METZLER Capital Markets

Ceotronics (CEK GY) | Technology

July 16, 2026

A Signal Worth Tuning Into

With a growing track record of German and European defense contract wins, CEOTRONICS is establishing itself as a key solutions provider for communication solutions for military forces and law enforcement. With products such as control units, headsets and digital radio systems, specially designed to withstand demanding environments, the company directly plays into military modernization efforts. Further fuelled by the growing need for autonomy, defense budgets are expected to increase in the coming years. We initiate coverage on CEOTRONICS with a BUY recommendation and a PT of EUR 14.50, implying an upside of around 45%.

We forecast a '25/26E – '28/29E sales CAGR of 7%, with a significant portion of the next three years' sales already visible through a major multi-year framework agreement. We view an extension of this agreement as very likely, which combined with an expansion into neighbouring military applications such as communication systems used around military vehicles, could support mid-term growth. We further forecast a '25/26E – '28/29E EPS CAGR of 11%. A strong balance sheet as well as a broad network consisting of local vendors, sourcing partners, and governmental and military agencies round out the profile.

Despite CEOTRONICS' strong setting, shares are only trading at 7.5x '27 EV/EBIT, a significant discount versus peers at 20x or German defense companies at 17.4x. As CEOTRONICS continues to build a track record, we expect this gap to close, offering an attractive investment opportunity.

Fundamentals (in EUR m)[1]	2022/23	2023/24	2024/25	2025/26e	2026/27e	2027/28e
Sales	30	30	56	56	59	64
EBITDA	4	3	8	8	8	9
EBIT	4	3	8	8	8	9
EPS adj. (EUR)	0.38	0.17	0.59	0.67	0.71	0.80
DPS (EUR)	0.15	0.15	0.20	0.22	0.22	0.24
BVPS (EUR)	2.61	2.74	3.55	4.03	4.51	5.10
Net Debt incl. Provisions	7	19	7	10	5	2
Ratios[1]	**2022/23**	**2023/24**	**2024/25**	**2025/26e**	**2026/27e**	**2027/28e**
EV/EBITDA	8.8	25.6	15.6	11.6	10.0	9.0
EV/EBIT	8.8	25.6	15.6	11.6	10.0	9.0
P/E adj.	10.6	36.0	24.3	15.2	14.1	12.5
Dividend yield (%)	3.7	2.4	1.4	2.1	2.2	2.4
EBITDA margin (%)	12.9	8.5	14.0	14.1	14.3	14.8
EBIT margin (%)	12.9	8.5	14.0	14.1	14.3	14.8
Net debt/EBITDA	1.8	7.7	0.8	1.3	0.6	0.2
PBV	1.6	2.3	4.1	2.5	2.2	2.0

[1]Sources: Bloomberg, Metzler Research

Buy — **initiation of coverage**

Price* **EUR 10.24**

Price target **EUR 14.50**

* XETRA trading price at the close of the previous day unless stated otherwise in the Disclosures

Market Cap (EUR m)[1]	80
Enterprise Value (EUR m)[1]	85
Free Float (%)[1]	97.0

Price (in EUR)[1]

Performance (in %)[1]	1m	3m	12m
Share	2.4	-6.1	-26.9
Rel. to SDAX	3.3	-7.5	-28.4

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Key Data

Company profile

CEO: Thomas Günther CFO: Rödermark, Germany

Founded in 1985, CEOTRONICS is an integrated systems provider for tactical communication solutions. The company develops, manufactures, and distributes audio and video communication systems, designed to operate reliably in demanding operating environments. The company serves a diversified set of end markets, including defense, police, airports, hospitals, power plants, fire departments, and construction.

Major shareholders

Montagu Private Equity (2%), Paladin Asset Management (1%)

Key figures

P&L (in EUR m)	2022/23	%	2023/24	%	2024/25	%	2025/26e	%	2026/27e	%	2027/28e	%
Sales	30	3.3	30	-1.5	56	88.3	56	0.9	59	5.5	64	7.4
Gross profit on sales	14	1.4	14	-4.4	23	64.5	23	1.3	25	6.5	26	7.4
Gross margin (%)	48.2	-1.9	46.8	-2.9	40.9	-12.6	41.0	0.4	41.4	1.0	41.4	0.0
EBITDA	4	7.3	3	-35.2	8	209.9	8	1.7	8	7.2	9	11.1
EBITDA margin (%)	12.9	3.9	8.5	-34.2	14.0	64.6	14.1	0.8	14.3	1.7	14.8	3.5
EBIT	4	7.3	3	-35.2	8	209.9	8	1.7	8	7.2	9	11.1
EBIT margin (%)	12.9	3.9	8.5	-34.2	14.0	64.6	14.1	0.8	14.3	1.7	14.8	3.5
Financial result	-0	-57.5	-1	-122.1	-1	-46.4	-0	83.3	-0	-109.8	-0	0.0
EBT	4	4.9	2	-46.6	7	259.3	8	12.1	8	5.4	9	11.5
Taxes	1	15.5	1	-37.3	2	222.9	2	9.8	3	5.4	3	7.9
Tax rate (%)	30.0	n.a.	35.2	n.a.	31.7	n.a.	31.0	n.a.	31.0	n.a.	30.0	n.a.
Net income	3	0.9	1	-50.6	5	279.1	5	13.2	6	5.4	6	13.1
Minority interests	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Net Income after minorities	3	0.9	1	-50.6	5	279.1	5	13.2	6	5.4	6	13.1
Number of shares outstanding (m)	7	0.0	7	10.0	8	9.9	8	0.0	8	0.0	8	0.0
EPS adj. (EUR)	0.38	0.9	0.17	-55.1	0.59	244.9	0.67	13.2	0.71	5.4	0.80	13.1
DPS (EUR)	0.15	0.0	0.15	0.0	0.20	33.3	0.22	10.0	0.22	0.0	0.24	9.1
Dividend yield (%)	3.7	n.a.	2.4	n.a.	1.4	n.a.	2.1	n.a.	2.2	n.a.	2.4	n.a.

Cash Flow (in EUR m)	2022/23	%	2023/24	%	2024/25	%	2025/26e	%	2026/27e	%	2027/28e	%
Gross Cash Flow	5	266.5	-27	-602.4	20	174.5	7	-64.5	8	7.5	8	10.6
Increase in working capital	-1	n.a.	15	n.a.	-5	n.a.	-3	n.a.	2	n.a.	-1	n.a.
Capital expenditures	-1	-3.9	-1	-10.4	-2	-45.4	-6	-183.6	-2	61.3	-3	-7.4
D+A/Capex (%)	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.
Free cash flow (Metzler definition)	3	n.m.	-14	-509.3	13	193.1	-2	-117.9	7	401.0	5	-21.1
Free cash flow yield (%)	12.3	n.a.	-30.2	n.a.	11.0	n.a.	-2.8	n.a.	8.6	n.a.	6.7	n.a.
Dividend paid	1	25.0	1	0.0	1	10.0	2	46.6	2	10.0	2	0.0
Free cash flow (post dividend)	2	322.9	-15	-725.4	12	179.3	-4	-133.4	5	231.2	4	-28.4

Balance sheet (in EUR m)	2022/23	%	2023/24	%	2024/25	%	2025/26e	%	2026/27e	%	2027/28e	%
Assets	29	2.1	44	49.2	43	-2.8	47	9.2	52	12.0	56	8.3
Goodwill	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Shareholders' equity	17	9.7	20	15.4	28	42.5	32	13.3	36	12.1	41	12.9
Equity/total assets (%)	58.7	n.a.	45.4	n.a.	66.6	n.a.	69.1	n.a.	69.1	n.a.	72.1	n.a.
Net Debt incl. Provisions	7	-27.2	19	171.3	7	-66.3	10	59.4	5	-48.9	2	-68.4
thereof pension provisions	2	-20.5	2	-27.1	4	155.4	4	0.0	4	0.0	4	0.0
Gearing (%)	41.3	n.a.	97.2	n.a.	22.9	n.a.	32.3	n.a.	14.7	n.a.	4.1	n.a.
Net debt/EBITDA	1.8	n.a.	7.7	n.a.	0.8	n.a.	1.3	n.a.	0.6	n.a.	0.2	n.a.

Structure

Sales by Segment 2025e

ESG discussion

CEOTRONICS is committed to sustainable business practices. In 2023, CEOTRONICS was certified by TÜV Rheinland in accordance with the ISO 14001 for environmental management and sustainability. In the development of its products, the company prioritizes the conservation of resources. The company refrains from doing business with partners in countries where human rights are violated. We estimate that the majority of CEOTRONICS' revenue is linked to the defense sector.

