PWO Group

Preparing for recovery in 2027

FY25 results

Industrials

27 April 2026

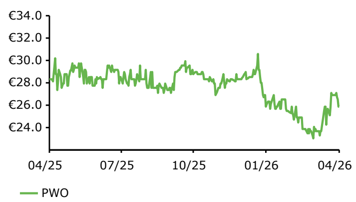
PWO's FY25 results confirmed the preliminary figures, which slightly exceeded our expectations but still reflected declines in revenues and EBITDA. A positive surprise was the far better level of new business: €760m with a very strong €225m in Q4. The weak outlook for automotive in the short term, the geopolitical unrest and a shift of production from Germany to Eastern Europe will impact PWO's results in 2026. From 2027 we expect a recovery in both revenues and margins, driven by improving market conditions and the contribution of new business won in recent years. The company's valuation is relatively low while offering an attractive dividend yield of around 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	3.2	6.7	6.5
12/25e	524.7	41.7	26.1	2.56	1.65	4.2	10.5	6.2
12/26e	501.1	42.5	16.5	1.82	1.50	4.1	14.7	5.6
12/27e	542.2	50.3	23.5	3.58	1.50	3.4	7.5	5.6

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

Price	**€26.80**
Market cap	**€84m**
Net cash/(debt) at 31 December 2025	€(89.7)m
Shares in issue	3.1m
Code	PWO
Primary exchange	XETRA
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	14.7	2.3	(3.2)
52-week high/low		€30.6	€23.2

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

Q126 results	13 May 2026

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Edison profile page

Continued market uncertainty in 2026

Market conditions in 2026 in automotive are expected to be similar to 2025, with geopolitical issues adding to the short-term uncertainty. In January 2026, PWO warned about worsened conditions in Germany as local customers shift their production to Eastern Europe. PWO expects a revenue decline of 5% y-o-y, with several international activities compensating for part of the decline in Germany. This lower revenue level, combined with higher costs, will result in a decline in EBIT before currency effects to €13–17m, from the estimated underlying EBIT of €18.3m in 2025.

New business will drive recovery from 2027

GlobalData expects modest market growth of 1% in global light vehicle sales in the period 2026–28, with PWO's focus areas, electrification, comfort and safety, expected to show above average growth. Within the global market, lightweight components tend to grow faster, as a lower weight reduces energy consumption, which supports the energy transition.

We expect stronger revenue growth from 2027, driven by improved market conditions and new business won in recent years (a very strong €760m in 2025), with orders normally contributing to results after one to two years. EBIT margins are also expected to improve from 2027 towards 6–7% in the mid-term, driven by good growth internationally, ramping up of the new plants in Serbia and the US and further capacity expansion.

Low valuation and high dividend yield

For the valuation of PWO, we use three different valuation methods, namely historical multiples, peer comparison and DCF. The average value of these three methods points to €32.0 per share (previously €31.50), offering upside potential, particularly in combination with its attractive dividend yield of c 6%.

Investment summary

Specialist in metal forming and lightweight design

PWO is specialised in steel forming and lightweight design, providing 3,000 distinct metal components for the automotive sector. PWO primarily uses steel and, in much smaller amounts, aluminium. Its focus is on economically mass-produced tailor-made solutions, with quantities often hitting several million units per series. Lightweight material is quite crucial in lowering the total weight of vehicles, thus reducing the energy consumption of cars. PWO claims to be independent on the type of engine of a car, hence all investments the company makes are focused on the future.

High entry hurdles define PWO's sectors. Because of its diverse product catalogue, the company encounters numerous rivals while individual market shares remain limited. According to PWO, it is one of the market leaders in electronic motor housing and air suspension, with double-digit market shares. Several original equipment manufacturer (OEM) and Tier 1 customers order PWO's products for multiple platforms that have different ramp-up schedules, resulting in an order book of eight to 10 years.

Short-term uncertainty; positive long-term outlook

In January 2026, PWO warned about lower revenues and results in 2026, as market conditions in Germany had worsened with companies shifting their production to Eastern Europe. The expected lower customer call-offs in Germany will only be partly compensated for by anticipated higher revenues in other countries such as the Czech Republic and Canada. Also, the increase in operating losses in Germany will not be fully offset by better results at its international sites. PWO is positive about a recovery in 2027, partly based on the high levels of new business it has won in recent years and particularly in Q425. We still expect the company to realise a mid-term EBIT margin of 6–7%, compared to the underlying margin of 3.5% in 2025.

Strengthening the company's financial position has been management's priority for many years. Despite high capex in recent years (for capacity expansion), PWO's financial position has remained sound. The equity ratio remained stable in 2025 at 37.5% and net debt/EBITDA of 1.8x was well within company guidance of <2.5x. Free cash flow (FCF) was surprisingly strong in 2025 at €9.9m and PWO expects a low single-digit amount in 2026 as results are under pressure and capex remains high. From 2027, we expect higher FCF levels, largely due to anticipated improving results.

Low valuation and attractive dividend yield

PWO is currently valued at a discount of 13% compared to its 10-year historical EV/EBITDA average of 4.8x. The company's profitability is currently below its historical levels, but we expect a good recovery from 2027. This should justify a discount of 10% to its historical multiple, pointing to a value per share of €29.1. PWO is valued at a discount of 15% to the median of a selected peer group (including Magna and OPmobility). As PWO's revenue growth and margin profile is comparable to most peers, we believe an EV/EBITDA valuation in line with peers is justified, which indicates a value of €30.6 per share. Our discounted cash flow (DCF) model assumes a perpetual growth rate of 1.5% and an EBIT margin of 5.5%. With a weighted average cost of capital (WACC) of 9.7%, our DCF indicates a value per share of €36.2.

