



		Company	Country	EV	Market Cap	EV/Sales	EV/EBITDA	EV/EBIT	P/E
Median EV/EBITDA 9.6x	Filling & Packaging			€ 10,184m	€ 7,550m	<div><div></div></div> 3.18x	<div><div></div></div> 14.9x	<div><div></div></div> 32.3x	n/m
				€ 3,356m	€ 2,957m	<div><div></div></div> 2.68x	<div><div></div></div> 18.8x	<div><div></div></div> 25.9x	<div><div></div></div> 34.4x
				€ 83m	€ 62m	<div><div></div></div> 1.43x	<div><div></div></div> 8.2x	<div><div></div></div> 9.3x	<div><div></div></div> 11.1x
				€ 9,202m	€ 4,876m	<div><div></div></div> 1.81x	<div><div></div></div> 9.3x	<div><div></div></div> 11.7x	<div><div></div></div> 16.9x
				€ 620m	€ 531m	<div><div></div></div> 1.17x	<div><div></div></div> 9.9x	<div><div></div></div> 13.9x	<div><div></div></div> 15.2x
Median EV/EBITDA 7.5x	Process Technology			€ 4,214m	€ 3,953m	<div><div></div></div> 0.93x	<div><div></div></div> 6.3x	<div><div></div></div> 7.4x	<div><div></div></div> 9.8x
				€ 5,906m	€ 6,156m	<div><div></div></div> 1.10x	<div><div></div></div> 9.6x	<div><div></div></div> 11.1x	<div><div></div></div> 13.8x
				€ 1,966m	€ 1,426m	<div><div></div></div> 0.43x	<div><div></div></div> 6.2x	<div><div></div></div> 8.2x	<div><div></div></div> 8.9x
				€ 3,218m	€ 2,341m	<div><div></div></div> 1.81x	<div><div></div></div> 18.4x	<div><div></div></div> 30.1x	n/m
				€ 15,197m	€ 13,983m	<div><div></div></div> 0.47x	<div><div></div></div> 2.7x	<div><div></div></div> 3.3x	<div><div></div></div> 26.2x
Median EV/EBITDA 11.2x	Intralogistics			€ 6,693m	€ 7,042m	<div><div></div></div> 1.77x	<div><div></div></div> 16.9x	<div><div></div></div> 20.0x	<div><div></div></div> 29.2x
				€ 2,182m	€ 971m	<div><div></div></div> 0.51x	<div><div></div></div> 4.9x	<div><div></div></div> 9.6x	<div><div></div></div> 6.2x
				€ 5,764m	€ 3,252m	<div><div></div></div> 1.07x	<div><div></div></div> 10.9x	<div><div></div></div> 12.8x	<div><div></div></div> 10.0x
				€ 1,462m	€ 989m	<div><div></div></div> 1.62x	<div><div></div></div> 11.0x	<div><div></div></div> 15.5x	<div><div></div></div> 31.0x
				€ 1,954m	€ 2,071m	<div><div></div></div> 3.00x	<div><div></div></div> 16.6x	<div><div></div></div> 19.8x	<div><div></div></div> 25.5x
Median						1.43x	9.9x	12.8x	16.9x
Mean						1.51x	10.9x	15.2x	19.1x

Precedent Transactions

W U T I S

A Number Of Deals Over The Last 10 Years, Mainly Based In Europe And The US, Have Been Identified For The Analysis

