Steyr Motors AG
Austria - Engineering

HAUCK AUFHÄUSER INVESTMENT BANKING

Buy (initiation)
Price target: EUR 30.00 (initiation)

30-October-24

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Price:	**EUR 14.00**	**Next result:**	**Q4 24 TBA**
Bloomberg:	**4X0 GR**	**Market cap:**	**EUR 72.8 m**
		Enterprise Value:	**EUR 60.9 m**

Built for battle: the engine for the frontline

Steyr Motors is a leading provider of **high-performance diesel engines**, **powering critical defence platforms worldwide**. With a legacy of deep engineering prowess, Steyr Motors' **patented monoblock design** is a hallmark of versatility, courtesy of a small-batch production set-up allowing deep customisation, reliability and unmatched performance, as measured by a best-in-class power to weight ratio. From **the rigid inflatable boats used by US Navy Seals** to the **APUs of main battle tanks** like the Leopard 2, Steyr Motors' engines are at the heart of applications with exacting endurance and reliability requirements. As a trusted (often) **single-source supplier** with pricing power, Steyr Motors is also seen to benefit from long-lasting platform lives, boosting **earnings visibility**. Meanwhile, global **military spending is poised to surge** over the next decade, driven by geopolitical tensions across the globe forcing countries to re-arm following decades of neglect.

Steyr Motors is positioned to capture outsized benefits from the unfolding defence super-cycle, with **numerous big-ticket orders expected** to come in 2025E. For example, the company's engines are slated as APUs for major platforms, including main battle tanks like the KF51 Panther, the Leopard 2 and the K2. All those large potential new contracts have the **ability to drive nearly € 100m in additional sales** into 2027E (eHAIB, cumulative). As limited competition for Steyr Motors is expected, due to the niche requirements, we **expect many of these to also materialize** (eHAIB: cumulative big-ticket sales impact into 2027E € 69m). This is also seen to largely explain our forecasted **sales CAGR of 29%** (eHAIB, 2024-27E). Moreover, we model a 22% adj. EBIT CAGR 2024-27E with margins of c. 20%, as relevant structures get resized for growth. Meanwhile the company's aspiration is to successfully execute on all opportunities, in our view, and hit € 40m in EBIT by 2027E (eHAIB: € 18m, given focus on the most tangible opportunities, potential upside if additional "wins" come).

Steyr Motors has listed on Scale following a € 15.5m private placement that included € 2.8m in gross primary proceeds to fund future growth. We value Steyr Motors with a combination of peer group multiples, DCF and FCFY methods and derive a **fair value per share of € 30**. **BUY**.

Y/E 31.12 (EUR m)	2021*	2022*	2023*	2024E	2025E	2026E	2027E
Sales	40.4	28.1	38.1	42.5	61.6	75.2	90.2
Sales growth	n/a	-31 %	36 %	11 %	45 %	22 %	20 %
EBITDA	2.9	1.4	-4.0	9.0	15.2	19.1	23.7
EBIT (inc revaluation net)	2.0	0.4	-4.7**	8.0**	12.5	15.1	18.4
Net income	1.5	0.2	-4.7	5.8	9.2	11.2	13.6
Net debt	1.8	-1.0	-5.3	-11.9	-13.2	-17.3	-26.6
Net gearing	12.6 %	-4.3 %	-31.4 %	-43.4 %	-35.9 %	-36.2 %	-43.2 %
Net Debt/EBITDA	0.6	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	0.29	0.04	0.25	1.45	1.78	2.15	2.61
CPS	n/a	-1.31	0.80	1.11	0.88	1.58	2.33
Gross profit margin	40.9 %	34.0 %	39.9 %	46.9 %	47.4 %	47.8 %	48.0 %
EBITDA margin	7.1 %	4.9 %	-10.5 %	21.2 %	24.7 %	25.4 %	26.2 %
EBIT margin	4.9 %	1.4 %	-12.2 %	18.9 %	20.3 %	20.1 %	20.3 %
ROCE	7.9 %	1.6 %	-20.2 %	30.7 %	34.2 %	32.0 %	30.6 %
EV/sales	n/a	n/a	n/a	1.4	1.0	0.7	0.5
EV/EBITDA	n/a	n/a	n/a	6.7	3.9	2.9	2.0
EV/EBIT	n/a	n/a	n/a	7.6	4.8	3.7	2.5
PER	n/a	n/a	n/a	9.7	7.9	6.5	5.4
Adjusted FCF yield	n/a	n/a	n/a	10.1 %	16.5 %	23.2 %	35.3 %

Source: Company data, Hauck Aufhäuser Investment Banking. Share price at listing on 30.10.2024
* 2021-23 is based on Austrian GAAP. Meanwhile, our forecast (i.e. 2024E and thereafter) is IFRS-based
** adj. EBIT 2023: € 1.3m, estimated adj. EBIT 2024E: € 10.2m (eHAIB).

Key share data:

Number of shares: (in m pcs)	5.2
Authorised capital: (in € m)	n/a
Book value per share: (in €)	5.3
Ø trading volume: (12 months)	-

Major shareholders (eHAIB):

Mutares SE & Co. KGaA	70.1 %
Free Float	11.6 %
B&C Holding Österreich	9.9 %
Management and employees	8.4 %

Company description:
Leading producer of customized diesel engines

Company guidance 2024E:
Adj. EBIT: € 9-11m

Company in a Nutshell

Steyr Motors is a leading producer of customized diesel engines for special situations. The engines are mainly used in military land vehicles, e.g. by the Australian forces, as well as in rigid inflatable boats, e.g. by the US Navy Seals. While the company's product core is only one diesel engine blueprint, the end-product is tailor-made with several modules and unique engineering additions.

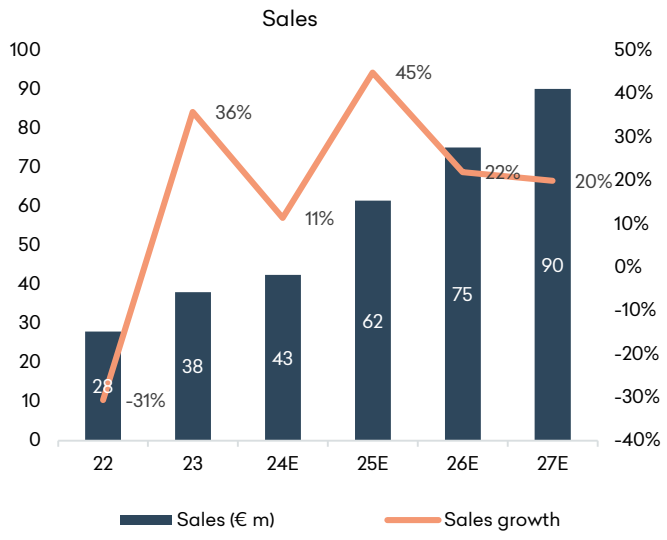
Upcoming Catalysts

- Several big-ticket orders are currently under negotiations. This includes a deal with Rheinmetall expected to be closed in Q4 24E for APU engineering and production (eHAIB: total order potential c. € 17m).
- Significant sales and EBIT growth acceleration is expected in 2025E (eHAIB), thanks to a well filled international sales pipeline.
- Potential Mutares placements are seen to improve liquidity.

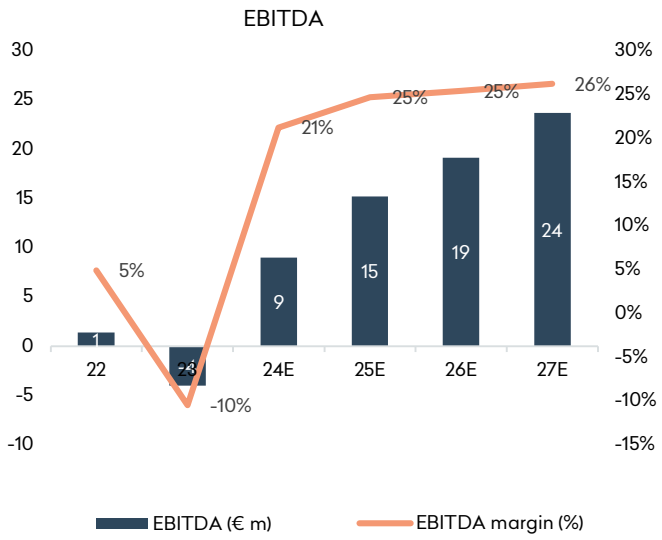
Investment Case

- Steyr Motors is active in the niche of providing highly customized diesel engines powering defence platforms with high specification requirements. Defence accounts for c. 70% of sales.
- The company's USP rests on a long engineering legacy that was essentially focused on honing a monoblock engine design, which is then deeply customized for end clients in small-batch series. The result is a best-in-class power-to-weight ratio and reliability, which is key when human lives are at stake. Steyr Motors is, as a result, often a single-source on platforms that can span decades, providing earnings visibility.
- Steyr Motors is seen as a key beneficiary of the unfolding defence super-cycle forcing countries to rebuild capabilities in light of geopolitical tensions. As a result, several big-ticket orders are expected in 2025E, which in a blue-sky scenario, would add nearly € 100m in additional sales into 2027E. More conservative eHAIB estimates a 29% sales and 22% EBIT CAGR 2024E-27E.
- Fair value is seen at € 30 per share, on a combination of peer group analysis, DCF and FCFY 2025E.

Key Performance Indicators



Source: Company data, Hauck Aufhäuser Investment Banking



Source: Company data, Hauck Aufhäuser Investment Banking

Cash flow summary	2023	2024E	2025E	2026E	2027E
Operating cash flow	**4.9**	**6.8**	**7.1**	**11.0**	**15.1**
Capex	-4.1	3.3	6.0	7.0	6.1
FCF	**8.9**	**3.5**	**1.2**	**4.0**	**9.1**
FCF per share	1.7	0.7	0.2	0.8	1.8
FCF yield	n/a	10.1 %	16.5 %	23.2 %	35.3 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0

Source: Company data, Hauck Aufhäuser Investment Banking

Key ratios summary	2023	2024E	2025E	2026E	2027E
EPS growth	n/a	-223.2 %	58.5 %	20.9 %	21.6 %
Capital Turnover	1.9	1.3	1.5	1.4	1.3
Avg. working capital / sales	29.9 %	30.7 %	29.7 %	30.5 %	30.2 %
Cash conversion cycle (days)	182.3	196.5	193.4	195.7	193.1
FCF / Net profit	neg.	59.8 %	12.5 %	35.9 %	67.1 %
Interest cover	0.0	20.1	25.0	25.2	26.2

Source: Company data, Hauck Aufhäuser Investment Banking

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Company overview

	Group
Products	

Following bespoke engineering work, the diesel engine is produced in a 2-, 4- and 6- cylinder version with advanced customization features to allow for a high power to weight ratio.

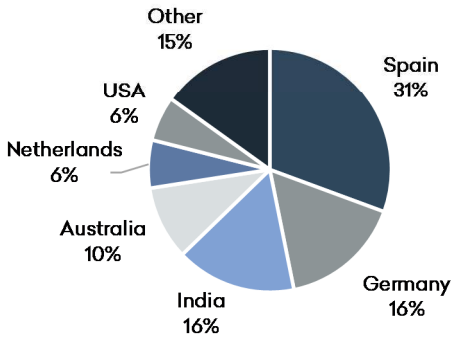
The engines are mainly used in **military land vehicles**, in **tanks or locomotives** as APUs and on **boats** such as RIB boats or rescue boats.



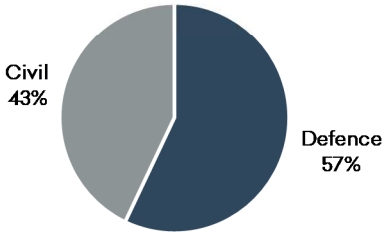

Sales 2024 (eHAIB, € m)	**42.5**

Sales split 9M 24

Geographical split



Defence vs. civilian
(eHAIB: defence expected to grow faster, and is seasonally stronger in Q4)



Market position	Market leading in small niche of high performance low weight diesel engines
Distribution	Aprox. 60% is delivered to the key account directly, c. 35% is sold to distributors and c. 5% is sold to smaller customers (eHAIB).
Customers	URO, KNDS, SIEMENS, RIBCRAFT, THALES, Mahindra, DEFENTURE
Customer concentration 9M 24	Top 1: 30% / Top 2-3: 26% / Top 4-5: 12% / Other: 32%
End users	Australian Defence Force, Bundeswehr, (Dutch Army), (Navy Seals), (Spanish Army), (Finnish railway company), AIDA
Competitors	Large diversified players, focused on volumes and less on the niche: mainly Cummins, next to General Motors, Iveco, Deutz, Yanmar, Volvo Penta and CAT
Raw materials and suppliers	Metal casting, forging and machining (c. 30 major suppliers) Sub systems like oil pumps, injection equipment, starter motors, alternators, etc. (c. 10 major suppliers) Electrical systems, harnesses, control units, sensors, etc. (c. 10 major suppliers)
Material expense ratio 2024E (eHAIB)	**53.1%**
Production site	Located in Steyr, Austria, with a modern production area and office building. Principally, the production site also offers expansion capacity.
Capacity utilisation	Currently, the company runs one shift four days a week. This enables an output of 1,000 engines per year (current production 800 per year) and 125 APUs per year (current production 75 per year). Total line capacity, when working in one shift with more personnel, is at 2,000 engines per year.
Adj. EBIT 2024E (eHAIB, € m)	**10.2**
Adj. EBIT margin 2024 (eHAIB)	**24.1%**
ROCE 2024E (eHAIB)	**30.7%**

Source: Company data, Hauck Aufhäuser Investment Banking

Competitive quality

- **Steyr Motors is uniquely focused on the niche of low-weight, high-performance and customizable diesel engines, often used in mission-critical applications, resulting in a concentrated product portfolio.**
- **Steyr Motors' USP rest on unique engineering know-how as measured by power to displacement ratios of up to 70kW/l, fully backed by patents. Powerful and versatile yet light engines are key in military applications, so is reliability in a "life-critical" context.**
- **Excellent production setup for small series production matches the niche requirements for tailor-made low-volume production. Certifications such as ISO 9001 back a state-of-the-art production quality claim.**
- **Thanks to an early mover advantage and high product quality, Steyr Motors has build a respectable brand with long-standing blue-chip customers and end-users (e.g. Navy Seals), that are loath to entrust a new comer with the lives of their soldiers.**
- **Steyr Motors is often employed as an indispensable single source supplier (eHAIB: 50% of sales), resulting in pricing power (>40% price increases over the last few years) and high earnings visibility, given decade-long platform usage.**

Unique niche focus

Steyr Motors is fully focused on **engineering and producing high performance diesel engines in the low-weight category** (c. <300 kg).

High performance means the engines have high power to weight/size ratios (up to 70kW/l displacement) as well as several additional features that support reliability under all conditions (e.g. multi-fuel capability). Last but not least, Steyr Motors differentiates with a strong focus on engine customization, supporting strong lock-in effects.

