PWO Group

Q126 results

Modest organic revenue decline in weak market

Industrials

20 July 2026

Market conditions in the automotive industry remained challenging in the first quarter of 2026, due to geopolitical uncertainties, volatile supply chains and subdued demand in certain regional markets. PWO's Q126 results reflected the continued weak automotive markets with declining revenues and profitability. As Q1 was as management expected, PWO maintained its FY26 guidance. We expect a good recovery from 2027, driven by new business volumes and continued expansion of its capacity and customer base (PWO added a major new local client in China in Q126). Our valuation methods point to a potential value per share of €31.1 while offering an attractive dividend yield of c 6%.

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	7.6
12/25e	524.7	41.7	26.1	2.56	1.65	3.9	9.0	7.2
12/26e	500.9	42.5	15.0	1.50	1.50	3.8	15.3	6.5
12/27e	540.9	50.0	23.1	3.50	1.50	3.3	6.6	6.5

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

Q126 results reflect weak automotive markets

PWO's Q126 revenues declined 8.4% y-o-y, which was mainly caused by a negative currency impact of 3.3% and a timing effect in tools revenues of 3.6%. Driven by the contribution of new business, underlying revenues only declined by 1.5% y-o-y, which is a good performance within the current weak market environment. In particular, the Czech Republic performed well with 14% higher revenues and better margins. On lower revenues, EBIT before currency effects declined 49% y-o-y. Personnel costs were stable, with the January agreement with the works council on a temporary reduction in working hours and remuneration for 2026 only having a limited effect in Q1, but this will be larger in the remainder of the year.

Outlook intact: Recovery expected from 2027

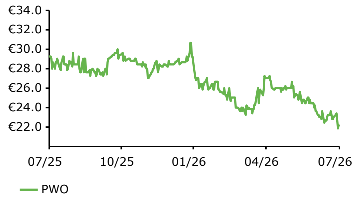
PWO confirmed its FY26 guidance as Q1 developed according to plan. Revenues are expected to decline by 5% y-o-y, and EBIT before currency effects is expected in the range €13–17m (compared to the normalised EBIT of €18.3m in 2025). With new business volume of €150m in Q1, PWO is on schedule to realise its guidance for FY26 of €550–600m. New business included a large order in Mexico and several contract extensions, which often have a direct impact on revenues instead of the normal 12–18 months lead time for new orders. Market research from GlobalData suggests increasing sales volumes in automotive in H226 after declines in the first half, which supports our expectation of a good recovery in results from 2027.

Relatively low valuation and high dividend yield

We have left our underlying estimates broadly unchanged following PWO's Q126 results. As peer multiples have declined since our last Outlook note, the average of our three valuation methods (historical multiples, peer multiples and discounted cash flow) now points at a potential value per share of €31.1 (previously €32.0). PWO also offers an attractive dividend yield of c 6%.

Price	**€23.00**
Market cap	**€72m**
Net cash/(debt) at end Q126	€(91.5)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	(9.2)	(13.8)	(20.3)
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.

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Edison profile page

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Q126 results show continued impact of weak automotive market

PWO reported Q126 results with revenues declining 8.4% y-o-y to €125.4m, mainly caused by a negative currency impact of €4.5m (or 3.3% y-o-y) and a timing-effect on tools revenues of €5.0m (or 3.6% y-o-y). PWO showed a continued good contribution of new business won in recent years, with start ups and ramp ups largely compensating for the impact of the weak market conditions. The decline in series revenues was only €2.1m, or 1.5% y-o-y, which is a very good performance within the subdued automotive market.

Mainly caused by the lower revenue level, reported EBIT before currency effects declined 49% y-o-y to €2.8m. Personnel costs were stable with a limited effect from the agreement with the works council on a temporary reduction in working hours and remuneration for 2026, by up to 7.63% depending on the workload. This agreement was signed in January and will have a larger impact on salary costs in the remainder of 2026. Other operational expenses were slightly down due to lower legal and consulting costs.

Reported EBIT included provisions for restructuring expenses in Germany, which are in the low single-digit million range. In Q125, EBIT included the negative effect of several one-off items for two ongoing orders in the Czech Republic, and in its Q126 report PWO commented that this effect is comparable to the one-off effect in Q126. We estimate both effects at €1.5m, pointing at a decline in normalised EBIT before currency effects from €7.0m in Q125 to €4.3m in Q126.

Reported EPS declined 83% y-o-y to €0.09, but adjusted for the one-off provision for restructuring expenses of an estimated €1.5m, normalised EPS would be €0.43.