Sources: Bloomberg, Metzler Research

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Executive Summary

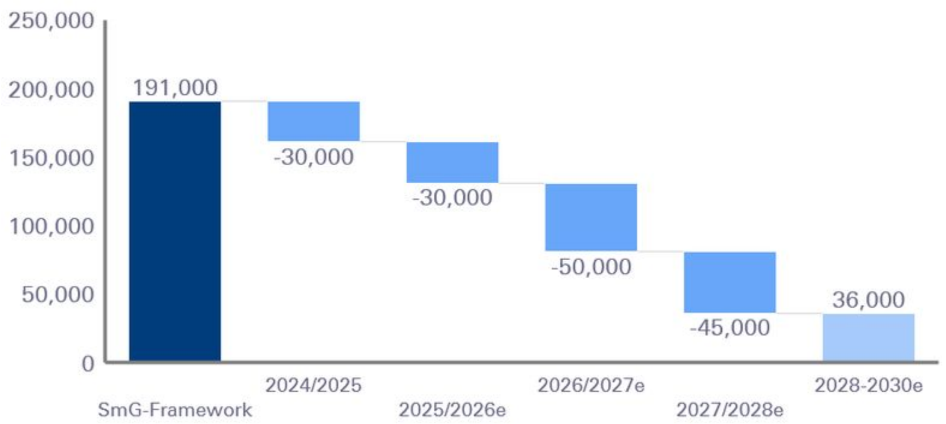
A Signal Worth Tuning Into

We are initiating coverage on CEOTRONICS, a German provider for tactical communication solutions including control units, headsets and helmets and digital radio systems, with a BUY rating and a PT of EUR 14.50. Our positive view rests on a strong operational setup as well as favorable macroeconomic trends in defense.

"SmG" framework guarantees revenue visibility

In 2024, the German army (Bundeswehr) placed an order for communication units with hearing protection ("SmG", Sprechsatze mit Gehorschutzfunktion"). Under the SmG-framework, Rheinmetall (BUY, PT EUR 2180) supplies the Bundeswehr with up to 191.000 SmG sets with a total volume of around EUR 400m. CEOTRONICS is one of Rheinmetall's contractors delivering control units and cables. So far, around 60.000 units have been delivered and another 50.000 ordered, for which delivery starts in late 2026. Through the SmG-framework, CEOTRONICS secured a major part of the next three years' revenue. The 130.000 remaining sets could generate revenue of around EUR 115m – 130m. The original SmG-framework does not account for the planned increase in the number of active soldiers from 184.000 in 2025 to around 260.000 in 2035 or for reserve stock and replacements, which is why we view an extension of the framework as very likely.

Expected Timeline Of SmG Delivery

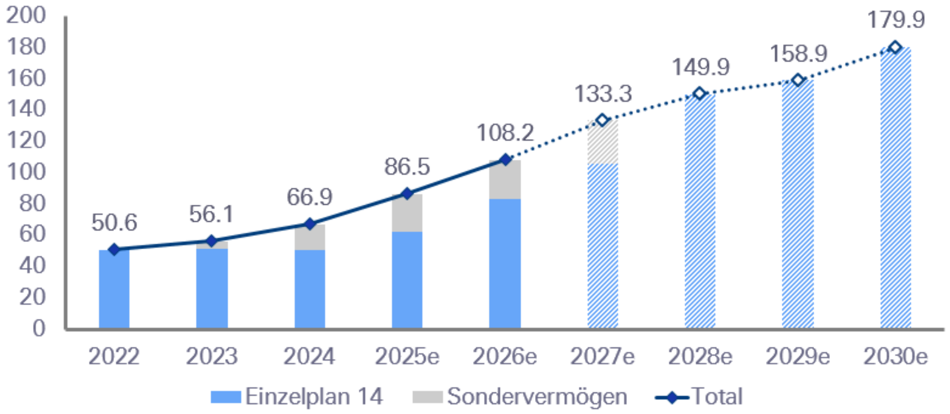


Source: Bundesministerium für Verteidigung, Company data, Politico, Metzler Research

European defense budgets could grow with a ~8%-10% CAGR until 2035

CEOTRONICS' revenues are closely tied to the German and European defense sector. Defense spending in Europe has increased strongly over the past years. It is estimated that the total defense expenditure of European NATO members has doubled from USD 280bn in 2014 to USD 560bn in 2025E, with an overall increase of around 65% since 2022. In June 2025, NATO members agreed upon a new target for defense spending, aiming for 5% of GDP to be spent on defense by 2035E. To achieve this target, the defense spending of European member states of the NATO must grow at a CAGR of 8%-10%.

Steady Increase In German Defense Budget Is Expected
in EURbn



Source: Bundestag, Metzler Research

Among the NATO members, Germany has the second largest defense expenditures, after the USA. Germany is also the main market for CEOTRONICS. According to the financial plan outlined by the German federal government, the military spending is expected to grow at a CAGR of 15% between 2025 and 2030E. Parts of the fund will be used for modernization efforts, such as the "Infanterist der Zukunft" (IdZ, "Infantryman of the Future"), which aims to provide infantry with advanced weapons, sensors, protective equipment and, most relevant for CEOTRONICS, communication systems.

High product expertise and long-standing customer relationships

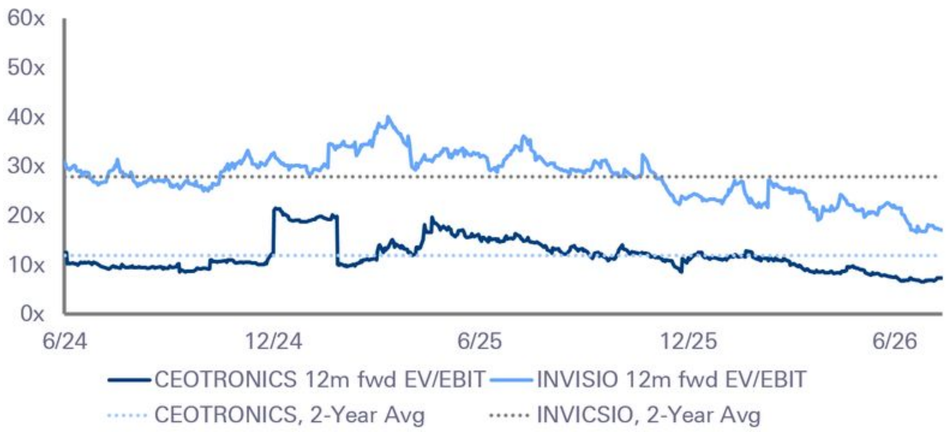
CEOTRONICS has a proven track record in developing specialized audio and video communication devices. The company offers a wide range of products, including control units, communication systems, headsets, and helmets. There are many features that distinguish their products from those of their competitors. The two most prominent features are the "No-Look Operability" and interoperability / system openness. 'No-Look Operability' means that devices are engineered to be intuitive and easy to operate, even under adverse conditions, which is critical for military and law enforcement personnel. In this respect, CEOTRONICS products have an edge compared to direct competitors who follow a different design philosophy. Interoperability and system openness mean that the company's products can operate across devices and manufacturers, regardless of the radios, headsets or intercom systems used. CEOTRONICS' CT-ComLink® can detect the hardware in use and its properties and select the optimal audio configuration.

The company's product expertise is complemented by its trusted relationships with governmental / military agencies and large military industry players. The company has collaborated with the Bundeswehr since at least 2007 and has close relationships with leading vendors such as Rheinmetall or 3M that have the potential to unlock new opportunities for the company. For example, CEOTRONICS could increasingly install its communication solutions around military vehicles such as Rheinmetall's Skyranger and Boxer.

Significant valuation discount versus peers

Historically, CEOTRONICS has traded at a significant discount versus its (back then) only peer INVISIO. CEOTRONICS is trading at 7.4x 12m fwd EV/EBIT versus INVISIO at 16.2x. Even though INVISIO has an edge in terms of scale, margin profile, and growth projections, a 55% valuation discount seems exaggerated. This is confirmed when looking at the newly listed peer Savox. CEOTRONICS and Savox share a very similar financial profile. But despite the similarities, Savox shares trade very close to peer INVISIO (~29x LTM EV/EBIT) rather than CEOTRONICS (~6.2x LTM EV/EBIT). We believe that with a growing track record, an improving growth and margin profile, the gap will close.