A sustainable market segment: in defence, nothing beats diesel

Diesel engines are **expected to hold a dominant position in military vehicles long-term**, in our view, due to:

- **Fuel efficiency**: Mass density for diesel is higher than for gasoline (i.e. there is more energy per kg of fuel). The density of petroleum diesel is about 15–20% higher than the density of gasoline and when burnt, diesel typically releases energy to the extent of 37.7–39.1 MJ/l, whereas gasoline releases approximately 34.9 MJ/l (source: Advances in Clean Hydrocarbon Fuel Processing). In addition, diesel allows for higher compression ratios (source: Energy Education). In sum, this allows for both an increased range (per weight and volume) and lower operating costs.
- **Engine durability and reliability**: Diesel engines are also less likely to stall than gasoline-fuelled engines (source: US Energy Information

Administration). Moreover, diesel engines are designed for higher compression and temperatures, leading to more robust components and extended lifespan. In addition, their slower combustion process minimizes internal wear, enhancing reliability and durability (source: ICDI Repair). Lastly, in comparison with gasoline engines, the lack of a spark ignition system reduces the number of parts that can fail.

- **Torque flexibility:** Diesel engines have a "flatter" torque curve, compared to gasoline engines, meaning diesel engines can maintain higher torque over a wider range of engine speeds (RPMs). This allows them to provide more consistent pulling power across various driving conditions (source: ICDI Repair).

- **Greater fire safety:** Compared to other fuels, diesel is less flammable and less explosive, explaining why the US Military uses diesel fuel in tanks and trucks (source: US Energy Information Administration).

- **Compatibility with military overall logistics:** since the second world war, the existing defence infrastructure in many countries, incl. the US (source: US Army), focus on diesel as a primary energy source.

Importantly, all of the above also explains why the **development of military diesel engines can diverge from the civilian automotive developments**, which put an increased focus to renewable sources (e.g. EVs and plug-in hybrids) or gasoline engines.

Limited competition in an oligopoly-like niche market

There are only a **few diesel engine specialists** that provide light-weight engines to the defence industry. The list mainly includes Cummins, Iveco, General Motors, Deutz and CAT, in our view.

We consider **competition to be largely limited to Cummins, Iveco, CAT and GM.** True, Deutz, a company we cover, also started to address the defence industry, supplying engines to the Ukrainian Inguar 3 (military vehicle). However, the company's engines (incl. the ones offered to defence customers) are noticeably heavier compared to those of Steyr Motors and it is only a small part of their business. In fact, Steyr Motors stated that it is mostly only seeing Cummins on relevant projects as a competitor.

Steyr Motors' focus allows it to **deliver also in very small series** to the defence sector with projects of sometimes only 100 engines over several years. Understandably, **other manufacturers** with mass production, generating billions in revenues, **do not want to serve nor adapt to customer needs for such small quantities**.

Overall therefore, Steyr Motors is seen operating in an oligopoly.

Concentrated product portfolio offering economies of scope

Steyr Motors has a highly concentrated product portfolio. Essentially, **one diesel engine is the blueprint for Steyr Motors offering**. The engine is adapted so that it is a) suited for land or sea, b) used as a primary power

generation vs. as an auxiliary power unit and c) made more or less powerful depending on the number cylinders.

Finally, the engines are highly tailored to client requests, which a small series set-up uniquely positions Steyr to deliver.

Here is how customization comes into play…

While the base engine remains the same, it can include completely **newly engineered systems** or different **existing modular systems** such as: **1) charging systems**, **2) front end auxiliary drive** systems (FEAD), **3) gearbox interfaces**, **4) fuel systems** incl. deep temperature capability, **5) fuel density compensation** for multi fuel capability and **6) electronic control unit** (ECU) as well as **7) software features**.

Thanks to its clear focus, Steyr Motors has also gathered a) top-notch engineering know-how in its niche and developed b) a state-of-the-art production set-up.

Early-mover and pioneer in monoblock engine design

Steyr Motors has a **long-standing legacy of engineering prowess**, originating in 1864 and later merging with Steyr-Daimler-Puch, a group known for its expertise in automotive and defence sectors.

Steyr became a **pioneer in diesel engine technology**. Their innovations, like the **monoblock engine design and M1 series**, set new industry standards for reliability and performance. **This essentially made Steyr an early mover.**

The M1 was the first car engine to feature direct injection, intercooling, turbocharging and an innovative acoustic design. However, it was not fully developed within the initial project timeline. In 1981, BMW acquired the shares of Steyr-Daimler-Puch AG. Since then BMW focused on developing swirl chamber engines, but **Steyr-Daimler-Puch continued developing the M1 independently** through its subsidiary, Steyr Motorentechnik GmbH from 1983 onwards. **Today, the M1 engine is the core engine of Steyr Motors and the company owns a unique design patent for it.**

The **monoblock design is probably the most important building block to achieving the high-performance**, next to the company utilizing many additional “fancy” engineering methods incl. variable turbine geometry turbochargers and intercoolers.

Monoblock engines are diesel engines that do not require an extra aluminium cylinder head and therefore no cylinder head gasket. These engines are lighter, more compact, more economical and more resilient than conventional diesel engines. Consequently, monoblock engines are seen as the go-to option for the niche applications that demand exactly such features.

… honed and sharpened over decades to meet exacting requirements

Defence customers, like the Navy, Army and special forces, have high expectations on all their products, incl. the engines, as **reliability can be mission critical** and reliability/failure can decide upon the life or death of many fellow citizens.

Power cannot be compromised. Clearly, engines need to have enough power for the tasks at hand. Consequently, everything else is set in relation to power (e.g. power to weight or power to size ratios).

Light weight is required. One can think of a **helicopter that needs to airlift a military vehicle** (this capability was in fact a requirement of the Australian government for the Hawkei procurement).

Size is a make-or-break requirement. Exemplary is a special forces **RIB boat which can either carry and thus free 2 more or less hostages depending on engine size**.

In addition, **low thermal and acoustic signature** is a must to avoid detection and the engine must be able to **operate under harsh conditions** (e.g. high altitude, extreme temperatures and close to salt water).

Lastly, also **multi-fuel capability** is an important requirement, as defence forces cannot be picky in emergency situations.

Deep-dive engineering that delivers all of the above is exactly what Steyr Motors is specialized in. The company **develops and engineers almost all components themselves** and only some subsystems are developed together with partners.

Another example for engineering greatness from the **civilian business** is when the engine is used as an **APU in the Siemens Vectron locomotive**. The engine provides electrical power for a mainly electrical driven locomotive in countries where electrical overhead lines are not 100% available (e.g. Finland). To integrate a "plug and play" solution, with all functional systems integrated in a **compact box**, it requires a compact engine and generator design, as well as well thought-out and developed subsystems and their integration. The total weight of the APU is a major requirement, as the **standard locomotive balance cannot be changed easily for traction reasons**. The engine weight is a major part of this.

The rich-history in engineering, **patent protected designs** as well as the company's unique focus are all evident in top-notch performance features compared to standard diesel engines.

As we highlight in the table below, the popular M16 engine from Steyr Motors is even **comparable to the engine used by luxurious car maker BMW's new top model x6**, measured by the power to displacement ratio, and offers further exclusive features requested by end-customers e.g. cold-start ability etc.

Moreover, Steyr Motors engines **clearly have a leg up on the average diesel engine from Deutz** (in the table below we present a TCD 6.1, which is also a design they offer to the defence industry, although slightly adjusted).

Motor comparison of 6-cylinder diesel engines

	Steyr Motors M16 SCI	Versatile diesel engine from Deutz	BMW X6 diesel engine
			
Power to weight	0.71 kW/kg	0.29 kW/kg	n.a.
Power to displacement	62.5 kW/l	29.5 kW/l	70.0 kW/l
Multi-fuel capable	✓	✗	✗
Capable of handling extreme altitudes and temperature	✓	✗	✗
Customizable	✓	✗	✗

Source: Company data; BimmerToday; Deutz; Hauck Aufhäuser Investment Banking

Another comparison between Steyr Motors 4-cylinder engine (name: M14) with the 4-cylinder diesel engine produced by Deutz for military applications (name: TCD 5.2), shows that **Steyr Motors engine has 69% more power per kg of weight and 75% more power per litre of displacement**.

In sum, **weight savings on whole drive-train of up to 500kg compared to engines of mass-producing competitors are possible** due to the high power density of Steyr Motors' engines.

State-of the-art production facilities

Steyr Motors holds an **ISO 9001 certificate for quality management**, the most widely used standard in quality management. Moreover, the engines have further highly relevant certifications, reflecting e.g. solid exhaust properties (**EIAPP/MARPOL**). Another well-known marine certificate is the **SOLAS certificate**, indicating high safety standards of the engines. Lastly, Steyr Motors has received **NATO approval**.

Steyr Motors currently has a **small series production setup** for the 2-, 4- and 6-cylinder engines as well as the APUs.

Small series production allows Steyr Motors to deliver customization, with **flexibility** for quick design or process changes without the cost and complexity of mass production. In addition, producing in smaller batches reduces inventory storage needs, lowering holding costs and the risk of excess stock. This approach also enables more thorough **quality control**, hands-on craftsmanship and detailed inspection, resulting in higher-quality products, which is all ideal for highly specialized engines.

Setup well positioned for further growth. Current output is c. 800 engines per year (operating one shift with a four-day week) and c. 1,000/p.a. would be possible with current staffing. Two thousand engines per annum would be possible without significant capex.

In contrast, annual **APU production** is noticeably lower at c. 75/p.a., working in **assembly stations** (craft production). With current personnel,

production can be ramped to 125/p.a. Ramping up APU production further requires growth capex, as reflected in our assumptions (eHAIB: total capex for PP&E at € 13m between 2025E-27E). APU's are more complex than primary engines. Next to the "classical" engine, the APUs also include a generator, an additional cooling package, hydraulic system, fuel system, electrical control and all subsystems in one compact box.

Respectable brand with blue chip customers

An **early mover advantage** and a **high product quality** have helped Steyr Motors to develop strategic partnerships and a **reputable brand**.

Today, **blue chip prime contractors** such as Thales, KNDS, Urovesa, Ribcraft and Siemens are all working with Steyr Motors. This clearly shows that the company is known and respected by the big players.

Moreover, **end customers** ranging from the Bundeswehr to the US Navy and the Australian Defence Force underpin that Steyr Motors engines find wide acceptance.

In our opinion, such **references are a quality mark** and claiming **"Navy Seal usage", certainly helps in product promotion**.

A trusted partner such as Steyr Motors with proven combat performance (e.g. by Spain in Afghanistan, Congo and Lebanon) is likely to be accepted for future projects and unlikely to be displaced on existing ones.

Steyr Motors has **established a track records of delivering quality, consistency and adherence to stringent safety standards**, reducing the risk of failure. Well-heeled in the lengthy certification and regulatory processes qualifies Steyr Motors as a (often single-source) supplier.

Indispensable as single source-supplier

When used in military applications (eHAIB: 70% of sales), the engine receives **tailor-made engineering adjustments** to best fit the requirements of the end-customer. While it always starts with the base engine concept, customers easily spend € >1m, so that Steyr Motors re-designs parts of the engine such at it perfectly fits their use case.

An exemplary project, where trials are currently ongoing, is the Hawkei (military vehicle) opportunity in Japan. **Japan has special requirements** and demands a **new fuel system** as well as **cold start ability** (-32°C).

Importantly, the **IP of both the base engine as well as the highly customized engine stays with Steyr Motors**.

Once the engine is implemented into a platform, it is hardly replaced, because:

1) there is **no need to address the replacement topic**, given high reliability and no end of lifetime for the vehicle engines (Marine engines: 10 years lifetime or 10.000 hours).

2) there is no other tailor-made engine for the platform out there, effectively making **Steyr Motors the single source supplier**. This is seen

to result in **stable demand.** In this regard, Steyr Motors is very similar to the publicly listed transmission producer RENK or the radar and optronics expect HENSOLDT.

To that point, **satisfied end-customers are loath to change a winning team**. For example, the new US Navy's specifications for the engine on 7M RIB, essentially force the RIB manufacturer (e.g. Ribcraft or Willard Marine) to install the Steyr Motors engine, as no competitor fulfills these unique requirements.

This gives Steyr Motors **pricing power, a testament to the high quality**. In fact, they were able to increase prices per engine by up to 50% over the last few years (less for very important customers).

In the core business (military vehicles), Steyr Motors is seen as the sole engine supplier of the **Hawkei** from Thales, the **GRF** and **MAMMOTH** from Defenture and only APU provider for the **Leopard 2 A7** from KNDS.

Moreover, Steyr Motors has a 75% market share in the **VAMTAC**, which is very similar to the US HumVee. It is used by 14 nations and produced by Urovesa, Steyr Motors largest customer (eHAIB: c. 25% of FY sales).

Decade-long platform usage offers earnings visibility

As explained before, once defence contractors are present on a platform, they are hardly replaced. Importantly, the platforms themselves are often used for many decades.

When it comes to military wheeled vehicles, the most popular one is likely to be the **HumVee** (High Mobility Multipurpose Wheeled Vehicle) operated by the USA. While it does not contain a Steyr Motors engine (the engine used is from GM, which partly licensed it from Steyr Motors), it is **representative of the duration for which such vehicle type is use**. The HumVee is used since 1985 and the probably last order was made in 2012 (**27 years later**). That being said, existing HumVees are still expected to receive maintenance and also some bigger overhauls are ahead. In our opinion, HumVees should be completely phased out by the US in 2040E only (**55 years later**).

We expect a similar program lifetime for the **Thales Hawkei**, an Australian light four-wheel-drive protected mobility vehicle **containing Steyr Motors engine**. The Hawkei procurement program has **only began in 2015**, suggesting that plenty of time remains, during which we expect Steyr Motors to be the relevant engine producer / spare parts supplier.

Meanwhile, the VAMTAC, a vehicle very similar to the HumVee, produced by Urovesa, mainly for the Spanish forces, entered production in 1998. It replaced the existing HumVees that Spain processed in 2013 and we currently do not see any operational end to be in sight.

Therefore, unless anything unusual and unforeseen is happening, there is **good visibility on earnings derived from such programmes**.

To sum up, customers perceive and value Steyr Motors engineering, which, coupled with **a good operational setup, results in excellent EBIT margins** (eHAIB: EBIT margin in 2025E at 20%).

The ability to generate **high margins is indeed what sets Steyr Motors apart from standard** diesel engine manufacturers (2021-23 avg. EBIT margin for Cummins' was at 8.6%). As a reminder, this strength is seen to rest on the fact that Steyr Motors is a niche player with the engines being customizable and flexibly produced in a small series setup for defence customers.

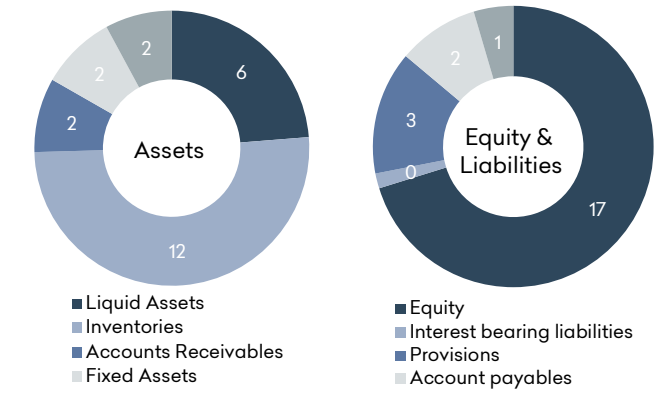
ROCE are seen to benefit from the high EBIT margin. Importantly, ROCE is **expected to remain strong, even with an expansive capex cycle ahead, thanks to entry barriers** described above, incl. patents, a reputable brand and multi-year production visibility on platforms with Steyr Motors as single source engine provider.

