Company Analysis

DR. KALLIWODA | RESEARCH GmbH

Equity Research

June 13, 2016

Europe | Germany | Crops

DR. KALLIWODA
RESEARCH GmbH

UPDATE

BUY

Target price: € 38.8

BayWa AG

Reorganizing the Agricultural Trade Business; Energy and Building Materials Advance

Industry:	Wholesale
Country:	Germany
ISIN:	DE0005194062
Bloomberg:	BYW6 GR
Reuters:	BYWGnx.DE
Website:	www.baywa.de

Last Price:		30.50
	High	**Low**
Price 52 W.:	34.60	25.32
Market Cap. (EURm)		1060.32
No. of Shares (in m)		34.76

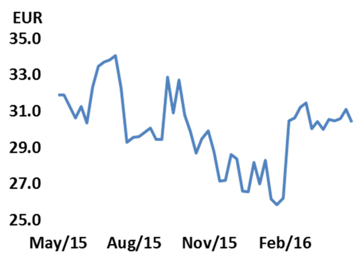
Shareholders

Bay. Raiffeisen-Beteiligungs	35.22%
Raiffeisen Agrar Invest	25.20%
Free float	39.58%

Dividends

	in EUR	in %
2011	0.60	2.20%
2012	0.65	1.94%
2013	0.75	1.94%
2014	0.80	2.59%
2015	0.85	2.99%

Chart



Analysts

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- The BayWa AG group slightly rose its revenues to around €3.5bn (0.5% higher y/y) in the first quarter of 2016. As expected, trend in agricultural producer prices lowered farmer propensity to sell grain and therefore reduced margins in the trading business. Consolidated EBIT and net income thus declined from €-3.3m to €-12.4m and from €-15.3m to €-24.2m correspondingly. However, after the Q1/16 closing, the trading business figures have indicated signs of recovery.
- Starting from January 2016 the agriculture trade business was restructured and split up in the BayWa agri supply & trade (BAST) and agriculture sales (BAV). This reorganization should improve efficiency and therefore segment margins. In total in Q1/16 the agricultural revenues were up 1.8% y/y to around €2.6bn while EBIT lowered from €20.3m to €-0.5m.
- Over the last quarter, the energy and building materials segments performed positively. Demand for solar and wind parks boosted the renewable energy sales up 29.8% and EBIT from €-0.1m to €12m, while the fall in oil price reduced revenues in conventional energies business by 15.4% to €449.4m whereas EBIT was up around €2.8m. In total EBIT in the energy segment enhanced from €1.1m to €16.0m in Q1/16. Due to favourable weather conditions at the beginning of the year the building materials segments grew revenues and EBIT by 7.5% and 11.2% respectively.
- Our estimates for the whole BayWa group have remained unchanged for the rest of the year. We have confirmed our target price of €38.8 per share and have estimated the EBIT CAGR of 14.7% for the period 2016E-2018E. This despite in the first quarter BayWa main business activities were affected by seasonality and difficulties in commodities prices, with consequences in consumers decisions and thus temporary fluctuations in company earnings. However in 2015 the pay-out ratio amounted to 61.1%, with a dividend per share of €0.85.

- **Key Figures**

EURm	2011	2012	2013	2014	2015	2016E	2017E
Net sales	9,586	10,531	15,958	15,202	14,928	15,221	15,987
EBITDA	251	307	281	280	288	352	424
EBIT	149	187	137	152	158	244	320
Net income	68	118	54	81	62	95	131
EPS	1.48	2.82	0.91	1.78	1.39	2.11	2.92
BVPS	25.31	25.11	26.55	22.77	23.37	25.17	28.12
RoE	8.00%	13.66%	6.12%	9.49%	7.71%	11.25%	14.10%
EBIT margin	1.56%	1.77%	0.86%	1.00%	1.06%	1.60%	2.00%
P/E	18.50	11.87	42.58	17.37	20.41	13.49	9.72
P/BVPS	1.08	1.33	1.45	1.36	1.22	1.13	1.01
EV/EBITDA	9.94	10.37	12.56	13.91	14.04	11.72	9.84

