EDISON

PWO Group

H126 results

Series production back to growth in Q2

Industrials

24 August 2026

PWO's H126 results reflected the subdued market conditions within automotive, with revenues declining 7.6% y-o-y and reported EBIT before currency effects 45% (we estimate the decline in normalised EBIT at 12%, supported by efficiency measures). It is encouraging that series production returned to growth when adjusted for raw material and currency effects. The market environment in automotive remains uncertain due to geopolitical unrest, volatile trade relations (with potential supply bottlenecks) and the continued high level of competition. However, PWO is pleased with the level of new business recorded in H126, with several orders already contributing in 2026. From 2027, we expect a recovery in PWO's results fuelled by new business and improving market conditions.

Year end	Revenue (€m)	EBITDA (adj) (€m)	EBIT (€m)	EPS (€)	DPS (€)	EV/Adj EBITDA (x)	P/E (x)	Yield (%)
12/24	555.1	53.6	30.0	4.01	1.75	3.1	5.7	7.7
12/25e	524.7	41.7	26.1	2.56	1.65	3.9	8.9	7.2
12/26e	500.0	42.4	15.0	1.37	1.37	3.9	16.6	6.0
12/27e	540.0	49.9	23.1	3.40	1.50	3.3	6.7	6.6

Note: EBITDA is normalised, excluding amortisation of acquired intangibles and exceptional items. EBIT is reported before currency effects.

H126 results affected by weak automotive markets

PWO's H126 revenues declined 7.6% y-o-y, which was mainly caused by lower tool revenues and a negative currency impact. Fuelled by start-ups and ramp-ups, series production showed underlying growth, when adjusted for material price and currency effects. Efficiency measures limited the impact of the declining revenues on results, with our estimated normalised EBIT declining 12% y-o-y. According to the company, within this challenging environment it has expanded its competitive position through further innovations, for example in thermal management and acoustics.

New business volume supports recovery from 2027

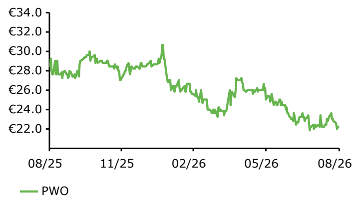
PWO confirmed its FY26 revenue and EBIT guidance. Revenues are expected to decline by 5% y-o-y, and EBIT before currency effects is expected in the range €13–17m (compared to our estimated normalised EBIT of €18.3m in FY25). PWO management is pleased with its overall business performance in H126, especially with the level of new business recorded within the still subdued automotive market. New business volume was €363m in H1, with several larger orders starting to contribute in 2026 and the remainder coming into production in 2027 and 2028. Based on the level of new business, we still expect a good recovery in results from 2027.

Attractive valuation and 6% dividend yield

We have left our estimates broadly unchanged after that PWO has maintained its FY26 guidance. The average of our three valuation methods (historical multiples, peer multiples and discounted cash flow, DCF) points at €31.5, up from €31.1 previously, which is mainly helped by higher peer multiples since our last update. This offers ample upside combined with an attractive dividend yield of 6% (FY26e).

Price	**€22.80**
Market cap	**€71m**
Net cash/(debt) at end H126	€(93.7)m
Shares in issue	3.1m
Free float	45.0%
Code	PWO
Primary exchange	XETRA
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	1.8	(7.2)	(14.5)
52-week high/low		€28.7	€21.7

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.

Analysts

Jonathan Day +44 (0)20 3077 5700

Johan van den Hooven +44 (0)20 3077 5700

industrials@edisongroup.com

Edison profile page

PWO Group is a research client of Edison Investment Research Limited

H126 results showed underlying growth in series production

Revenues in the first half of 2026 declined 7.6% y-o-y to €252.7m, including a significant decline in tool revenues (unspecified for H1 but reported at €5m in Q1) and a negative currency effect of €5m (€4.5m in Q1). Series production performed relatively well, supported by start-ups and ramp-ups, and showed slightly higher business volume compared to last year when adjusted for material price and currency effects.