ROCE development (eHAIB)

Source: Company data; Hauck Aufhäuser Investment Banking

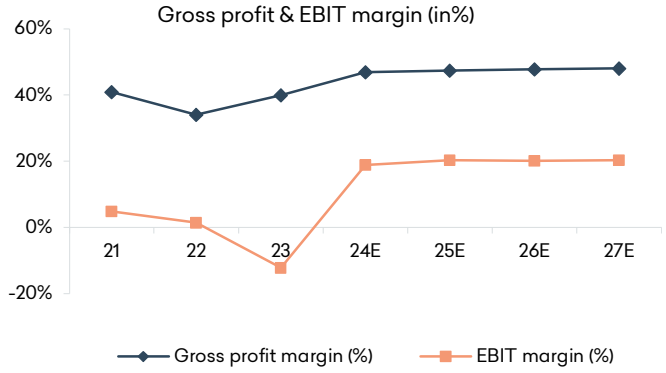
Sustainability of Returns

Balance sheet structure



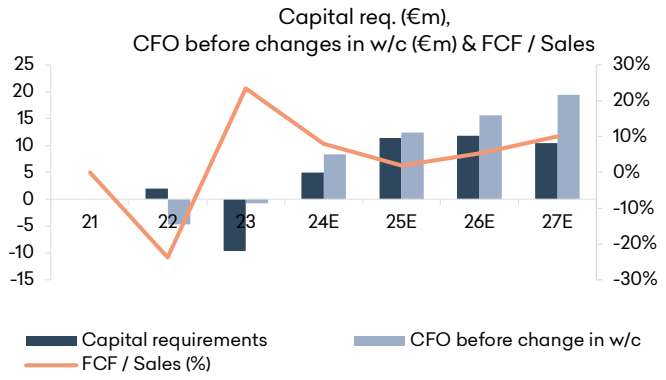
- Steyr Motors is operating in a **lean setup**. Total assets (see charts on the left) stood at only € 24m at the end of 2023 (thereof: 7% PP&E, 51% inventories and only 9% AR, due to factoring usage), based on Austrian GAAP. Importantly, due to the **adoption of IFRS standard** during 2024, our forecasts are IFRS-based, resulting additional B/S items such as right-of-use assets. For 2024E, we expect total assets to be at € 43m (thereof: 16% PP&E, 31% inventories, 5% AR and 23% cash).
- Steyr Motors had an equity ratio of 70% in 2023 (eHAIB IFRS 2024: 59%).

Profitability



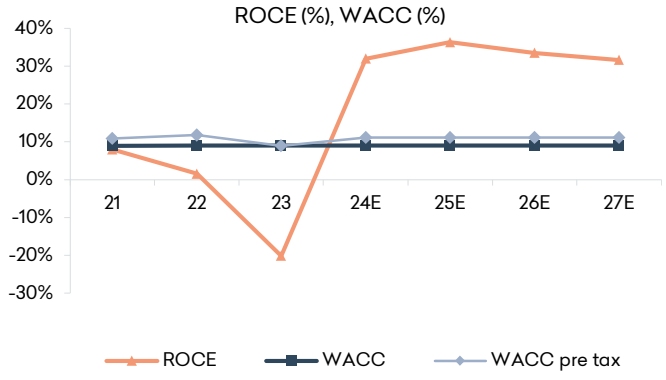
- Gross profit margins are seen to benefit from volume effects and product standardization (one engine addresses several customer requests, vs. (previously) a different engine for each request).
- A restructuring program by Mutares with a noticeable headcount reduction boosted EBIT margins from 2023 into 2024E. Note, EBIT is negatively impacted by consulting fees paid to Mutares (2023: € 6m, eHAIB 2024E: € 2.2m).
- We expect margins to stabilise thereafter as the cost structure could be expanded again to accommodate future growth. Rising capex for test benches also results in rising D&A.

Cash flow generation and capital requirements



- Capital requirements are mainly driven by **growth capex** for further test benches for the APU line to accommodate the expected order wins, logistics automation and tooling investments.
- Thereafter, we expect **FCF to improve noticeably**, given no need for further significant growth capex.
- Maintenance capex is currently seen at slightly € >2.5m in FY 25E (eHAIB). In 2023, Steyr Motors sold its plant, resulting in a cash inflow (here, a negative capital requirement).

Returns and value creation



- Overall, future ROCE is seen well above cost of capital, which is a positive sign.
- Following the Mutares turnaround, ROCE is seen to increase noticeably to an impressive 34% in 2025E (eHAIB). Importantly, Steyr Motors is currently seen to operate particularly asset light (e.g. leased plant rather than owned).
- With the upcoming growth capex cycle, Steyr Motors is expected to have a ROCE deterioration to c. 30%, which is still above the likes of those from other defence players.

Growth

- **Geopolitical tensions in Europe, the Middle East and Asia Pacific have ushered into an unprecedented and highly sustainable defence super cycle.**
- **NATO and Western armies rebuild capabilities after the decades of neglect that followed the end of the Cold War. The equipment gap is valued at over $ 1.6trn.**
- **Several big-ticket orders are expected to materialize for Steyr in the near-term. In total, the cumulative big-ticket sales potential until 2027E is c. € 100m.**
- **In particular Steyr Motors APUs should face a surge in demand, as they look set to enter major tank programmes.**
- **We expect a 29% sales CAGR (2024E-27E) and a 22% EBIT CAGR (2024E-27E).**

Current geopolitical tensions

Geopolitical tensions are a major accelerator of defence expenditure. The emerging geopolitical context offers plenty of evidence in that regard.

Russia-Ukraine war takeaways

Land forces - including vehicles - still matter: The Ukraine war highlights the critical importance of modernizing and upgrading land forces in several ways. Before the war, many military analysts believed that large-scale land warfare was becoming less relevant due to advances in technology such as drones, cyber warfare and precision-guided munitions. However, the conflict in Ukraine showed that traditional ground forces remain crucial in modern warfare, especially in high-intensity, territorial conflicts. Key lessons applicable to Steyr Motors' growth markets include:

1. **Heavy armour and mechanized Infantry capabilities are paramount**. The war underscored the continued relevance of tanks, armoured personnel carriers, and mechanized infantry. Both Ukrainian and Russian forces rely heavily on these, even though the vulnerability of older armoured vehicles to anti-tank guided missiles (ATGMs) like the Javelin and NLAW became evident. This showed the importance of upgrading armour and mobility systems for modern battlefields.
2. **Logistics and sustainment are mission-critical**. The conflict also demonstrated that well-maintained and rapid logistical support is critical. Russian logistical failures in the early stages, particularly in the north, were a major factor in their inability to capture Kyiv quickly. This highlighted the importance of maintaining strong logistical chains and upgrading supply systems for land forces.

In conclusion, the **Ukraine war revealed the ongoing need to upgrade and adapt land forces to deal with modern threats**. It showed that while new technologies are essential, the basics of ground warfare—mobility, protection, firepower, and support—remain vital in securing military objectives.

It also importantly revealed that beyond any resolution to the conflict, Russia is and will remain a perennial threat to NATO's eastern flank.

China's ambitions - plans for unification with Taiwan

In his 2023/24 new year speech, China's president Xi Jinping said: "**China will surely be reunified** and all Chinese on both sides of the Taiwan Strait should be bound by a common sense of purpose and share in the glory of the rejuvenation of the Chinese nation. Our goal is both inspiring and simple." In earlier speeches he said that China could not guarantee to do so peacefully, reserving the option to take all necessary measures. The Chinese population seems to back their president. In fact, in 2023 a survey found that more than half of mainland respondents favoured using military force for unification (source: Journal of Contemporary China).

The **prospect of a Chinese invasion of Taiwan is reshaping naval spending across the Asia-Pacific region**, with countries investing heavily in modernizing and expanding their fleets to protect their interests and counter China's rising influence. Regional powers are focused on building versatile, modern navies capable of power projection, defending sea lanes, and ensuring deterrence in the event of a conflict in the Taiwan Strait or broader Indo-Pacific region. The arms race is fuelled not just by the direct threat to Taiwan but also by broader territorial disputes and the strategic competition for control over crucial maritime routes.

Japan: Japan has been increasing its defence budget in response to China's growing assertiveness, with a strong focus on naval capabilities. Japan's defence spending surpassed 2% of its GDP by 2023, with much of the focus on naval enhancements. The country also revised its post-WWII pacifist constitution, allowing for a more robust military stance, especially in terms of power projection in the East China Sea and around Taiwan.

Australia: Australia has significantly ramped up its naval spending through its AUKUS partnership with the U.S. and the UK. Central to this deal is the acquisition of nuclear-powered submarines, marking a massive leap in Australia's naval capabilities. Australia is also focused on expanding its fleet of surface combatants, strengthening air-sea battle capabilities, and building a more flexible and advanced navy to deal with potential maritime conflicts.

South Korea: South Korea has been modernizing its naval fleet to counter potential threats, not only from North Korea but also to protect its maritime interests in the region.

Coastal defense systems: Taiwan, in particular, has been building up its coastal defense systems, including mine warfare and anti-ship missile batteries, to thwart an invasion.

China's claims in the South China Sea and its militarization of artificial islands have also prompted Southeast Asian nations like **Vietnam**, **Malaysia**, and the **Philippines** to invest in more capable navies. While these countries may not match China's naval power, they are focusing on coastal defense, fast attack craft, and patrol vessels to protect their exclusive economic zones (EEZs).

Trump and NATO

Trump has criticised NATO in the past, also saying that he would even encourage Russia to do whatever they want with NATO allies that do not pay their fair share. He has also threatened the US could exit NATO during his previous presidency.

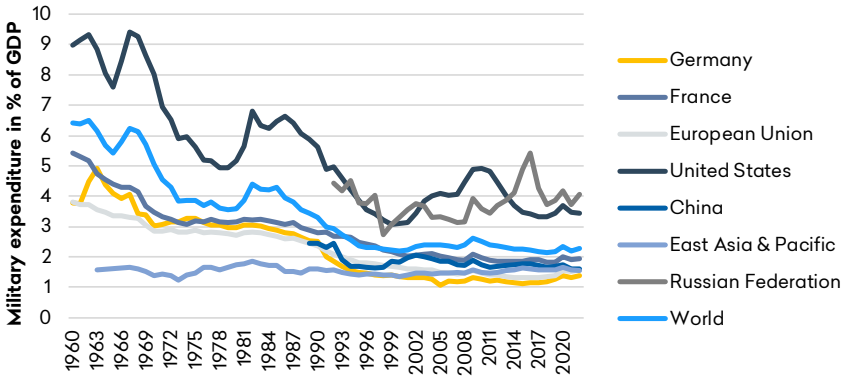
However, in a later interview, he said, that the US will certainly remain part of NATO, should other countries pay their share. The erratic declarations of a volatile potentially incoming POTUS would at the very least make a 2% defence expenditure relative to GDP almost inevitable for European countries.

Given several global threats, it is no surprise that military spending is on the rise and should remain on a high level.

Rising defence spending from low levels

In 2023, the world spent 2.3% of global GDP on defence. This is far below the **historical average (1960-2022) of 3.5%** and only marginally above the last 10-year period (2013-2022) of 2.2% (source: SIPRI).

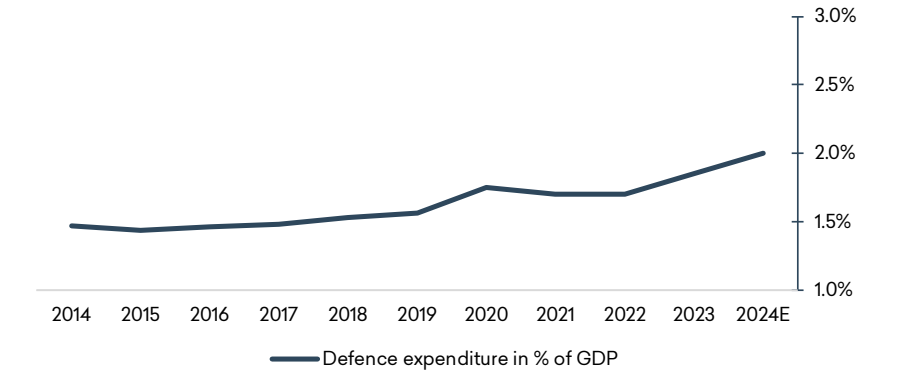
Military expenditure relative to GDP



Source: Stockholm International Peace Research Institute (SIPRI); The World Bank; Hauck Aufhäuser Investment Banking

Meanwhile, **European NATO countries' spending was and still is below average, but it is growing**, following Russia's annexation of Crimea in 2014.

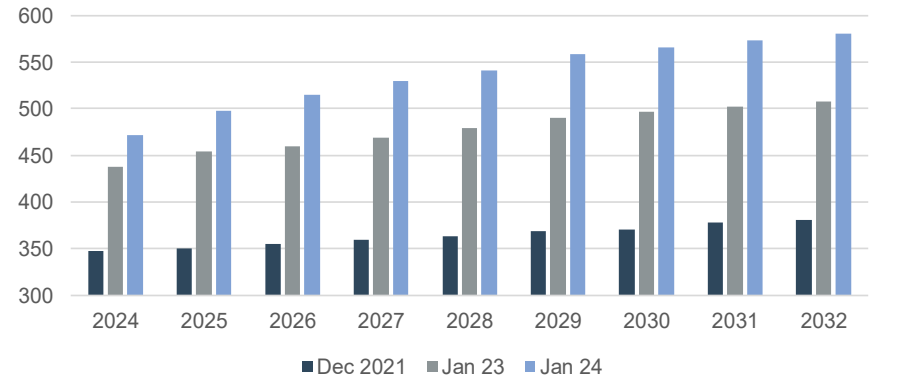
NATO Europe military spending



Source: NATO; Hauck Aufhäuser Investment Banking

Moreover, **forecasts for future defence budgets have increased noticeably** for Europe, since Russia's full-scale invasion of Ukraine in 2022 and also thereafter. In fact, the aggregated change in forecast between January 2023 and January 2024 amounts to $ >500bn for the period 2024E-32E (source: Janes, SAAB).