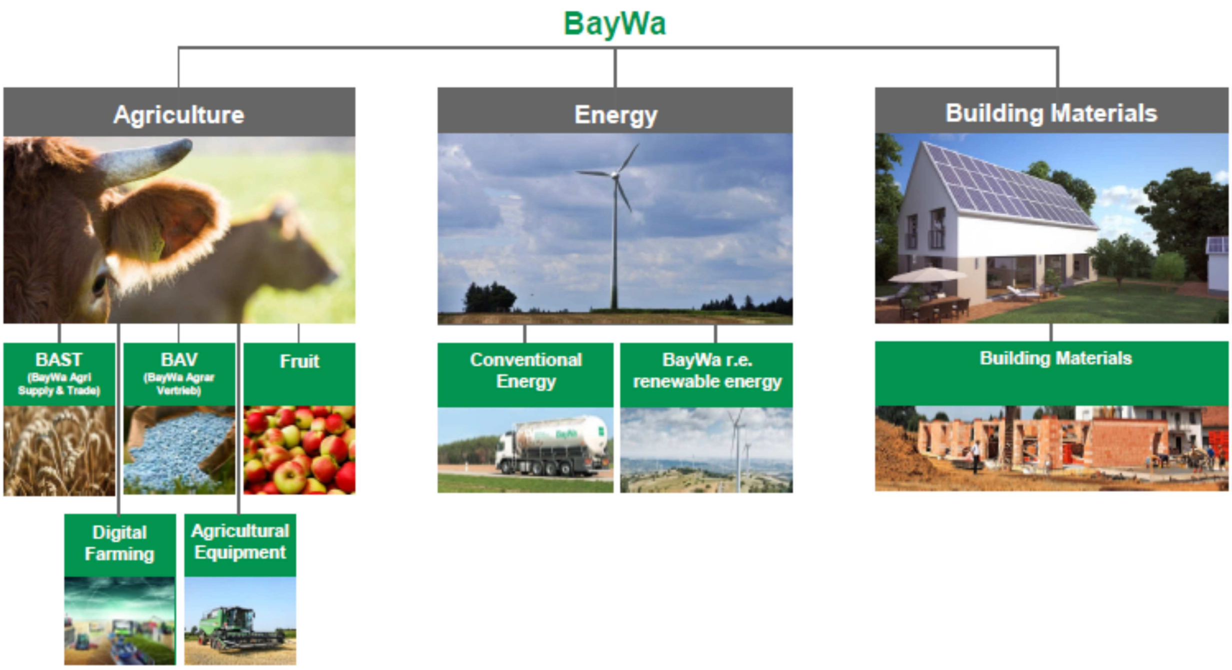
Source: company, Dr. Kalliwoda Research GmbH © 2016

Content

1 Company profile

BayWa AG is a trading and services Group composed of three core business segments: Agriculture, Energy, and Building Materials. The company founded in 1923, headquartered in Munich, is active on every continent in the world. The Company is engaged in the wholesale and retail of industrial and agricultural goods, and in the provision of related services. Its business activities are structured into the core segments of Agriculture, Building Materials and Energy, along with Other Activities. The Agriculture segment offers products such as grain and fruits, crop protection products, fertilizers, feedstuff and seeds, as well as agricultural equipment such as tractors, forestry machinery and spare parts. The Building Materials segment provides construction materials and building components, as well as operating garden centers and pet departments only in Austria and providing services for heating and sanitary installations on a regional basis. The Energy segment offers mineral oils, biodiesel and lubricants and operates a network of around 244 fuel stations in Germany. In addition, BayWa has established itself in the renewable energies market as a major, internationally oriented project developer and trader in the fields of wind power, solar power and bioenergy.

BayWa AG is a strong corporate structure listed on Frankfurt Stock Exchange with Approximately 17,416 employees and nearly 3,000 locations in 34 countries.



Source: company

2 SWOT Analysis

Strengths

- Leader in Crop protection product distribution (Germany) and Top 10 world agricultural traders
- Strong position in Heating Oil trade: Largest in Southern Germany and Top Five in Austria
- Economies of Scope: Nearly complete coverage of the agricultural value chain
- Diversification in the segments agriculture, energy and building materials reduces the dependence on the agrarian segment and the commodity fluctuation
- Solid shareholder structure: the main shareholders are Bayerische Raffeisen-Beteiligungs AG (35%), Raiffeisen Agrar Invest GmbH (25%)
- Geographic stronghold in Germany and Austria with worldwide expansion starting in 2013
- Core competency in full-service supplement for the agricultural industry generates a large and loyal customer foundation
- Loyal customers relations since they are buyers of agrarian products and supplier of crops at the same time

Weaknesses

- Still, large dependency on the German and Austrian market (Share of Revenue: ca. 80%)
- Agriculture exposure is almost 70% of FY13 revenues against half in FY12m, which plays down in importance Energy and Building businesses
- M&A Intensive activity complicated decision-making process and strategy execution
- Large inventories are usual in Q3 (after harvest) and 1Q ahead (sowing season) sometimes may create inventory overhang and margin pressure

Opportunities

- Global grain production including rice is up by 176 million tonnes year on year and is set to reach a new all-time high of around 2.43 billion tonnes.
- By 2050, the world's population will grow by another 2 billion, reaching 9 billion people and increasing prosperity in EM is leading to changes in eating habits and increasing demand for food
- Internationalization of business: Chile, USA, China, Australia, Fiji and New Zealand
- Number of building permits continues to rise steadily
- Cefetra B.V. business should benefit form above than expected improvement in Polish economy

Threats

- Germany and Austria are still important so economic weakness in Core Europe is to be felt by BayWa AG
- Volatile commodity markets
- High fuel prices
- Agricultural demand elasticity is to be rather low, yet the Energy business is seasonal while building cyclical bias is evident
- Oversupply in grain commodities, wheat especially, is to play an significant role in 2014 if volumes gains cannot offset a decline in grain prices.