The average of these valuation methods is €32.0 per share (previously €31.50), which offers upside potential. PWO also offers a very attractive dividend yield of around 6%.

Sensitivities

Developments in the global market for light vehicles are the dominant risk factor for PWO, with the current geopolitical unrest adding to the short-term uncertainty.

The catalysts to PWO's investment case and share price include: a return to more geopolitical stability; a faster than anticipated recovery in automotive; a faster ramp up of the new plants in Serbia and the US; new customers in Canada leading to scale benefits; and stronger growth in its international activities (for example Mexico).

The downside risks include: a prolonged weakness in the automotive market; the indirect effects of import tariffs remaining in place for longer than planned; and increased competition for market position in a relatively stable market.

Specialist in steel forming and lightweight design

PWO Group was founded in 1919, went public in 1978 and switched its focus completely to the automotive industry in the 1990s. PWO is specialised in lightweight metal components and systems with its focus on mass production of tailor-made solutions, with volumes often reaching several million units per series. PWO's end-to-end processes support its customers from the initial enquiry via product development to series production. At PWO, it all starts with sheet steel and the company mainly uses different types of steel, and to a far lesser extent aluminium, processing more than 120k tonnes of steel and more than 5k tonnes of aluminium into parts and systems.

Exhibit 1: Examples of PWO components in a passenger car

Source: PWO Group

PWO's technical expertise

The company's expertise lies in cold forming and joining and assembly technologies, which enable it to produce highly complex modules consisting of many individual components while delivering high strength and ultra-high strength. The use of various materials enables highly complex geometries, and different joining techniques remove the need for many weld seams. With an instrument panel carrier having up to 55 components, these are success-critical factors. The company also performs automated and fully integrated quality tests to deliver zero-defect quality.

PWO Group has ample expertise in steel forming and lightweight design and continuously tries to improve the weight-to-strength ratio of its products, thereby pushing the boundaries of what is technologically possible. The company uses deep-drawing steels with different metal thicknesses, metal qualities and surface properties in its production process. For example, PWO provides a cover for an electronic brake booster, which is a key component for e-mobility, in eight variants and uses exceptionally thin 0.6mm sheet metal. The focus of product development is on minimising material usage, reducing the number of components and replacing casting solutions with forming solutions using steel sheets. The costs of product and process development are largely incurred within the scope of customers' projects. Over the past few years, PWO has spent about 2% of revenues on development activities, and in 2025 this was 2.5%.

PWO manufacturers about 3,000 products for the global automotive market, with many suppliers having mostly small market shares. According to the company, PWO is one of the market leaders in electronic motor housing and air suspension, with double-digit market shares. Every year, more than 100m components from PWO are installed in vehicles, with one in two new cars containing components made by PWO.

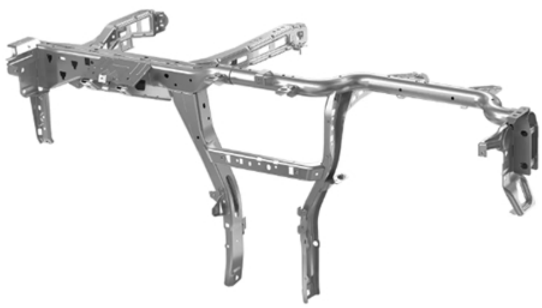
Three business units servicing the automotive industry

PWO's activities can be clustered into three business units that support vehicle safety, electrification and comfort. Combined they represented 94% of total revenues in 2025, including tools revenues. Other revenues (6% of the total) are scrap revenues for unused material or, for instance, defective products, as the company guarantees zero-defect quality.

Instrument Panel Carriers and Body Components (42% of 2025 revenues)

This business unit consists of instrument panel carriers, which are the internal frames of a vehicle's dashboard holding the centre console, steering wheel and head-up display. Other products are door components (such as lock carriers for tailgates) and reinforcements and supports for the vehicle body. The vehicle body combines maximum stability and passenger protection and incorporates, for example, battery cases and control units but also many body structure components.

Exhibit 2: Instrument panel carrier



Source: PWO Group

Exhibit 3: Body structure

Source: PWO Group

Electronic, Chassis and Airbag Components (33% of 2025 revenues)

This segment comprises a broad range of high-precision components that are complex parts produced from sheet steel by deep drawing or forming. Products include components for fast chargers, electronic control units, chassis and suspension, airbags and vehicle cooling but also electric engine housing for, among others, windshield wipers, window regulators and anti-lock braking systems (ABS) and electronic stability programme (ESP) systems.

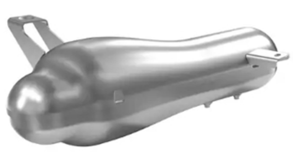
Air suspension systems are a type of vehicle suspension that replaces traditional steel coil springs or leaf springs with airbags or bellows. These bags are made of heavy-duty rubber and plastic, inflated to a specific pressure to support the vehicle's weight and absorb road shocks. Air suspension offers superior ride comfort and adjustability, making it very suitable for premium cars, but, according to PWO, it is increasingly offered in medium-class vehicles.

PWO also has its own solutions for special applications, such as metal parts for the active and passive cooling of electrical and electronic systems.