European defence budget forecasts ($ bn)

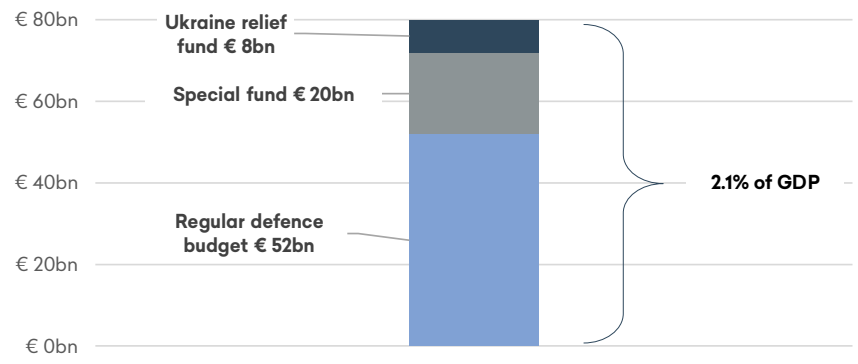


Source: SAAB, Janes; Hauck Aufhäuser Investment Banking

In 2024E, **Germany is expected to meet the 2% NATO target for the first time** since the 1990s.

The German government has established a special € 100bn defence fund that should be deployed by 2028E at the latest. This unprecedented fund aims to bolster Germany's military capabilities and address long-standing gaps in defence spending. While some advocate for redirecting existing budget allocations or implementing tax reforms, others argue for a re-evaluation of defence priorities, including relaxing the "debt brake" or enhancing collaboration with European allies to share the financial burden. A new special fund to replace the existing one is in discussions as well. It would provide the highest near- to mid-term visibility, in our view.

Germany's defence expenditure in € bn in 2024E



Source: Rheinmetall; Hauck Aufhäuser Investment Banking

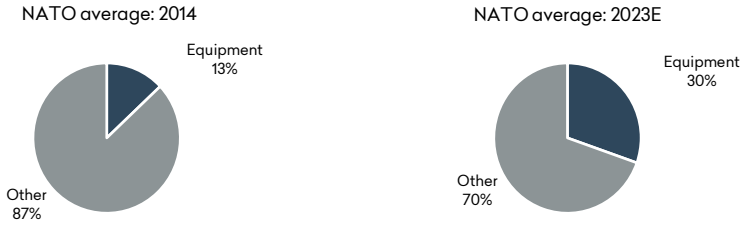
Beginning of April, Germany's Finance Minister **Lindner said that Germany will meet the NATO target of 2% defence expenditure relative to GDP also in all coming years**.

Equipment expenditure to benefit most

The defence budget can be subdivided into three main categories: equipment, personnel and infrastructure. An increase in defence expenditure should, **over proportionally benefit the equipment share**, as personnel numbers have remained relatively stable over the years, resulting in flattish personnel cost developments. Similarly, infrastructure such as barracks and training camps already exist and only require little supplementary funding, in our view.

The above is underpinned by be the following charts. They show that the **average spend for equipment by NATO countries has moved from 13% of total defence spend in 2014 to 30% in 2023E**, as the median real change in military spending (2014-23E) has increased 73% by NATO countries (source: NATO).

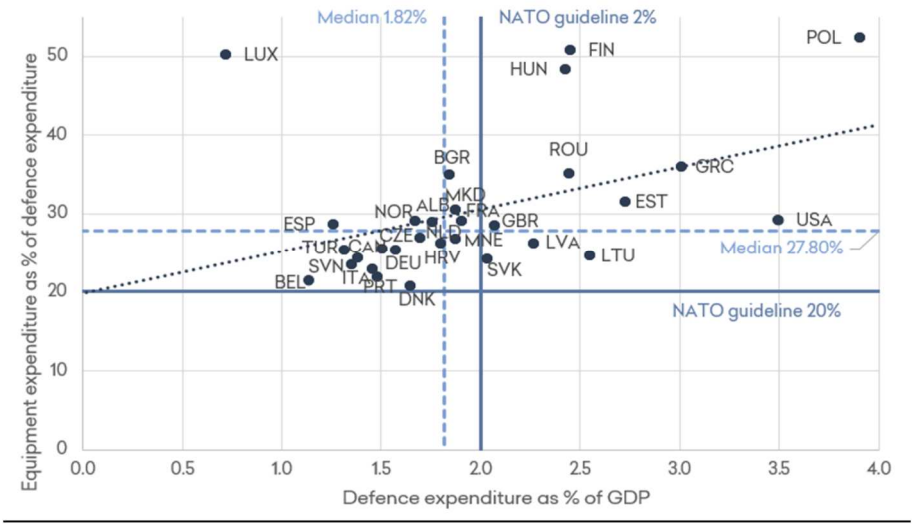
Share of equipment spending relative to total defence expenditure (NATO)



Source: NATO; Hauck Aufhäuser Investment Banking

The same observation can be made on a country-by-country level. Those countries that have higher defence expenditures, also have a higher share of equipment expenditure.

NATO military spending and equipment share (2023E)

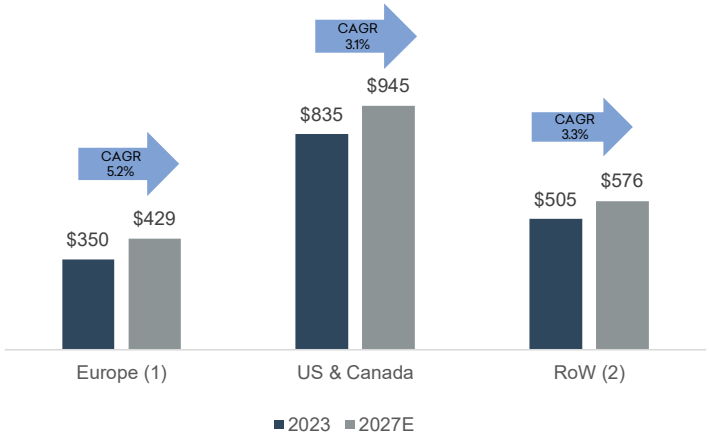


Source: NATO; Hauck Aufhäuser Investment Banking

Global defence spending growth

The global defence market is expected to grow at a c. CAGR of 4.5% into 2027E and surpass € 2.1trn by 2027E (Source: RS Advisors). North America is expected to remain the biggest market.

Projected global defence spending growth ($ billion)



Source: RS Advisors proprietary database, SIPRI, US DoD publications, IM WEO database (Oct-22),
1. Excluding embargoed nations Russia, Belarus; 2. Excluding Afghanistan, Iran, Libya, Syria, Yemen, China, Myanmar, Venezuela; RENK Group AG company materials; Hauck Aufhäuser Investment Banking

Importantly, spending on **land vehicles is to grow over proportionately at c. 8% into 2027E**, given **decades of under-investments** at the expense of air force, navy or power projection initiatives in general. Donations to Ukraine have moreover **depleted military armoured vehicles stockpiles in Europe.**

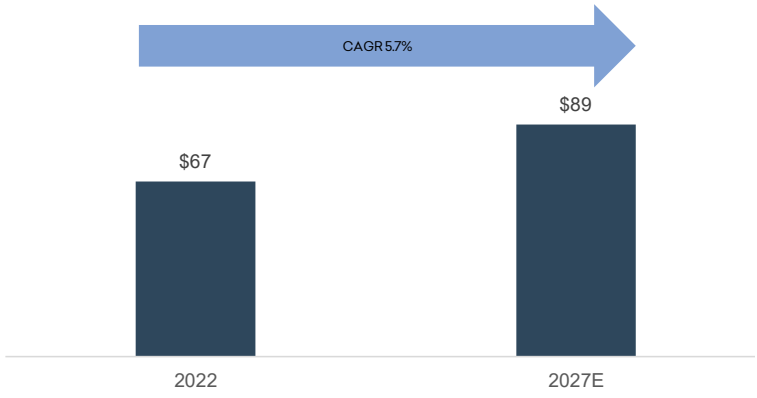
On the naval front, growth is driven by:

- Fleet modernization efforts that are central to boosting readiness, capabilities and operational effectiveness

- Flexibility of surface and subsurface platform designs enhancing the ability to perform multiple tasks
- The growth of both surface (Chinese and Russian warships) and sub-surface threats (e.g. submarines)

Naval defense spend is expected to grow with a 6% CAGR into 2027E.

Total naval defense market (1)



Source: RS Advisors proprietary database, RS Advisors analysis, RENK Group AG company materials, Hauck Aufhäuser Investment Banking
(1) Excluding embargoed nations.

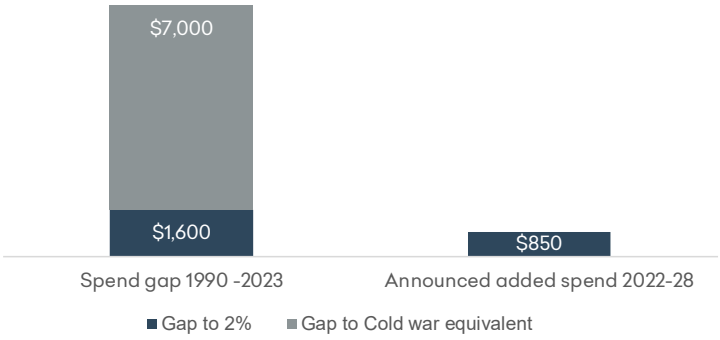
More interestingly for Steyr Motors, according to Stratify Market Research , **the global military inflatable boats market** was valued at $ 75bn in 2024, and is projected to reach achieve **$ 120bn by 2031E,** resulting in **a slightly over proportional 7% CAGR.**

Significant gaps to Cold War readiness: a long-dated and sustainable equipment cycle

Needless to say, since the end of the Cold War NATO ex-US in particular has significantly neglected its defence spending, causing gaps that governments are now committing to close in a sustainable manner, and they are now just at the beginning of this cycle.

The amount that still needs to be spent on **equipment** to match to the equipment levels commensurate with the 2% target is a cumulative $ 200bn. **To recover Cold War readiness, the amount soars to a cumulative $ 1,600bn as per the following charts.**

Spending gap since Cold War



Source: German Bundestag, Information Request for selected equipment courts, RENK Group AG presentation materials, Hauck Aufhäuser Investment Banking

APUs: Multiple big-tickets ahead for Steyr Motors

Steyr Motors offers a compact APU (M12-APU) with strong KPIs, which are considered unmatched by others. Employed on tanks, the engine supplies energy for the systems to work incl. turret mobility, when the main engine is not running.

The M12-APU is already being employed by **KNDS** in the Leopard 2 main battle tank (single-source). By early 2025E, a decision on a potential engineering upgrade (e.g. improving cold start ability) is in the cards. The ramp up would start in 2025E, in our view. We estimate the cumulative **sales potential to be € 17m until 2027E** (eHAIB: 200 APUs at € 70k each, plus engineering work and after sales).

In addition, Steyr Motors is likely to close a deal with **Rheinmetall** for the M12-APU in what is considered the most modern main battle tank – the KF51 Panther. The order is expected to contribute another cumulative **€ 17m in sales by 2027E** (eHAIB). The deal looks set to be closed latest by early 2025E (eHAIB: 200 APUs at € 70k each, plus engineering work and after sales).

Yet another top tier main battle tank, the K2, is also expected to receive a Steyr Motors APU. **Hyundai Rotem** would be the customer and the deal is also considered to be worth a cumulative **€ 17m sales by 2027E** (eHAIB: 200 APUs at € 70k each, plus engineering work and after sales).

All **these big-ticket APU orders face very little to no competition**, as the requirements for the APU are high and only Steyr Motors is seen capable to deliver on those, in our view. Therefore, these **order potentials are highly likely to materialize**, in our view.

On the civilian side: As explained before, Siemens uses Steyr Motors compact APUs in Finnish locomotives. The end-customer, Finnish Railways, might make the decision to equip another 200 locomotives with Steyr Motors M16-APU in 2025E. We estimate the cumulative **sales potential to be c. € 25m** by 2027E (eHAIB: 200 APUs at € 120k each).

Given the uncertainty of the order intake, we do **not include it in our estimates yet**.

Other big-ticket opportunities

Thales Hawkei in Japan: Japan is seen to replace its ageing fleet of nearly 2,000 Komatsu 4×4 Light Armored Vehicles (LAVs). Contenders are the Thales Hawkei, which includes a Steyr Motors engine and General Dynamics Land Systems' "Eagle", seen to employ a Cummins engine. Trials are currently ongoing and the winner will be selected based on demonstration results. A **decision is expected for the end of 2024E**. Should Thales win the contract, this could mean 100 engine sales p.a., in our view. That being said, the total number of new vehicles is still under consideration according to the Japanese MoD (eHAIB: 900). The opportunity could create a cumulative **sales potential for Steyr Motors of c. € 6m** until 2027E (eHAIB: 200 engines at € 30k each). Given the ongoing competition, we do **not include the program in our estimates yet**.

MRO services in the Middle East: Steyr Motors is currently engaged in negotiations with several organizations/dealers and sees a 200-engine refurbishment opportunity near term with further services. Our expectation is that this could result in a cumulative **c. € 8m in sales by 2027E** (eHAIB).

Potential to grow share of wallet

Once Steyr Motors has **proven to be a reliable partner**, it is likely to be contracted also for other platforms.

For **example**, at Defenture, a Dutch specialist for off-road vehicles, Steyr Motors was initially contracted for the GRF project (a light weight off road vehicle).

Following a successful application from Defenture (accepted by the Netherlands Armed Forces) with the GRF (military vehicle, which includes a Steyr Motors engine), Steyr Motors was again contracted by Defenture for the development of the MAMMOTH vehicle.

Similarly, Steyr Motors should be well capable of growing inside Rheinmetall. The Boxer and the Panzerhaubitze 2000 might both be equipped with Steyr Motors APU in the future, in our view.

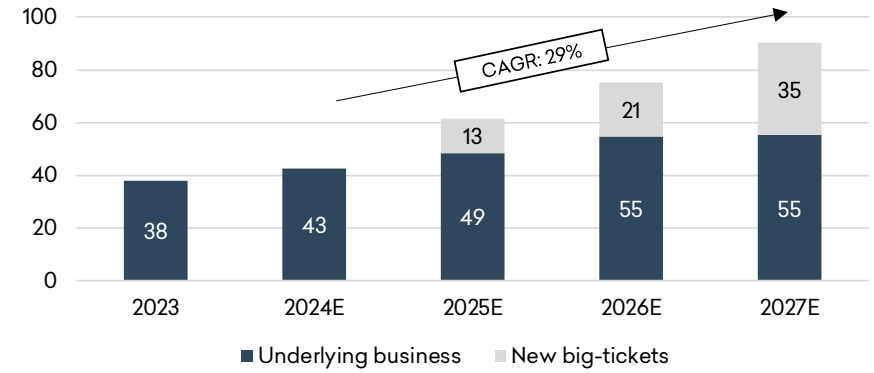
Internationalization opportunities in APAC

The company is also expanding into Asia, mostly on the civilian side, in markets such as Indonesia, Thailand, Vietnam and India (sales potential until 2027E: c. € 10m). First contracts were signed already in Taiwan, Malaysia and China, mainly via distributors (eHAIB: total contract volume € 10m until 2027E).

High sales growth expected near term (eHAIB: CAGR 2024E-27E: 29%)

With all that being said, we expect to see high growth in the next few years, based on solid growth in the underlying business (existing business incl. spare parts, existing programs, civilian business etc.), coupled with the likely big-tickets outlined above.