Precedent transaction summary

Date	Target	Country	Buyer	Enterprise Value	EV/EBITDA	EV/EBIT	EV/Sales
Aug-23	Integrated Packaging Solutions LLC		XANO Industri AB	€19.28m	n/a	n/a	1.3x
Jun-23	Finlogic SpA		PM & Partners SGR SpA; Credem Private Equity SGR SpA	€92.07m	11.0x	16.6x	1.6x
Oct-19	GIMA TT S.p.A.		IMA Industria Macchine Automatiche SpA	€685.65m	9.4x	9.5x	3.7x
Jan-18	Key Technology, Inc.		Duravant	€175.00m	15.8x	30.2x	1.3x
Jan-18	UAB Arginta Engineering		Auga Group AB	€7.10m	10.1x	n/a	0.6x
Jan-18	Ettlinger Kunststoffmaschinen GmbH		Maag Group	€44.42m	n/a	n/a	2.8x
Sep-17	Fosber S.p.A.		Guangdong Dongfang Precision Science and Technology Co., Ltd.	€77.46m	8.0x	8.4x	0.7x
May-17	Ocme S.r.l.		Robopac SPA	€72.52m	13.7x	23.7x	0.7x
Dec-15	Uutechnic Group Oyj		Vaahito Group Plc Oyj	€6.00m	27.4x	48.0x	2.6x
Dec-14	KUKA AG		J.M. Voith GmbH & Co.	€1,887.79m	12.4x	16.6x	1.1x
				Median	11.7x	16.6x	1.3x
				Mean	13.5x	21.9x	1.6x

Operating Model

W U T I S

Income Statement



Operating Model

	Historicals					Estimate	Forecast				
	2018A	2019A	2020A	2021A	2022A	2023E	2024F	2025F	2026F	2027F	2028F
Profit and Loss Statement											
External revenues	3,853,980	3,958,875	3,322,743	3,634,456	4,209,339	4,651,239	4,861,678	5,081,685	5,311,698	5,552,174	5,803,593
Changes in inventories of finished goods and work in prog	1,102	8,737	39,140	19,562	48,383	32,483	30,287	31,658	33,091	34,589	36,155
Other own work capitalised	49,622	63,017	36,748	53,565	43,372	43,272	63,100	65,955	68,940	72,061	75,325
Other operating income	114,492	99,826	120,453	161,762	165,039	192,239	170,052	177,747	185,793	194,204	202,998
Total Revenue	4,019,196	4,130,455	3,519,084	3,869,345	4,466,133	4,919,233	5,125,117	5,357,045	5,599,522	5,853,029	6,118,070
Cost of Goods sold	(2,032,025)	(2,041,788)	(1,694,677)	(1,807,417)	(2,113,845)	(2,358,345)	(2,417,232)	(2,519,501)	(2,626,101)	(2,737,214)	(2,853,033)
Gross Profit	1,987,171	2,088,667	1,824,407	2,061,928	2,352,288	2,560,888	2,707,884	2,837,544	2,973,421	3,115,815	3,265,038
Selling, General and Administrative	(1,137,266)	(1,275,518)	(1,175,211)	(1,176,686)	(1,269,663)	(1,387,463)	(1,548,361)	(1,616,166)	(1,686,953)	(1,760,854)	(1,838,006)
Other operating expenses	(544,018)	(585,885)	(515,972)	(572,606)	(491,900)	(737,918)	(704,477)	(728,368)	(752,987)	(778,349)	(804,472)
EBITDA	305,887	227,264	133,224	312,636	373,307	435,507	455,047	493,009	533,481	576,611	622,560
Depreciation and amortisation of intangible assets and PPE	(102,736)	(183,315)	(174,035)	(141,738)	(142,901)	(155,601)	(162,490)	(179,931)	(198,272)	(217,544)	(237,778)
EBIT	203,151	43,949	(40,811)	170,898	230,406	279,906	292,557	313,079	335,209	359,067	384,781
Financial income/expense	1,099	(2,206)	4,214	6,362	11,659	20,959	(4,964)	(2,478)	91	2,738	5,455
EBT	204,250	41,743	(36,597)	177,260	242,065	300,865	287,592	310,600	335,300	361,805	390,237
Income Tax	(53,650)	(32,501)	(43,056)	(35,874)	(54,984)	(66,384)	(76,787)	(82,930)	(89,525)	(96,602)	(104,193)
Net income	150,600	9,242	(79,653)	141,386	187,081	234,481	210,805	227,670	245,775	265,203	286,044