Exhibit 4: Motor housing

Source: PWO Group

Exhibit 5: Air suspension



Source: PWO Group

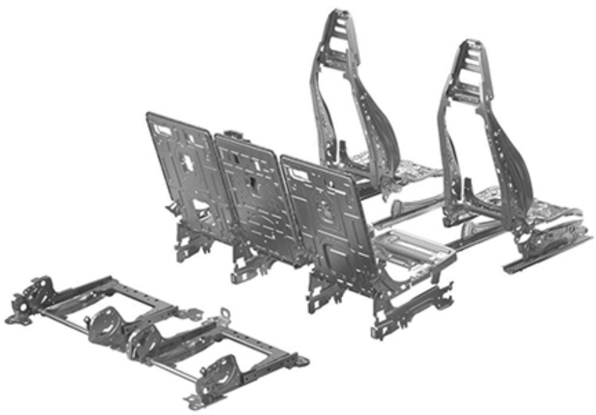
Exhibit 6: Cooling components

Source: PWO Group

Steering and Seat Components (18% of 2025 revenues)

This group of components mainly comprises steering consoles, steering column pipes and metal structures for vehicle seats. Seat structures have highly complex geometries, with PWO delivering tailored designs with fewer components and at a lower cost. For seat components, PWO delivers to one of the largest platforms within the automotive industry. Casings allow the driver to fine-tune the longitudinal adjustment to the driver's preferred setting, while their high load-bearing capacity protects the driver in the event of an accident. PWO's extremely precise welding processes and testing deliver zero-defect quality.

Exhibit 7: Front and rear seat solutions



Source: PWO Group

Exhibit 8: Steering console

Source: PWO Group

In 2025, both the Electronic, Chassis and Airbag Components and Steering and Seat Components divisions showed double-digit revenue declines, but the largest division, Instrument Panel Carriers and Body Components, showed good growth of 6% within a subdued automotive market.

Exhibit 9: Business unit results

€m	2021	2022	2023	2024	2025
Electronic, Chassis and Airbag Components	159	197	200	196	175
Steering and Seat Components	91	108	119	108	96
Instrument Panel Carriers & Body Components	124	173	192	210	223
Other	30	53	45	41	31
Total revenues	**404**	**531**	**556**	**555**	**525**
Electronic, Chassis and Airbag Components		23%	2%	-2%	-11%
Steering and Seat Components		40%	11%	9%	-11%
Instrument Panel Carriers & Body Components		18%	10%	-9%	6%
Other		78%	-16%	-9%	-24%
Total revenue growth		**31%**	**5%**	**0%**	**-5%**

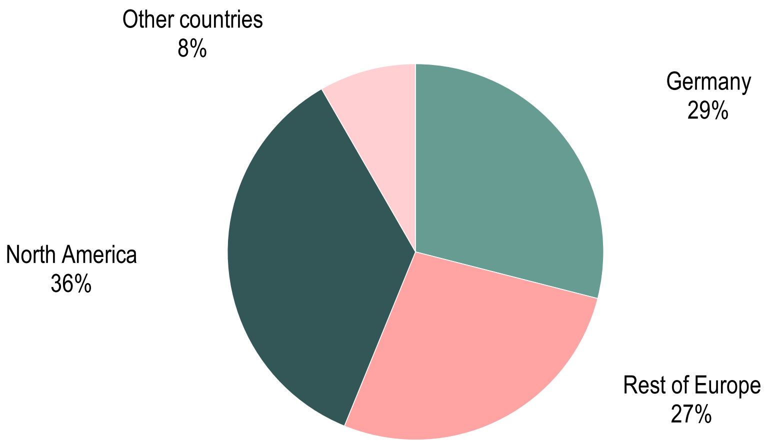
Source: PWO Group, Edison Investment Research

A global automotive player

PWO has 11 production locations in seven countries (Canada, Mexico, US, Czech Republic, Germany, Serbia and China), with the sites in Serbia and the US just recently opened. The company also works with selected partners on a project-by-project basis in other countries such as Argentina, Brazil, Great Britain, India, Spain, South Africa and Thailand. Through these partnerships, PWO can service global customers by offering products outside its own production countries, for example for cross car beams (instrument panel carriers).

The geographical spread of revenues by client location in 2025 was as follows: Germany 29%, rest of Europe 27%, North America 36% and other countries 8% (including China). In mid-2025, PWO opened a new site in Serbia, and in late 2025, it opened a site in the US, which for the time being will operationally fall under the management in Mexico. PWO produces its components mostly 'local for local', therefore the geographical split of production is broadly the same (Europe 61%, Canada 11%, Mexico 21% and China 7%).

Exhibit 10: Geographical spread of revenues in 2025 (by client location)



Source: PWO Group

Outlook automotive market still subdued in the short term

PWO's focus is on the automotive sector, but expanding into non-mobility is also an opportunity as long as it is achievable with the existing know-how and machinery. PWO claims to be 100% independent on the type of car engine and as such the development of the total car market is important to the company. Geographically, the company's focus is largely on Europe and North America, which combined represented 92% of revenues in 2025, although it is not always known where products end up.

The automotive market was weak in 2025, and the general expectation is that 2026 will not be substantially different, with geopolitical unrest adding to the global uncertainty. The table below shows the development in light vehicle sales in 2025 and the first two months of 2026 (source: GlobalData). After modest growth in 2025, vehicle sales declined in both January and February 2026, particularly due to sharply lower volumes in China but also due to declining sales in Europe and North America.

GlobalData recently adjusted its outlook for global light vehicles sales to incorporate the potential impact of the war in the Middle East. It now expects global light vehicle sales of 92.4m, reflecting an increase of only 0.4% y-o-y, down from the previous forecast of 1.0% y-o-y growth.

Exhibit 11: Global light vehicles sales, year-on-year change

Region	2025	Jan-26	Feb-26
Europe	0.4%	-2.7%	0.5%
USA	2.5%	-0.8%	-3.6%
China	5.6%	-13.5%	-31.1%
Other	4.4%	6.9%	-0.3%
World	3.6%	-2.0%	-8.5%

Source: GlobalData

Long-term outlook for the automotive market

For the longer term, modest growth is expected for the global car market, as GlobalData expects a CAGR of 0.9% in global light vehicle sales for 2026–28.

