EDISON

PWO Group

9M25 results

Ramp up of orders drives organic growth in Q3

Industrials

24 November 2025

In the first nine months of 2025 (9M25), both PWO's revenues and EBIT were higher than our expectations, with PWO reporting organic revenue growth again in Q325 of 1.5%, despite the continued weak automotive markets. PWO is benefitting from the start-up and ramp-up of new series production from contracts won in recent years and it has hardly noticed any direct impact from the import tariff situation. The company maintained its FY25 guidance and remarked that the upper half of the EBIT range is ambitious. PWO remains focused on its long-term growth potential, with the recently opened new plant in Serbia successfully ramping up. On slightly higher estimates, the average of three valuation methods points at a potential value of €35.1 per share (previously €34.6).

Year end	Revenue (€m)	EBITDA (adj) (€m)	EBIT (€m)	EPS (€)	DPS (€)	EV/Adj EBITDA (x)	P/E (x)	Yield (%)
12/23	555.8	54.8	28.2	5.19	1.75	3.5	5.5	6.2
12/24	555.1	53.6	30.0	4.01	1.75	3.5	7.1	6.2
12/25e	510.0	48.3	25.8	3.35	1.75	3.9	8.5	6.2
12/26e	550.8	54.9	26.8	3.97	1.75	3.4	7.2	6.2

Note: EBITDA is normalised, excluding amortisation of acquired intangibles and exceptional items (Edison definition). EBIT is as reported and before currency effects; EPS is as reported.

Improvement in revenue trend during the year

In 9M25, revenue declined 4.2% y-o-y, due to the weak automotive markets, several lower currencies and lower material prices. The performance in Q3 was much better compared to the previous two quarters with a reported revenue decline of 2% y-o-y versus declines of 4% in Q2 and 7% in Q1. Corrected for the 3.5% negative currency impact in the quarter, PWO returned to underlying revenue growth of 1.5%, whereas many competitors are still reporting declining revenues. EBIT before currency effects only fell 1% y-o-y to €21.8m. This included an estimated positive one-off of €3m (the balance of €6.8m and several unspecified negative one-offs). PWO maintained its FY25 revenue guidance of €500–510m (down 7–9% y-o-y), which we consider conservative despite the uncertainty in the automotive market. The EBIT before currency effects guidance of €23–28m was also maintained, but management commented that the upper half of this range is ambitious.

New plant in Serbia is successfully ramping up

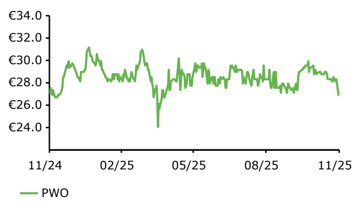
PWO will continue to execute its growth strategy for the next few years. The new plant in Serbia was opened in July, is currently ramping up and recently added three new orders. The plant therefore seems on schedule for a revenue level of around €70m by 2029, or 10% of PWO's ambition to realise €700m in revenue by 2029. With this larger scale, we estimate EBIT margins of 6–7% in the longer term (compared to an estimated underlying margin of 4.5% in FY25).

Valuation offers upside

We have only slightly adjusted our estimates following the better-than-expected Q3 results. We use three methods for the valuation of PWO; the average of historical multiples, discounted cash flow and peer comparison points to a potential value per share of €35.1 per share (previously €34.6).

Price	**€28.40**
Market cap	**€89m**
Net cash/(debt) at 30 September 2025	€(100.6)m
Shares in issue	3.1m
Code	PWO
Primary exchange	XETRA
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(4.7)	0.7	13.4
52-week high/low		€32.2	€24.6

Business description

PWO Group develops and produces lightweight metal components and complex systems for the automotive industry. The company has extensive expertise in cold forming of metals and joining technologies.

Next events

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Edison profile page

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Q325 showed underlying improvements compared to H125

In 9M25, revenue declined 4% y-o-y, despite the ongoing weakness in the automotive market, lower currencies and declining raw material prices. PWO has hardly noticed any direct impact from the import tariff situation, but this has certainly added to the uncertainty in the sector.

PWO's Q325 results showed a good improvement compared to the first two quarters of the year. Revenue was down 2% y-o-y, compared to declines of 4% in Q2 and 7% in Q1, despite a larger negative currency impact (-3.5% y-o-y in Q3, -2% in Q2 and 0% in Q1). Organic revenue growth of 1.5% is a solid performance in a weak automotive market where many players still are reporting further declining revenues. Underlying growth was driven by the continuous start-up and ramp-up of new series production at PWO, from contracts won in recent years. Tools revenues showed further growth, which is positive as tools are normally related to future series production.