CEOTRONICS trades at a 55% discount on EV/EBIT versus peer INVISIO



Source: Metzler Research, Bloomberg

Solid financials complete the picture

We expect CEOTRONICS' solid financial profile to further improve in the coming years. We forecast a FY’25/26E - FY’28/29E revenue CAGR of 7%, underpinned by secured framework agreements and a robust order backlog. Combined with a modest but steady margin improvement, driven in part by the build-out of a more efficient production line, we forecast a FY’25/26E - FY’28/29E EPS CAGR of 11%. A low net debt position of approximately EUR 5.3m (based on FY’26/27E; net debt/EBITDA of 0.5x) completes the picture.

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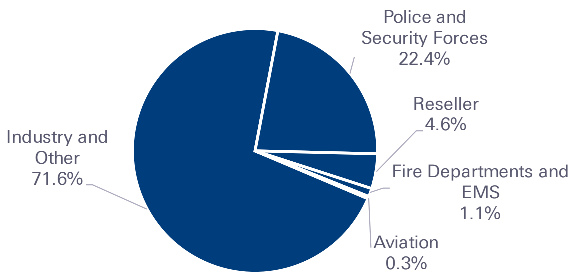
Investment Case

An Integrated Provider of Tactical Communication Solutions

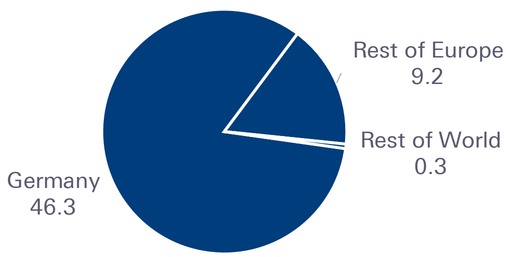
Founded in 1985 and headquartered in Rödermark, Germany, CEOTRONICS is an integrated systems provider for tactical communication solutions. The company develops, manufactures, and distributes audio and video communication systems, designed to operate reliably in demanding operating environments - characterized by noise, heat, vibrations, operator stress, and encryption requirements - environments in which conventional systems typically fail. The company serves a diversified set of end markets, including defense, police, airports, hospitals, power plants, fire departments, and construction. In recent years, defense and civil security have emerged as the company's most important end markets. Germany is the main market for CEOTRONICS, where the company generated 83% of its FY'24/25 revenue. The group's core product portfolio spans control units, headsets, digital duplex radios and intercoms, and helmets, complemented by product-related services and software individualization. Further, the company markets video cameras and video transmission/receiving systems. CEOTRONICS is listed in the Basic Board segment of the Frankfurt Stock Exchange and commands a market capitalization of approximately EUR 82m. In its most recent fiscal year (FY'24/25), the company generated revenue of EUR 55.8m and net income of EUR 4.74m with a workforce of around 140 employees. According to preliminary figures, the company expects revenue of EUR 56.3m and continues to expect net income of EUR 5.3m for FY'25/26.

Revenue by Customer Group



Source: Company data, Metzler Research

Revenue by Region
in EURm



Source: Company data, Metzler Research

Sales Organization

CEOTRONICS' sales operations are coordinated from the Rödermark headquarter, and are led by Philipp Adelmann (Director Sales) and Andreas Hitzel (Director for Sales & Business Development of International Markets). Andreas Hitzel takes care of the international area sales manager, whilst Philipp Adelmann oversees the German areas sales managers. The sales network is most established in Germany, with representatives across all states ensuring proximity to clients. Internationally, CEOTRONICS pursues a hybrid go-to-market model. In most European markets - Benelux, France, Nordics, Austria, Poland, Southeast Europe, Switzerland, and Italy - the company operates through dedicated local sales managers. Notably, CEOTRONICS has established dedicated sales offices in both Spain and the United States. In Spain, the company's office also handles installations.

A key element of the sales strategy are partnerships with local system integrators and vendors. These partners provide CEOTRONICS with access to local authorities and defense / public sector decision makers, which is a valuable channel given the gatekeeping role such relationships typically play in the defense procurement processes. One example of such a setup is the SmG framework, under which Rheinmetall coordinates the equipment delivery to the German Army.

Production and Supply Chain

CEOTRONICS operates its main hub in Rödermark, Germany, near Frankfurt am Main. The location serves both as the headquarters and the development & production site. With the recent purchase of a commercial property, the company doubled the covered area to more than 9500m^2. In the past, production was spread across multiple floors, leading to inefficiencies. The new production building allows for a more efficient layout and includes up-to-date machinery that should prevent output bottlenecks. The new site is expected to start operations in late Autumn 2026. In addition, the subsidiary of CEOTRONICS, CT-VIDEO GmbH, operates a production site for video communication systems in Eisleben, Saxony-Anhalt.

The majority of CEOTRONICS' suppliers are based in Germany and the broader European region, underpinning a highly localized manufacturing base. The German share of manufacturing costs stands at 94%, rising to 96.1% on a European basis. This concentrated domestic and European sourcing footprint is a strategic differentiator. Technological sovereignty, coupled with short and secure supply chains, are important criteria in public tenders (particularly in defense-adjacent procurement). CEOTRONICS' sourcing structure allows the company to credibly meet these requirements. In an environment where European governments are placing growing emphasis on reducing dependency on non-European suppliers, this positions CEOTRONICS favorably versus competitors with more globally dispersed supply chains.

Product Portfolio

Following a clear design philosophy

"No-Look Operability" is a core pillar of CEOTRONICS' product design philosophy. Devices are engineered for intuitive and easy operation under adverse conditions - high-stress situations, gloved hands, or poor visibility. Critically, operation must be unambiguous, resistant to accidental activation, and achievable with one hand.

This design principle has direct implications on the form factor and feature set. CEOTRONICS devices tend to be larger than a size-optimized design would suggest, and are equipped with features such as Bluetooth connectivity, Automated Audio Configuration, and Voice Control.

A vendor-agnostic integration layer

A second core pillar of CEOTRONICS' product design philosophy is interoperability and system openness, implemented through the company's CT-ComLink® technology. Regardless of which radios, headsets, hubs or intercom systems are deployed (digital vs. analog or wired vs. Bluetooth-enabled), CT-ComLink® operates seamlessly across devices and manufacturers. This effectively decouples platform selection from CEOTRONICS' product offering. Customers retain freedom of choice on the underlying communication infrastructure, while CEOTRONICS provides the integration layer that ties the ecosystem together. CT-ComLink® shows how software-driven the products are. The technology can detect the used hardware, as well as their properties, and is able to choose the optimal audio configuration.

This design principle addresses a genuine pain point in core end-markets. Police and military departments typically operate heterogeneous communication systems from multiple vendors, often procured over decades. Manufacturer-agnostic systems materially reduce switching costs for accessories, without requiring customers to replace their existing infrastructure.

Controll Units CT-MultiPTT

The CT-MultiPTT is the company's line of Push-to-Talk (PTT) control units, comprising various 1 Channel, 2C, and 3C variants. The control units offer flexible connection of various communication sources such as headsets, radios, cell phones and intercom systems, with the flagship 3C model able to coordinate up to three independent communication circuits simultaneously. Variants such as the 1C Plus support two parallel circuits: one wired and one via Bluetooth. On the durability side, the units are tested according to military standards (i.e., MIL-STD-810H) for climate, shock, vibration and drop resistance, and are classified IP66 and IP67 for water and dust protection - in addition to being resistant to sweat, chemical substances, weak alkalis, oils and greases. Additional features include a large, tactile front PTT button usable with gloves, a voice-guided menu system, and integrated Bluetooth control.

We believe that the CT-MultiPTT and CT-DECT product families are the most important product categories for CEOTRONICS, especially since winning the SmG framework. We estimate that 60%-75% of sales are tied to this product line.

Control Units CT-MultiPTT

Source: Company data, Metzler Research

CT-ComLink Cables

CEOTRONICS offers cables which act as the physical layer for the CT-ComLink® technology. They are one way of connecting headsets, control units and other devices. The company offers various adapter cables, ensuring compatibility to a wide range of third-party products.

Headsets and Helmets

The company's origins lie in headsets and helmets, where it pioneered the integration of communication systems into hearing protection. Today, the group offers a wide range of headsets for special uses in different fields,
including manufacturing, fire departments, police, defense and aviation. The products are available in a variety of forms, including in-ear, over-ear, full helmets and neckbands. Some of the products offer hearing protection and are certified in accordance with PPE Regulation (EU) 2016/425. The certification is important, since according to German and European law, the employers must provide workers with hearing protection when exposed to at least 80 dB(A).

