

29 April 2025

GESCO SE

Germany

Capital Goods

Reuters: GSC1n.DE Bloomberg: GSC1 GY

Buy

Closing price as of 28-Apr-25	EUR 16.00
Target price	EUR 22.00
High/Low (12M)	EUR 19.30/13.05
Market cap.	EUR mn 173
Enterprise value	EUR mn 200
Free float	81.1%
Avg. daily turnover	EUR mn 0.12

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	1.3	20.8	14.3
rel. DAX	2.1	16.8	0.3
rel. STOXX Europe 600	4.8	22.3	13.9
rel. SXXP Industrial G&S	5.8	21.4	12.2

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Solid guidance for FY25 provided – Operating earnings growth envisaged**Our conclusion**

- GESCO confirmed the pre-released FY24 key results (24 March), which came in roughly as expected at that point in time, GESCO provided its financial outlook for FY24 today.
- The company provided a cautiously optimistic **guidance** for this year. The **sales** range of EUR 485-515mn calls for organic growth of 4% yoy. This compares to last year's EUR 480mn adjusted for the disposal of one subsidiary and two business units at the end of last year (sales contribution of EUR 34mn in 2024). **Net income** is expected to improve considerably versus last year's EUR 4.4mn to EUR 13-17mn in 2025E, which compares to our and consensus' EUR 16mn. Adjusted for the negative contribution from the sold units net income was EUR 13mn last year, i.e. operating earnings growth of ~15% (based on the midpoint of the guidance) is expected for this year.
- The strong balance sheet at year-end 2024 (equity ratio of 62%) as well as the outlook for this year confirms our view that GESCO is well prepared for organic and inorganic growth in a still uneven macroeconomic environment. We expect improved operating results this year but also for next year.

Facts & Analysis

- The virtual press and analyst conference is scheduled for 11:00 am CET today.

FY24 results at a glance

EUR mn	2023 Actual	2024 Actual	yoy (%)	2024E Baader	Dev. (%)
Order intake	542.7	519.1	-4	526.0	-1
Book-to-bill (x)	0.97	1.01		1.02	
Sales	560.7	513.8	-8	513.8	0
EBITDA	59.0	36.7	-38	31.3	17
EBIT	35.9	15.2	-58	13.0	17
EBIT margin (%)	6.4	3.0	-3.4pp	2.5	0.4pp
EBT	32.4	10.0	-69	7.9	26
Net income after minorities	20.9	4.4	-79	4.4	1
EPS reported (EUR)	1.93	0.42	-78	0.42	0
DPS (EUR)	0.40	0.10	-75	0.10	0

Guidance versus our and consensus' view

	2023 Rep.	2024 Rep.	2024E Guidance Baader Cons.			2025E Guidance Baader Cons.		
Sales	EUR mn 560.7	513.8	520-540	513.8	513.8	485-515	510.4	508.0
Change yoy	% -4	-4	-7 to -4	-8	-8	-3/adj. *: +4	-1	-1
EBIT	EUR mn 35.9	15.2		13.0	12.7		29.0	28.7
Change yoy	% -27	-58		-64	-65		122	126
EBIT margin	% 6.4	3.0		2.5	2.5		5.7	5.6
Net income after min.	EUR mn 20.9	4.4	3.5-7.5	4.4	4.4	13-17	16.1	16.3
Change yoy	% -38	-79	-83 to -64	-79	-79	+240/adj. *: +15	266	271
EPS reported	EUR 1.93	0.42		0.42	0.42		1.56	1.58
Change yoy	% -38	-78		-78	-78		272	277
DPS	EUR 0.40	0.10		0.10	0.10		0.31	0.31
Change yoy	% -60	-75		-75	-75		212	211

* Change yoy: Mid-point guidance vs. reported 2024 and vs. adjusted 2024, i.e. excluding disposals

Source: Company data, Baader Helvea Equity Research

Key financials

EUR mn	2023	2024E	2025E	2026E	CAGR (%)
Sales	560.7	513.8	510.4	551.7	-0.5
EBIT adj.	41.0	17.3	29.0	41.0	0.0
EPS adj. (EUR)	2.36	0.88	1.56	2.42	0.8

Valuation ratios

x	2023	2024E	2025E	2026E
EV/Sales	0.6	0.4	0.4	0.4
EV/EBIT adj.	7.8	11.2	6.9	4.8
P/E adj.	9.9	18.1	10.3	6.6