In its annual report, PWO mentions three trends within the automotive industry from which the company should benefit in the years to come:

- Quieter driving: reducing noise within the car, which was previously not heard because of the sound of the combustion engine. PWO develops advanced housing shapes that change the natural frequency of the rotor housing, to make sure it remains outside the engine's operating range. This reduces noise by 30–50% without using adaptive noise cancellation solutions. PWO also manufactures double-walled housings with an air gap between the two thin sheets acting as an acoustic insulator.

- Thermal management of more powerful control units: PWO has developed smart solutions for housing cooling. An example of active thermal management is a component featuring channelled cooling structures to facilitate efficient heat dissipation. An example of passive thermal management is a cover with built-in cooling fins, which are formed in a single operation with pressing forces of up to 1,300 tonnes and result in an even temperature distribution.
- Lightweight designs, helping lower vehicle mass: PWO uses steel because of its superior strength in compact spaces and flexibility in design. According to PWO, steel has the best mix of lightweight, low cost and green properties. PWO's lightweight design has three aspects: 1) lightweight material-design by replacing conventional deep drawing steel with high-strength and ultra-high strength steel, 2) lightweight structural design by minimising the amount of material used and 3) lightweight system design by optimising the use of materials and reducing the number of parts in a component.

PWO aims to outperform the automotive market by growing the numbers of products at existing customers and by adding new customers, new products and new countries. Within the automotive market, PWO focuses on three megatrends, electrification, safety and comfort, which are expected to show above-average growth within the sector.

Financials

As one of its key performance indicators, PWO uses EBIT before currency effects, where EBIT is adjusted for currency effects from transactions, which affects other operating income and expenses. Currency translation effects are not part of EBIT before currency effects. From 2024, PWO only mentions special items separately if they are of a non-recurring nature and amount to more than 5% of EBIT before currency effects.

2025 revenues better than expected but underlying EBIT lower than expected

Revenues declined 5% y-o-y to €524.7m in 2025, mainly due to the weak automotive market with increased uncertainty throughout the year. Revenues exceeded the company's most recent guidance of €500–510m due to the lower-than-anticipated decline in call-offs from customers during the last quarter. As communicated previously, PWO did not notice any direct impact from the global import tariff discussion, but it has added to the overall uncertainty in the market. Other negative factors in FY25 were currency effects and lower material costs, which affected revenue growth by 1.7% y-o-y and 1.5% y-o-y respectively. PWO managed very well within the uncertain automotive industry by reporting an underlying decline of only 2% y-o-y.

Material costs were lower than last year due to lower price levels across the board. Energy costs were €1m lower than last year at €6.3m, but they account for just over 1% of total costs. Salary costs increased due to higher wages (based on union agreements), shortages of skilled workers and the hiring of new staff at its growing sites for future series production and ramp-ups. Depreciation was slightly higher following the higher investment level. Other operating costs were down, with lower legal and consulting costs and lower costs for temporary workers being offset by higher costs for maintenance and corporate communications.

PWO managed well within the challenging automotive market, with cost efficiencies partly compensating for the decline in revenues. EBIT before currency effects declined to €26.1m from €30.0m in FY24, and this was better than the latest company guidance from 16 January 2026 stating that the upper half of the €23–28m range was very ambitious. With better-than-expected revenues in Q425, it is no surprise that EBIT came in above expectations.

However, reported EBIT before currency effects included several one-off items, which, on balance, we estimate at €7.8m (previously €3m), with the different items summarised below:

- Canada: in the first half of 2025, PWO reported one-offs related to customer adjustments to production plans resulting in special payments and the devaluation of production facilities already purchased, with, on balance, a value of €8.2m in FY25 (previously €6.8m in the first nine months of 2025 (9M25).
- Provisions: PWO reported the reversal of warranty provisions in Germany of €2.4m, but the balance of changes in all provisions (personnel, onerous contracts, warranties and adjustments in prices of material) comes to €2.6m (that is the balance of reversals and additions).
- Other: in the first half of 2025, PWO mentioned unspecified one-off charges related to two ongoing orders in the Czech Republic, which we estimate at a combined amount of €3m.

In its annual report, PWO mentioned a normalised EBIT before currency effects of €17.9m when adjusted for the special item of €8.2m related to Canada. Based on our estimated balance of one-offs of €7.8m, normalised EBIT was €18.3m versus FY24's €29.8m when one-offs had a positive impact of €0.2m.

Exhibit 12: Summary of FY25 results

€m	FY24	FY25	Change
Revenues	555.1	524.7	-5%
EBIT normalised, before currency effects (Edison definition)	29.8	18.3	-39%
EBIT margin, normalised	5.4%	3.5%	
Exceptional items (Edison definition and estimate)	0.2	7.8	
EBIT reported, before currency effects	30.0	26.1	-13%
EBIT margin, reported	5.4%	5.0%	-8%
EBIT reported, after currency effects	30.1	24.6	-18%
Financial income and expenses	(9.7)	(8.9)	-8%
Pre tax income	20.4	15.7	-23%
Taxes	(7.9)	(7.7)	-3%
Net profit reported	12.5	8.0	-36%
EPS reported (€)	4.01	2.56	-36%
EPS normalised (€)	4.47	1.62	-64%

Source: PWO Group, Edison Investment Research

Financial expenses declined from €9.7m in FY24 to €8.9m due to a lower variable interest rate and a mix change to more long-term debt, while net debt remained stable. The tax rate was significantly higher at 49.0%, from 38.6% in FY24, but was affected by charges from effects of previous years and from expected future tax reductions. Also, the negative result in Serbia did not lower taxes at group level. Reported net profit came in at €8.0m, down from €12.5m in 2024, and reported EPS was €2.56.