- **CT-ClipCom Digital** is an in-ear headset with ambient sound reception and is suited for multichannel applications. To ensure clear communication, the headset optimizes audio signals using a digital signal processor which filters out distracting noise.
- **3M PELTOR ComTac VIII Headset** is a product of 3M PELTOR which provides a direct connection to CT-ComLink®. This makes the product fully compatible with CEOTRONICS' control units and CT-DECT systems. The headset is used by the Bundeswehr and is delivered under the SmG-Framework.
- **CT-NoiseProtection Helmet** provides hearing protection with a noise reduction rating of SNR 39 dB(A) for extremely noisy environments of up to 140 dB(A). The helmet is primarily used for ground handling of military jets. Starting in 2007, CEOTRONICS received orders from the Bundeswehr. Today, the company supplies multiple European air forces.

Headsets and Helmets

CT-ClipCom Digital	3M™ PELTOR™ ComTac™ VIII Headset	CT-NoiseProtection Helmet	CT-Neckband Headset
			

Source: Company data, Metzler Research

CT-DECT Communication System

CEOTRONICS offers two DECT communication systems: CT-DECT Multi and CT-DECT Case. The CT-DECT Multi is a body-worn, self-sufficient communication system that facilitates communication between up to five users and distances of 300 meters. Users can communicate in full duplex mode, meaning they can both listen and speak at the same time. Communication over the system is encrypted with a small detection radius, making it difficult for messages to get intercepted. The system enables the establishment of Bluetooth connections, for example to phones or headset. The device will automatically recognize them and set the optimal audio configuration. The CT-DECT Multi is equipped with CT-VoiceControl technology, enabling users to operate certain functions hands-free. The device is particularly robust and was engineered to withstand extreme environmental conditions. The CT-DECT Case is a mobile base station, which can be used either in stationery or mobile configurations. It sets up a DECT radio circuit and enables communication for up to 12 users and distances over 300 meters. For larger distances, CT-Extension Cases are available. Similarly to the CT-DECT Multi, the CT-DECT Case enables communication in full duplex mode and theestablishment of Bluetooth connections.

CT-DECT Communication Systems

CT-DECT Multi	CT-DECT Case
	

Source: Company data, Metzler Research

Other Products and Services

Further revenue streams include the mobile power source CT-InlinePowerPack, cameras, monitors, software development, product training and maintenance services. CT-InlinePowerPack is an optional mobile power supply for all CT-MultiPTT control units, providing up to 50 hours of battery life. In addition to audio communication systems and components, CEOTRONICS markets security cameras and monitors via its subsidiary CT-Video GmbH. The cameras are used in agriculture, defense, security, and industrial settings. Services encompass recurring maintenance, product training, system commissioning and engineering / software development services.

Competition

We have indetified a number of competitors relevant for CEOTRONICS. Among the competitors, INVISIO and Savox are best suitable for a peer group analysis (see valuation chapter). Peer companies typically target the same customer groups but in different geographies, offering similar product portfolios differentiated by their distinct design languages. Sourcing can also be a differentiating factor.

INVISIO AB (IVSO SS; Not rated) - INVISIO is a Swedish company that manufactures communication systems used in demanding environments. The products of INVISIO include headsets with hearing protection, control units, intercom systems, and cables. The target markets are defense and public safety. Compared to CEOTRONICS, the company has better product features for the maritime sector. The main geographical markets are the USA and Denmark, representing a total of 50% its FY'25 revenue. In contrast, Germany accounts for less than 10%. Nevertheless, the company is a very relevant competitor. For example, INVISIO equips the Baden-Württemberg special police forces. INVISIO shares are listed on the Nasdaq Stockholm Exchange. INVISIO's market capitalization stands at around EUR 880m. The company generated ~EUR 168m in revenue and employed around 300 FTEs in FY'25.

Savox Communications Oyj (SAVOX FH, Not rated) - Savox, founded in 1982, is a Finnish manufacturer of communication systems for global defense, law enforcement, fire and rescue, and industrial markets. The product portfolio spans control units, hearing protectors, headsets, intercom systems, camera systems for vehicles and urban search and rescue. The company has grown significantly in the last four years, increasing revenue by 76% from EUR 32m in 2021 to EUR 56m in 2025. The main markets are Europe (59%), Asia Pacific (30%) and North America (8%). The company recently started trading on the Nasdaq Helsinki Exchange and has a market capitalization of EUR 190m.

From a product perspective, CEOTRONICS, INVISIO, and Savox have similar product lines, which can be seen with the control units (CT-MultiPTT vs INVISIO V-Series vs Savox C-Series). Differences can be found in the implemented product design. As previously outlined, CEOTRONICS focuses on "No Look Operability" and Interoperability, reflected in implemented features and the larger form factor. INVISIO products on the other hand follow a more size-driven design, suitable, for example, for maritime application.

We outline other companies that are active in the same space as CEOTRONICS. But most of them lack the scale to pose real competition. In some cases, these companies are also customers and suppliers of CEOTRONICS, like 3M with the 3M™ PELTOR™ ComTac™ headset.

- 3M Company (MMM US, Not rated) - 3M PELTOR is a brand of the US conglomerate 3M, representing only a small share of total sales. The brand covers a wide range of hearing protection and communication solutions, including headsets, control units and PTT-buttons. 3M's market capitalization stands at EUR 69bn. The company generated USD 25bn in revenue in FY'25 and employed roughly 60.500 people at the end of the year.
- GN Store Nord A/S (FalCom) (GN DC, Not rated) - FalCom is the defense business arm of the Danish company GN Store Nord A/S offering communication solutions. FalCom products include communication and hearing protection systems for military, police forces, special operations and security personnel. For GN Store Nord, FalCom is still a relatively small business, contributing only 1% to revenues in FY2025. GN Store Nord generated roughly EUR 2.25bn in revenue and employed over 7.500 people in FY'25. GN Store Nord's market capitalisation stands at EUR 1.9bn.
- ELNO - Founded in 1927, ELNO is a small French company that manufactures communication equipment and systems for the defense, public security, aviation, industrial and transport sectors. Its product portfolio includes headsets, helmets, push-to-talk buttons, vehicle intercom systems, microphones, and rail transport equipment. ELNO’s headset HOPLITE is the standard headset of the French army..
- Silynxcom Ltd. (SYNX US, not rated) - Silynxcom develops tactical and commercial communication headsets to military, police forces, and homeland security agencies and professionals. The product portfolio includes headsets, PTT-buttons, control units, cables and adapters. Some of the Silynxcom's customers include the Rhineland-Pfalz County Police and the Royal Netherlands Army. However, most of the revenue is generated in Israel. The market capitalisation of Silynxcom stands at EUR 7.0m. In FY2025, the company generated revenue of USD 5.8m.
- Gentex Corporation (Ops-Core) - Founded in 1894, Gentex Corporation is a private company based in the USA that provides personal protection and situational awareness solutions for defense forces, law enforcement, emergency responders and industrial personnel. The company employs nearly 1.000 people. Under the Ops-Core brand, the company offers military headsets with hearing protection, helmet systems, PTT-buttons, masks, microphones, eyewear and visors. It is possible to connect Gentex/Ops-Core headsets to the CEONTRONICS ecosystem via the CT-ComLink® cable.

- **OTTO Engineering Inc.** - OTTO is a small US-based private company founded in 1961 that manufactures communication headsets, PTT-systems and multi-port hubs, speaker microphones, cables, tactical surveillance kits, and intercoms. Its main end-markets are military, law enforcement, and public safety.
- **Sordin AB** - Sordin is a Swedish private company founded in 1976 that manufactures hearing protection for tactical use, hunting or shooting and industry. In Q1 2025, the company launched military-grade communication headsets for military or law-enforcement field operations. Some of Sordin's products like the T2 have CEOTRONICS' CT-ComLink® integrated.

Company Overview

Management Board

The Executive Board of CEOTRONICS consists of two members, the CEO and the CTO.