Sales growth forecast (eHAIB; € m)



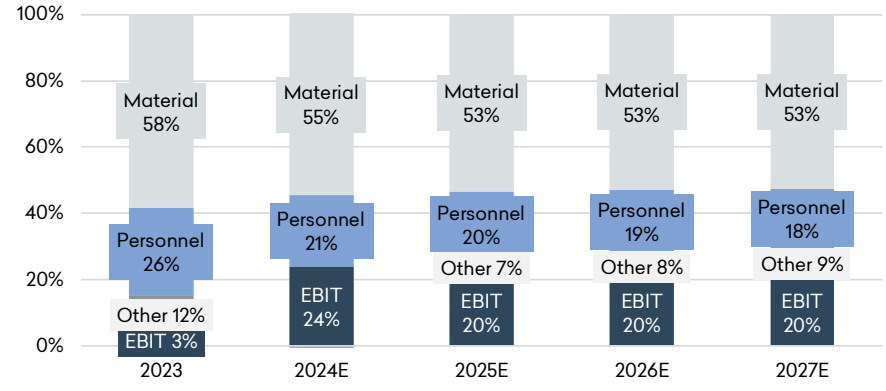
Source: Company data; Hauck Aufhäuser Investment Banking

At the same time, we **expect stable margins 2025-27E, supported by:**

- a declining material cost ratio, as **higher procurement quantities** should result in better conditions for Steyr Motors.
- **operating leverage**, which should become visible on **personnel cost** to sales ratio. While headcount was reduced by c. 8% from 2023 into 2024, thanks to efficiency gains with a more focused set of products, we expect a 12% headcount CAGR (2024-27E) to accommodate the sales growth.

The above is seen to balance an increase in other costs, incl. a rise in D&A. D&A is seen to grow noticeably from currently, c. € 1m to c. € 5m by 2027E (eHAIB), due to the depreciation of growth investments.

Costs in % of sales and adj. EBIT margin development (eHAIB)

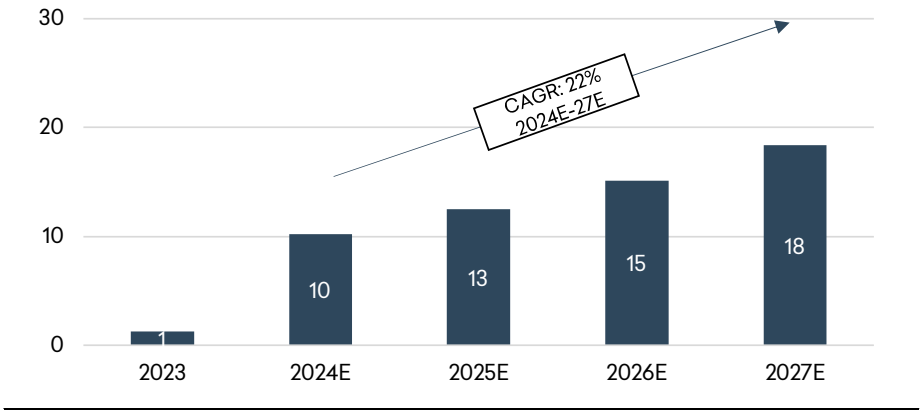


Source: Company data; Hauck Aufhäuser Investment Banking

For 2025E, we expect that the strong sales growth (eHAIB: 45% yoy) is accompanied by a slight adj. EBIT margin decline (eHAIB: -3.8pp yoy). This is largely explained by higher D&A. In fact, the adj. EBITDA margin is seen to decline by only 1.7pp yoy, which in turn should be explained by a front-loaded increase in personnel and other expenses to support the business expansion.

The strong sales growth also explains why we assume a 22% EBIT CAGR (2024E-27E, eHAIB).

EBIT development (eHAIB; € m)



Source: Company data; Hauck Aufhäuser Investment Banking

In the two charts above, we have adjusted the 2023 and 2024E numbers for one-off (mainly consulting expenses that Steyr Motors has paid to Mutares; € 4.8m in 2023 and eHAIB: € 2.2m in 2024E). Thereafter, we currently expect no adjustments.

Steyr Motors P&L (eHAIB)	FY 2022	FY 2023	FY 2024E	FY 2025E	FY 2026E	FY 2027E	CAGR 2024E-27E
Sales	**28.05**	**38.13**	**42.50**	**61.63**	**75.18**	**90.22**	29%
yoy	-30.6%	35.9%	11.5%	45.0%	22.0%	20.0%	
in % of FY							
Inventory chg.	**1.27**	**-1.08**	**1.50**	**1.00**	**1.00**	**1.00**	
chg yoy	4.20	-2.35	2.58	-0.50	0.00	0.00	
Total sales // TOR	**29.32**	**37.05**	**44.00**	**62.63**	**76.18**	**91.22**	
Material expenses	**19.34**	**22.27**	**23.38**	**32.94**	**39.79**	**47.40**	
yoy	-12.7%	15.1%	5.0%	40.9%	20.8%	19.1%	
in % of TOR	66.0%	60.1%	53.1%	52.6%	52.2%	52.0%	
Gross profit	**9.98**	**14.79**	**20.63**	**29.69**	**36.40**	**43.82**	
yoy	-34.8%	48.1%	39.5%	43.9%	22.6%	20.4%	
in % of TOR	34.0%	39.9%	46.9%	47.4%	47.8%	48.0%	
pp chg	-6.8pp	5.9pp	7.0pp	0.5pp	0.4pp	0.3pp	
Personnel	**8.79**	**10.07**	**9.10**	**12.10**	**14.28**	**16.42**	
yoy	-2.6%	14.5%	-9.6%	33.0%	18.0%	15.0%	
in % of sales	31.4%	26.4%	21.4%	19.6%	19.0%	18.2%	
Other income	**4.03**	**0.29**	**2.40**	**2.42**	**2.45**	**2.47**	
yoy	694.0%	-92.9%	740.9%	1.0%	1.0%	1.0%	
in % of sales	14.4%	0.7%	5.6%	3.9%	3.3%	2.7%	
Other expenses	**3.83**	**9.00**	**4.90**	**4.80**	**5.45**	**6.21**	
yoy	-2.7%	134.9%	-45.5%	-2.0%	13.5%	14.0%	
in % of sales	13.7%	23.6%	11.5%	7.8%	7.2%	6.9%	
EBITDA	**1.38**	**-3.99**	**9.03**	**15.21**	**19.12**	**23.66**	38%
yoy	-51.7%	-388.6%	-326.2%	68.5%	25.7%	23.8%	
EBITDA margin	4.9%	-10.5%	21.2%	24.7%	25.4%	26.2%	
pp chg	-2.2pp	-15.4pp	31.7pp	3.4pp	0.7pp	0.8pp	
adj. EBITDA	**1.38**	**1.99**	**11.23**	**15.21**	**19.12**	**23.66**	
yoy	-51.7%	44.3%	462.8%	35.5%	25.7%	23.8%	
EBITDA margin	4.9%	5.2%	26.4%	24.7%	25.4%	26.2%	
adjustment	0.00	5.98	2.20	0.00	0.00	0.00	
D&A	**0.99**	**0.67**	**1.00**	**2.70**	**4.00**	**5.30**	
yoy	10.4%	-31.9%	48.6%	170.0%	48.1%	32.5%	
in % of sales	3.5%	1.8%	2.4%	4.4%	5.3%	5.9%	
thereof Depreciation	0.90	0.60	0.9	2.2	2.8	3.8	
thereof Amortisation	0.09	0.08	0.1	0.5	1.2	1.5	
EBIT	**0.39**	**-4.66**	**8.03**	**12.51**	**15.12**	**18.36**	
yoy	-80.0%	-1283.2%	-272.1%	55.9%	20.8%	21.4%	
EBIT margin	1.4%	-12.2%	18.9%	20.3%	20.1%	20.3%	
pp chg	-3.5pp	-13.6pp	31.1pp	1.4pp	-0.2pp	0.2pp	
adj. EBIT	**0.39**	**1.32**	**10.23**	**12.51**	**15.12**	**18.36**	22%
yoy	-80.0%	235.4%	673.7%	22.3%	20.8%	21.4%	
EBIT margin	1.4%	3.5%	24.1%	20.3%	20.1%	20.3%	
Interest expenses	**0.12**	**0.27**	**0.40**	**0.50**	**0.60**	**0.70**	
yoy	50.6%	125%	50.2%	25.0%	20.0%	16.7%	
in % of sales	0.4%	0.7%	0.9%	0.8%	0.8%	0.8%	
Other	**0.00**	**0.22**	**0.00**	**0.00**	**0.00**	**0.00**	
in % of sales	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	
EBT	**0.28**	**-4.71**	**7.63**	**12.01**	**14.52**	**17.66**	
yoy		-1804%	-262.0%	57.5%	20.9%	21.6%	
EBT margin	1.0%	-12.3%	17.9%	19.5%	19.3%	19.6%	
Income tax	**0.09**	**0.03**	**1.79**	**2.76**	**3.34**	**4.06**	
yoy	-78.9%	-69%	6799.8%	54.1%	20.9%	21.6%	
Tax rate	30.8%	-0.6%	23.5%	23.0%	23.0%	23.0%	
Net profit	**0.19**	**-4.73**	**5.83**	**9.25**	**11.18**	**13.60**	
yoy		-2576%	-223.2%	58.5%	20.9%	21.6%	
Net profit margin	0.7%	-12.4%	13.7%	15.0%	14.9%	15.1%	

Source: Company data, Hauck Aufhäuser Investment Banking

Note: 2023 and prior years reflect results based on Austrian GAAP. Meanwhile, our forecast (i.e. 2024E and thereafter) is IFRS-based

Valuation

We value Steyr Motors with a PT of € 30. This is backed by three valuation methods:

- a **defence peer group** analysis yielding a **fair value per share of € 36**. This is based on a blended 2025E EV/EBITDA and EV/EBIT multiple.
- **a DCF approach** resulting in a **fair value per share of € 29**.
- a **Free Cash Flow Yield approach** resulting in a fair value per share of **€ 24 based on 2025E**.

Under a more optimistic forecast, in which Steyr Motors would achieve the € 40m in EBIT it aspires to by 2027E, a back of the envelope valuation suggests a fair EV of € 495m based on the defence peer group multiple.

Peer group analysis

Essentially, we have looked at two peer groups: **defence contractors and diesel engine manufacturers**.

In our opinion, the **defence peer group is more suitable to value Steyr Motors**, because these peers as well as the Steyr Motors case presents the following highly relevant characteristics:

1. Benefit from a **defence super cycle;**
2. **Less dependent on consumer/business sentiment** with end-customers mostly being governments;
3. **Hard to replace** (often) single-source supplier of mission critical solutions;
4. **Less affected by a transition to alternative energy solutions/fuels**

The implied equity valuation for Steyr Motors would be € 187m (€ 36 per share), based on a defence peer group valuation (50% EV/EBITDA, 50% EV/EBIT 2025E).

On the other hand, Steyr Motors is also an engine manufacturer and potential investors are highly likely to also look into that direction for a valuation anchor. Therefore, for reference purposes, we have created this peer group as well. The implied equity valuation based on the diesel engine manufacturer peer group would be € 101m (50% EV/EBITDA, 50% EV/EBIT 2025E; € 19 per share). However, the characteristics of the customer relationship and end-market behaviour are different to Steyr Motors, which is why we recommend to focus on the defence peer group.

Defence contractor peer group

	EV/EBITDA 25E (x)	EV/EBIT 25E (x)
SAAB AB-B	11.7	16.3
BAE SYSTEMS PLC	11.1	13.9
QINETIQ GROUP PL	7.9	10.6
INDRA SISTEMAS	5.5	6.8
AIRBUS SE	9.3	12.4
THALES SA	10.2	13.2
DASSAULT AVIATIO	6.7	8.7
SAFRAN SA	13.9	17.7
LEONARDO SPA	7.3	10.3
FINCANTIERI SPA	6.3	10.9
LOCKHEED MARTIN	15.6	17.9
RTX CORP	14.5	18.7
NORTHROP GRUMMAN	14.4	19.3
L3HARRIS TECHNOL	13.9	17.3
GENERAL DYNAMICS	13.7	16.2
HUNTINGTON INGAL	10.7	15.7
BOEING CO/THE	18.3	26.3
LEIDOS HOLDINGS	13.2	14.7
ELBIT SYSTEMS	13.7	18.0
BABCOCK INTL GRP	6.5	8.6
HENSOLDT AG	9.2	13.0
RHEINMETALL AG	9.5	11.6
RENK GROUP AG	10.6	14.8
Median	10.7	14.7

Steyr Motors		
EBITDA	15.2	
EBIT		12.5
Implied fair EV	163.4	184.1
Net cash	13.2	13.2
Implied fair equity value	176.6	197.3

Source: Bloomberg, Hauck Aufhäuser Investment Banking

Diesel engine manufacturer peer group

	EV/EBITDA 25E (x)	EV/EBIT 25E (x)
DEUTZ AG	3.2	5.4
CNH INDUSTRIAL N	7.4	8.5
TRATON SE	2.9	4.5
VOLVO AB-B	5.5	7.3
CUMMINS INC	9.7	12.4
CATERPILLAR INC	12.7	14.3
KUBOTA CORP	10.7	14.7
ISUZU MOTORS	4.6	6.0
PACCAR INC	8.7	10.1
DAIMLER TRUCK HO	3.4	4.2
FORD MOTOR CO	2.4	3.6
ROLLS-ROYCE HOLD	13.4	18.6
WEICHAI POWER-A	5.0	8.0
GENERAL MOTORS C	2.8	4.0
Median	5.3	7.6

Steyr Motors		
EBITDA	15.2	
EBIT		12.5
Implied fair EV	80.0	95.5
Net cash	13.2	13.2
Implied fair equity value	93.2	108.7

Source: Bloomberg, Hauck Aufhäuser Investment Banking

Defence companies in the peer group

Airbus - The European aerospace company Airbus generates 80% of its revenues with commercial aircraft (e.g. Airbus A320). Meanwhile, their defence and space division, is producing fighter aircraft (Eurofighter Typhoon and cooperating with Dassault on the next generation fighter) as well as military transport aircraft and tanker to refuel fighter jets mid-air. In addition, Airbus is developing unmanned aircraft systems (UAS, e.g. the Eurodrone).

BAE Systems - UK-based BAE Systems is a defence contractor, which generates 42% of sales in the US and is the UK's and Australia's largest contractor. BAE is active in all defence areas, such as electronic warfare, air (e.g. present on F-35 and Typhoon), land and see (as well as undersea).

Babcock - Babcock is a British company specializing in defence, aerospace, and security. About 70% of the company's revenue comes from the defence sector. The company designs and produces specialized equipment, including ship and submarine components, liquid gas and weapons handling systems. Notably, Babcock is responsible for the maintenance of the entire British submarine fleet.

QinetiQ - QinetiQ is a defence technology company. It is UK-based, where it also generates c. 66% of revenues, followed by the US (19% of revenues). QinetiQ operates across platforms and systems and is particularly specialized in robotics (e.g. development of the Talon robots), autonomous systems experimentation e.g. of new radar techniques or laser weapons as well as adjacent testing, training and engineering solutions.