Operating Model

Balance Sheet – Assets

Balance Sheet

Assets

Intangibles	328,183	345,152	300,597	303,160	349,349	457,592	460,448	468,275	481,644	501,171	527,525
PP&E	570,820	693,185	656,142	667,009	693,663	696,364	748,838	804,791	864,546	928,456	996,900
Financial assets	8,770	28,127	29,841	28,846	18,605	19,800	20,629	23,163	25,886	28,807	31,940
Investments at equity	28,661	3,369	3,380	2,357	2,364	2,400	2,400	2,400	2,400	2,400	2,400
Deferred tax assets	32,450	41,617	54,434	75,177	59,857	59,300	61,782	65,680	69,806	74,171	78,789
Trade receivables	32,578	28,913	36,223	42,976	26,992	35,400	36,882	39,723	42,747	45,964	49,385
Tax receivables	49	252	236	1,603	1,991	2,600	2,709	2,538	2,346	2,132	1,894
Other assets	8,248	13,434	11,639	11,676	11,368	6,000	6,251	7,976	9,845	11,866	14,050
Total Non-Current Assets	1,009,759	1,154,049	1,092,492	1,132,804	1,164,189	1,279,456	1,339,938	1,414,548	1,499,220	1,594,967	1,702,884
Inventories	320,734	382,523	355,120	433,604	589,445	641,224	657,235	610,158	557,922	500,174	436,541
Trade receivables	955,392	932,876	704,129	743,326	820,243	913,093	951,309	986,286	1,022,490	1,059,961	1,098,739
Contract assets	647,089	571,261	518,756	593,969	727,555	987,600	883,526	910,232	937,555	965,496	994,054
Tax receivables	11,733	16,360	16,819	11,977	5,217	5,200	14,504	15,343	16,227	17,161	18,146
Other assets	157,880	151,985	145,204	195,785	190,015	213,600	216,883	227,429	238,487	250,083	262,242
Cash and CE	218,802	110,382	216,988	383,371	674,502	448,116	614,011	766,543	919,593	1,072,250	1,223,471
Total Current Assets	2,311,630	2,165,387	1,957,016	2,362,032	3,006,977	3,208,834	3,337,468	3,515,991	3,692,274	3,865,123	4,033,193
Total Assets	3,321,389	3,319,436	3,049,508	3,494,836	4,171,166	4,488,290	4,677,406	4,930,538	5,191,494	5,460,090	5,736,077