Reported EBIT before currency effects declined from €13.3m to €7.3m, largely due to a swing in one-off items from an estimated gain of €3.3m last year to an estimated expense of €1.5m this year, start-up costs related to new projects (which PWO expects to be temporary) and an overall lower capacity utilisation. The decline in other operating expenses was supported by lower legal and corporate communications expenses (last year PWO revamped its corporate design and website).

Reported EBIT in H126 included provisions for restructuring expenses in Germany, which according to PWO are in the low single-digit million range (which we estimate at €1.5m). In H125, EBIT included the positive effect of several one-off items of an estimated €3.3m, including a gain in Canada of €4.8m and expenses for two ongoing orders in the Czech Republic (which we estimated at €1.5m). Based on these estimates, normalised EBIT before currency effects declined 12% y-o-y from €10.0m in H125 to €8.8m in H126, which is a very good result given the 8% y-o-y decline in revenues.

Reported EPS declined 99% y-o-y to €0.02 but adjusted for the negative one-off normalised EPS would be €0.35.

PWO management is pleased with its overall business performance in the first half of 2026, especially with the level of new business recorded within the still subdued automotive market. This new business volume was €363m with the largest contribution coming from the Mexico segment, next to good order intake in Europe and China. A newly acquired OEM customer placed follow-on orders shortly after its initial order. However, the level of new business is lower than the recorded €445m in H125, but we would like to emphasise that development in new business can be volatile throughout the year. PWO has stuck to its guidance of new business volumes of €550–600m for FY26.

PWO stated that the market environment in automotive remains uncertain, due to geopolitical unrest, volatile trade relations (with potential supply bottlenecks) and the continued high level of competition. The tensions in the Middle East have led to higher energy and commodity prices. In Germany in particular, market conditions remain unfavourable. According to the company, within this challenging environment it has expanded its competitive position through further innovations, for example in thermal management and acoustics.

Exhibit 1: H126 results

€m	H125	H126	Change
Revenues	273.4	252.7	-8%
EBIT normalised, before currency effects (Edison definition)	10.0	8.8	-12%
EBIT margin, normalised	3.6%	3.5%	
Exceptional items (Edison definition and estimate)	3.3	(1.5)	
EBIT reported, before currency effects	13.3	7.3	-45%
EBIT margin, reported	4.9%	2.9%	-41%
EBIT reported, after currency effects	12.6	7.2	-43%
Financial income and expenses	(4.6)	(4.4)	-4%
Pre tax income	8.1	2.8	-65%
Taxes	(2.7)	(2.7)	2%
Net profit reported	5.4	0.1	-99%
EPS reported (€)	1.71	0.02	-99%
EPS normalised (€)	0.98	0.35	-64%

Source: PWO Group, Edison Investment Research

Czech Republic and Canada show strong margins in difficult markets

The market environment in the automotive industry remained challenging in the first half of 2026, with declining revenues in most of PWO's geographic areas, except for the Czech Republic. Canada and the Czech Republic showed strong margins despite the difficult market conditions.

- Germany: revenues declined 10% y-o-y due to continued subdued market conditions, although the decline in Q2 of 5% was much less than the decline of 14% in Q1. In Q126, PWO took a restructuring provision of a low-single-digit million, which we estimate at €1.5m. Results in H126 were supported by operational project optimisations while the Employment Protection Agreement also supported underlying results. This agreement prevents personnel layoffs with temporarily lower salaries. In its FY25 annual report, PWO expected a larger operational loss in FY26, but in H126 it has reported a positive EBIT before currency effects of €4.5m and that includes a one-off item of an estimated €1.5m.

- Czech Republic: revenue grew 3% y-o-y with the start-up and ramp-up in series production for new projects offset by the decline in tool revenues. EBIT showed a strong improvement, partly helped by the absence of last year's one-off items related to two ongoing orders.
- Serbia: results are negative as the relatively new plant is still in its start-up phase, with low-capacity utilisation and a cost structure geared to higher business volumes. In Q126, PWO reported several new series production orders for this new plant, which should support a successful ramp up in the years to come.
- Canada: revenues were 10% y-o-y lower as higher series production could not fully compensate for lower tool revenues. EBIT was also lower, but this was partly due to the absence of last year's one-off of €4.8m related to customers' adjustments to planning, but the margin was still a solid 10.8% in H126.
- Mexico: revenues declined 12% y-o-y (after -20% y-o-y in Q1) due to lower tool revenues and the impact of weak market conditions. The results were affected by start-up and ramp-up costs for new projects, which are expected to be temporary. PWO also faced higher expenses for special freight shipments and additional production expenses in the first half of 2026.
- China: revenues were 15% y-o-y lower, mainly due to continued intense competition, price adjustments on individual customer projects and a decline in series production. PWO remains focused on strict cost control in the region, which limited the impact of the lower revenues, with the EBIT margin still at a good 6.6%.
- US: PWO started this assembly plant in late 2025; it currently mainly provides intra-group services to the Mexico segment. It will take some time to realise material revenues and profits.