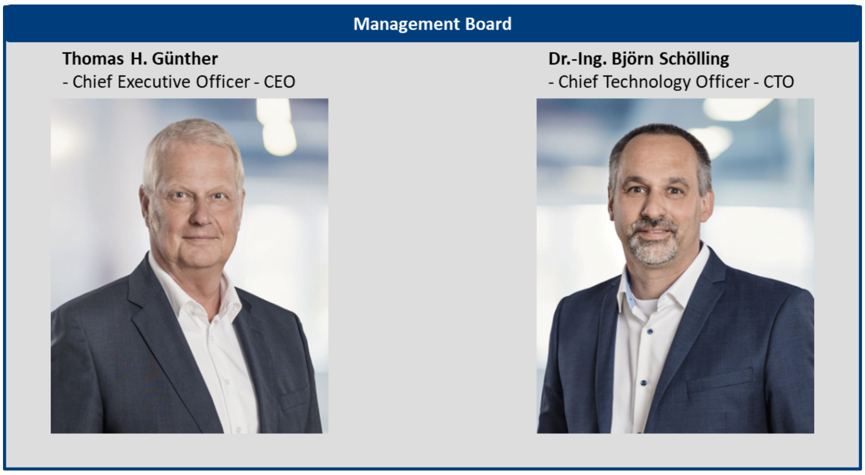
Thomas H. Günther, Charman of the Management Board - CEO

Thomas H. Günther joined CEOTRONICS more than 30 years ago and since 2000 he has been a member of the Management Board. In 2003, he was appointed to the role of CEO. He is the son of one of the company's founders, Hans-Dienter Günther.

Dr. -Ing. Björn Schölling, Chief Technology Officer - CTO

Björn Schölling has been employed at CEOTRONICS since 2008, during which time he held various positions. Initially, he assumed the role of Head of Software Development, followed by his appointment as authorized signatory and as Head of Research & Development. In 2022, he was assigned the role of the CTO. Dr.-Ing. Björn Schölling holds a PhD in Electrical Engineering from the Technical University of Darmstadt.

Management Board



Source: Company data, Metzler Research

The extended Executive Board includes four members:

- David Tampe - Commercial Manager - authorized signatory - Dipl.-Betriebswirt
- Andreas Hitzel - Head of Sales & Business Development International Markets - authorized signatory - Dipl.-Ing
- Rolf Dieter Gläsel - Head of Operations - authorized signatory - Dipl.-Betriebswirt
- Philipp Adelmann - Director Sales - authorized signatory - Bachelor of Arts

The Supervisory Board includes three members:

- Berthold Hemer - Member of the Supervisory Board and the company's founder
- Matthias Löw - Chairman of the Supervisory Board - Bankkaufmann
- Günther Thoma - Deputy Chairman of the Supervisory Board - Dipl.-Betriebswirt

Company History

CEOTRONICS has a long history rooted in manufacturing innovative headset solutions. The company was established by Berthold Hemer and Hans-Dieter Günther, who were inspired by the idea of integrating communication into hearing protection. Today, CEOTRONICS is a leading provider of communication solutions for sectors ranging from defense and police to manufacturing, fire departments and aviation.

- 1989 - Foundation of CEOTRONICS by Berthold Hemer and Hans-Dieter Günther, originally under the name "ComTronics".
- 1989 - The company obtained a patent for its innovation CT-ContactCom contact microphone, which converts body-borne sound into speech.
- 1994 - CEOTRONICS launched the world's first headset with radio built directly into the hearing protection shell.
- 1998 - The IPO was successfully completed. Since then, CEOTRONICS has been listed on the Frankfurt Stock Exchange.
- 2000 - Foundation of the subsidiary CT-VIDEO for development, production and distribution of video and data communication systems.
- 2001 - Launch of the CT-DECT digital radio system.
- 2007 - The Bundeswehr placed a large order of the CT-NoiseProtection Helmet, which had been developed for ground handling of military jets.
- 2017 - Launch of the CT-ComLink® technology which offered flexibility and modularity in terms of choice of connected devices.
- 2024 - Largest order in the company's history. The Bundeswehr placed an order for "SmG" (communication unit with hearing protection), to equip up to 191.000 soliders with CEOTRONICS' control unit by 2030.

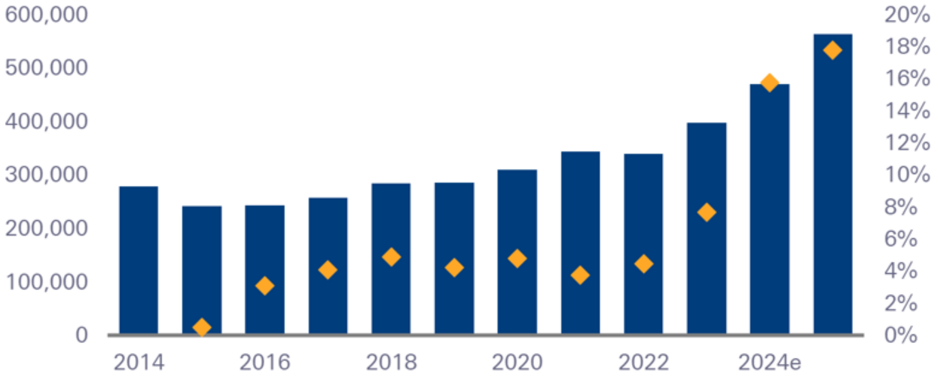
Market Overview

CEOTRONICS' revenues are closely tied to the German and European defense sector, a link further reinforced by the company's win of the SmG framework.
We estimate defense to account for more than 50% of group revenue, both currently and in the years to come.

The Mindset of European NATO Members has changed

Defense spending in Europe has increased strongly over the past years. It is estimated that the total defense expenditure of European NATO members has doubled from USD 280bn in 2014 to USD 560bn in 2025E, with an overall increase of 65% since 2022.

Defense Expenditure of European NATO members has accelerated
in USDm



Source: NATO, Metzler Research

Geopolitical risks and the need for autonomy drive growth in the European defense market

The increase in spending was rather backend-loaded, with a series of events slowly shifting the attitude towards defense spending. Following Russia's annexation of Crimea in 2014, NATO organised the Wales summit. Leaders of NATO member states agreed to spend at least 2% of their GDP on defense by 2024. Between 2014 and 2022, European NATO members increased their military expenditure, but only slightly, with a CAGR of 2.5%. Up until 2023, the European NATO members as a group stayed below the 2% threshold, leading to the conclusion that the target was not taken seriously.

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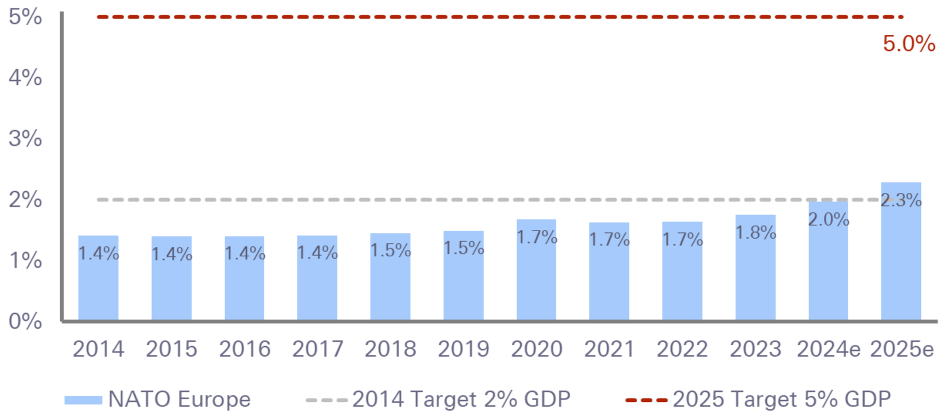
Increase in Defense Expenditure as share of GDP



Source: NATO, Metzler Research

The pattern of slow growth changed in 2022, when Russia launched the attack on Ukraine. The growth of defense spending of European NATO members accelerated strongly in the last three years, reflected by a 18% CAGR. Last year, all NATO members except Iceland achieved the 2% target, reaching a group average of 2.3%. One of the countries which reacted promptly to the Russian invasion was Germany. In February 2022, the German chancellor announced a EUR 100bn special fund for the Bundeswehr. In June, a constitutional amendment was made and the fund was approved.

In parallel with this, the US government started to re-evaluate the US role as the guarantor of European security and emphasised the necessity for European countries to spend more on defense. In June 2025, NATO members agreed upon a new target for defense spending, aiming for 5% of GDP to be spent on defense (3.5% for "hard defense" and 1.5% for related mobility, cyber and dual-use investments) by 2035.