Source: Dr. Kalliwoda Research GmbH © 2016

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3 Valuation

On the basis of our DCF model we calculated a fair value of 38.82€ per share. We have used the discount factor of 7.1%, sales CAGR growth of c. 4.0% (2016E-2020E) and the long term growth rate (g) of 2.2%.

WACC assumptions	
Equity	
Long-term risk-free rate	1.5%
Market risk premium	10.0%
Company beta	1.7
Equity costs	**18.5%**
Debt	
Debt costs (before tax)	3.7%
Tax rate on debt interest	29.7%
Debt costs (after tax)	**2.6%**
Equity value	28%
Debt value	72%
WACC	**7.1%**

Source: Dr. Kalliwoda Research GmbH © 2016

Discounted Cash Flow Model (Basis 06/2016)

in EURm	2016E	2017E	2018E	2019E	2020E
Total revenues	**15221.18**	**15987.06**	**16692.59**	**17292.10**	**17719.41**
(y-o-y change)	2.0%	5.0%	4.4%	3.6%	2.5%
EBIT	**243.54**	**319.74**	**367.24**	**379.22**	**388.27**
(operating margin)	1.6%	2.0%	2.2%	2.2%	2.2%
NOPLAT	**170.48**	**223.82**	**257.07**	**265.45**	**271.79**
+ Depreciation & amortisation	108.36	104.22	98.81	91.98	83.62
= Net operating cash flow	278.84	328.04	355.87	357.43	355.41
- Total investments (Capex and WC)	-193.93	-223.86	-206.00	-170.87	-114.32
Capital expenditure	-127.41	-138.22	-131.23	-121.63	-82.78
Working capital	-66.52	-85.64	-74.78	-49.24	-31.54
= Free cash flow (FCF)	84.91	104.19	149.87	186.56	241.09
PV of FCF's	**81.56**	**93.48**	**125.61**	**146.05**	**176.29**

PV of FCFs in explicit period	622.99
PV of FCFs in terminal period	3,273.15
Enterprise value (EV)	**3,896.14**
+ Net cash / - net debt	-2,373.79
+ Investments / - minorities	-266.23
Shareholder value	**1,256.12**
Number of shares outstanding (m)	**34.6**
WACC	7.1%
Cost of equity	18.5%
Pre-tax cost of debt	3.7%
Normal tax rate	29.7%
After-tax cost of debt	2.6%
Share of equity	28.0%
Share of debt	72.0%
Fair value per share in EUR (today)	**36.26**
Fair value per share in EUR (in 12 months)	**38.82**

Source: Dr. Kalliwoda Research GmbH © 2016

Sensitivity Analysis

	Terminal EBIT margin						
WACC	**0.7%**	**1.2%**	**1.7%**	**2.2%**	**2.7%**	**3.2%**	**3.7%**
5.6%	-174.02	-84.42	5.18	94.78	184.38	273.99	363.59
6.1%	-157.99	-81.53	-5.06	71.40	147.87	224.33	300.80
6.6%	-145.76	-79.41	-13.06	53.28	119.63	185.97	252.32
7.1%	-136.15	-77.83	-19.50	**38.82**	97.14	155.46	213.79
7.6%	-128.43	-76.62	-24.81	27.00	78.81	130.63	182.44
8.1%	-122.12	-75.69	-29.26	17.16	63.59	110.02	156.45

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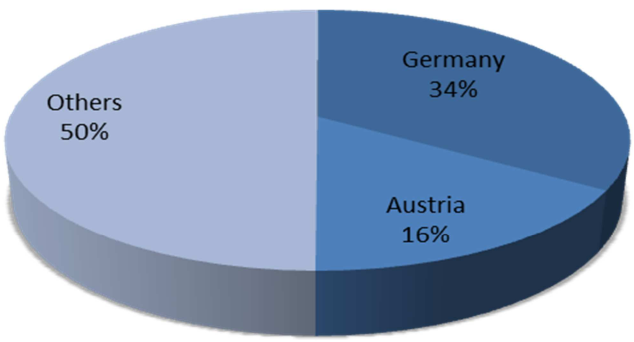
4 Q1/16 Earnings and Outlook

Consolidated sales of BayWa AG were slightly up of €18.4m to around €3.5bn (+0.5% y/y) in Q1/16. Starting from January 2016 the trade business division was reorganized in two business units: the BayWa agri supply & trade (BAST) and the agricultural sales unit (BAV). In total, sales of the two new units were up 3.4% to € 2.2bn in the first quarter, and included for the first time the BayWa agri Romania S.r.l. (BAST unit). With the falling in producer prices for agricultural products and lower farmers´ investment propensity, sales in the agricultural equipment business declined by € 16.2% y/y. However, the fruit business increased its sales by 9.0% to €140.4m as with the initial consolidation of the recent acquired TFC Holland B.V. (Dutch supplier of tropical fruits). A growing revenues source in Q1/16 was also represented by the recent established digital farming business, which generated € 1.8m in revenues. Overall, the agricultural segment rose revenues overall by 1.8% y/y to € 2.6bn.