Operating Model

Balance Sheet – Equity & Liabilities

Equity and Liabilities

Subscribed capital	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capital reserves	141,724	141,724	141,724	141,724	141,724	141,724	141,724	141,724	141,724	141,724	141,724
Profit reserves	331,521	370,553	370,654	373,390	365,479	365,479	365,479	365,479	365,479	365,479	365,479
Other reserves	(89,160)	(146,588)	(213,318)	(163,787)	(91,801)	(91,801)	(91,801)	(91,801)	(91,801)	(91,801)	(91,801)
Consolidated retained earnings	1,009,193	964,966	861,465	1,000,813	1,143,172	1,319,033	1,477,137	1,641,059	1,810,644	1,985,678	2,165,885
Consolidated equity of the parent company	1,433,278	1,370,655	1,200,525	1,392,140	1,598,574	1,774,435	1,932,539	2,096,461	2,266,046	2,441,080	2,621,287
NCI	(72)	(629)	(577)	(557)	(501)	(454)	(454)	(454)	(454)	(454)	(454)
Total Equity	1,433,206	1,370,026	1,199,948	1,391,583	1,598,073	1,773,981	1,932,085	2,096,007	2,265,592	2,440,626	2,620,834
Pension provisions	220,550	260,194	281,412	251,156	166,584	167,600	172,653	177,995	183,170	188,168	192,979
Deferred tax liabilities	23,344	3,673	2,992	5,293	4,992	11,900	12,197	12,303	12,395	12,474	12,537
Other provisions	63,658	75,192	79,419	78,819	80,305	79,300	81,280	87,112	93,291	99,838	106,772
Tax liabilities	4,434	5,356	4,098	4,496	4,803	5,100	5,227	5,547	5,884	6,240	6,615
Liabilities to banks	3,169	64	5,059	5,098	5,000	2,800	2,787	4,869	6,822	8,614	10,208
Trade payables	1	14	44	-	-	-	-	-	-	-	-
Other financial obligations and lease liabilities	41,302	104,912	78,385	79,700	108,937	102,000	118,731	114,024	108,900	103,342	97,339
Other liabilities	2,298	2,600	24,116	9,849	4,224	4,600	4,715	6,118	7,631	9,261	11,016
Total Non-Current Liabilities	358,756	452,005	475,525	434,411	374,845	373,300	397,590	407,967	418,094	427,938	437,466
Other provisions	107,230	141,048	198,024	164,523	161,945	149,400	153,130	167,133	182,047	197,924	214,819
Liabilities to banks	555	72,178	27,005	-	-	1,200	1,721	3,006	4,212	5,319	6,303
Contract liabilities	547,222	442,884	405,094	600,236	901,447	897,000	919,398	943,002	966,959	991,256	1,015,880
Trade payables	491,585	463,722	370,315	515,141	684,189	826,209	772,724	805,417	839,494	875,014	912,038
Tax liabilities	14,510	16,868	26,563	26,007	20,062	15,800	24,839	25,751	26,696	27,674	28,688
Other financial obligations and lease liabilities	106,670	34,887	47,061	42,987	38,676	72,300	77,668	74,590	71,237	67,602	63,675
Other liabilities and accruals	261,655	325,818	299,973	319,948	391,929	379,100	398,250	407,665	417,163	426,737	436,374
Total Current Liabilities	1,529,427	1,497,405	1,374,035	1,668,842	2,198,248	2,341,009	2,347,731	2,426,564	2,507,809	2,591,526	2,677,777
Total Liabilities	1,888,183	1,949,410	1,849,560	2,103,253	2,573,093	2,714,309	2,745,321	2,834,531	2,925,903	3,019,464	3,115,243
Total Equity and Liabilities	3,321,389	3,319,436	3,049,508	3,494,836	4,171,166	4,488,290	4,677,406	4,930,538	5,191,494	5,460,090	5,736,077

Operating Model

Cash Flow Statement

Cash Flow Statement

Net income		234,481	210,805	227,670	245,775	265,203	286,044
Cash from Operating Activities							
(+) D&A		155,601	162,490	179,931	198,272	217,544	237,778
(+/-) Trade Working Capital		(2,609)	(107,711)	44,793	50,109	55,797	61,879
(+/-) Other Working Capital		(305,151)	142,075	(4,160)	(4,866)	(5,621)	(6,428)
(+/-) Change in Provisions		(5,626)	11,061	25,282	26,361	27,500	28,703
(+/-) Other Items		(2,419)	(4,081)	(6,572)	(6,976)	(7,403)	(7,855)
Total CFO		74,277	414,638	466,943	508,676	553,022	600,121
Cash from Investing Activities							
(-) Capital Expenditures and M&A		(266,545)	(168,561)	(189,165)	(211,290)	(235,032)	(260,494)
(+/-) Gains (Losses) from Disposals and Transfers		-	(49,259)	(54,546)	(60,106)	(65,949)	(72,082)
(+/-) Other Investing Activity		(1,231)	(829)	(2,535)	(2,722)	(2,921)	(3,133)
Total CFI		(267,776)	(218,649)	(246,245)	(274,118)	(303,902)	(335,710)
Cash from Financing Activities							
(+/-) Change in Debt		25,687	22,606	(4,418)	(5,317)	(6,294)	(7,353)
(-) Dividends paid		(58,620)	(52,701)	(63,748)	(76,190)	(90,169)	(105,836)
(+/-) Stock Issuance (Repurchases)		-	-	-	-	-	-
(+/-) Other Items		47	-	-	-	-	-
Total CFF		(32,886)	(30,095)	(68,165)	(81,508)	(96,463)	(113,189)
Cash and cash equivalents at the beginning of the period		674,502	448,116	614,011	766,543	919,593	1,072,250
(+/-) Total Change in Cash		(226,386)	165,895	152,532	153,050	152,656	151,222
Cash and cash equivalents at the end of the period		448,116	614,011	766,543	919,593	1,072,250	1,223,471