Geographical development

Within the overall subdued automotive market, PWO's sites in different geographic regions showed different performances, which are summarised below:

- Germany: due to the weak market conditions, both revenues and EBIT before currency effects came in lower than company guidance. Revenues declined 12% versus an expected decline of 6%, and the loss of €2.1m at the EBIT level was also below the guided 'just above break-even'. The lower revenues were caused by tough market conditions for the local industry sector with customers shifting production from Germany to Eastern Europe. PWO managed to keep salary costs stable despite wage rises and lowered other operating costs. Despite these cost savings, the Germany segment reported a negative EBIT before currency effects of €2.1m, which also included the positive one-off of €2.4m related to the reversal of warranty provisions of previous years.
- Czech Republic: results came in as expected at the beginning of 2025. Revenues were flat at around €135m with market weakness being more than compensated for by the ramp-up of new series production and higher tools revenues. EBIT was in the guidance range of €8.5–10.0m and was higher than last year, with efficiency gains in the second half compensating for one-off costs in the first half related to two ongoing orders.
- Serbia: both revenues and EBIT were below guidance at the beginning of 2025. Production at the new plant started towards the end of 2025, with a negative EBIT related to the start-up of production.
- Canada: revenues and results were better than company guidance with higher revenues due to higher capacity utilisation and the special item of €8.2m related to the end of customer negotiations. The higher EBIT was also supported by strict cost control.
- Mexico: results were below expectations. The weaker market conditions resulted in lower call-offs in ongoing series, while the company is preparing for the start-up and ramp-up of new series production. These costs put pressure on EBIT, although the effect is expected to be temporary as new orders will gradually ramp up.
- China: lower revenues, as expected due to market pressure with strict cost control and efficiency measures, limited the decline in EBIT, which was slightly better than guidance.
- US: towards the end of 2025, PWO opened a site in the US, which for the time being will operationally fall under the management in Mexico.

Exhibit 13: Results by geography

€m	FY24	FY25	% change, y-o-y
Germany	207	183	-12%
Czechia	134	135	1%
Serbia	0	1	29%
Canada	49	57	15%
Mexico	116	110	-5%
China	48	40	-18%
Total revenues	**555**	**525**	**-5%**
Germany	4	(2)	N/A
Czechia	9	10	8%
Serbia	(2)	(5)	N/A
Canada	2	12	466%
Mexico	11	7	-37%
China	6	5	-13%
Total EBIT reported, before currency effects	**30**	**26**	**-13%**
Underlying EBIT before currency effects	**30**	**18**	**-39%**

Source: PWO Group, Edison Investment Research

FCF generation better than expected

Despite the subdued market conditions, PWO maintained its financial ratios at good levels. The equity ratio was stable at 37.5% and net debt only modestly increased from €87.1m in FY24 to €89.7m, with net debt/EBITDA at 1.8x well within company guidance of <2.5x.

FCF was much stronger than expected, with the outcome of €9.9m exceeding guidance of low single digits. Capex was a bit higher than expected at €41.3m versus guidance of around €40m, but working capital was much lower than anticipated. This is partly helped by factoring, which amounted to €18.1m in 2025, up from €14.5m in 2024. In 2025, PWO signed new factoring deals at its international sites and increased the volumes of existing deals. PWO also improved its terms with suppliers.

Guidance 2026: Lower revenues and weaker results in Germany

On 16 January 2026, PWO provided guidance for 2026 and has reiterated this since. Revenues are expected to be around €500m, or a decline of around 5% y-o-y. PWO stated that there is still no sign of improvement in the German automotive market as companies continue to relocate production to countries with more competitive conditions. Lower call-off volumes from key local customers in Germany will have a significant negative impact on revenues in 2026, and this will only partly be compensated for by anticipated growth in the Czech Republic and Canada. To avoid redundancies at its German plant, PWO concluded an agreement with the works council on a temporary reduction in working hours and remuneration for 2026 for up to 7.63% depending on the workload.

With lower revenues and increasing costs, PWO expects an EBIT before currency effects of €13–17m, with the decrease due entirely to worsened conditions at its production site in Germany. The larger loss in Germany will be partly compensated for by higher profits in the Czech Republic and Mexico and a lower loss in Serbia.

Exhibit 14: 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

In its annual report PWO provided guidance by country where it has production locations, which is shown below:

- Germany: due to weak market conditions, PWO expects revenues to decline 10% y-o-y to around €165m, with a larger EBIT loss at €9–10m (vs an underlying negative €4.5m in 2025).
- Czech Republic: the start-up and ramp-up of new series production should result in higher revenues in of €140–145m (2025: €135.2m) with a higher EBIT before currency effects of around €11m (2025: €9.7m).
- Serbia: ramp-up of the new plant towards a revenue level of €1m and start-up costs are expected to result in a negative EBIT before currency effects of €3–4m.

- Canada: underlying growth in both revenues and EBIT is expected. Without the contribution of the special item of €8.2m in 2025, PWO expects revenues in Canada of around €52m (2025: €56.5m), with EBIT before currency effects of €5m (2025: €11.9m).
- Mexico: PWO expects a revenue decline of 10% to €100m, due to weak markets, and EBIT before currency effects in the range of €9–10m (2025: €6.7m), without the start-up costs incurred in 2025 and helped by efficiency measures.
- China: based on the planned series production and start-ups, revenue is expected to remain at least stable at €40–42m (2025: €39.8m), and EBIT is expected to decrease from €5.5m to €2–3m due to strong local competition.
- US: PWO does not expect significant external revenues in the first year of operation, while EBIT before currency effects is expected at around break-even.