Exhibit 2: Results by geographic area

€m	H125	H126	% change, y-o-y
Germany	98.9	89.3	-10%
Czechia	68.0	69.9	3%
Serbia	0.9	0.7	-19%
Canada	28.6	25.7	-10%
Mexico	56.1	49.3	-12%
China	20.7	17.6	-15%
Total external revenues (including consolidation effect)	**273.4**	**252.7**	**-8%**
Germany	(3.6)	4.5	N/A
Czechia	1.5	5.9	307%
Serbia	0.5	(3.6)	N/A
Canada	9.0	2.8	-69%
Mexico	3.6	(2.5)	-170%
China	2.6	1.2	-51%
Total EBIT reported, before currency effects	**13.3**	**7.3**	**-45%**
Underlying EBIT before currency effects	**10.0**	**8.8**	**-12%**

Source: PWO Group, Edison Investment Research

Financial position broadly unchanged despite tough market conditions

PWO's financial position was broadly unchanged, with the equity ratio stable at 37%. Net debt slightly increased from €89.7m in FY25 to €93.7m in H126, which is mainly a seasonal effect with a slightly higher working capital and the dividend payment of €5.1m. Free cash flow after interest expenses and taxes developed positively from €0.8m in H125 to €3.3m in H126, mainly due to the lower capex level compared to last year. Due to the lower results, net debt/EBITDA (rolling 12 months) increased from 1.8x in FY25 to 2.2x in H126, which is well under the company guidance of around 2.5x for FY26.

Estimates broadly unchanged

PWO has maintained its guidance for 2026 except for lowering capex from around €40m to around €35m due to postponements in several projects. Assuming only a gradual economic recovery, the company still expects a revenue level of c €500m, which reflects a decline of 5% y-o-y. The new business won in H126 is primarily scheduled to come into production in 2027 and 2028, but some larger orders will start to contribute in 2026.

The decline in revenues will be partly compensated for by operational improvements and ongoing cost reduction measures. PWO still expects reported EBIT before currency effects of €13–17m, which is down from €26.1m in FY25.

Based on our estimates for the one-off items, we expect normalised EBIT to decline from €18.3m in FY25 to €16.5m in FY26.

Exhibit 3: Company guidance for 2026

€m	2023	2024	2025	2026 guidance
Revenue	556	555	525	About 500
EBIT reported, before currencies	28.2	30.0	26.1	13–17
Capex	27	46	41	About 35
Free cash flow	11	33	10	Single-digit €m
Equity ratio	37.0%	37.5%	37.5%	About 37%
Net debt/EBITDA (x)	2.1	1.6	1.8	About 2.5x
Value of new business	845	630	760	550–600

Source: PWO Group

We have left our estimates broadly unchanged after that the company maintained its guidance for FY26. We still expect a revenue decline of around 5% y-o-y to around €500m. We also keep our estimates for normalised EBIT before currency effects in FY26 at €16.5m, with reported EBIT at €15m, which includes the low-single-digit restructuring charge in Germany, which we estimate at €1.5m. From 2027, we expect a recovery in PWO's results, fuelled by new business and improving market conditions.