Exhibit 1: Q126 results

€m	Q125	Q126	Change
Revenues	137.0	125.4	-8%
EBIT normalised, before currency effects (Edison definition)	7.0	4.3	-39%
EBIT margin, normalised	5.1%	3.4%	
Exceptional items (Edison definition and estimate)	(1.5)	(1.5)	
EBIT reported, before currency effects	5.5	2.8	-49%
EBIT margin, reported	4.0%	2.2%	-45%
EBIT reported, after currency effects	5.0	2.7	-46%
Financial income and expenses	(2.2)	(2.2)	-2%
Pre tax income	2.8	0.5	-81%
Taxes	(1.1)	(0.2)	-78%
Net profit reported	1.7	0.3	-83%
EPS reported (€)	0.54	0.09	-83%
EPS normalised (€)	0.88	0.43	-51%

Source: PWO Group, Edison Investment Research

Mixed picture by geographic area

Market conditions in the automotive industry remained challenging in the first quarter of 2026, due to geopolitical uncertainties, volatile supply chains and subdued demand in certain regional markets. The impact of the weak automotive market had varied effects on the different regions where PWO is active, which is summarised below:

- Germany: revenues were affected by weak market conditions and the further shift of business to Eastern Europe. This also had an impact on profitability, combined with provisions for restructuring expenses. Although PWO is expecting a negative EBIT for FY26, according to its annual report, in Q126 EBIT was still positive, helped by cost savings and lower raw material costs.
- Czech Republic: strong revenue growth of 14% y-o-y despite continued weak market conditions. The strong improvement in EBIT was driven by revenue growth and the absence of one-off charges related to two ongoing orders in Q125.
- Serbia: the plant has been operational since late 2025, and business is gradually ramping up. Revenues are not high enough yet to cover the operating costs. 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 declined 9% y-o-y, mainly due to lower tools revenues while series revenues remained stable. EBIT was higher, driven by efficiency gains and cost savings, resulting in a strong margin of 11.7%.

- Mexico: revenues declined 20% y-o-y due to lower tools revenues and the impact of weak market conditions. EBIT is also under pressure from preparation costs for upcoming start-ups of new orders, which are expected to ramp up in the coming quarters.
- China: the competitive pressure affected revenues, but strict cost control limited the effect on EBIT. PWO recorded a major local company as a new customer in the region.
- 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	Q125	Q126	% change, y-o-y
Germany	51.6	44.3	-14%
Czechia	31.5	35.9	14%
Serbia	0.1	0.8	603%
Canada	13.3	12.2	-9%
Mexico	29.8	23.9	-20%
China	10.7	8.1	-24%
Total external revenues (including consolidation effect)	**137.0**	**125.4**	**-8%**
Germany	0.5	0.4	N/A
Czechia	0.9	2.8	225%
Serbia	0.3	(1.5)	N/A
Canada	0.9	1.4	67%
Mexico	1.7	0.6	-64%
China	1.6	0.4	-74%
Total EBIT reported, before currency effects	**5.5**	**2.8**	**-49%**
Underlying EBIT before currency effects	**7.0**	**4.3**	**-39%**

Source: PWO Group, Edison Investment Research

Financial ratios remain good despite pressure on profitability

PWO's financial position remains healthy with the equity ratio stable at 37.8% (37.5% in 2025). Net debt increased slightly from €89.7m in 2025 to €91.5m in Q126. Cash flow from operations turned positive to €4.2m versus a negative €2.9m in Q125, mainly due to strict working capital management. Capex of €3.9m in Q126 was below the level of €6.5m in Q125, but PWO still guides to capex of c €40m for FY26 (including investments in leases). After the completion of the new plant in Serbia in 2025, the current investment focus is on capacity expansions, automation of processes and efficiency improvements. PWO expects an increase in net debt for FY26, and the net debt/EBITDA ratio to come in at c 2.5x, up from 1.8x in 2025 (our current estimates assume a ratio of 2.2x).

Underlying estimates unchanged

PWO maintained its FY26 guidance as the business performance in Q1 was in line with its expectations. The company expects revenues of c €500m or a decline of 5% y-o-y, and EBIT before currency effects of €13–17m (which compares to our estimated normalised EBIT of €18.3m in 2025). New business volume was a solid €150m in Q126, including a larger project that is not scheduled to begin until 2029. Order intake remains volatile and can strongly fluctuate by quarter. PWO is on schedule to realise its guidance for new business volumes for FY26 of €550–600m. In Mexico, PWO won a major contract for pressure accumulators for air suspension systems. The company also reported several contract extensions, which often have a direct impact on revenues instead of the normal 12–18 months of preparation time for new orders.

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 40
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 underlying estimates broadly unchanged following the confirmation of company guidance. For 2026, we expect a decline in revenues of 4.5% y-o-y and an EBIT before currency effects of €16.5m, at the higher end of company guidance. Reported EBIT is lowered to €15m to incorporate the low single-digit restructuring charge in Germany, which we estimate at €1.5m. From 2027, we expect a recovery in results driven by the start up of new business in combination with improving market conditions.