Confident in recovery in 2027, supported by strong new business

PWO expects to see a noticeable improvement in its results in 2027 at the earliest, as the implemented measures to improve efficiency, particularly in Germany, will only take effect gradually. In addition, the high volume of new business in recent years bodes well for better years beyond 2026. The company remains focused on expanding its network of sites, expanding its customer base and adding new solutions. For example, new applications such as passive and active cooling of metal parts are gaining traction. In Germany, the focus remains on strengthening its competitiveness given the current conditions of Germany as an industrial location.

PWO uses new business as a financial indicator, which comprises the lifetime value over the entire term of these new orders. The company's orders range from many smaller ones for a few million units each up to relatively large ones of around €75m. New business can vary from year to year and large volumes are not awarded every year, but PWO recorded very strong new business in 2025 of €760m, including tool orders related to series production of €35m. There was a particularly strong order intake of €225m in Q425, including a few large orders according to PWO. At the time of the Q325 results, PWO still guided for a new business level of €550–600m after recording €535m in 9M25. The increase in the level of new business came from both new customers and additional volumes from existing customers. In the Czech Republic, PWO won a new order for side members (components that run along the long side of the car to reduce impact forces), in China several orders for housings for steering columns and seat adjustment, window regulators and headlights, and in Canada large volumes for air suspension and door parts. In 2025, the company also won orders for the development and manufacture of components for trucks and delivery vans.

Normally, new orders contribute to revenues after a preparation time of about one to two years and PWO plans to start production of the 2025 orders in 2026 and 2027, with a few smaller orders already having contributed to 2025 revenues.

OEM and Tier 1 customers sometimes order PWO's products for multiple platforms that have different ramp-up schedules, resulting in a much longer order book than the typical six to seven years for one vehicle model for one OEM. As a result of this effect, the PWO's average order book stands at eight to 10 years.

Exhibit 15: PWO new business (lifetime value)

€m	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Lifetime volume of series business	680	281	280	475	370	535	845	805	600	725
Tools (connected with series orders)	50	19	24	35	30	35	45	40	30	35
Total	730	300	304	510	400	570	890	845	630	760

Source: PWO Group

Capex has been relatively high over the past two years, with the largest amounts related to the new engineering and production plant in Serbia, which started production towards the end of 2025. For 2026, PWO again expects a capex level of around €40m (including investments in lease). Now that the largest investments in Serbia are complete, PWO is continuing with capex programmes in other countries (to avoid peaks and to smooth investments over the years).

As profitability is under pressure and capex will remain high, PWO expects FCF at a low single digit in 2026 and net debt/EBITDA at around 2.5x. Assuming EBITDA of around €40m in 2026 (at the mid-point of the EBIT guidance range, plus €25m D&A) this reflects net debt of €100m, which we consider achievable given the €90m net debt level of 2025 and the expected slightly positive FCF, while the company can increase factoring.

Exhibit 16: Change in estimates

€m		2025			2026e			2027e	
	Old	Actual	Change	Old	New	Change	Old	New	Change
Sales	526.0	524.7	0%	500.4	501.1	0%	540.4	542.2	0%
EBIT normalised, before currency effects	23.1	18.3	-21%	16.3	16.5	2%	22.4	23.5	5%
EBIT margin	4.4%	3.5%		3.3%	3.3%		4.1%	4.3%	
Exceptional items	3.0	7.8	160%	0.0	0.0		0.0	0.0	
EBIT reported, before currency effects	26.1	26.1	0%	16.3	16.5	2%	22.4	23.5	5%
Net profit reported	10.7	8.0	-25%	5.0	5.7	13%	9.5	11.2	17%
Net profit normalised	8.6	5.1	-41%	5.0	5.7	13%	9.5	11.2	17%
EPS reported (€)	3.43	2.56	-25%	1.61	1.82	13%	3.06	3.58	17%
EPS normalised (€)	2.76	1.62	-41%	1.61	1.82	13%	3.06	3.58	17%

Source: PWO Group, Edison Investment Research

We had already adjusted our estimates at the revenue and EBIT level following the preliminary results in February and we have now further fine-tuned them, also below the EBIT level. We still expect a revenue decline of 5% y-o-y in 2026, in line with company guidance, with the largest decline in Germany. Driven by the start-up and ramp-up of new business, we expect a good recovery in revenues in 2027 with anticipated revenue growth of 8% y-o-y.

For EBIT before currency effects, with an estimate of €16.5m for 2026 we are currently at the higher end of company guidance of €13–17m, as the company has a good track record of adjusting its cost base in line with lower revenue levels. From 2027, we see ample upside in the EBIT margin, also helped by the vanishing losses in Germany and Serbia, which combined are estimated at €13m in 2026. When adding this amount to the mid-point of the 2026 guidance range, PWO would be almost back to the 2024 level. We expect that reaching break-even again might take longer for Germany (2028e) than for Serbia (2027e). We currently estimate an EBIT before currency effects of €23.5m for 2027, which reflects a margin improvement of 100bp.

We still believe that PWO can achieve an EBIT margin of 6–7% in the mid-term, with the full contribution of the new plants in Serbia and the US, expansion at other sites and improving results in Germany.

For the next few years, we expect financial expenses to be broadly stable as we anticipate net debt to remain about the same level as in 2025 due to the relatively high capex. FCF is expected to be positive at low-single-digit millions in 2026, with an improvement expected from 2027. For the tax rate, we assume 30% for the next few years, with the eventual outcome possibly being influenced by changes in deferred taxes.

Valuation

We value PWO using three different methods: historical multiples, peer comparison and DCF. The outcome is shown in Exhibit 17, which also shows the average of our valuation methods pointing to a value per share of €32.0 (previously €31.50). This value offers upside potential, particularly in combination with the attractive dividend yield of around 6% (based on the FY25 dividend per share of €1.65).