Exhibit 4: Change in estimates

€m	2025	2026e			2027e		
	Actual	Old	New	Change	Old	New	Change
Sales	524.7	500.9	500.0	0%	540.9	540.0	0%
EBIT normalised, before currency effects	18.3	16.5	16.5	0%	23.1	23.1	0%
EBIT margin	3.5%	3.3%	3.3%		4.3%	4.3%	
Exceptional items	7.8	-1.5	-1.5		0.0	0.0	
EBIT reported, before currency effects	26.1	15.0	15.0	0%	23.1	23.1	0%
Net profit reported	8.0	4.6	4.3	-7%	10.9	10.6	-3%
Net profit normalised	5.1	5.4	5.3	-1%	10.9	10.6	-3%
EPS reported (€)	2.56	1.48	1.37	-7%	3.50	3.40	-3%
EPS normalised (€)	1.62	1.72	1.71	-1%	3.50	3.40	-3%

Source: PWO Group, Edison Investment Research

Valuation still offers ample upside with a solid dividend yield

We value PWO using three valuation methods: historical multiples, peer multiples and DCF, with the outcome summarised in Exhibit 5. The average of these methods points at a potential value per share of €31.5 (previously €31.1), which is slightly higher than in our last update and is due to higher peer multiples. In combination with its current low valuation, the company offers an attractive dividend yield of 6% (based on our estimated dividend per share for 2026).

Exhibit 5: Valuation methods

Valuation method	Assumption	Value per share, €
Historical multiples	2026e EV/EBITDA at 10% discount to historical multiples	29.3
DCF	Terminal growth 1.5%, EBIT margin 5.5%	35.3
Peer multiples	2026e EV/EBITDA in line with peers	29.8
Average value per share		**31.5**