Indra Sistemas - Within its defence segment, Indra focuses on Radar, communications and electronic defence. The company cooperated with HENSOLDT on the production of the Mk1 nose radar for the Eurofighter and is the Spanish coordinator of the FCAS (where it cooperates with Hensoldt and Thales amongst others).

Saab - Swedish company Saab is a defence contractor that operates an aeronautics segment (27% of sales), a weapon and missile unit (24% of sales), surveillance solutions (36% of sales) and marine business (9% of sales). The company's most prominent defence product is the Gripen fighter jet, which is considered to have slightly weaker capabilities than the Eurofighter Typhoon or the Rafale, but operates more cost efficient.

Thales - The French company Thales is a leading developer for air traffic management, defence sensors, flight avionics and civil satellites. Together with Indra and FCMS (a German consortium), Thales is also heavily involved in the FCAS (a future air combat system for Europe) sensor solutions. Interestingly, the French state owns 26% of outstanding shares and Dassault Aviation 25.2%.

Dassault Aviation - The French-based airplane manufacturer Dassault Aviation basically operates two airplane types, the Falcon series for leading high-class business jets and the military jets most prominently the fighter jet Rafale. Dassault Aviation is also playing a crucial role in the FCAS (Future Combat Air System) and the Eurodrone program.

Safran - French-based Safran is primarily an engine manufacturer (51% of sales), thereof c. 11% belongs to military aviation and less than 11% to military helicopters. The company also operates an equipment & defence segment (38% of sales), where it develops optronics, avionics and tactical drones.

Leonardo - Italian-based Leonardo is active in the aerospace, defence and security markets. Its strongest segment is Defence Electronics and

Security (47% of sales), followed by Helicopters (30% of sales) and Aircraft (19% of sales). The company represents Italy in the Global Combat Air Program (GCAP), which aims at building a next-generation fighter yet, replacing the Eurofighter, and is a collaboration with UK's BAE Systems and Japan's Mitsubishi Heavy Industries.

Fincantieri - Fincantieri is Europe's largest shipbuilding company. The Italian-based company builds both commercial as well as military vessels, the latter accounting c. 25% of total revenues. Going forward, the share of defence revenues is expected to grow via M&A. In fact, Fincantieri is currently (March 2024) considering to buy certain parts of Leonardo's submarine unit and is seen to be interested in Thyssenkrupp's defence segment.

Lockheed Martin - The US-based defence company Lockheed Martin is most notably known for the stealth fighter jet F-35 Lightning II, which represents c. 26% of the company's sales. Additionally, the company develops other military jets, helicopter and ship systems (incl. radar solutions) missiles and missile defence, rocket launchers and space solutions (i.e. satellites, transportation systems).

RTX Corporation - RTX, formerly Raytheon Technologies Corporation, is a US-based defence company. It is specialized on missile design and production and air defence including advanced sensor and radar technology as well as missile defence systems (Patriot system). In addition, the company develops and produces Pratt & Whitney branded aircraft engines and a variety of other aerospace related products (e.g. flight control systems or landing systems).

Northrop Grumman - Northrop Grumman, a US-based weapons manufacturer, leads the development of the B-21 Raider, a long-range stealth bomber. Moreover, the company is engaged in a variety of defence solutions incl. missile development, ammunition production and aeronautic systems such as fuselage production of fighter jets.

L3Harris Technologies - US-based L3 Harris develops air and space intelligence, surveillance and reconnaissance systems (ISR), tactical communication, as well as sensors (incl. infrared and laser imaging), processors (F-35 main computer) and night vision devices.

General Dynamics - General Dynamics is a US-based defence company that is developing tanks (e.g. M1 Abrams), nuclear-powered submarines (Virgina and Columbia class), military ship (Arleigh Burke class) as well as the Gulfstream jets for business purposes.

Huntington Ingalls Industries (HII) - HII, which was divested by Northrop Grumman in 2011, is a US-based military shipbuilding company. They build nuclear aircraft carriers, nuclear submarines and surface combatants.

Boeing - Next to commercial aircrafts, the US-based company Boing is active in producing military aircraft and weapons systems for strike and surveillance operations.

Leidos - US-based Leidos is a software developer for information security, focused on government services. Among the defence solutions are e.g. mission, systems, intelligence, surveillance and reconnaissance (ISR), electronic warfare, maritime solutions (e.g. sensor systems) and weapon systems (e.g. missile components).

ELBIT systems - ELBIT is an Israel-based military technology company, which is generating c. 29% of revenues in Europe (25% in North America, 23% APEC, 17% Israel). It is specialized on infrared counter measures,

active protection systems, artillery systems, tactical radios, imaging systems, UAV development and electronic warfare solutions.

Rheinmetall - Rheinmetall is one of Europe's largest defence contractors. Based in Germany, the company is particularly focused on mid and large calibre ammunition as well as tactical and logistic vehicles, where Rheinmetall is present on many relevant projects incl. the Leopard 2, Puma, Boxer, Fuchs, Lynx, Panther KF51, Caracal, Panzerhaubitze 2000 and more.

HENSOLDT - The company develops platform-independent sensor and optronic solutions for defence applications. Important products are for example the TRML-4D air defence radar and the Eurofighter nose radar. While it is relatively new to public markets (IPO in 2020), HENSOLDT has a long and rich history that spans over 125 years through its various predecessor companies.

RENK - German-based platform independent defence company RENK, is the market leader for transmissions in military tracked vehicles. It is also market leader for propulsion systems and gears used in large naval surface combatants. The company recently listed on the Frankfurt Stock Exchange.

Diesel engine manufacturers in the peer group

Deutz - Deutz is a German independent ICE manufacturer with a leading global presence. The company is focused on compact diesel engines, which are mainly used in construction machinery (2023: 29% of total sales), material handling solutions (2023: 18% of total sales) and agriculture (2023: 13% of total sales). Going forward, Deutz eyes to also be present in defence application (European armoured fighting vehicles) and the diesel generator business via organic and inorganic means.

Cummins - Cummins is a US-based independent engine manufacturer focused on diesel and gas engines (2023: 28% of total sales). The other segments are components complementing engines and power systems (2023: 32% of sales) and the distribution segments. Within the engine segment, Cummins also serves off-highway engines for defence end-markets. PACCAR, Traton and Daimler are the largest customers of heavy- and medium duty truck and bus engines.

Rolls-Royce - One segment of Rolls-Royce is called Power Systems (26% of total sales) and essentially manufactures diesel engines via the German brand mtu (Friedrichshafen). This segment has a 15-20% market share in power generators (mainly used in data centres). It claims a c. 30% market share in land defence and naval and a 15-20% market share in commercial marine and yachts. Total sales of the Power Systems division stood at c. € 4.7bn.

Caterpillar - Cat, is an American construction, mining and other equipment manufacturer. In addition, it is producing diesel and gas engines. Next to the diesel engines applications in the company's own vehicles, they are used as the prime movers in locomotives, semi-trucks and ships. Cat's defence subsidiary also provides diesel engines for several defence vehicles ranging from tanks to submarines and military bulldozers.

Weichai Power - founded in 1953, Weichai Power was one of the first diesel engine manufacturers in China. Since 1984, the company produces

engines following the design engineered by Austrian Steyr Daimler Puch (WD615 engines) and develops them further, making it an important part of Weichai's growth story. In 2023, the engines segment accounted for 28% of sales and 59% of EBIT. It also manufactures forklifts and other automotive parts. The company also holds a 46.5% stake in German Kion AG. Today, the Chinese company is one of the largest automotive suppliers globally.

General Motors – GM is a multinational automotive manufacturing company. Headquartered in the USA, GM is known for its brands Chevrolet, Buick, GMC and Cadillac. GM'S diesel engine, the Detroit Diesel V8, is used in the popular HumVee, a family of light military trucks.

Isuzu Motors - Isuzu is a Japanese automobile manufacturer. The company's main activities are the development and sale of diesel-powered commercial vehicles and industrial and marine diesel engines.

CNH Industrial – CNH Industrial is a multinational corporation headquartered in the UK, listed on NYSE and incorporated in Netherlands. CNH Industrial designs and produces agricultural machinery (e.g. tractors and combines) and construction equipment (e.g. backhoe loaders and crawler excavators). Brands run by CNH Industrial are Case IH, New Holland and Steyr. That being said, CNH also purchases many engines from Iveco Group (via FPT brand).

Traton - Traton is one of the world's largest commercial vehicle manufacturers and the company is controlled by Volkswagen AG, which owns 90% of the shares. In 2023, 83% of unit sales related to trucks, followed by buses (9% of unit sales). The Navistar brand (35% of total truck sales) is also producing diesel engines.

Daimler Truck - German company Daimler Truck is the globally leading manufacturer of commercial vehicles. At present a majority of the group's products are powered by diesel engines. The company operates various brands incl. Detroit Diesel, a leading diesel engine manufacturer in the USA, the engines are also used in the Freightliner trucks. In addition, Daimler Truck also has Cummins as a diesel engine supplier.

Paccar - US commercial vehicle manufacturer Paccar is producing high quality light to heavy duty trucks. The company also designs and manufactures diesel engines, primarily for use in the Paccar trucks. Engines not manufactured by the company are purchased from Cummins Inc.

Volvo Group - the Volvo Group offers trucks (2023: 67% of total sales), construction equipment (2023: 19% of total sales) and buses (2023: 4% of total sales). Moreover, via the Volvo Penta brand (4% of sales) it is a globally leading producer of engines (both diesel and petrol) for marine and industrial applications. However, some engines are developed by others (e.g. Perkins, Kubota and Deutz).

Kubota - Kubota is a Japanese company focused on agriculture, construction and water treatment equipment. Their engines are available for diesel and gasoline usage and mostly have a displacement smaller than 6 litres.

Ford Motor Company - Ford is one of the largest automobile and commercial vehicle manufacturers globally. In 2023, 90% of sold US units were ICE vehicles, highlighting their importance for Ford. Ford develops

heavy duty diesel engines itself and cooperates with PSA (Peugeot Société Anonyme, today part of Stellantis) for smaller diesel engines.

DCF model

Our DCF valuation derives an **implied fair value per share of € 29** for Steyr Motors. The key assumptions of our model are:

- **Terminal EBIT margin**: 15%. While Steyr Motors is currently achieving an EBIT margin of >20%, we cautiously assume that competitive pressure and/or market entry (see Deutz) in Steyr Motors' lucrative niche could lead to some margin compression in the long term.
- **Terminal growth**: 2%, which is in line with inflation.
- **WACC**: 9.0% (2% risk-free rate, 6% risk premium, 1.2x beta given that Steyr Motors is a novice on public markets and low liquidity, despite defence companies generally have a beta below 1 due to their resilient business model). We assume that the company is completely equity financed in the long run.

Looking at the sensitivity analysis below, a 1pp higher or lower terminal year EBIT margin would imply a fair value per share of € 28 at a 14% EBIT margin or € 31 at a 16% EBIT margin.

DCF (EUR m) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	6.1	9.6	11.6	14.1	16.0	17.2	17.5	16.7	14.1
Depreciation	1.0	2.7	4.0	5.3	5.5	5.7	6.0	6.5	6.7
Increase/decrease in working capital	-1.6	-5.4	-4.7	-4.4	-4.5	-3.8	-3.2	-1.6	-0.8
Increase/decrease in long-term provisions and accruals	0.6	0.4	0.4	0.5	0.3	0.3	0.2	0.1	0.0
Capex	-3.3	-5.9	-6.9	-6.0	-6.0	-6.2	-6.3	-6.5	-6.7
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital increase	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow	**4.9**	**1.4**	**4.4**	**9.6**	**11.3**	**13.2**	**14.2**	**15.2**	**13.2**
Present value	4.8	1.3	3.7	7.3	7.9	8.5	8.3	8.2	101.8
WACC	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%

DCF equity value derived from	
Total present value	152
thereof terminal value	67%
Net debt (net cash) at start of year	-5
Financial assets	0
Provisions and off balance sheet debt	4
Equity value	153
No. of shares outstanding	5.2
Discounted cash flow per share	**29.4**
upside/(downside)	**210%**
Share price	**14.00**

DCF avg. growth and earnings assumptions	
Short term growth (2024 - 2027)	29%
Medium term growth (2027 - 2031)	6.7%
Long term growth (2031 - infinity)	2.0%
Terminal year EBIT margin	15.0%

WACC derived from	
Cost of borrowings before taxes	6.0%
Tax rate	23.5%
Cost of borrowings after taxes	4.6%
Required return on invested capital	9.0%
Risk premium	6.0%
Risk-free rate	2.0%
Beta	1.2

Sensitivity analysis DCF

WACC \ Long term growth	0.0%	1.0%	2.0%	3.0%	4.0%
11.0%	21	22	23	25	27
10.0%	23	24	26	28	31
9.0%	25	27	29	33	37
8.0%	28	31	34	39	46
7.0%	32	36	41	49	62

Sensitivity analysis DCF

WACC \ EBIT margin terminal year	13.0%	14.0%	15.0%	16.0%	17.0%
11.0%	21	22	23	24	25
10.0%	24	25	26	27	28
9.0%	27	28	29	31	32
8.0%	31	33	34	36	38
7.0%	37	39	41	43	46

Source: Company data, Hauck Aufhäuser Investment Banking

FCFY model

The central idea behind the free cash flow yield valuation technique is to assume a steady business state, were capex is reduced to **maintenance capex** (eHAIB: € 2.5m in 2025E). This approach **does not account for future growth prospects**, which, however, are an elementary part of the equity story.

Firstly, we calculate an adjusted FCF and then assume it is a perpetuity (no growth) with a discount rate (WACC) of 9% to get the enterprise value. Finally, we deduct EV reconciliations to get the equity value.

Based on 2025E, Steyr Motors **share would be considered worth € 24**.

FCF yield, year end Dec. 31	2024E	2025E	2026E	2027E
EBITDA	**9.0**	**15.2**	**19.1**	**23.7**
- Maintenance capex	1.0	2.5	2.8	3.0
- Minorities	0.0	0.0	0.0	0.0
- tax expenses	1.8	2.8	3.3	4.1
= Adjusted Free Cash Flow	**6.2**	**9.9**	**13.0**	**16.6**
Hurdle rate	9.0%	9.0%	9.0%	9.0%
Fair EV	**69.3**	**110.5**	**144.8**	**184.4**
+ Net debt (cash)	-11.9	-13.2	-17.3	-26.6
+ Pension provisions	0.0	0.0	0.0	0.0
+ Off balance sheet financing	0.0	0.0	0.0	0.0
+ Adjustments prepayments	0.6	0.7	0.8	0.9
- Financial assets	0.0	0.0	0.0	0.0
- Dividend payment	0.0	0.0	0.0	0.0
EV Reconciliations	***-11.3***	***-12.5***	***-16.6***	***-25.7***
Fair market cap	**80.6**	**123.0**	**161.3**	**210.1**
No. of shares (million)	5.2	5.2	5.2	5.2
Fair value per share	**15.5**	**23.7**	**31.0**	**40.4**
Current share price	14.0	14.0	14.0	14.0
Fair value vs. current price	**11%**	**69%**	**122%**	**189%**

Source: Company data, Hauck Aufhäuser Investment Banking

Blue sky scenario – for information purposes only – back of the envelope calculation

Using a different set of assumptions, **Steyr Motors EV could be worth € 495m**.