Exhibit 17: Average value per share

Valuation method	Assumption	Value per share, €
Historical multiples	2026e EV/EBITDA at 10% discount to historical multiples	29.1
DCF	Terminal growth 1.5%, EBIT margin 5.5%	36.2
Peer multiples	2026e EV/EBITDA in line with peers	30.6
Average value per share		**32.0**

Source: Edison Investment Research

Historical multiples

PWO is valued at a discount of 13% compared to its historical EV/EBITDA valuation of 4.8x (the average of the last 10 years). The company's results are currently under pressure due to weakness in the global automotive market, while geopolitical uncertainty is added by several wars globally. PWO's performance is currently below its long-term track record, with our estimated FY26 EBITDA margin of 8.5% below its 10-year average of 10.1%. However, we expect a good recovery in results from 2027, partly driven by the high level of new business won in recent years. We believe that a discount of 10% to PWO's historical valuation is justified, which reflects a potential value per share of €29.1 (previously €31.4).

Exhibit 18: PWO's historical multiples

	Historical valuation (10 years)			Current valuation			Discount/premium versus average	
	Average	Minimum	Maximum	2025	2026e	2027e	2026e	2027e
EV/sales (x)	0.5	0.3	0.6	0.3	0.4	0.3	-25%	-31%
EV/EBITDA (x)	4.8	3.8	5.9	4.3	4.2	3.5	-13%	-27%
P/E (x)	8.9	5.3	13.5	18.0	14.7	7.5	65%	-16%
Assumed premium/(discount) on EV/EBITDA							-10%	-10%
Value per share (€)							**29.1**	**40.0**

Source: PWO Group, Edison Investment Research

Peer comparison

For PWO's group, we have made a list of other automotive suppliers, mostly specialised in metal components, but also including OPmobility, which focuses on plastic components only. PWO is trading at a discount of 15% to this selection, based on EV/EBITDA for 2026e. The company's growth profile and EBIT margin potential are comparable to most other automotive suppliers, which should justify a valuation in line with its peers. On higher peer multiples compared to our previous update, this assumption implies a value per share of €30.6 (previously €29.9).

Exhibit 19: Peer group comparison

	Currency	Share price	Market cap	EV/Sales			EV/EBITDA			P/E		
			in m	2025	2026e	2027e	2025	2026e	2027e	2025	2026e	2027e
Autoneum Holding	CHF	121	695	0.6	0.5	0.4	5.4	3.9	3.5	16.1	9.7	9.1
CIE Automotive	€	29	3,390	1.1	1.0	0.1	6.0	5.4	4.8	10.5	9.2	8.5
Magna	CAD	84	16,980	0.4	0.5	0.5	4.7	5.0	4.7	18.2	9.4	8.4
OPmobility	€	15	2,110	0.4	0.3	0.3	3.7	3.4	3.1	12.3	9.6	8.2
Voestalpine	€	43	7,420	0.6	0.6	0.5	6.1	5.0	4.5	19.9	12.4	10.0
Automotive median				0.6	0.5	0.4	5.4	5.0	4.5	16.1	9.6	8.5
PWO Group	€	27	84	0.3	0.3	0.3	4.3	3.8	3.5	11.4	16.3	9.5
Premium / (Discount)				-33%	-28%	-15%	-14%	-15%	-13%	-20%	68%	8%
Assumed premium / (discount)								0%	0%			
Implied value per share, €								30.6	34.1			

Source: LSEG Data & Analytics (share prices as at 24 April 2026)

Discounted cash flow

Our DCF model is based on the following assumptions:

- A terminal revenue growth rate of 1.5% as long-term market growth in automotive is expected to be limited.
- A terminal EBIT margin of 5.5% as PWO is well on the way to further building its profitability, driven by expanding its scale.
- The tax rate is expected to be around 30%, which is the blended level of the different countries PWO is active in.
- We use a beta of 1.5 to reflect the relatively small size of the company and the current uncertainty in the automotive market, including the eventual impact of geopolitical unrest.
- We use a risk-free rate of 3.0% (based on the German 30-year government bond) and a market equity risk premium of 6.0%, delivering a WACC of 9.7%.

Our DCF model suggests a fair value for PWO of €36.2 per share (previously €33.1).

The following sensitivity analyses show the fair value outcome under different sales growth, EBIT margin and WACC scenarios.

Exhibit 20: Sensitivity analysis of WACC versus growth (€/share)

		Perpetual growth				
		0.5%	1.0%	1.5%	2.0%	2.5%
WACC	8.7%	42.3	45.4	48.9	52.9	57.5
	9.2%	36.6	39.2	42.1	45.4	49.2
	9.7%	31.6	33.7	36.2	38.9	42.1
	10.2%	27.0	28.9	31.0	33.3	35.9
	10.7%	23.0	24.6	26.3	28.3	30.5

Source: Edison Investment Research

Exhibit 21: Sensitivity analysis of WACC versus EBIT margin (€/share)

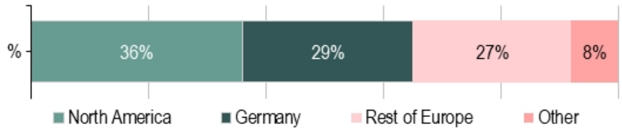
		EBIT margin				
		4.5%	5.0%	5.5%	6.0%	6.5%
WACC	8.7%	35.1	42.0	48.9	55.8	62.6
	9.2%	29.6	35.8	42.1	48.4	54.6
	9.7%	24.7	30.5	36.2	41.9	47.6
	10.2%	20.5	25.7	31.0	36.2	41.5
	10.7%	16.7	21.5	26.3	31.2	36.0