Exhibit 1: Summary 9M25 results

€m	9M24	9M25	Change
Revenues	421.2	403.4	-4%
EBIT normalised, before currency effects	21.3	18.8	-12%
EBIT margin, normalised	5.1%	4.7%	
Exceptional items	0.8	3.0	
EBIT reported, before currency effects	22.1	21.8	-1%
EBIT margin, reported	5.3%	5.4%	3%
EBIT reported, after currency effects	21.6	20.5	-5%
Financial income and expenses	(6.9)	(6.6)	-4%
Pre tax income	14.6	13.9	-5%
Taxes	(5.0)	(5.2)	5%
Net profit reported	9.7	8.7	-10%
EPS reported (€)	3.09	2.77	-10%
EPS normalised (€)	2.91	2.10	-28%

Source: PWO Group, Edison Investment Research

In 9M25, PWO's gross margin was higher than last year due to lower material costs and change in product mix. Reported EBIT before currency effects only declined 1% y-o-y to €21.8m, despite 4.5% y-o-y higher personnel costs, 2% higher other opex and 9% y-o-y higher depreciation. Reported EBIT before currency effects included an estimated positive one-off effect of €3m. PWO only reports exceptional items when they are at least 5% of EBIT before currency impacts (or >€1.5m). There was a positive one-off of €6.8m (related to the Canada segment as reported in H125) and several unspecified negative one-offs in Germany and the Czech Republic (as reported in H125). We estimate the balance of these items at a positive €3m (down from €3.8m in H125). According to PWO, the negative effect of currencies on revenue hardly has any impact on EBIT as a result of hedging.

Reported EBIT including currency effects declined 5% y-o-y to €20.5m. PWO's EBIT including currency effects includes the valuation of foreign currency receivables and hedging transactions as of the reporting date. Interest expenses were slightly lower than last year and the tax rate was higher than last year. Reported net profit decreased 10% to €8.7m after a decline of 20% y-o-y in the first half.

New plant in Serbia is ramping up and has won three new orders

In a weak automotive market, most of PWO's geographical segments reported lower revenues in 9M25 compared to last year, except for the Czech Republic and Canada. Below we briefly summarise the developments by segment:

- Germany: revenues and EBIT were affected by the weak market conditions. EBIT in Q325 was around break-even again after a loss of €4.2m in Q225, which was largely due to personnel and other provisions (of an estimated €2–3m).
- Czech Republic: despite weak markets, higher revenues were supported by the start-up and ramp up of new series production and higher tool sales. In H125, EBIT included one-off expenses related to two ongoing orders (of an estimated €1–2m), while in Q325 profitability was back to normal levels and even showed better margins than last year.
- Serbia: the new plant was opened in July and is currently ramping up. PWO recently won three new orders in Serbia.

- Canada: an increase in revenues and significantly higher EBIT included a one-off of €6.8m, related to the conclusion of customer negotiations (already reported in H125). Adjusted for this one-off, EBIT increased 8% y-o-y.
- Mexico: revenues were lower due to weak market conditions. Lower EBIT was also affected by increasing expenses in preparation of new series production and ramp-ups. As this is temporary, we expect better margins from 2026.
- China: strong competition resulted in significantly lower revenues, but strict cost control has limited the impact on the EBIT margin (stable compared to last year).

Exhibit 2: PWO's 9M25 results by geographic location

€m	9M24	9M25	Change
External revenues			
Germany	160.3	144.4	-10%
Czech Republic	96.4	100.6	4%
Serbia	1.4	0.4	-72%
Canada	37.4	43.6	16%
Mexico	88.0	82.8	-6%
China	37.7	31.6	-16%
Total external revenues	**421.2**	**403.4**	**-4%**
EBIT reported, before currencies			
Germany	1.2	(3.7)	N/A
Czech Republic	5.8	6.2	7%
Serbia	(0.9)	0.5	N/A
Canada	3.4	10.5	207%
Mexico	7.6	4.5	-41%
China	4.9	4.1	-17%
Total EBIT reported, before currencies	**22.1**	**21.8**	**-1%**

Source: PWO Group

Estimate changes

PWO maintained its revenue guidance for 2025 at €500–510m, which reflects a decline of 7–9% y-o-y compared to FY24. Assuming annual revenues of €510m would suggest a decline of 20% y-o-y in Q425. This might seem unlikely given the better-than-expected revenue trend in Q3, however, weak automotive markets and a negative currency impact will remain in Q4, with added short-term uncertainty due to chip delivery restrictions and the timing of the December holiday break (which might affect production volumes in December and see ordering postponed to January).