Within the energy segment, the trend in crude oil price impacted the conventional energy with sales lowered by 16.2% y/y, although the good performing volume recorded in heat energy sales. On the other hand turnover in renewable energy grew by 29.8% y/y to € 160.4m as with the expansion in solar and wind parks. As a whole the energy segment went down by 6.9% to € 609.8m. With regards to the building material segment, favourable weather conditions have allowed an early starts of the season. Thus, revenues increased by 7.5% y/y, to € 269.0m, primarily because the demand for civil engineering, gardening and landscaping products.

Results and sales breakdown by regions in Q1/2016

Q1/16 results vs. previous year			
in EURm	Q1/16	Q1/15	change
Net sales	**3,468.4**	**3,450.0**	**0.5%**
EBITDA	**18.4**	**27.3**	**-32.7%**
EBITDA margin	*0.5%*	*0.8%*	
EBIT	**-12.4**	**-3.3**	**274.1%**
EBIT margin	*-0.4%*	*-0.1%*	
Net income	**-24.2**	**-15.3**	**58.2%**
Net margin	*-0.7%*	*-0.4%*	



Source: Dr. Kalliwoda Research GmbH © 2016

Segment Break-down figures Q1/2016 vs. Q1/2015

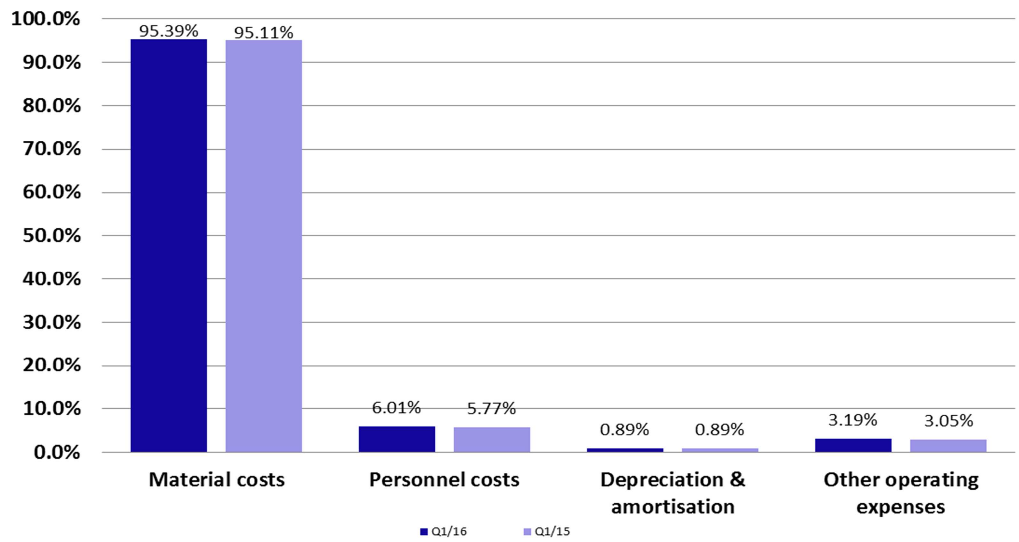
Sales and EBIT margins according to segments FY205 vs. FY2014

	Q1/16	Q1/15		Q1/16	Q1/15
Agriculture			**Others**		
Sales EURm	**2,793.9**	**2,769.1**	Sales EURm	**15.5**	**15.4**
share in total sales	*80.6%*	*80.3%*	*share in total sales*	*0.4%*	*0.4%*
EBITDA margin	0.47%	1.21%	*EBITDA margin*	*-42.0%*	*0.1%*
Energy			**Consolidation**		
Sales EURm	**676.3**	**719.9**	Sales EURm	**-294.7**	**-313.2**
share in total sales	*19.5%*	*20.9%*	*share in total sales*	*-8.5%*	*-9.0%*
EBITDA margin	3.58%	1.25%			
Building materials			**Group**		
Sales EURm	**277.4**	**258.8**	Total sales EURm	**3,468.4**	**3,450.0**
share in total sales	*8.0%*	*7.5%*	change y-o-y	0.53%	
EBITDA margin	-4.00%	-5.07%			