The assumptions:

1. the **one year forward defence peer group EV/EBIT multiple does not change and stays at 14.7x**.
2. Steyr Motors performs in line with the company's mid-term aspiration and **achieves an EBIT of € 40m in 2027E**.

Then, in 2026E, the calculation would be: one-year forward EBIT (€ 40m) times the multiple (14.7x) is equalling an EV of € 588m.

To get a present value of the EV, we discount this for 2 years (9% discount rate), resulting in € 495m. Adding net cash, we derive at a potential share value of € 96.

Theme

Big-ticket orders expected near term

Steyr Motors has numerous large orders pending. Latest by Q1 2025E, a deal with Rheinmetall is expected to be signed, which could result in c. € 17m in sales until 2027E (eHAIB). See growth section for a detailed list of big-ticket opportunities.

Strong operational developments ahead

For 2025E, we expect **45% yoy sales growth** to € 62m at a 20.3% EBIT margin.

Divestment by Mutares

Currently, Mutares holds c. 70% of Steyr Motors. Following the successful turnaround and a successful listing, Mutares could be expected to gradually sell-down its stake in the company, which should **improve the share's liquidity**.

M&A may complement existing growth plans any time

Steyr Motors could be buying a company active in the diesel generator business for defence applications at some point in the future. According to our understanding, such **battlefield generators** become ever more important, due to the high energy voracity of advanced electronic defence solutions. Such an acquisition would perfectly match Steyr Motors niche focus, in our view.

Investment risks

Competition: Steyr Motors operates in a market with other well-established engine manufacturers. Rapid technological advances could reduce market share or pressure margins if not kept up with innovations.

Customer dependency: The loss of major key-accounts could significantly impact revenues and profitability.

Green warfare: With a growing importance of climate change and thus environmentally friendly solutions, it could be possible that defence customers makes a step towards energy solutions that are perceived to be better for the environment. This could limit the demand for Steyr Motors diesel engines.

Governance risks: Investor protection is not very strong in the Scale segment (e.g. on transparency). With a large controlling shareholder, minority shareholders have little voting power, which creates a dependency on the controlling shareholder.

Liquidity and solvency risks: Steyr Motors may encounter liquidity challenges if operational cash flow fails to cover investments, potentially limiting its ability to finance growth or, in a worst case, jeopardizing its going concern status. While the company has no external debt, it also has a small asset base and already makes use of factoring to improve liquidity.

Geopolitical risks: International end markets, such as China or the Middle East, might face sanctions in the future, which could cause supply chain disruptions or impact demand negatively.

Supply chain risks: The company's operations could be affected by disruptions in the supply of critical components.

Company background

Products

Based on one blueprint of a light-weight, resilient and high-performance engine, Steyr Motors has several engine versions with 2, 4 and 6 cylinders. While the base engine is the same whether used on land or sea, it receives some individual adjustments e.g. sea water cooled intercooler.

Engines for **sea application are called "SE"**. They are called "**M1" for land application**. The last number in the engine name always indicates the number of cylinders. Hence a M16 engine is a Steyr Motors land engine with six cylinders.

The engines are used in **military vehicles and boats as the primary power generator** i.e. providing drive/propulsion as well as in **tanks and locomotives as auxiliary power units**.

What is an aggregate // auxiliary power unit?

An auxiliary power unit (APU) is a small engine or device used to provide power to an aircraft, vehicle or boat when the main engine is not running or when additional power is needed. Essentially, it works like a backup generator that supplies electricity, air conditioning, heating or other necessary functions without using the main engine.

For example, APUs are utilized in main battle tanks (MBT) when stationary and with the main engine off. By using APUs, the operating duration and readiness of turret systems can be greatly extended, all while keeping thermal and acoustic signatures low. Additionally, APUs complement battery storage and are valuable for stationary applications, such as protecting critical infrastructure or properties.

Steyr Motors APUs essentially consist of a standard M12 or M16 engine and are further enhanced by including a generator, cooling, an electrical control unit, a hydraulic system, a fuel system and all subsystems in one compact box. Therefore, they are also **more expensive compared to the base engine**. While the average price of the base engine is seen to be c. € 30k, the price of an APU is considered to be between € 50-120k (eHAIB). Principally, the M12 APU is used in tanks and the M16 APU in locomotives such as the Siemens Vectron.

Marine: SE4 and SE6

SE4: 106-118 kW
SE6: 88-215 kW

SE4: 2.1 lt
SE6: 3.2 lt

SE4: 263 kg
SE6: 340 kg

Primary propulsion & electricity for:


Rib boat


Battle boat


Work boat


Rescue boat

Land vehicles: M14 and M16

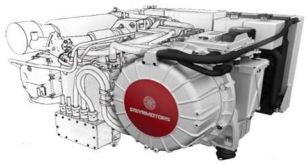
M14: 36-120 kW
M16: 110-215 kW

M14: 2.1 lt
M16: 3.2 lt

M14: n.a.
M16: <280 kg

Primary power for special military vehicles weighing from 3.5t to 10t:

Land aggregates: M12 and M16 variants



M12: 20-40 kW
M16: 110-180 kW

M14: 1.1 lt
M16: 3.2 lt

M14: n.a.
M16: n.a.

Auxillary power unit for tanks and locomotives:

Source: Company data; Hauck Aufhäuser Investment Banking

Understanding power: 1kW (kilowatt) is c. 1.34 horsepower. More power means higher speed, acceleration and performance.

Understanding displacement: Displacement is the total volume of all the cylinders in the engine when the pistons are at their lowest point. The engine displacement volume is measured in litres (l). Generally speaking, the more air/fuel mixture an engine can process the more power it has (larger displacement = more power).

Selected historic milestones

1864: Foundation of Wrendl & Company in Steyr, later named to Steyr-Daimler-Puch.

1922: Development of the first Monoblock engine in Steyr.

1979: Testing of the so-called M1 engine for the first time.

1991: Development of the first electronically controlled marine diesel engine.

1993: Market launch of the Steyr marine diesel engine.

2001: Foundation of Steyr Motors as an independent company after a management buy-out.

2003: Moving into a new production and development site in Steyr.

2012: Takeover of Steyr Motors by Phoenix Tree HSC Investment, a Hong Kong-based investor group.

2018: Application for restructuring proceedings, due to liquidity problems. In our view, this was related to a broad product portfolio that suffered from the limited success of hybrid engines.

2019: Takeover by Thales, with the aim to keep all 150 employees and to secure the orders Thales had received for the Hawkei from the Australian MoD, with limited growth ambition beyond this programme.

2022: Takeover by Mutares

Mutares turnaround since 2022

Thales invited Mutares in an exclusive process due to the turnaround reputation of Mutares and the need to find a buyer who could ensure engine delivery to Thales, given important orders from the Australian (Thales product with Steyr engine: Hawkei).

Mutares acquires Steyr Motors in November 2022, recognizing the substantial potential for improvement of a reputable company.

Via active management, Mutares secured Steyr Motors' liquidity, increased the growth opportunities and boosted margins via the following measures:

New sales strategy (eHAIB: c. € 10m EBITDA improvement): increased **customer life-time value** incl. higher share of customer-paid engineering as well as a higher share of MRO services; **re-activation of key accounts** (with new contracts and including price increases); focus on **international expansion** with a new sales strategy. *See Growth section for a more detailed overview of the **big-ticket opportunities**.*

Leaner organizational setup (eHAIB: > € 5m EBITDA improvement): by **cancelling non-profitable engineering projects, merging areas of responsibility** and adjusting sales structures, Mutares reduced the number of FTEs (eHAIB: -18 between 2022-2024), and implemented this cut via a social plan.

In addition, some smaller **engineering adjustments** were made to improve engineering processes (**standardization**) and to the product portfolio (**new focus on generators usable by the military**).

In total, the estimated EBITDA improvements identified by Mutares are c. € 20m with the implementation fully on track. (2023 total EBITDA: € 9.2m, eHAIB for 2025E: € 16.5m).

About Mutares the controlling shareholder:

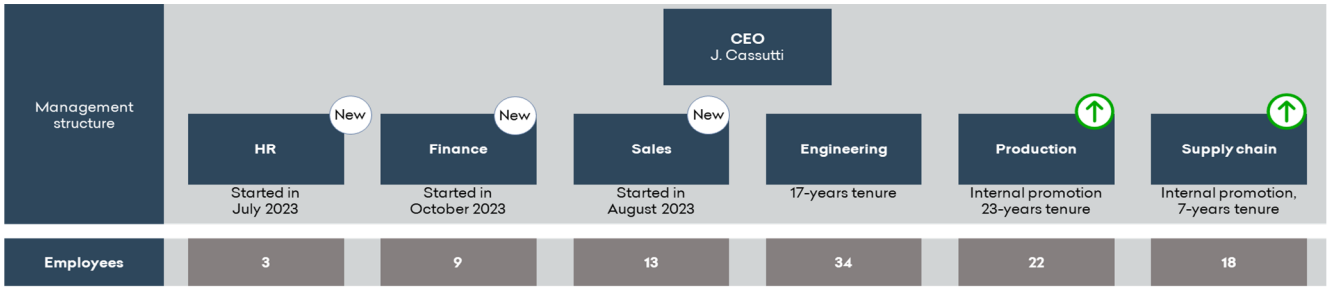
Mutares SE & Co. KGaA is a Germany-based holding company founded in 2008, specializing in acquiring medium-sized companies in turnaround situations to restructure them and promote growth. Mutares focuses on companies with high development potential that already have an **established business model** - often combined with a **strong brand and a strong balance sheet**. The focus is on companies with sales of EUR 100 million to EUR 750 million in the following segments: Automotive & Mobility, Technology & Engineering, Goods & Services and Retail & Food. Mutares aims to **revitalize these businesses** for eventual sale and is listed on the Frankfurt Stock Exchange. The current portfolio includes 30 companies, which together have 27k employees and generate € 4.7bn in sales.

Julian Cassutti the CEO of Steyr Motors

Julian Cassutti was appointed as Steyr Motors CEO, effective November 2022, when Mutares acquired the company. Before, Mr Cassutti has held several management positions incl. both as CEO or CFO e.g. as CFO at FONICA Deutschland, a portfolio company of Partners Group. In the past, he also held management positions for several years each at Deutsche Post, Roland Berger, Lincoln International and Lazard. Mr. Cassutti holds a degree (MBA equivalent) from the renowned University of Mannheim.

Experienced management team

Steyr Motors organizational structure



Source: Company data; Hauck Aufhäuser Investment Banking

In total, Steyr Motors has c. 106 employees, reflecting a mix of long-term employees and new experts. Overall, most employees are working in engineering (33%), followed by production (22%) and supply chain management (18%). Most of the employees are working locally in Steyr.

Examplary benefit of a Steyr Motors engine

Source: ChatGPT; Hauck Aufhäuser Investment Banking

Financials

Profit and loss (EUR m)	2021	2022	2023	2024E	2025E	2026E	2027E
Net sales	**40.4**	**28.1**	**38.1**	**42.5**	**61.6**	**75.2**	**90.2**
Sales growth	*n/a*	*-30.6 %*	*35.9 %*	*11.5 %*	*45.0 %*	*22.0 %*	*20.0 %*
Increase/decrease in finished goods and work-in-process	-2.9	1.3	-1.1	1.5	1.0	1.0	1.0
Total sales	**37.5**	**29.3**	**37.1**	**44.0**	**62.6**	**76.2**	**91.2**
Other operating income	0.5	4.0	0.3	2.4	2.4	2.4	2.5
Material expenses	22.1	19.3	22.3	23.4	32.9	39.8	47.4
Personnel expenses	9.0	8.8	10.1	9.1	12.1	14.3	16.4
Other operating expenses	3.9	3.8	9.0	4.9	4.8	5.4	6.2
Total operating expenses	34.6	27.9	41.0	35.0	47.4	57.1	67.6
EBITDA	**2.9**	**1.4**	**-4.0**	**9.0**	**15.2**	**19.1**	**23.7**
Depreciation	0.9	0.9	0.6	0.9	2.2	2.8	3.8
EBITA	**2.0**	**0.5**	**-4.6**	**8.1**	**13.0**	**16.3**	**19.9**
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.1	0.1	0.1	0.5	1.2	1.5
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	**2.0**	**0.4**	**-4.7**	**8.0**	**12.5**	**15.1**	**18.4**
Interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.1	0.1	0.3	0.4	0.5	0.6	0.7
Other financial result	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Financial result	-0.1	-0.1	0.0	-0.4	-0.5	-0.6	-0.7
Recurring pretax income from continuing operations	**1.9**	**0.3**	**-4.7**	**7.6**	**12.0**	**14.5**	**17.7**
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	**1.9**	**0.3**	**-4.7**	**7.6**	**12.0**	**14.5**	**17.7**
Taxes	0.4	0.1	0.0	1.8	2.8	3.3	4.1
Net income from continuing operations	**1.5**	**0.2**	**-4.7**	**5.8**	**9.2**	**11.2**	**13.6**
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	**1.5**	**0.2**	**-4.7**	**5.8**	**9.2**	**11.2**	**13.6**
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	**1.5**	**0.2**	**-4.7**	**5.8**	**9.2**	**11.2**	**13.6**
Average number of shares	5.2	5.2	5.2	5.2	5.2	5.2	5.2
EPS reported	**0.29**	**0.04**	**-0.91**	**1.12**	**1.78**	**2.15**	**2.61**

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E	2027E
Net sales	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
Increase/decrease in finished goods and work-in-process	neg.	4.5 %	neg.	3.5 %	1.6 %	1.3 %	1.1 %
Total sales	**92.7 %**	**104.5 %**	**97.2 %**	**103.5 %**	**101.6 %**	**101.3 %**	**101.1 %**
Other operating income	1.3 %	14.4 %	0.7 %	5.6 %	3.9 %	3.3 %	2.7 %
Material expenses	54.8 %	68.9 %	58.4 %	55.0 %	53.4 %	52.9 %	52.5 %
Personnel expenses	22.3 %	31.4 %	26.4 %	21.4 %	19.6 %	19.0 %	18.2 %
Other operating expenses	9.7 %	13.7 %	23.6 %	11.5 %	7.8 %	7.2 %	6.9 %
Total operating expenses	85.7 %	99.6 %	107.6 %	82.3 %	76.9 %	75.9 %	74.9 %
EBITDA	**7.1 %**	**4.9 %**	**neg.**	**21.2 %**	**24.7 %**	**25.4 %**	**26.2 %**
Depreciation	2.2 %	3.2 %	1.6 %	2.1 %	3.6 %	3.7 %	4.2 %
EBITA	**4.9 %**	**1.7 %**	**neg.**	**19.1 %**	**21.1 %**	**21.7 %**	**22.0 %**
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.0 %	0.3 %	0.2 %	0.2 %	0.8 %	1.6 %	1.7 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT (inc revaluation net)	**4.9 %**	**1.4 %**	**neg.**	**18.9 %**	**20.3 %**	**20.1 %**	**20.3 %**
Interest income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest expenses	0.2 %	0.4 %	0.7 %	0.9 %	0.8 %	0.8 %	0.8 %
Other financial result	0.0 %	0.0 %	0.6 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	**4.7 %**	**1.0 %**	**neg.**	**17.9 %**	**19.5 %**	**19.3 %**	**19.6 %**
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	**4.7 %**	**1.0 %**	**neg.**	**17.9 %**	**19.5 %**	**19.3 %**	**19.6 %**
Tax rate	21.3 %	30.8 %	-0.6 %	23.5 %	23.0 %	23.0 %	23.0 %
Net income from continuing operations	**3.7 %**	**0.7 %**	**neg.**	**13.7 %**	**15.0 %**	**14.9 %**	**15.1 %**
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	**3.7 %**	**0.7 %**	**neg.**	**13.7 %**	**15.0 %**	**14.9 %**	**15.1 %**
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net profit (reported)	**3.7 %**	**0.7 %**	**neg.**	**13.7 %**	**15.0 %**	**14.9 %**	**15.1 %**