Source: Edison Investment Research

Exhibit 6: Financial summary

€m	2019	2020	2021	2022	2023	2024	2025	2026e	2027e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT									
Revenue	458.6	371.2	404.3	530.8	555.8	555.1	524.7	500.0	540.0
Gross Profit	221.2	190.4	200.6	220.6	234.7	244.5	238.9	230.4	247.5
EBITDA normalised (Edison definition)	46.0	21.2	**46.3**	**56.6**	**54.8**	**53.6**	**41.7**	**42.4**	**49.9**
Exceptionals (Edison definition)			0.8	(5.4)	(2.7)	0.2	7.8	(1.5)	0.0
EBITDA reported	**47.2**	**46.1**	47.2	51.2	52.0	53.7	49.5	40.9	49.9
Depreciation & Amortisation	(26.0)	(31.3)	(26.4)	(25.6)	(24.8)	(23.6)	(24.9)	(25.9)	(26.8)
Amortisation of acquired intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals (Edison definition)	(1.2)	(24.9)	1.1	1.1	0.6	0.0	0.0	0.0	0.0
EBIT normalised, before currency effects (Edison definition)	23.4	16.8	20.2	32.9	31.0	29.8	18.3	16.5	23.1
EBIT reported, before currency effects	22.2	(8.1)	22.1	27.5	28.2	30.0	26.1	15.0	23.1
EBIT reported, including currency effects	19.9	(10.1)	21.8	26.8	27.9	30.1	24.6	15.0	23.1
Net Interest	(6.9)	(6.0)	(6.2)	(5.7)	(8.4)	(9.7)	(8.9)	(8.4)	(8.2)
Profit Before Tax	13.0	(16.1)	15.7	21.1	19.5	20.4	15.7	6.5	14.9
Reported tax	(3.9)	4.4	(0.9)	(5.9)	(3.3)	(7.9)	(7.7)	(2.2)	(4.3)
Profit After Tax	9.1	(11.7)	14.7	15.2	16.2	12.5	8.0	4.3	10.6
Net income normalised (Edison definition)	9.9	7.5	13.1	17.8	17.5	14.0	5.1	5.3	10.6
Net income reported	9.1	(11.7)	14.7	15.2	16.2	12.5	8.0	4.3	10.6
Average number of shares (m)	3.13	3.13	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	3.13	3.13
EPS normalised (€, Edison definition)	**3.18**	**2.39**	**4.19**	**5.71**	**5.61**	**4.47**	**1.62**	**1.71**	**3.40**
EPS reported (€)	2.91	(3.73)	4.72	4.87	5.19	4.01	2.56	1.37	3.40
DPS (€)	0.00	0.00	1.50	1.65	1.75	1.75	1.65	1.37	1.50
Revenue growth		-19.1%	8.9%	31.3%	4.7%	-0.1%	-5.5%	-4.7%	8.0%
Gross margin	48.2%	51.3%	49.6%	41.6%	42.2%	41.3%	42.5%	43.8%	43.9%
Normalised EBITDA margin	10.0%	5.7%	11.5%	10.7%	9.9%	9.6%	8.0%	8.5%	9.2%
Normalised EBIT margin, before currency effects	5.1%	4.5%	5.0%	6.2%	5.6%	5.4%	3.5%	3.3%	4.3%
BALANCE SHEET									
Fixed Assets	242.5	225.7	224.6	218.8	219.7	245.2	245.9	254.9	257.9
Intangible Assets	10.7	9.7	8.9	9.0	9.9	11.2	12.1	12.9	13.3
Tangible Assets	202.1	181.1	179.9	175.6	173.7	195.4	202.8	211.0	213.5
Investments & other	29.7	34.9	35.7	34.2	36.1	38.6	31.0	31.0	31.0
Current Assets	149.1	137.9	148.7	181.4	203.4	187.9	196.3	182.3	192.9
Stocks	27.9	25.6	32.6	39.6	38.3	40.6	48.8	46.5	49.7
Debtors	41.4	43.7	39.9	54.2	63.8	49.0	42.8	40.3	43.1
Other current assets	78.5	62.5	69.2	84.4	94.8	86.5	86.4	81.9	85.8
Cash & cash equivalents	1.4	6.2	6.9	3.2	6.4	11.8	18.3	13.5	14.2
Current Liabilities	119.8	119.2	112.7	155.8	144.1	151.4	128.0	123.9	131.1
Creditors	34.7	30.1	37.2	41.5	52.2	65.7	63.2	60.8	65.0
Other current liabilities	40.9	48.3	33.9	37.8	37.1	38.9	45.4	43.7	46.7
Short-term borrowings	44.2	40.8	41.6	76.5	54.8	46.8	19.4	19.4	19.4
Long-Term Liabilities	153.7	140.0	135.3	93.1	122.4	119.4	148.3	148.3	148.3
Long-term borrowings	89.6	67.8	68.9	42.0	58.9	52.1	88.6	88.6	88.6
Other long-term liabilities	64.1	72.2	66.4	51.1	63.5	67.3	59.7	59.7	59.7
Shareholders' equity	118.1	104.4	125.3	151.3	156.5	162.3	165.9	165.0	171.3
Balance sheet total	391.6	363.7	373.3	400.3	423.1	433.0	442.2	437.2	450.8
CASH FLOW									
Op Cash Flow before WC and tax	74.6	22.9	39.1	45.4	64.8	43.9	49.4	41.5	50.6
Working capital	(23.3)	25.7	(17.2)	(28.3)	(20.1)	37.4	4.0	5.1	(2.7)
Tax	(3.4)	0.6	(0.9)	(5.5)	(7.4)	(3.3)	(4.5)	(2.2)	(4.3)
Net interest	(5.2)	(6.6)	(6.2)	(3.0)	(6.9)	(7.8)	(6.8)	(8.4)	(8.2)
Net operating cash flow	42.8	42.6	14.8	8.6	30.5	70.2	42.1	36.0	35.4
Capex	(28.0)	(13.7)	(10.1)	(14.5)	(24.2)	(38.5)	(34.2)	(35.6)	(30.4)
Acquisitions/disposals	0.2	0.3	0.1	0.2	0.0	0.3	0.3	0.0	0.0
Equity financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	(4.2)	0.0	0.0	(4.7)	(5.2)	(5.5)	(5.5)	(5.2)	(4.3)
Other	(11.8)	0.9	(6.0)	(1.4)	6.9	(6.3)	(5.3)	0.0	0.0
Net Cash Flow	(1.1)	30.0	(1.1)	(11.8)	8.1	20.2	(2.6)	(4.8)	0.7
Opening net debt/(cash)	131.4	132.5	102.5	103.6	115.4	107.3	87.1	89.7	94.5
Closing net debt/(cash)	132.5	102.5	103.6	115.4	107.3	87.1	89.7	94.5	93.8

Source: PWO Group, Edison Investment Research

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom