

9 May 2025

GESCO SE

Germany

Capital Goods

Reuters: GSC1n.DE Bloomberg: GSC1 GY

Buy

Closing price as of 08-May-25	EUR 17.50
Target price	EUR 22.00
High/Low (12M)	EUR 19.15/13.05
Market cap.	EUR mn 190
Enterprise value	EUR mn 214
Free float	81.1%
Avg. daily turnover	EUR mn 0.14

Price relative to Index

Performance (%)	1M	3M	6M
Absolute	16.7	33.1	28.2
rel. DAX	1.5	25.9	6.7
rel. STOXX Europe 600	6.7	34.4	22.5
rel. SXXP Industrial G&S	2.2	29.4	19.8

Analyst:**Andre Remke, CFA**

+49 89 5150 1816

andre.remke@baaderbank.de

Solid start in a still uncertain environment – Demand situation has stabilized and 1Q order intake above our estimate – Outlook confirmed**Our conclusion**

- GESCO released 1Q25 results slightly above our expectations for such a challenging quarter with several macro-economic uncertainties. Order intake was stable yoy and the book-to-bill ratio was at 1.09x. Sales came in 6% higher yoy on an adjusted basis, i.e. excluding the sold business activities at year-end 2024. This was 2% above our estimate. Net profit of EUR 2mn is still on a muted level, however, up by 13% yoy and 6% above our estimate. Overall, we see the company on track to deliver on its FY25 targets.
- The FY25 guidance, which was released with the FY24 report on 29 April only, has been confirmed. We view the outlook as cautiously optimistic. GESCO highlighted the continued recessionary trends in Germany, particularly in the mechanical engineering sector. However, the demand situation at the subsidiaries has stabilized overall.
- The sales range expected for FY25 of EUR 485-515mn calls for organic growth of 4% yoy. Net income is expected to improve considerably versus last year's EUR 4.4mn to EUR 13-17mn in 2025E. This compares to our and consensus' EUR 16mn. Adjusted for the negative contribution from the sold units net income was EUR 13mn in 2024, i.e. earnings growth of approx. 15% is expected. This is based on the mid-point of the still relatively broad range. A conference call is scheduled for 9:00 am CET, today.

Facts & Analysis**1Q25 results at a glance**

EUR mn	1Q24 Actual	1Q25 Actual	yoy (%)	1Q25E Baader	Dev. (%)
Order intake	142.3	132.1	-7	122.0	8
Order intake (adjusted*)	132.8	132.1	-1	122.0	8
Book-to-bill (x)	1.14	1.09		1.03	
Book-to-bill adjusted* (x)	1.16	1.09		1.03	
Sales	124.3	121.7	-2	119.0	2
Sales (adjusted*)	114.7	121.7	6	119.0	2
EBITDA	8.6	8.2	-5	8.7	-6
EBIT	4.0	4.1	2	4.2	-3
EBIT margin (%)	3.2	3.4	0.1pp	3.6	-0.2pp
EBT	2.9	3.2	9	3.1	3
Net income after minorities	1.8	2.0	13	1.9	6
EPS reported (EUR)	0.16	0.19	18	0.18	5

Guidance versus our and consensus' view

		2024 Rep.	2025E			2026E	
			Guidance	Baader	Cons.	Baader	Cons.
Sales revenues	EUR mn	513.8	485-515	510.4	506.3	551.7	550.5
Change yoy	%	-8	-3/ adj. **: +4	-1	-1	8	9
EBIT reported	EUR mn	15.2		29.0	27.6	41.0	37.5
Change yoy	%	-58		91	82	41	36
EBIT margin	%	3.0		5.7	5.5	7.4	6.8
Net income after min.	EUR mn	4.4	13-17	16.1	15.9	25.0	22.7
Change yoy	%	-79	+240/ adj. **: +15	263	258	55	43
EPS reported	EUR	0.42		1.56	1.53	2.42	2.19
DPS	EUR	0.10		0.31	0.32	0.48	0.46

* 1Q24 figures adjusted due to disposals, ** adj. growth rate, i.e. versus prev. year's value excluding disposals (based on mid-point of guidance range)

Source: Company data, Baader Helvea Equity Research

Key financials

EUR mn	2024	2025E	2026E	2027E	CAGR (%)
Sales	513.8	510.4	551.7	590.4	4.7
EBIT adj.	19.5	29.0	41.0	46.3	33.4
EPS adj. (EUR)	0.88	1.56	2.42	2.79	46.9