Source: Dr. Kalliwoda Research GmbH © 2016

Group gross profit grew by 2.9% (or €9.6m) to € 338.3m, as with the increase in inventories +10.6% y/y and net of cost of materials up 0.8%. Personnel costs increased by 4.7% y/y to € 208.5m mainly because the first-time inclusion of the acquired companies in 2015, the expansion in BayWa agri supply & trade business and in the renewable energies business. Other operating costs increased by 5.2% as with currency effects and value adjustments of receivables. The drop in income from participating interests recognized at equity (€-1.6m Q1/16 vs. €1.9m Q1/15) lowered the total contributions of participating interests down by € 3.7m y/y. In the same period, group EBIT declined by € 9.1m to € -12.4m. Including the change in net interests (down € 1.3m or 8.1% y/y) and tax income (positive for € 5.7m), consolidated loss reached € 24.2m, € 8.9m down compared to the previous year.

Group Profitability



Source: Dr. Kalliwoda Research GmbH © 2016

At the end of March 2016, total asset of the BayWa group came to €6.5bn, up €457.3m compared to December 2015. Main changes in current assets were related to the increase in trade receivables (up €331.8m to €1.1bn) given the initial spring business, and in inventories (up €128.5m to €2.3bn) primarily because the project developments in the renewable energies business; almost unchanged was the result in non-current assets. On the liabilities side, the most important positions were trade payables (€1.1bn Q1/16 vs. €0.7bn FY/15) and current financial liabilities (€1.4bn Q1/16 vs. €1.3bn FY/15) given the brisk development in the first quarter and non-current financial liabilities (up €54.7m) related to the project financing in the renewable energies business.

Despite the net loss (down €8.9m y/y) and higher income tax payments, operative cash flows after the change in working capital were up €58.9m y/y to €70.1m. Cash outflows in investing activities reached €74.3m and were largely related to the acquisitions of TFC Holland, Evergrain Germany, and the operations of Solar-Center. Including the cash inflows from financing activities (around €22.1m) on account of long term borrowing for the renewable energy project development, total cash at the end was up €17.5m compared to December 2015 to €102.0m.

Outlook

Based on the anticipation of another above-average harvest in 2015/16 and following prices volatility of grain we remain positive for the trading business performance and we expect an increase in efficiency due to the completed restructuring. The outlook for the fruit business is also positive and includes the consolidation since the beginning of March of the controlling interest in TFC Holland. On account of farmer´s low investment propensity, the agriculture equipment business might slowdown in the following quarterly results, however for the second part of the year higher margins are expected to compensate.

After a positive start in the first quarter and the project pipeline, the renewable energy segment should ensure growing earnings in the year 2016 driving the whole energy segment. Uncertainties remain in conventional energies business, which turnover might be influenced by the brisk demand for heating oil. The good start recorded in the building materials segment for 2016 might be a further group growing source.

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5 Profit and loss statements