PWO also maintained its guidance for EBIT before currency effects of €23–28m but remarked that the upper half of this range is ambitious. We note that the 9M25 results included a positive one-off of an estimated €3m. Based on the reported EBIT of €21.8m in 9M25, PWO only needs a further €1.2m to reach the bottom of its guidance range.

PWO's balance sheet has not changed materially in 9M25. Net debt increased from €94.8m in H125 to €100.6m at end 9M25 as free cash flow turned to negative €2.9m in 9M25 (H125: a positive €0.8m). PWO still expects to end the year with a slightly positive free cash flow.

Given the weak automotive markets, PWO reported a good level of new business of €535m in 9M25 (9M24: €525m), of which €25m is for tools associated with series orders. PWO conservatively maintains its 2025 guidance of €550–600m for new business, for which it 'only' needs €25–75m of new business in Q4 in order to achieve its guidance.

We have only slightly raised our revenue estimate for 2025 by 1%, following the better-than-expected revenues in Q325, and we now are at the top end of the guidance range. If the timing of the holiday break in automotive is not too early in December, there might be upside to the revenue level in 2025. Our revenue growth estimates for FY26 and FY27 are unchanged at 8% y-o-y and 5% y-o-y, respectively, mainly driven by start-ups and ramp-ups of new series production.

We have slightly raised our estimated reported EBIT before currency effects for 2025 from €25.3m to €25.8m following the better-than-expected Q3 results but remain cautious for the outcome in Q4 due to several uncertainties. Our estimate of normalised EBIT before currency effects is raised from €21.5m to €22.8m, as we now assume a lower positive one-off of €3.0m compared to our previous estimate of €3.8m. We have left our EBIT margin assumptions for 2026 and 2027 unchanged. Due to the increasing scale, including the ramp up at the plant in Serbia, we expect better margins from FY26.

Exhibit 3: Change in estimates

€m		2025e			2026e			2027e	
	Old	New	Change	Old	New	Change	Old	New	Change
Sales	505.2	510.0	1%	545.6	550.8	1%	572.8	578.4	1%
EBIT normalised, before currency effects	21.5	22.8	6%	26.5	26.8	1%	30.8	31.2	1%
EBIT margin	4.3%	4.5%	5%	4.9%	4.9%	0%	5.4%	5.4%	0%
Exceptional items	3.8	3.0		0.0	0.0		0.0	0.0	
EBIT reported, before currency effects	25.3	25.8	2%	26.5	26.8	1%	30.8	31.2	1%
Net profit reported	10.9	10.5	-4%	12.0	12.4	3%	15.3	15.8	3%
Net profit normalised	7.1	8.4	18%	12.0	12.4	3%	15.3	15.8	3%
EPS reported (€)	3.49	3.35	-4%	3.85	3.97	3%	4.90	5.04	3%
EPS normalised (€)	2.27	2.68	18%	3.85	3.97	3%	4.90	5.04	3%

Source: Edison Investment Research

Valuation relatively low

PWO is currently trading on a 2025 P/E of 8.5x and an EV/EBITDA of 3.9x. For the potential valuation of PWO we use three methods: historical multiples, peer comparison and a discounted cash flow (DCF) analysis. The average points to a value per share of €35.1 (previously €34.6), while the company also offers an attractive dividend yield of c 6%.

Exhibit 4: Valuation

Valuation method	Assumption	Value per share, €
Historical multiples	2025e EV/EBITDA at 15% discount to historical multiples	32.3
DCF	Terminal growth 1.5%, EBIT margin 5.5%	35.5
Peer multiples	2025e EV/EBITDA in line with peers	37.5
Average value per share		**35.1**