Source: Company data, Baader Helvea Equity Research

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Key data

FY 31 Dec.	2021	2022	2023	2024E	2025E	2026E
Share data						
EPS reported (EUR)	2.48	3.12	1.93	0.42	1.56	2.42
EPS adjusted (EUR)	2.48	3.12	2.36	0.88	1.56	2.42
Dividend (EUR)	0.98	1.00	0.40	0.10	0.31	0.48
Book value (EUR)	22.44	24.41	25.09	25.45	26.91	29.02
Free cash flow (EUR)	1.82	0.03	0.96	5.68	-0.19	0.81
Avg. no. of shares (mn)	10.8	10.8	10.8	10.8	10.8	10.8
Market cap. (avg./current, EUR mn)	246.5	264.2	253.7	172.6	173.4	173.4
Enterprise value (EUR mn)	289.5	324.6	320.9	194.9	199.6	195.7
Valuation						
P/E adj. (x)	9.2	7.8	9.9	18.1	10.3	6.6
P/BV (x)	1.0	1.0	0.9	0.6	0.6	0.6
FCF/EV (%)	6.8	0.1	3.2	30.6	-1.0	4.3
FCF yield (%), (FCF/Mcap.)	8.0	0.1	4.1	34.6	-1.2	4.8
Dividend yield (%)	4.3	4.1	1.7	0.6	1.9	3.0
EV/Sales (x)	0.6	0.6	0.6	0.4	0.4	0.4
EV/EBITDA adj. (x)	4.7	4.8	5.4	6.2	4.2	3.2
EV/EBIT adj. (x)	6.5	6.6	7.8	11.2	6.9	4.8
EV/CE (x)	0.9	0.9	0.8	0.6	0.6	0.5
ROCE/WACC adj. (x)	2.5	1.7	1.4	0.6	0.9	1.2
Key company data						
Sales growth (%)	22.9	19.3	-3.7	-8.4	-0.6	8.1
EBITDA adj. growth (%)	86.4	8.9	-12.9	-46.9	52.5	27.8
EBITDA adj. margin (%)	12.7	11.6	10.5	6.1	9.4	11.1
EBIT adj. margin (%)	9.1	8.5	7.3	3.4	5.7	7.4
Net adj. margin (%)	5.5	5.8	4.6	1.8	3.2	4.5
Free cash flow margin (%)	4.0	0.0	1.9	11.6	-0.4	1.5
Payout ratio (%)	39.5	32.0	20.7	23.8	20.0	20.0
Gearing (%), (net debt/equity)	7.3	14.6	18.9	2.9	4.1	2.6
Net debt/EBITDA (x)	0.3	0.6	0.9	0.2	0.2	0.1
Equity ratio (x), (equity/total assets)	56.9	58.0	59.2	61.4	62.3	63.6
Capital employed (EUR mn)	336.2	378.5	383.6	334.3	345.8	361.2
ROCE adj. (%)	13.3	13.1	10.7	5.2	8.4	11.3
Income statement (EUR mn)						
Turnover	488.1	582.3	560.7	513.8	510.4	551.7
EBITDA	62.2	67.7	59.0	31.3	47.8	61.1
EBITDA adj.	62.2	67.7	59.0	31.3	47.8	61.1
EBIT	44.6	49.4	35.9	13.0	29.0	41.0
EBIT adj.	44.6	49.4	41.0	17.3	29.0	41.0
EBT	42.7	49.5	32.4	7.9	24.6	37.2
Net profit after minorities	26.9	33.8	20.9	4.4	16.1	25.0
Net profit adj.	26.9	33.8	25.6	9.2	16.1	25.0
Balance sheet (EUR mn)						
Non-current assets	190	186	188	162	167	172
thereof goodwill	39	39	39	39	39	39
Current assets	260	288	281	275	289	308
Total assets	450	474	469	438	456	481
Shareholders' equity	256	275	278	269	284	306
Total equity and liabilities	450	474	469	438	456	481
Net debt	19	40	53	8	12	8
Cash flow (EUR mn)						
Cash flow from operations	51.7	10.7	32.2	53.8	22.0	34.0
of which change in working capital	-12.8	-46.3	-4.0	24.1	-6.8	-10.1
Cash flow from investments	-32.0	-10.4	-21.8	5.8	-24.0	-25.6
of which investment in fixed assets	-7.9	-12.5	-17.5	-18.7	-24.0	-25.6
Free cash flow	19.7	0.3	10.4	59.6	-2.0	8.4
Dividends paid	0.0	-10.6	-10.8	-4.3	-1.0	-3.2
Cash flow from financing activities	-10.6	-21.9	-12.4	-60.7	8.0	-4.5
Change in cash position	9.3	-21.5	-2.0	-1.1	6.0	3.9

Source: Company data, Baader Helvea Equity Research

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This Research Document was completed at 08:30 AM (CEST) on 29-04-2025.

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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

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