Profit and loss statement - BayWa AG

	Fiscal year					
Figures in EURm	**2012**	**2013**	**2014**	**2015**	**2016E**	**2017E**
Total reveues	**10,531**	**15,958**	**15,202**	**14,928**	**15,221**	**15,987**
Change of inventories	39	27	-43	87	40	30
Capitalised items	5	2	5	4	4	4
Total output	**10,780**	**16,247**	**15,346**	**15,177**	**15,451**	**16,219**
Cost of goods sold	-9,355	-14,668	-13,817	-13,575	-13,600	-13,588
Gross profit	**1,176**	**1,290**	**1,385**	**1,353**	**1,621**	**2,399**
Other operating income	205	260	182	158	187	198
Personnel costs	-718	-781	-793	-825	-883	-891
Depreciation & amortisation	-120	-144	-128	-130	-108	-104
Other operating expenses	-418	-549	-457	-488	-617	-1317
Operating income	**187**	**137**	**152**	**158**	**244**	**320**
Net financial result	-47	-62	-72	-70	-108	-133
EBT	**140**	**75**	**80**	**88**	**135**	**187**
Income taxes	-5	-21	0	-26	-41	-56
Minorities	0	0	0	0	0	0
Net income / loss	**135**	**54**	**81**	**62**	**95**	**131**
EPS	2.82	0.91	1.78	1.39	2.11	2.92
DPS	1.13	0.36	0.71	0.56	0.84	1.17
Change y-o-y						
Total reveues	9.86%	51.53%	-4.74%	-1.80%	1.96%	5.03%
Change of inventories	-56.10%	-29.60%	-257.01%	-301.16%	-54.1%	-24.7%
Total output	9.94%	50.71%	-5.54%	-1.11%	1.81%	4.97%
Cost of goods sold	10.02%	56.79%	-5.80%	-1.75%	0.18%	-0.09%
Gross profit	8.63%	9.65%	7.39%	-2.31%	19.83%	48.01%
Other operating income	58.91%	26.67%	-29.75%	-13.47%	18.33%	6.19%
Personnel costs	5.74%	8.77%	1.55%	4.05%	6.98%	0.96%
Depreciation & amortisation	17.30%	20.20%	-11.31%	1.92%	-16.7%	-3.82%
Other operating expenses	9.63%	31.33%	-16.75%	6.81%	26.45%	113.47%
Operating income	25.16%	-26.44%	10.68%	3.99%	54.00%	31.29%
Net financial result	4.56%	32.55%	15.01%	-2.13%	54.19%	23.12%
EBT	34.05%	-46.28%	7.08%	9.43%	53.85%	37.81%
Income taxes	-83.15%	352.17%	-101.34%	-9580%	53.58%	37.81%
Net income / loss	75.60%	-59.84%	48.62%	-23.72%	53.97%	37.81%
EPS	90.88%	-67.84%	96.30%	-21.77%	51.29%	38.79%
DPS	73.38%	-67.84%	96.30%	-21.77%	51.29%	38.79%
Share in total revenues						
Total reveues	100.00 %	100.00 %	100.00 %	100.00 %	100.0 %	100.0 %
Change of inventories	0.37 %	0.17 %	-0.28 %	0.58 %	0.26 %	0.19 %
Capitalised items	0.05 %	0.01 %	0.04 %	0.03 %	0.02 %	0.03 %
Total output	102.36 %	101.81 %	100.95 %	101.66 %	101.51 %	101.5 %
Cost of goods sold	-88.83 %	-91.92 %	-90.89 %	-90.94 %	-89.3 %	-85.0 %
Gross profit	11.17 %	8.08 %	9.11 %	9.06 %	10.65 %	15.01 %
Other operating income	1.95 %	1.63 %	1.20 %	1.06 %	1.23 %	1.24 %
Personnel costs	-6.82 %	-4.89 %	-5.22 %	-5.53 %	-5.80 %	-5.57 %
Depreciation & amortisation	-1.14 %	-0.90 %	-0.84 %	-0.87 %	-0.71 %	-0.65 %
Other operating expenses	-3.97 %	-3.44 %	-3.00 %	-3.27 %	-4.05 %	-8.24 %
Operating income	1.77 %	0.86 %	1.00 %	1.06 %	1.60 %	2.00 %
Net financial result	-0.45 %	-0.39 %	-0.47 %	-0.47 %	-0.71 %	-0.83 %
EBT	1.33 %	0.47 %	0.53 %	0.59 %	0.89 %	1.17 %
Income taxes	-0.04 %	-0.13 %	0.00 %	-0.18 %	-0.27 %	-0.35 %
Minorities	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Net income / loss	1.28 %	0.34 %	0.53 %	0.41 %	0.62 %	0.82 %

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6 Balance sheets

Balance sheet - BayWa AG

Figures in EURm	Fiscal year 2012	2013	2014	2015	2016E	2017E
Assets						
Inventories	1,433	1,836	1,986	2,142	2,145	2,143
Trade receivables	621	702	1,084	1,255	1,279	1,344
Tax receivables	50	65	28	23	23	24
Other assets	254	403	28	22	22	23
Securities and other financial assets	2	2	156	224	229	240
Cash & cash equivalents	85	92	108	84	109	143
Current assets	**2,445**	**3,100**	**3,390**	**3,749**	**3,808**	**3,918**
Property, plant and equipment	1,068	1,074	1,397	1,420	1,434	1,448
Assets-for-sale	233	0	0	0	0	0
At-Equity shareholdings	93	102	196	204	208	218
Financial assets	325	408	257	226	230	242
Other assets	42	46	54	60	61	64
Intangible assets	140	157	148	167	167	176
Goodwill	0	0	0	0	0	0
Deferred tax assets	113	128	209	212	167	160
Non-current assets	**2,012**	**1,915**	**2,262**	**2,287**	**2,267**	**2,307**
Total assets	**4,457**	**5,015**	**5,652**	**6,037**	**6,075**	**6,225**
Liabilities						
Tax payables	53	77	28	25	59	55
Pension provisions	30	29	29	30	30	32
Other provisions	136	145	171	176	179	188
Short-term financial debt	894	1,132	1,312	1,491	1,641	1,721
Trade payables	761	767	745	792	794	793
Other liabilities	73	265	204	255	183	165
Current liabilities	**1,947**	**2,414**	**2,488**	**2,769**	**2,886**	**2,954**
Pension provisions	520	512	638	625	638	670
Other provisions	88	86	83	83	84	88
Financial and leasing debt	649	629	1,111	1,227	1,167	1,147
Long-term trade payables	4	3	2	5	5	5
Other liabilities	11	26	127	93	25	26
Deferred tax liabilities	126	163	152	158	130	90
Liabilities from assets-for-sale	27	0	0	0	0	0
Long-term liabilities	**1,425**	**1,419**	**2,113**	**2,191**	**2,049**	**2,027**
Total liabilities	**3,372**	**3,833**	**4,602**	**4,961**	**4,934**	**4,981**
Shareholder's equity	**862**	**914**	**786**	**810**	**875**	**978**
Minority interests	223	268	264	266	266	266
Total equity and liabilities	**4,457**	**5,015**	**5,652**	**6,037**	**6,075**	**6,225**