Source: Edison Investment Research

Exhibit 5: Financial summary

€m	2021	2022	2023	2024	2025e	2026e	2027e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT							
Revenue	404.3	530.8	555.8	555.1	510.0	550.8	578.4
Gross Profit	200.6	220.6	234.7	244.5	242.6	255.4	268.6
EBITDA normalised (Edison definition)	**46.3**	**56.6**	**54.8**	**53.6**	**48.3**	**54.9**	**60.2**
Exceptionals (Edison definition)	0.8	(5.4)	(2.7)	0.2	3.0	0.0	0.0
EBITDA reported	47.2	51.2	52.0	53.7	51.3	54.9	60.2
Depreciation & Amortisation	(26.4)	(25.6)	(24.8)	(23.6)	(26.8)	(28.1)	(29.0)
Amortisation of acquired intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals (Edison definition)	1.1	1.1	0.6	0.0	0.0	0.0	0.0
EBIT normalised, before currency effects (Edison definition)	20.2	32.9	31.0	29.8	22.8	26.8	31.2
EBIT reported, before currency effects	22.1	27.5	28.2	30.0	25.8	26.8	31.2
EBIT reported, including currency effects	21.8	26.8	27.9	30.1	24.5	26.8	31.2
Net Interest	(6.2)	(5.7)	(8.4)	(9.7)	(9.5)	(9.1)	(8.7)
Profit Before Tax	15.7	21.1	19.5	20.4	15.0	17.7	22.5
Reported tax	(0.9)	(5.9)	(3.3)	(7.9)	(4.5)	(5.3)	(6.8)
Profit After Tax	14.7	15.2	16.2	12.5	10.5	12.4	15.8
Net income normalised (Edison definition)	13.1	17.8	17.5	14.0	8.4	12.4	15.8
Net income reported	14.7	15.2	16.2	12.5	10.5	12.4	15.8
Average number of shares (m)	3.13	3.13	3.13	3.13	3.13	3.13	3.13
Total number of shares (m)	3.13	3.13	3.13	3.13	3.13	3.13	3.13
EPS normalised (€, Edison definition)	**4.19**	**5.71**	**5.61**	**4.47**	**2.68**	**3.97**	**5.04**
EPS reported (€)	4.72	4.87	5.19	4.01	3.35	3.97	5.04
DPS (€)	1.50	1.65	1.75	1.75	1.75	1.75	1.75
Revenue growth	8.9%	31.3%	4.7%	-0.1%	-8.1%	8.0%	5.0%
Gross margin	49.6%	41.6%	42.2%	41.3%	43.1%	43.6%	43.8%
Normalised EBITDA margin	11.5%	10.7%	9.9%	9.6%	9.5%	10.0%	10.4%
Normalised EBIT margin, before currency effects	5.0%	6.2%	5.6%	5.4%	4.5%	4.9%	5.4%
BALANCE SHEET							
Fixed Assets	224.6	218.8	219.7	245.2	256.0	263.8	266.6
Intangible Assets	8.9	9.0	9.9	11.2	12.0	12.7	13.0
Tangible Assets	179.9	175.6	173.7	195.4	205.5	212.5	214.9
Investments & other	35.7	34.2	36.1	38.6	38.6	38.6	38.6
Current Assets	148.7	181.4	203.4	187.9	175.3	188.2	198.6
Stocks	32.6	39.6	38.3	40.6	40.0	43.2	45.4
Debtors	39.9	54.2	63.8	49.0	45.1	47.8	50.2
Other current assets	69.2	84.4	94.8	86.5	83.4	89.2	93.7
Cash & cash equivalents	6.9	3.2	6.4	11.8	6.8	8.0	9.4
Current Liabilities	112.7	155.8	144.1	151.4	147.7	156.5	159.3
Creditors	37.2	41.5	52.2	65.7	63.4	69.1	70.4
Other current liabilities	33.9	37.8	37.1	38.9	37.5	40.5	42.1
Short-term borrowings	41.6	76.5	54.8	46.8	46.8	46.8	46.8
Long-Term Liabilities	135.3	93.1	122.4	119.4	116.4	121.4	121.4
Long-term borrowings	68.9	42.0	58.9	52.1	52.1	57.1	57.1
Other long-term liabilities	66.4	51.1	63.5	67.3	64.3	64.3	64.3
Shareholders' equity	125.3	151.3	156.5	162.3	167.3	174.2	184.5
Balance sheet total	373.3	400.3	423.1	433.0	431.4	452.0	465.2
CASH FLOW							
Op Cash Flow before WC and tax	39.1	45.4	64.8	43.9	49.2	55.8	61.2
Working capital	(17.2)	(28.3)	(20.1)	37.4	3.9	(2.9)	(6.1)
Tax	(0.9)	(5.5)	(7.4)	(3.3)	(4.5)	(5.3)	(6.8)
Net interest	(6.2)	(3.0)	(6.9)	(7.8)	(9.5)	(9.1)	(8.7)
Net operating cash flow	14.8	8.6	30.5	70.2	39.0	38.5	39.6
Capex	(10.1)	(14.5)	(24.2)	(38.5)	(38.5)	(36.8)	(32.8)
Acquisitions/disposals	0.1	0.2	0.0	0.3	0.0	0.0	0.0
Equity financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	(4.7)	(5.2)	(5.5)	(5.5)	(5.5)	(5.5)
Other	(6.0)	(1.4)	6.9	(6.3)	0.0	0.0	0.0
Net Cash Flow	(1.1)	(11.8)	8.1	20.2	(5.0)	(3.8)	1.4
Opening net debt/(cash)	102.5	103.6	115.4	107.3	87.1	92.1	95.9
Closing net debt/(cash)	103.6	115.4	107.3	87.1	92.1	95.9	94.5

Source: PWO Group, Edison Investment Research

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