Source: Edison Investment Research

Exhibit 22: Financial summary

€m	2021	2022	2023	2024	2025	2026e	2027e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT							
Revenue	404.3	530.8	555.8	555.1	524.7	501.1	542.2
Gross Profit	200.6	220.6	234.7	244.5	238.9	230.2	246.4
EBITDA normalised (Edison definition)	**46.3**	**56.6**	**54.8**	**53.6**	**41.7**	**42.5**	**50.3**
Exceptionals (Edison definition)	0.8	(5.4)	(2.7)	0.2	7.8	0.0	0.0
EBITDA reported	47.2	51.2	52.0	53.7	49.5	42.5	50.3
Depreciation & Amortisation	(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
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	18.3	16.5	23.5
EBIT reported, before currency effects	22.1	27.5	28.2	30.0	26.1	16.5	23.5
EBIT reported, including currency effects	21.8	26.8	27.9	30.1	24.6	16.5	23.5
Net Interest	(6.2)	(5.7)	(8.4)	(9.7)	(8.9)	(8.4)	(7.9)
Profit Before Tax	15.7	21.1	19.5	20.4	15.7	8.1	15.5
Reported tax	(0.9)	(5.9)	(3.3)	(7.9)	(7.7)	(2.4)	(4.4)
Profit After Tax	14.7	15.2	16.2	12.5	8.0	5.7	11.2
Net income normalised (Edison definition)	13.1	17.8	17.5	14.0	5.1	5.7	11.2
Net income reported	14.7	15.2	16.2	12.5	8.0	5.7	11.2
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**	**1.62**	**1.82**	**3.58**
EPS reported (€)	4.72	4.87	5.19	4.01	2.56	1.82	3.58
DPS (€)	1.50	1.65	1.75	1.75	1.65	1.50	1.50
Revenue growth	8.9%	31.3%	4.7%	-0.1%	-5.5%	-4.5%	8.2%
Gross margin	49.6%	41.6%	42.2%	41.3%	42.5%	42.3%	42.6%
Normalised EBITDA margin	11.5%	10.7%	9.9%	9.6%	8.0%	8.5%	9.3%
Normalised EBIT margin, before currency effects	5.0%	6.2%	5.6%	5.4%	3.5%	3.3%	4.3%
BALANCE SHEET							
Fixed Assets	224.6	218.8	219.7	245.2	245.9	255.9	259.6
Intangible Assets	8.9	9.0	9.9	11.2	12.1	12.9	13.3
Tangible Assets	179.9	175.6	173.7	195.4	202.8	212.0	215.2
Investments & other	35.7	34.2	36.1	38.6	31.0	31.0	31.0
Current Assets	148.7	181.4	203.4	187.9	196.3	183.0	193.3
Stocks	32.6	39.6	38.3	40.6	48.8	46.6	50.0
Debtors	39.9	54.2	63.8	49.0	42.8	40.4	43.3
Other current assets	69.2	84.4	94.8	86.5	86.4	82.1	86.2
Cash & cash equivalents	6.9	3.2	6.4	11.8	18.3	13.8	13.8
Current Liabilities	112.7	155.8	144.1	151.4	128.0	124.1	131.6
Creditors	37.2	41.5	52.2	65.7	63.2	60.9	65.3
Other current liabilities	33.9	37.8	37.1	38.9	45.4	43.8	46.9
Short-term borrowings	41.6	76.5	54.8	46.8	19.4	19.4	19.4
Long-Term Liabilities	135.3	93.1	122.4	119.4	148.3	148.3	148.3
Long-term borrowings	68.9	42.0	58.9	52.1	88.6	88.6	88.6
Other long-term liabilities	66.4	51.1	63.5	67.3	59.7	59.7	59.7
Shareholders' equity	125.3	151.3	156.5	162.3	165.9	166.4	172.9
Balance sheet total	373.3	400.3	423.1	433.0	442.2	438.8	452.8
CASH FLOW							
Op Cash Flow before WC and tax	39.1	45.4	64.8	43.9	49.4	43.1	51.0
Working capital	(17.2)	(28.3)	(20.1)	37.4	4.0	5.0	(2.8)
Tax	(0.9)	(5.5)	(7.4)	(3.3)	(4.5)	(2.4)	(4.4)
Net interest	(6.2)	(3.0)	(6.9)	(7.8)	(6.8)	(8.4)	(7.9)
Net operating cash flow	14.8	8.6	30.5	70.2	42.1	37.2	35.9
Capex	(10.1)	(14.5)	(24.2)	(38.5)	(34.2)	(36.6)	(31.2)
Acquisitions/disposals	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
Dividends	0.0	(4.7)	(5.2)	(5.5)	(5.5)	(5.2)	(4.7)
Other	(6.0)	(1.4)	6.9	(6.3)	(5.3)	0.0	0.0
Net Cash Flow	(1.1)	(11.8)	8.1	20.2	(2.6)	(4.5)	0.0
Opening net debt/(cash)	102.5	103.6	115.4	107.3	87.1	89.7	94.2
Closing net debt/(cash)	103.6	115.4	107.3	87.1	89.7	94.2	94.2

Source: PWO Group, Edison Investment Research

Contact details	Revenue by geography
PWO AG Industriestraße 8 77704 Oberkirch Germany +49780284844	

Management team

CEO: Carlo Lazzarini	CFO: Jochen Lischer
Carlo joined the executive board of PWO in September 2020. He has more than 20 years of experience in general management roles at international industrial firms, such as BPW Bergische Achsen, Danfoss and Carrier Corporation.	Jochen joined the executive board in July 2023. He has more than 20 years of experience in the mobility industry, including at Hanon Systems, Magna International, Faurecia and Keiper.

Principal shareholders	%
Consult Invest Beteiligungsberatungs-GmbH	46.9
Sparkasse Offenburg	8.6

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