Source: Company data, Hauck Aufhäuser Investment Banking

Balance sheet (EUR m)	2021	2022	2023	2024E	2025E	2026E	2027E
Intangible assets	**0.5**	**0.4**	**0.3**	**2.2**	**3.8**	**4.6**	**5.2**
Property, plant and equipment	4.4	4.4	1.8	7.1	9.0	11.3	11.6
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	**5.0**	**4.8**	**2.1**	**9.3**	**12.8**	**15.9**	**16.8**
Inventories	12.0	15.9	12.1	13.5	19.6	23.9	28.7
Accounts receivable	4.1	3.9	2.1	2.3	3.4	5.1	6.4
Other current assets	2.8	3.0	1.7	7.9	7.9	7.9	7.9
Liquid assets	3.2	1.5	5.7	12.1	13.4	17.6	26.8
Deferred taxes	0.0	0.0	0.0	0.2	0.2	0.2	0.2
Deferred charges and prepaid expenses	0.2	0.1	0.1	0.0	0.0	0.0	0.0
CURRENT ASSETS	22.3	24.5	21.7	36.1	44.5	54.7	70.0
TOTAL ASSETS	**27.3**	**29.3**	**23.8**	**45.4**	**57.2**	**70.6**	**86.8**
SHAREHOLDERS EQUITY	14.6	23.6	16.7	27.5	36.8	47.9	61.5
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	5.0	0.5	0.4	0.2	0.2	0.2	0.2
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	5.2	1.5	3.4	4.0	4.4	4.8	5.3
Non-current liabilities	**10.2**	**2.0**	**3.8**	**4.2**	**4.6**	**5.1**	**5.6**
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	1.0	2.3	2.2	2.2	3.9	5.3	7.0
Advance payments received on orders	1.1	0.3	0.6	0.6	0.7	0.8	0.9
Other liabilities (incl. from lease and rental contracts)	0.3	1.1	0.5	6.2	6.5	6.8	7.2
Deferred taxes	0.0	0.0	0.0	4.7	4.7	4.7	4.7
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	**2.5**	**3.7**	**3.3**	**13.7**	**15.9**	**17.6**	**19.7**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**27.3**	**29.3**	**23.8**	**45.4**	**57.2**	**70.6**	**86.8**

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E	2027E
Intangible assets	**1.9 %**	**1.5 %**	**1.4 %**	**4.9 %**	**6.6 %**	**6.5 %**	**6.0 %**
Property, plant and equipment	16.3 %	15.0 %	7.4 %	15.6 %	15.7 %	16.0 %	13.4 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
FIXED ASSETS	**18.2 %**	**16.4 %**	**8.9 %**	**20.6 %**	**22.3 %**	**22.5 %**	**19.3 %**
Inventories	44.1 %	54.4 %	50.8 %	29.7 %	34.2 %	33.8 %	33.0 %
Accounts receivable	14.9 %	13.2 %	8.7 %	5.1 %	5.9 %	7.3 %	7.4 %
Other current assets	10.4 %	10.4 %	7.3 %	17.4 %	13.8 %	11.2 %	9.1 %
Liquid assets	11.6 %	5.2 %	23.7 %	26.7 %	23.5 %	24.9 %	30.9 %
Deferred taxes	0.1 %	0.1 %	0.1 %	0.4 %	0.3 %	0.3 %	0.2 %
Deferred charges and prepaid expenses	0.7 %	0.4 %	0.5 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	81.8 %	83.6 %	91.1 %	79.4 %	77.7 %	77.5 %	80.7 %
TOTAL ASSETS	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**
SHAREHOLDERS EQUITY	53.4 %	80.4 %	70.2 %	60.6 %	64.2 %	67.9 %	70.9 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Long-term debt	18.3 %	1.7 %	1.7 %	0.4 %	0.4 %	0.3 %	0.3 %
Provisions for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other provisions	19.2 %	5.2 %	14.2 %	8.8 %	7.7 %	6.9 %	6.1 %
Non-current liabilities	**37.6 %**	**7.0 %**	**15.9 %**	**9.2 %**	**8.1 %**	**7.2 %**	**6.4 %**
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	3.7 %	8.0 %	9.3 %	4.8 %	6.9 %	7.5 %	8.0 %
Advance payments received on orders	4.1 %	1.0 %	2.5 %	1.3 %	1.3 %	1.1 %	1.0 %
Other liabilities (incl. from lease and rental contracts)	1.2 %	3.6 %	2.0 %	13.7 %	11.4 %	9.7 %	8.3 %
Deferred taxes	0.0 %	0.0 %	0.0 %	10.3 %	8.2 %	6.7 %	5.4 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	**9.0 %**	**12.7 %**	**13.9 %**	**30.2 %**	**27.7 %**	**24.9 %**	**22.7 %**
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

Source: Company data, Hauck Aufhäuser Investment Banking

Cash flow statement (EUR m)	2021	2022	2023	2024E	2025E	2026E	2027E
Net profit/loss	n/a	0.2	-4.7	5.8	9.2	11.2	13.6
Depreciation of fixed assets (incl. leases)	n/a	0.9	0.6	0.9	2.2	2.8	3.8
Amortisation of goodwill	n/a	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	n/a	0.1	0.1	0.1	0.5	1.2	1.5
Others	n/a	-5.8	3.3	1.6	0.5	0.5	0.6
Cash flow from operations before changes in w/c	n/a	-4.7	-0.7	8.4	12.5	15.7	19.5
Increase/decrease in inventory	n/a	-3.9	3.8	-1.4	-6.1	-4.3	-4.8
Increase/decrease in accounts receivable	n/a	1.4	1.9	-0.2	-1.1	-1.8	-1.3
Increase/decrease in accounts payable	n/a	1.3	-0.1	0.0	1.7	1.3	1.7
Increase/decrease in other working capital positions	n/a	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	n/a	-1.2	5.6	-1.6	-5.4	-4.7	-4.4
Cash flow from operating activities	**n/a**	**-5.8**	**4.9**	**6.8**	**7.1**	**11.0**	**15.1**
CAPEX	n/a	0.8	-4.1	3.3	6.0	7.0	6.1
Payments for acquisitions	n/a	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	n/a	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	n/a	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	n/a	**-0.8**	**4.1**	**-3.3**	**-6.0**	**-7.0**	**-6.1**
Cash flow before financing	n/a	-6.7	8.9	3.5	1.1	3.9	9.0
Increase/decrease in debt position	n/a	-3.8	-0.7	0.9	0.3	0.3	0.3
Purchase of own shares	n/a	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	n/a	8.8	0.0	2.1	0.0	0.0	0.0
Dividends paid	n/a	0.0	4.1	0.0	0.0	0.0	0.0
Others	n/a	0.0	0.0	0.0	-0.1	-0.1	-0.1
Effects of exchange rate changes on cash	n/a	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	n/a	**5.0**	**-4.8**	**3.0**	**0.2**	**0.2**	**0.2**
Increase/decrease in liquid assets	n/a	-1.6	4.2	6.5	1.3	4.2	9.2
Liquid assets at end of period	**3.2**	**1.5**	**5.7**	**12.1**	**13.4**	**17.6**	**26.8**

Key ratios (EUR m)	2021	2022	2023	2024E	2025E	2026E	2027E
P&L growth analysis							
Sales growth	n/a	-30.6 %	35.9 %	11.5 %	45.0 %	22.0 %	20.0 %
EBITDA growth	n/a	-51.7 %	-388.6 %	-326.2 %	68.5 %	25.7 %	23.8 %
EBIT growth	n/a	-80.0 %	-1283.2 %	-272.1 %	55.9 %	20.8 %	21.4 %
EPS growth	n/a	-87.2 %	-	-223.2 %	58.5 %	20.9 %	21.6 %
Efficiency							
Total operating costs / sales	85.7 %	99.6 %	107.6 %	82.3 %	76.9 %	75.9 %	74.9 %
Sales per employee	651.5	233.8	342.0	395.3	538.3	586.4	628.2
EBITDA per employee	46.2	11.5	-35.8	84.0	132.9	149.1	164.7
Balance sheet analysis							
Avg. working capital / sales	n/a	58.0 %	37.6 %	28.7 %	25.4 %	27.4 %	27.8 %
Inventory turnover (sales/inventory)	3.4	1.8	3.1	3.1	3.1	3.1	3.1
Trade debtors in days of sales	36.7	50.2	19.9	19.9	20.0	25.0	26.0
A/P turnover [(A/P*365)/sales]	9.2	30.5	21.2	21.2	23.3	25.7	28.2
Cash conversion cycle (days)	218.0	306.9	182.3	196.5	193.4	195.7	193.1
Cash flow analysis							
Free cash flow	n/a	-6.7	8.9	3.5	1.2	4.0	9.1
Free cash flow/sales	n/a	-23.8 %	23.4 %	8.2 %	1.9 %	5.3 %	10.1 %
FCF / net profit	n/a	neg.	neg.	59.8 %	12.5 %	35.9 %	67.1 %
Capex / depn	n/a	83.5 %	-605.3 %	330.0 %	223.0 %	176.0 %	114.7 %
Capex / maintenance capex	n/a	84.1 %	neg.	130.0 %	160.0 %	181.8 %	133.3 %
Capex / sales	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Security							
Net debt	1.8	-1.0	-5.3	-11.9	-13.2	-17.3	-26.6
Net Debt/EBITDA	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	0.1	neg.	neg.	neg.	neg.	neg.	neg.
Interest cover	25.1	3.3	0.0	20.1	25.0	25.2	26.2
Asset utilisation							
Capital employed turnover	1.6	1.1	1.9	1.3	1.5	1.4	1.3
Operating assets turnover	2.2	1.3	2.9	2.1	2.3	2.2	2.3
Plant turnover	9.1	6.4	21.5	6.0	6.8	6.7	7.8
Inventory turnover (sales/inventory)	3.4	1.8	3.1	3.1	3.1	3.1	3.1
Returns							
ROCE	7.9 %	1.6 %	-20.2 %	30.7 %	34.2 %	32.0 %	30.6 %
ROE	10.2 %	0.8 %	-28.3 %	21.2 %	25.2 %	23.3 %	22.1 %
Other							
Interest paid / avg. debt	1.6 %	4.3 %	58.9 %	132.2 %	238.1 %	259.7 %	289.3 %
No. employees (average)	62	120	112	108	114	128	144
Number of shares	5.2	5.2	5.2	5.2	5.2	5.2	5.2
EPS reported	0.29	0.04	-0.91	1.12	1.78	2.15	2.61
Valuation ratios							
P/BV	n/a	n/a	n/a	2.6	2.0	1.5	1.2
EV/sales	n/a	n/a	n/a	1.4	1.0	0.7	0.5
EV/EBITDA	n/a	n/a	n/a	6.7	3.9	2.9	2.0
EV/EBITA	n/a	n/a	n/a	7.5	4.6	3.4	2.3
EV/EBIT	n/a	n/a	n/a	7.6	4.8	3.7	2.5
EV/FCF	n/a	n/a	n/a	17.4	51.7	13.8	5.1
Adjusted FCF yield	n/a	n/a	n/a	10.1 %	16.5 %	23.2 %	35.3 %

Source: Company data, Hauck Aufhäuser Investment Banking

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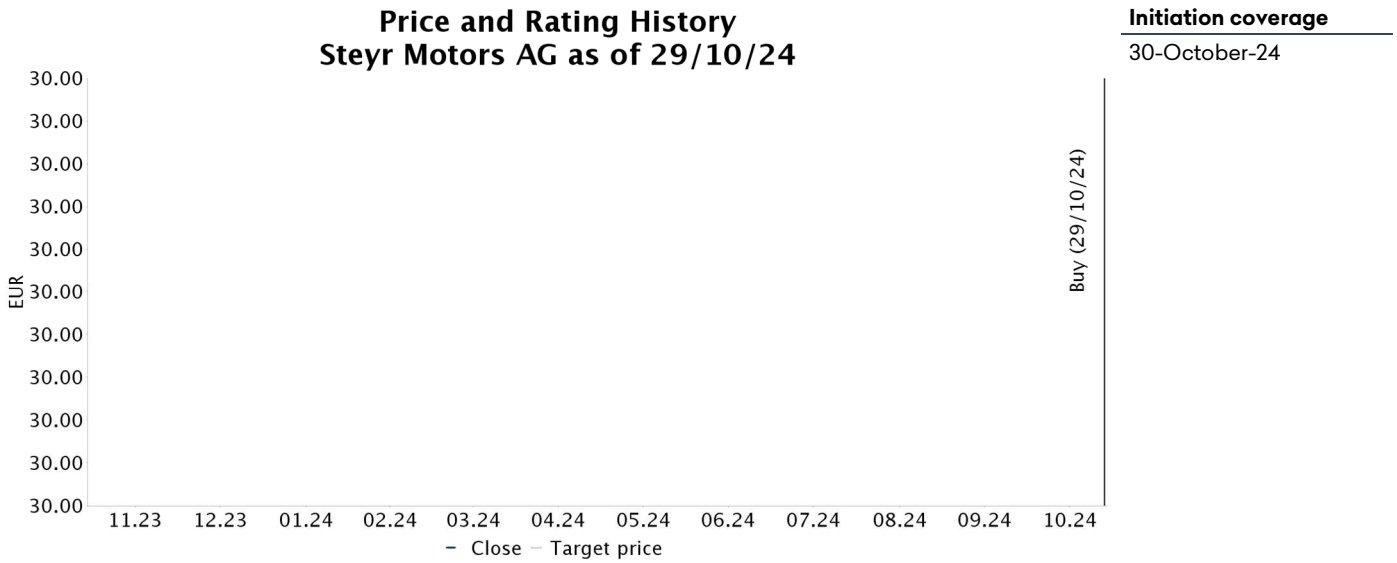
Steyr Motors AG	3, 6, 8

Historical target price and rating changes for Steyr Motors AG in the last 12 months



Company	Date	Analyst	Rating	Target price	Close

Steyr Motors AG	30.10.2024	Keller, Simon	-	-

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