Source: Dr. Kalliwoda Research GmbH © 2016

7 Cash Flow Statement

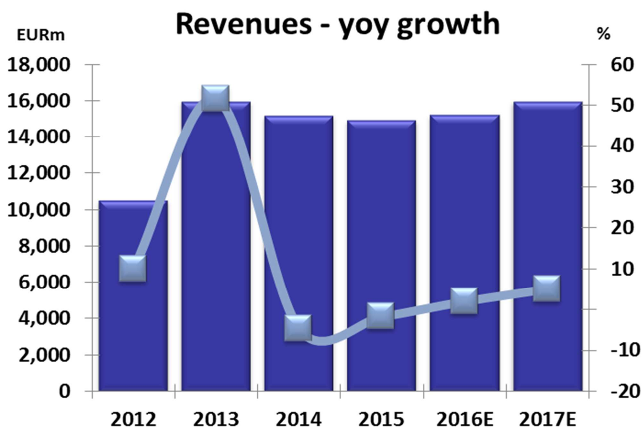
Cash flow statement - BayWa AG						
	Fiscal year					
Figures in EURm	2012	2013	2014	2015	2016E	2017E
Net income / loss before minority share deduction	118.0	54.3	80.7	61.6	94.8	130.6
Depreciation & amortisation	119.8	144.0	127.7	130.2	108.4	104.2
Change of working capital	15.3	-31.9	-224.1	-191.0	-66.5	-85.6
Others	-80.9	52.9	-75.0	18.3	20.7	-18.4
Net operating cash flow	**150.0**	**219.3**	**-90.6**	**19.0**	**157.4**	**130.9**
CAPEX	**-193.6**	**15.6**	**-227.6**	**-143.5**	**-127.4**	**-138.2**
Free cash flow	-43.6	234.9	-318.2	-124.4	29.9	-7.4
Cash flow from financing	**37.4**	**-217.0**	**334.4**	**98.7**	**-5.2**	**40.9**
Change of cash	-2.3	7.4	16.3	-23.9	24.7	33.5
Cash at the beginning of the period	87.0	84.7	92.1	108.4	84.5	109.2
Cash at the end of the period	84.7	92.1	108.4	84.5	109.2	142.7

Source: Dr. Kalliwoda Research GmbH © 2016

8 Financial ratios

Ratios	2012	2013	2014	2015	2016E	2017E
Gross margin	13.22%	9.72%	9.97%	10.55%	11.98%	16.23%
EBITDA margin	2.91%	1.76%	1.84%	1.93%	2.31%	2.65%
EBIT margin	1.77%	0.86%	1.00%	1.06%	1.60%	2.00%
Net margin	1.09%	0.33%	0.53%	0.41%	0.61%	0.81%
Return on equity (ROE)	13.66%	6.12%	9.49%	7.71%	11.25%	14.10%
Return on assets (ROA)	3.70%	2.33%	2.70%	2.18%	3.34%	4.24%
Return on capital employed (ROCE)	7.16%	3.82%	4.82%	3.39%	5.34%	6.84%
Current ratio	1.26	1.28	1.36	1.35	1.32	1.33
Quick ratio	0.36	0.33	0.54	0.56	0.56	0.58
Net interest cover	3.97	2.21	2.12	2.25	2.25	2.40
Net debt/EBITDA	6.63	7.84	10.10	10.63	8.92	7.52
Book value per share	25.11	26.55	22.77	23.37	25.17	28.12
CAPEX/Sales	1.42%	1.57%	1.91%	0.94%	0.84%	0.86%
Working capital/Sales	11.51%	9.35%	13.95%	15.68%	15.82%	15.60%
EV/Sales	0.30	0.22	0.26	0.27	0.27	0.26
EV/EBITDA	10.37	12.56	13.91	14.04	11.72	9.84
EV/EBIT	17.03	25.73	25.60	25.60	16.94	13.05
P/BVPS	1.33	1.45	1.36	1.22	1.13	1.01
P/E	11.87	42.58	17.37	20.41	13.49	9.72