Events that have influenced European defense spending

- September 2014 - NATO members commit to move towards spending at least 2% of the GDP on defense.
- February 2022 - Russia launches attack on Ukraine.
- February 2022 - German chancellor Scholz announces the EUR 100bn special Bundeswehr fund "Sondervermögen" and a commitment to exceed 2% of GDP spend on defense.
- June 2022 - German Parliament approves the constitutional amendment to enable the "Sondervermögen".
- June 2025 - NATO members agree on a new 5% of GDP defense spending goal: 3.5% for "hard defense" and 1.5% for related mobility, cyber and dual use investments.
- December 2025 - German Parliament passes a Military Service Modernization Act aiming to increase the number of active soldiers from roughly 184.00 in 2025 to 260.000 in 2035.

8%-10% annual growth is needed to achieve the 5% target by 2035

The newly formulated NATO target indicates that defense expenditures growth will accelerate. As shown previously, many countries have put more emphasis on the defense spending - but it is too early to say whether countries will follow this directive - similar to the first years after the 2% target was set. In order to achieve NATO's 5% target, defense expenditures would have to grow at a CAGR of around 8%-10%.

German Defense Budget

Germany is the main market for CEOTRONICS, where the company generated 83% of FY'24/25 revenues. Among the NATO members, Germany has the second largest defense expenditures, after the USA. The military expenditure of Germany consists of section 14 ("Einzelplan 14") of the federal budget and of the special Bundeswehr fund ("Sondervermögen"). In 2026E, these are expected to sum up to EUR 108.2bn. According to the medium-term financial plan outlined by the current federal government, the military spending is expected to increase at a CAGR of 13.6% between 2026E and 2030E, reaching EUR 179,9bn. According to these plans, Germany is expected to reach the "hard 3.5% goal" by 2029E.

Additionally, there are two programs which are normally not included in the figure stated above since they span over non-military expenses and are directed for international partners. These are the Enablement Initiative and federal expenditures for assistance to states attacked in violation of international law. Since 2022 these programs are primarily directed to support Ukraine.

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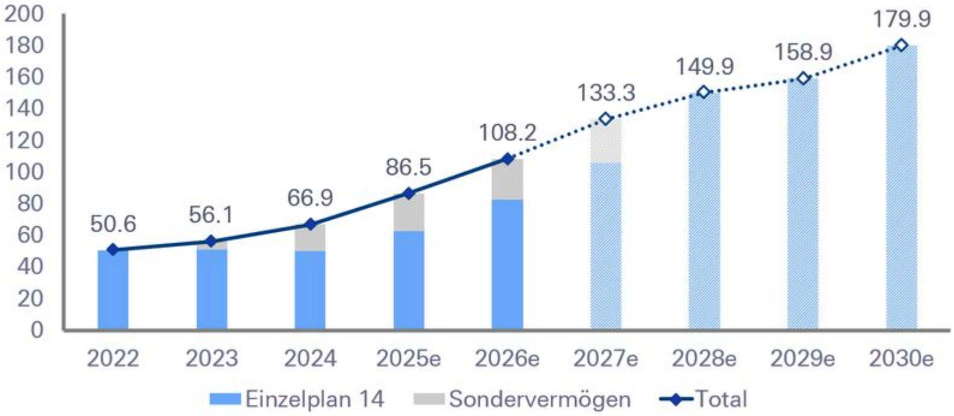


Source: Bundestag, Metzler Research

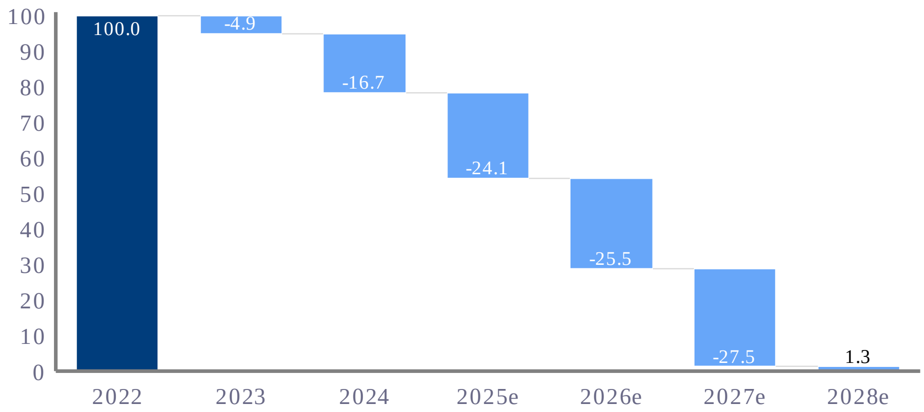
German Federal Budget

The main source of defense spending is the Federal Budget ("Bundeshaushalt"), which is defined by the German parliament at the end of each year. The budget increased significantly in the last years and the Federal Government plans to expend it further. The defense expenditure is defined under the section 14 ("Einzelplan 14") of the budget. As specified at the end of 2025, the budget in this section is set to increase to EUR 82.7bn in 2026E, which corresponds to a 64% increase compared to 2022.

Special Fund "Sondervermögen"

The second important part of the military budget is the EUR 100bn special fund for the Bundeswehr called "Sondervermögen". It was approved by the German parliament as a reaction to the Russian attack on Ukraine in February 2022. In the last three years, approximately 46% of the fund was spent, with the Federal Ministry of Finance expecting the remainder to be used until 2027. In September 2025, the Federal Minister of Defense stated that almost 90% of the Sondervermögen are already tied up in contracts. The fund is important for CEOTRONICS, since the main defense income comes from the SmG framework, which is funded by the Sondervermögen.

Special Fund Sondervermögen Bundeswehr

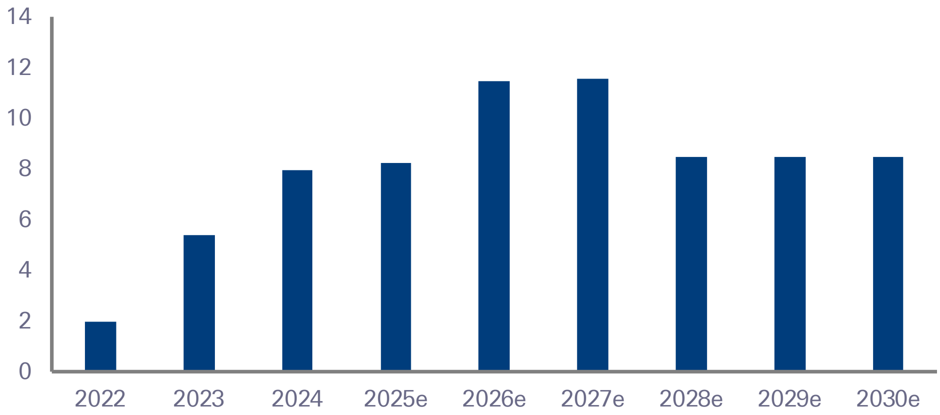


Source: Bundestag, Metzler Research

Additional sources

Additional sources of military spending, which are not included in the EUR 108.2bn defense budget, are the "Ertüchtigungsinitiative" (Federal Government's Enablement Initiative) and federal expenditures for assistance to states attacked in violation of international law. As part of these initiatives, the German government is supporting international partners by providing military equipment, among other means. These funding sources could also offer opportunities for CEOTRONICS, should the German government consider delivering intercom devices to Ukraine. In 2026E, EUR 11.5bn are planned to be spent for military support of Ukraine. According to the Deutscher BundeswehrVerband e. V., annual spending in the next four years will lie between EUR 8.5bn and EUR 11.6bn.

Germany - Estimated Expenditure For The Enablement Initiative
in EURbn



Sources: Deutscher BundeswehrVerband e. V., Deutscher Bundestag, Metzler Research

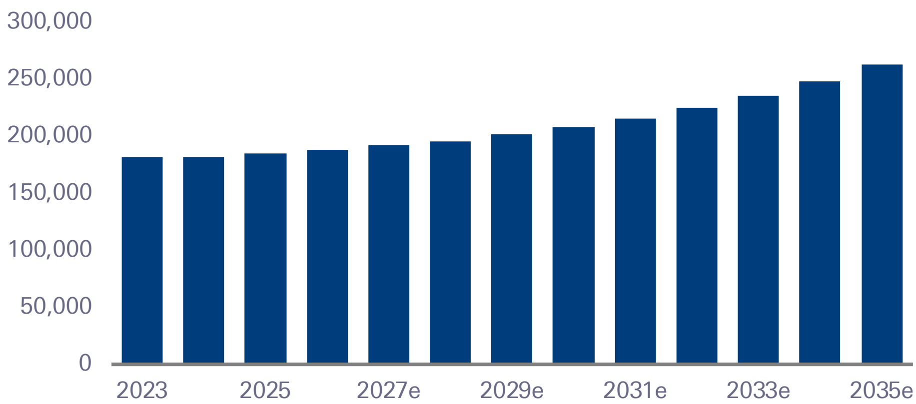
German Defense Market - An Outlook

The German Government and the Federal Ministry of Defense repeatedly highlighted the need to strengthen the Bundeswehr. In May 2025, the German Chancellor Friedrich Merz stated his intention to make the Bundeswehr "the strongest conventional army in Europe". In December 2025, the Bundestag has approved the act on strengthening military security in the Bundeswehr. The act aims to increase the number of active soldiers from roughly 186.000 in 2026 to 260.000 in 2035. In April 2026, the Federal Ministry of Defense published “The overall concept of military defense”, which outlines how the Bundeswehr can become the strongest army in Europe until 2030.