Discounted Cash Flow Analysis

W U T I S

Stage I



Discounted Cash Flow Analysis

	Estimate	Forecast				
	Q4 2023E	2024F	2025F	2026F	2027F	2028F
Stage I Discounted Cash Flows						
Earnings before Interest and Taxes	62,006	292,557	313,079	335,209	359,067	384,781
Taxes	(6,684)	(76,787)	(82,930)	(89,525)	(96,602)	(104,193)
Earnings before Interest after Taxes	55,322	215,770	230,148	245,684	262,465	280,588
+ Depreciation and Amortization	41,201	162,490	179,931	198,272	217,544	237,778
- Capital Expenditures	(33,357)	(168,561)	(189,165)	(211,290)	(235,032)	(260,494)
+/- Change in Net Working Capital	35,716	34,363	40,633	45,244	50,177	55,451
Free Cash Flow to Firm (undiscounted)	98,882	244,062	261,547	277,910	295,154	313,323
Weighted Average Cost of Capital	9.3%					
Discount Factor	0.25	1.25	2.25	3.25	4.25	5.25
	97.8%	89.5%	81.8%	74.9%	68.5%	62.6%
Free Cash Flow to Firm (discounted)	96,704	218,345	214,047	208,055	202,133	196,289
Present Value of Stage I Free Cash Flow to Firm	1,135,572					

Discounted Cash Flow Analysis

Stage II

Stage II Discounted Cash Flows

Long-Term Growth Rate	2.81%
Weighted Average Cost of Capital	9.3%
Terminal Value	4,950,985
Weighted Average Cost of Capital	9.3%
Present Value of Terminal Value	3,101,667
Enterprise Value	4,237,238
- Interest-bearing Debt	(178,300)
- Pension Provisions	(167,600)
+ Cash and Cash Equivalents	288,800
Net Debt	(57,100)
Non-Controlling Interest	(454)
Equity Value	4,179,685
Shares outstanding (as of 30-Sep-23)	31,593,072
Share Price	132.30

EBITDA 2028F	622,560
Exit Multiple	9.9x
EBITDA 2028F	6,163,341
Weighted Average Cost of Capital	9.3%
Terminal Value	3,861,177
Enterprise Value	4,996,748
- Interest-bearing Debt	(178,300)
- Pension Provisions	(167,600)
+ Cash and Cash Equivalents	288,800
Net Debt	(57,100)
Non-Controlling Interest	(454)
Equity Value	4,939,195
Shares outstanding (as of 30-Sep-23)	31,593,072
Share Price	156.34

Sensitivity Analysis

Sensitivity Analysis

Perpetuity Approach

	2.61%	2.71%	2.81%	2.91%	3.01%
9.72%	121.75	123.09	124.47	125.89	127.36
9.52%	125.36	126.79	128.27	129.79	131.36
9.32%	129.18	130.72	132.30	133.93	135.61
9.12%	133.25	134.89	136.58	138.33	140.14
8.92%	137.57	139.33	141.15	143.03	144.98

Multiple Approach

	9.72%	9.52%	9.32%	9.12%	8.92%
8.9x	141.52	142.75	143.99	145.25	146.52
9.4x	147.58	148.86	150.17	151.48	152.81
9.9x	153.63	154.98	156.34	157.71	159.10
10.4x	159.69	161.09	162.51	163.95	165.40
10.9x	165.74	167.20	168.68	170.18	171.69