Source: Dr. Kalliwoda Research GmbH © 2016


Revenues - yoy growth
EURm
%
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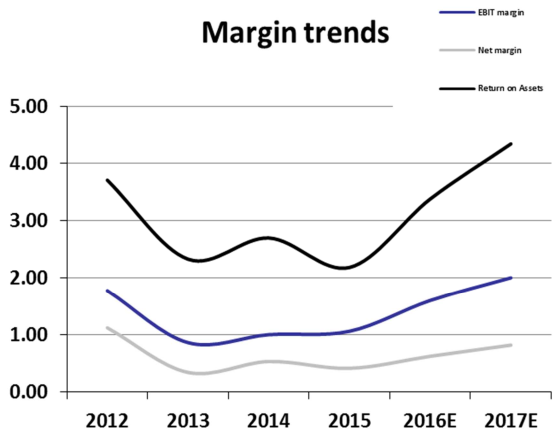
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
60
50
40
30
20
10
-10
-20
2012
2013
2014
2015
2016E
2017E


Margin trends
EBIT margin
Net margin
Return on Assets
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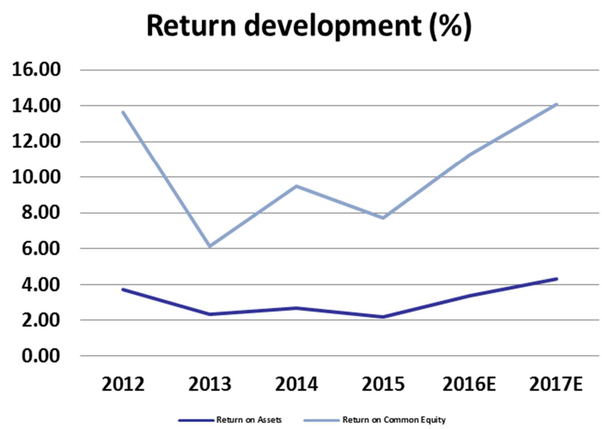
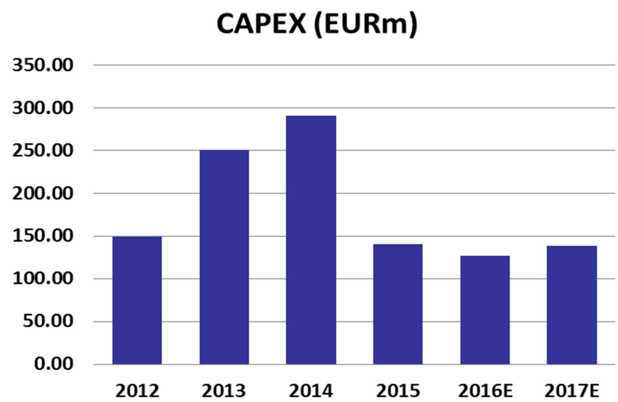
4.00
3.00
2.00
1.00
0.00
2012
2013
2014
2015
2016E
2017E


Return development (%)
16.00
14.00
12.00
10.00
8.00
6.00
4.00
2.00
0.00
2012
2013
2014
2015
2016E
2017E
Return on Assets
Return on Common Equity


CAPEX (EURm)
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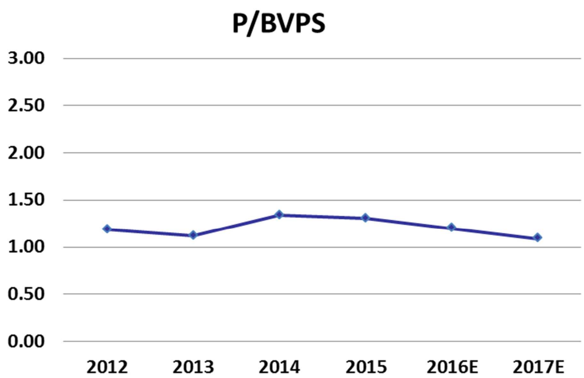
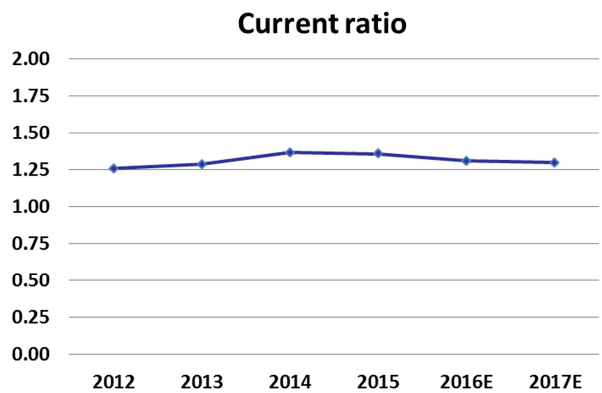
300.00
250.00
200.00
150.00
100.00
50.00
0.00
2012
2013
2014
2015
2016E
2017E


P/BVPS
3.00
2.50
2.00
1.50
1.00
0.50
0.00
2012
2013
2014
2015
2016E
2017E


Current ratio
2.00
1.75
1.50
1.25
1.00
0.75
0.50
0.25
0.00
2012
2013
2014
2015
2016E
2017E

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