Exhibit 4: Change in estimates

€m	2025	2026e			2027e		
	Actual	Old	New	Change	Old	New	Change
Sales	525	501	501	0%	542	541	0%
EBIT normalised, before currency effects	18.3	16.5	16.5	0%	23.5	23.1	-2%
EBIT margin	3.5%	3.3%	3.3%		4.3%	4.3%	
Exceptional items	7.8	0.0	(1.5)		0.0	0.0	
EBIT reported, before currency effects	26.1	16.5	15.0	-9%	23	23	-2%
Net profit reported	8.0	5.7	4.7	-17%	11.2	10.9	-2%
Net profit normalised	5.1	5.7	5.4	-4%	11.2	10.9	-2%
EPS reported (€)	2.6	1.8	1.5	-17%	3.6	3.5	-2%
EPS normalised (€)	1.6	1.8	1.7	-4%	3.6	3.5	-2%

Source: PWO Group, Edison Investment Research

Valuation

We value PWO using three valuation methods: historical multiples, peer multiples and discounted cash flow (DCF). The outcome is shown in Exhibit 5, and the average of these methods points at a potential value per share of €31.10. This is somewhat lower than the previous value mainly due to lower peer multiples. In combination with its relatively low valuation, PWO offers an attractive dividend yield of c 6% (based on the 2025 dividend of €1.65 per share).

Exhibit 5: Valuation methods

Valuation method	Assumption	Value per share, €
Historical multiples	2026e EV/EBITDA at 10% discount to historical multiples	29.2
DCF	Terminal growth 1.5%, EBIT margin 5.5%	35.4
Peer multiples	2026e EV/EBITDA in line with peers	28.6
Average value per share		**31.1**

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	500.9	540.9
Gross Profit	221.2	190.4	200.6	220.6	234.7	244.5	238.9	230.1	245.9
EBITDA normalised (Edison definition)	46.0	21.2	**46.3**	**56.6**	**54.8**	**53.6**	**41.7**	**42.5**	**50.0**
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	41.0	50.0
Depreciation & Amortisation	(26.0)	(31.3)	(26.4)	(25.6)	(24.8)	(23.6)	(24.9)	(25.9)	(26.9)
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)	(8.3)	(7.9)
Profit Before Tax	13.0	(16.1)	15.7	21.1	19.5	20.4	15.7	6.7	15.2
Reported tax	(3.9)	4.4	(0.9)	(5.9)	(3.3)	(7.9)	(7.7)	(2.0)	(4.3)
Profit After Tax	9.1	(11.7)	14.7	15.2	16.2	12.5	8.0	4.7	10.9
Net income normalised (Edison definition)	9.9	7.5	13.1	17.8	17.5	14.0	5.1	5.4	10.9
Net income reported	9.1	(11.7)	14.7	15.2	16.2	12.5	8.0	4.7	10.9
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**	**1.74**	**3.50**
EPS reported (€)	2.91	(3.73)	4.72	4.87	5.19	4.01	2.56	1.50	3.50
DPS (€)	0.00	0.00	1.50	1.65	1.75	1.75	1.65	1.50	1.50
Revenue growth		-19.1%	8.9%	31.3%	4.7%	-0.1%	-5.5%	-4.5%	8.0%
Gross margin	48.2%	51.3%	49.6%	41.6%	42.2%	41.3%	42.5%	42.3%	42.6%
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	255.9	259.6
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	212.0	215.2
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	181.9	191.7
Stocks	27.9	25.6	32.6	39.6	38.3	40.6	48.8	46.6	49.8
Debtors	41.4	43.7	39.9	54.2	63.8	49.0	42.8	40.4	43.2
Other current assets	78.5	62.5	69.2	84.4	94.8	86.5	86.4	82.1	86.0
Cash & cash equivalents	1.4	6.2	6.9	3.2	6.4	11.8	18.3	12.8	12.7
Current Liabilities	119.8	119.2	112.7	155.8	144.1	151.4	128.0	124.1	131.3
Creditors	34.7	30.1	37.2	41.5	52.2	65.7	63.2	60.9	65.1
Other current liabilities	40.9	48.3	33.9	37.8	37.1	38.9	45.4	43.8	46.8
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	165.4	171.7
Balance sheet total	391.6	363.7	373.3	400.3	423.1	433.0	442.2	437.8	451.3
CASH FLOW									
Op Cash Flow before WC and tax	74.6	22.9	39.1	45.4	64.8	43.9	49.4	41.6	50.7
Working capital	(23.3)	25.7	(17.2)	(28.3)	(20.1)	37.4	4.0	5.0	(2.7)
Tax	(3.4)	0.6	(0.9)	(5.5)	(7.4)	(3.3)	(4.5)	(2.0)	(4.3)
Net interest	(5.2)	(6.6)	(6.2)	(3.0)	(6.9)	(7.8)	(6.8)	(8.3)	(7.9)
Net operating cash flow	42.8	42.6	14.8	8.6	30.5	70.2	42.1	36.3	35.8
Capex	(28.0)	(13.7)	(10.1)	(14.5)	(24.2)	(38.5)	(34.2)	(36.6)	(31.2)
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)	(4.7)
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)	(5.5)	(0.1)
Opening net debt/(cash)	131.4	132.5	102.5	103.6	115.4	107.3	87.1	89.7	95.1
Closing net debt/(cash)	132.5	102.5	103.6	115.4	107.3	87.1	89.7	95.1	95.3

Source: PWO Group, Edison Investment Research

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