Valuation ratios

x	2024	2025E	2026E	2027E
EV/Sales	0.4	0.4	0.4	0.3
EV/EBIT adj.	10.8	7.4	5.1	4.4
P/E adj.	18.1	11.2	7.2	6.3

Source: Company data, Baader Helvea Equity Research

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Key data

FY 31 Dec.	2022	2023	2024	2025E	2026E	2027E
Share data						
EPS reported (EUR)	3.12	1.93	0.42	1.56	2.42	2.79
EPS adjusted (EUR)	3.12	2.36	0.88	1.56	2.42	2.79
Dividend (EUR)	1.00	0.40	0.10	0.31	0.48	0.56
Book value (EUR)	24.41	25.09	25.60	27.03	29.14	31.44
Free cash flow (EUR)	0.03	0.96	5.83	0.10	0.81	1.33
Avg. no. of shares (mn)	10.8	10.8	10.8	10.8	10.8	10.8
Market cap. (avg./current, EUR mn)	264.2	253.7	172.6	189.7	189.7	189.7
Enterprise value (EUR mn)	324.6	320.9	210.9	213.8	209.9	202.0
Valuation						
P/E adj. (x)	7.8	9.9	18.1	11.2	7.2	6.3
P/BV (x)	1.0	0.9	0.6	0.6	0.6	0.6
FCF/EV (%)	0.1	3.2	29.0	0.5	4.0	6.8
FCF yield (%), (FCF/Mcap.)	0.1	4.1	35.5	0.5	4.4	7.2
Dividend yield (%)	4.1	1.7	0.6	1.8	2.7	3.2
EV/Sales (x)	0.6	0.6	0.4	0.4	0.4	0.3
EV/EBITDA adj. (x)	4.8	5.4	5.8	4.5	3.4	3.0
EV/EBIT adj. (x)	6.6	7.8	10.8	7.4	5.1	4.4
EV/CE (x)	0.9	0.8	0.6	0.6	0.6	0.5
ROCE/WACC adj. (x)	1.7	1.4	0.7	0.9	1.2	1.3
Key company data						
Sales growth (%)	19.3	-3.7	-8.4	-0.7	8.1	7.0
EBITDA adj. growth (%)	8.9	-12.9	-37.9	30.3	27.8	10.0
EBITDA adj. margin (%)	11.6	10.5	7.1	9.4	11.1	11.4
EBIT adj. margin (%)	8.5	7.3	3.8	5.7	7.4	7.8
Net adj. margin (%)	5.8	4.6	1.8	3.2	4.5	4.9
Free cash flow margin (%)	0.0	1.9	11.9	0.2	1.5	2.3
Payout ratio (%)	32.0	20.7	23.6	20.0	20.0	20.0
Gearing (%), (net debt/equity)	14.6	18.9	8.9	3.5	1.9	-0.6
Net debt/EBITDA (x)	0.6	0.9	0.7	0.2	0.1	0.0
Equity ratio (x), (equity/total assets)	58.0	59.2	62.3	62.3	63.6	64.7
Capital employed (EUR mn)	378.5	383.6	337.3	345.8	361.2	377.0
ROCE adj. (%)	13.1	10.7	5.8	8.4	11.3	12.3
Income statement (EUR mn)						
Turnover	582.3	560.7	513.8	510.4	551.7	590.4
EBITDA	67.7	59.0	36.7	47.8	61.1	67.2
EBITDA adj.	67.7	59.0	36.7	47.8	61.1	67.2
EBIT	49.4	35.9	15.2	29.0	41.0	46.3
EBIT adj.	49.4	41.0	19.5	29.0	41.0	46.3
EBT	49.5	32.4	10.0	24.6	37.2	42.6
Net profit after minorities	33.8	20.9	4.4	16.1	25.0	28.8
Net profit adj.	33.8	25.6	9.2	16.1	25.0	28.8
Balance sheet (EUR mn)						
Non-current assets	186	188	178	167	172	178
thereof goodwill	39	39	39	39	39	39
Current assets	288	281	255	291	310	333
Total assets	474	469	433	457	482	510
Shareholders' equity	275	278	270	285	307	331
Total equity and liabilities	474	469	433	457	482	510
Net debt	40	53	24	10	6	-2
Cash flow (EUR mn)						
2022	2023	2024	2025E	2026E	2027E	
Cash flow from operations	10.7	32.2	55.4	25.0	34.0	40.5
of which change in working capital	-46.3	-4.0	30.1	-12.9	-10.1	-10.2
Cash flow from investments	-10.4	-21.8	5.8	-24.0	-25.6	-26.8
of which investment in fixed assets	-12.5	-17.5	-18.7	-24.0	-25.6	-26.8
Free cash flow	0.3	10.4	61.2	1.0	8.4	13.7
Dividends paid	-10.6	-10.8	-4.3	-1.0	-3.2	-5.0
Cash flow from financing activities	-21.9	-12.4	-52.8	-2.6	-4.5	-5.8
Change in cash position	-21.5	-2.0	8.4	-1.5	3.9	7.9

Source: Company data, Baader Helvea Equity Research

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Baader Bank AG, Weißenstephaner Strasse 4, 85716 Unterschleißheim, Germany

Baader Helvea AG, Freigutstrasse 12, 8002 Zurich, Switzerland

Baader Helvea Limited, 5 Royal Exchange Buildings, London EC3V 3NL, United Kingdom

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Company	Date	Rating	Currency	Target price	Closing price as of	Analyst
GESCO SE	04-Apr-25	Buy	EUR	22.00	15.70 03-Apr-25	Andre Remke, CFA
GESCO SE	06-Aug-24	Buy	EUR	22.00	14.00 05-Aug-24	Andre Remke, CFA

GESCO SE

Contacts

Volker Bosse, CEFA

Head of Research
+49 89 5150 1815
volker.bosse@baaderbank.de

Markus Mayer

Head of Capital Markets
+49 89 5150 1818
markus.mayer@baaderbank.de

EQUITY RESEARCH**Capital Goods**

Capital Goods (Switzerland)	Zana Mamelli	+41 43 388 9215	zmamelli@helvea.com
Capital Goods (Switzerland)	Rene Rückert	+49 89 5150 1896	rene.rueckert@baaderbank.de
Capital Goods	Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
Capital Goods (Germany)	Peter Rothenaicher	+49 89 5150 1817	peter.rothenaicher@baaderbank.de

Chemicals

Konstantin Wiechert	+41 43 388 9213	kwiechert@helvea.com
Thomas Meyer	+41 43 388 9265	tmeyer@helvea.com

Consumer

Consumer Durables / Food Retail / Non-Food Retail	Volker Bosse, CEFA	+49 89 5150 1815	volker.bosse@baaderbank.de
Food & Beverages	Andreas von Arx	+41 43 388 9257	avonarx@helvea.com

Financial Services

Gerhard Schwarz, CEFA	+49 89 5150 1812	gerhard.schwarz@baaderbank.de
Andreas von Arx	+41 43 388 9257	avonarx@helvea.com

Metals & Mining

Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
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Pharma

Konstantin Wiechert	+41 43 388 9213	kwiechert@helvea.com
Thomas Meyer	+41 43 388 9265	tmeyer@helvea.com

Real Estate

Andre Remke, CFA	+49 89 5150 1816	andre.remke@baaderbank.de
Co-Head Equity Research		
Andreas von Arx	+41 43 388 9257	avonarx@helvea.com

Technology

Software / IT Services / Support Services	Knut Woller, CEFA	+49 89 5150 1807	knut.woller@baaderbank.de
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Transport

Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
Andreas von Arx	+41 43 388 9257	avonarx@helvea.com

Utilities

Andreas von Arx	+41 43 388 9257	avonarx@helvea.com
Rene Rückert	+49 89 5150 1896	rene.rueckert@baaderbank.de

EQUITY STRATEGY

Gerhard Schwarz, CEFA	+49 89 5150 1812	gerhard.schwarz@baaderbank.de
Head of Equity Strategy		

EQUITY SALES

Frankfurt	+49 69 1388 1357
London	+44 20 7054 7100
Munich	+49 89 5150 1850
Zurich	+41 43 388 9200

DERIVATIVES SALES

Munich	+49 89 5150 1990
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EQUITY SALES TRADING

Frankfurt	+49 69 1388 1355
London	+44 20 7054 7100
Munich	+49 89 5150 1870
New York	+1 212 935 5150
Zurich	+41 43 388 9200

For North American clients:

New York	+1 212 935 5150
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PUBLICATION ADDRESSES

Baader Bank AG
Equity Research
Weihenstephaner Strasse 4
85716 Unterschleissheim, Germany
T +49 89 5150 1810

Baader Helvea AG
Equity Research
Freigutstrasse 12
8002 Zurich, Switzerland
T +41 43 388 9250