In addition to the increase in the number of soldiers, the document mentions the goal to fully equip all units and military personnel. It also sets the goal to modernise the army and increase the use of innovative technologies. This is important for CEOTRONICS, since its intercom devices are already in use by the soldiers of the Bundeswehr and are an important part of the modern military equipment.

Already in the early 2000s, the soldier modernization program "Infanterist der Zukunft" (IdZ, "Infantryman of the Future") was launched. The goal was to equip infantry with advanced weapons, sensors, protection and digital communication systems. CEOTRONICS solutions are part of the core IdZ equipment. As part of the modernisation, the Bundeswehr has already ordered more than 110.000 communication devices under the SmG framework. If Bundeswehr increases number of active soldiers, it is highly likely that the existing framework will be extended. The current SmG framework is limited to 191.000 sets. If each active soldier is to be equipped with a SmG set, then there is an opportunity for the delivery of additional 69.000 sets until 2035. In practice, the number of sets exceeds the number of soldiers in order to ensure replacements and reserve stock in each base.

Expected Number of Active German Soldiers

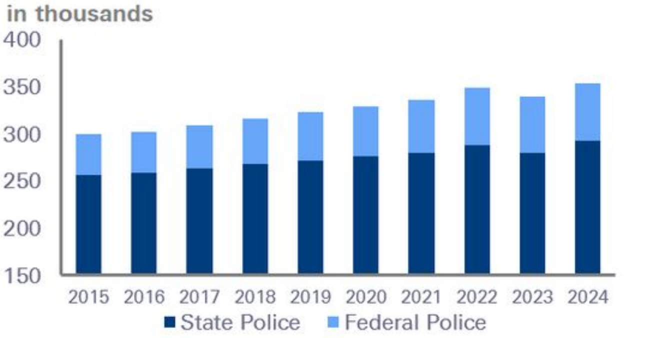


Source: Bundesministerium für Verteidigung, Metzler Research,

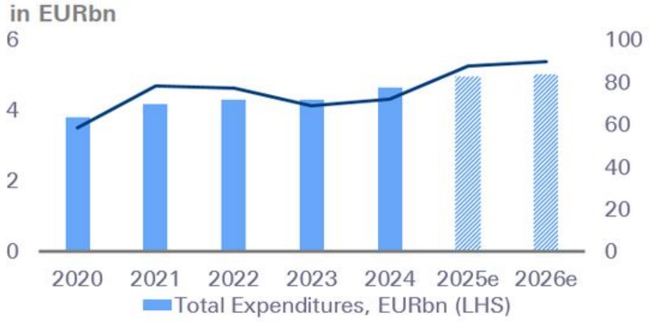
German Police Market

The police in Germany is divided into four categories: federal police (Bundespolizei), state police (Landespolizei), federal criminal police office (Bundeskriminalamt, BKA) and German parliament police (Bundestagspolizei). The largest category in terms of employees is the state police, which is divided into 16 state police forces, one for each state. As of June 30 2024, there were 353.000 employees in state and federal police. Between 2015 and 2024, the number of employees in both the state and federal police forces increased significantly, with growth rates of 14% and 41%, respectively. The number of employees increased by an average of around six thousand per year during this period. Total expenditures from the federal police amounted to EUR 5bn.

We see the German law enforcement market as a stable market where demand will continue to grow over the next years, albeit not as quickly as in the defense sector. Furthermore, we believe that CEOTRONICS is well positioned for international expansion in the police market.



Source: Deutscher Bundestag, Statistisches Bundesamt, Metzler Research



Source: Deutscher Bundestag, Statistisches Bundesamt, Metzler Research

Cross-department communication offers room for growth

We see a key driver for CEOTRONICS in the growing need for seamless coordination between disparate emergency response units - police, fire, rescue, and technical relief services – that operate on separate radio infrastructures. Large-scale incidents such as explosive ordnance disposal operations or major public gatherings require these agencies to communicate in real time, often without visual contact, where any delay or misunderstanding can carry serious consequences. CEOTRONICS is positioned to capture this demand through its DECT-Systems, which enables latency-free full-duplex communication across multiple connected devices, and its CT-MultiPTT product line, which allows incident commanders to manage up to four independent communication channels simultaneously.

Industrials remain muted

We remain conservative in our expectations for the industrials sector. As an equipment vendor, sales are linked to newly build production sites, increased hirings and rising order intake - therefore directly linked to economic growth in Germany. Since 2021, the production index for the German industry has been decreasing every year. Compared to 2021, production in the last five months was 8 – 9% lower.

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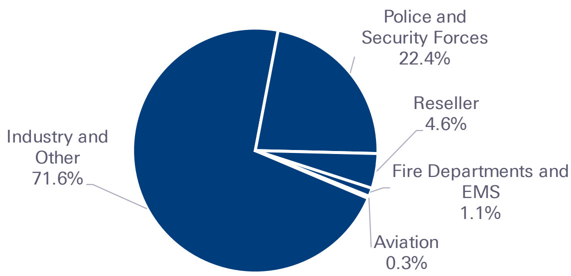
Further growth opportunities in the defense sector

Another growing opportunity is the communication around military vehicles, such as Rheinmetall's Skyranger or Boxer. A reliable communication system in armoured vehicles is crucial to a successful mission. It must ensure a stable communication between the crew of armoured vehicles, troops outside the vehicle, and command units. The existing communication architecture for armoured vehicles includes intercom systems, radios, and headsets. Especially bigger Intercom systems can cause budgetary or space issues. The CT-DECT systems facilitate seamless integration within this architecture, also offering a cable-free connection to increase simplicity and operability. Due to their relatively small size, weight, and cost, they can be a useful extension of the communication setup, especially when switching from "inside the vehicle" to field operation.

Financials

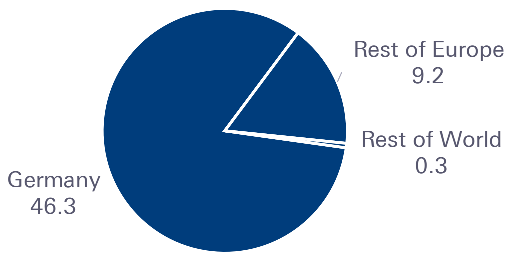
CEOTRONICS generates around EUR 56.3m (based on preliminary FY'25/26 figures) in annual revenue. The segment structure is based on 1) regions, 2) product type, and 3) customer groups. The company generates most of its revenue in Germany (FY'24/25: 83%), with the remainder split between the rest of Europe (16.4%) and other regions (<1%). A clear focus can also be seen when looking at product types - with Audio contributing around 94% to sales whilst Video and Services come in at 4.3% and 1.4%, respectively. "Industry & Other" (72%) and "Police & Security Forces" (22%) are named as the most relevant customer groups. However, the SmG contract falls under the "Industry & Other" segment. Adjusted for this contract, we estimate that the segment would account for around 25%-30% of sales. We therefore expect defense applications to account for around 40% of the group's revenue. This concentration across geographies, customer groups, and individual contracts creates some cluster risk, with delays, non-renewals or budget reallocation potentially having a negative impact on revenue.

Revenue by Customer Group



Source: Company data, Metzler Research

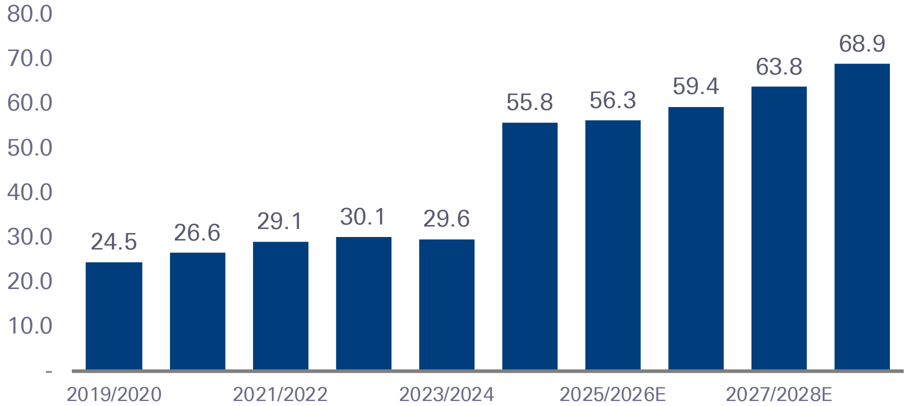
Revenue by Region
in EURm



Source: Company data, Metzler Research

Between 2019/2020 and 2023/2024, revenue increased slowly from EUR 24.5m to EUR 29.1m, with a EUR 30.1m peak in 2022/2023. With the win of the SmG framework and the delivery of the first lots, revenue spiked to EUR 55.8m and 56.3m (preliminary figure) in 2024/2025 and 2025/2026.

Revenue Development
in EURm

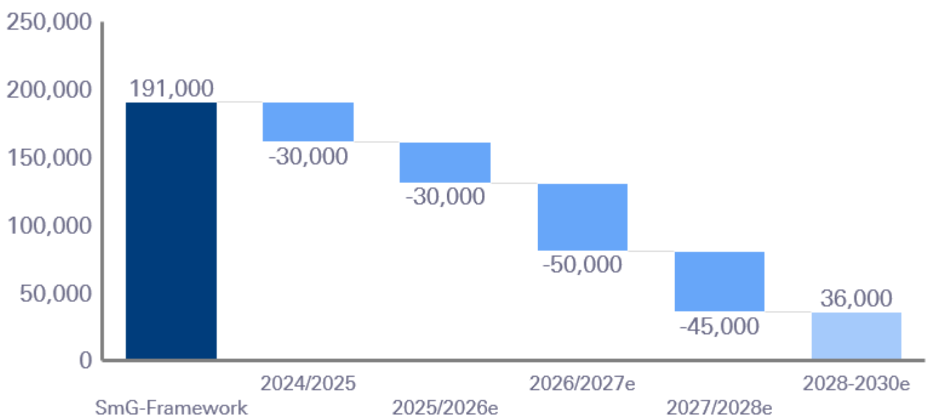


Source: Company data, Metzler Research

Revenue Forecast - SmG contract in the spotlght

We expect revenue to grow from EUR 56.3m in '25/26 (preliminary figure) to EUR 68.9m in '28/29, representing a CAGR of 7%. For the next three years, the SmG contract has the biggest impact on the company's financial performance. The third lot has been announced in December 2025 (50.000 units, EUR 47m in volume) and will start delivery in late 2026. The majority will be processed in 2027, and given CEOTRONICS' fiscal year ending in May, will be recognized in '26/27 and '27/'28 revenue. After the third lot has been processed, a total of ~110.000 units (from 191.000) will have been shipped.

Expected Timeline Of SmG Delivery



Source: Bundesministerium für Verteidigung, Company data, Politico, Metzler Research

A potential fourth lot has been leaked

News outlet Politico has leaked a list of approximately 150 procurement projects from the German Ministry of Defense, including the next potential lot of the SmG contract. Compared to the current lot, this one is expected to be somewhat smaller in scope (total value of EUR 118m vs. EUR 140m, ca. 45,000 sets vs. 50,000 sets). We believe these units will be delivered by 2029, before the remainder is shipped under a fifth lot by 2030. On average, we expect a unit price slightly below EUR 1.000.

Status of the SmG Framework

SmG Batch	Number of sets	Planned Delivery	Revenue	Status
1st Batch	30K	2024	EUR 25m	Delivered
2nd Batch	30K	2025	EUR 25m	Delivered
3rd Batch	50K	2026/2027	EUR 47m	Delivery starting late 2026
4th Batch	~45K	2028/2029	~ EUR 40m	Politico Leak, TBD
5th Batch	~36K	2029/2030	~ EUR 35m	TBD

Source: Company data, Bundesministerium für Verteidigung, Politico, Metzler Research

The original SmG contract secures revenue until approximately 2029/2030. We believe that the initial volume will be extended. As described in our market overview, the German Army is planning to expand the number of active soldiers to around 260.000 by 2035. The current SmG-framework is limited to 191.000 sets. If each active soldier is to be equipped with a SmG set, then there is an opportunity for the delivery of additional 69.000 sets until 2035. In practice, the number of sets usually exceeds the number of soldiers in order to ensure replacements and reserve stock in each base.

Other defense and security applications as a second growth vector

For other defense applications (incl. police and security departments), we also see good growth prospects given the underlying growth of the industry as well as modernization efforts. For classic industry applications on the other hand, we retain a more conservative view.

Revenue Forecast

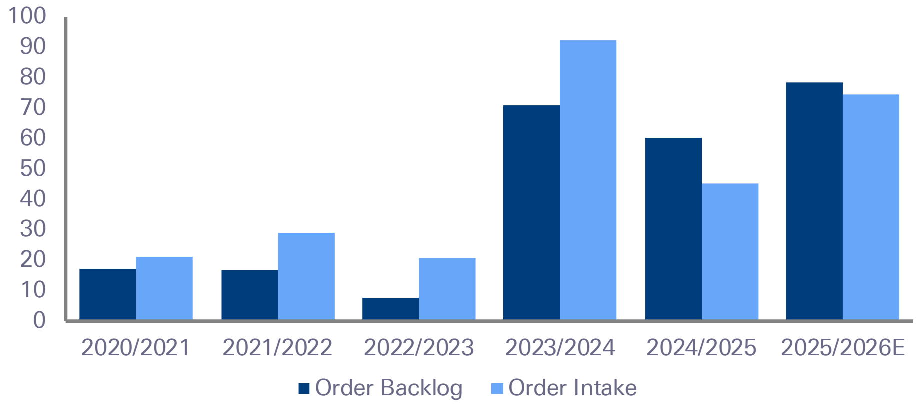
	2026/2027E	2027/2028E	2028/2029E
Revenue	**59.4**	**63.8**	**68.9**
Defense & Security	**42.7**	**46.8**	**51.6**
SMG	25.5	28.5	32.2
Other Defense & Security	17.2	18.3	19.4
Other / Industry	**16.7**	**17.0**	**17.3**
Growth			
Revenue	**5.5%**	**7.4%**	**8.1%**

Source: Company data, Metzler Research

Order Intake and Order Backlog

Following the SmG contract win, order intake and backlog have risen sharply. Recent European order announcements (EUR 2.0m on July 14, EUR 12.5m on June 16, and EUR 3.6m on March 25) underscore this momentum and further improve revenue visibility.

More Visibility Driven By Increased Order Intake and Order Backlog
in EURm

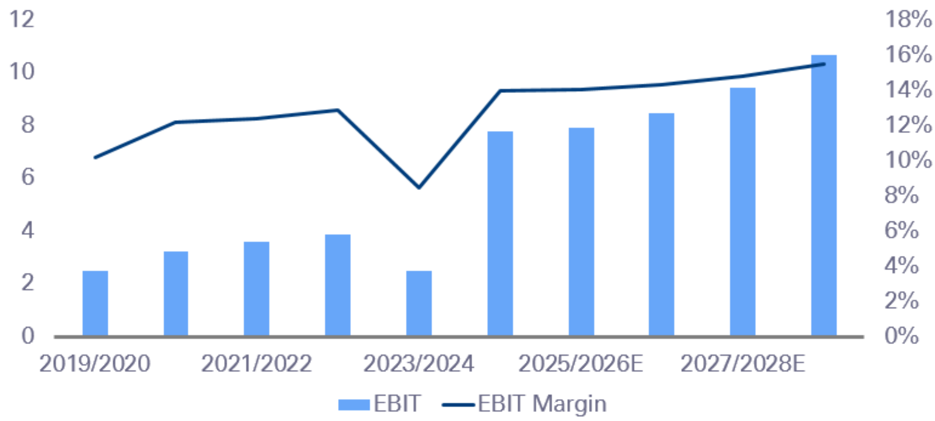


Source: Company data, Metzler Research

Profit & Margin Development

The FY'24/25 revenue increase also flowed through to gross profit and EBIT, which rose 65% y/y and 210% y/y to EUR 22.8m and EUR 7.8m, respectively. Gross profit margin, however, declined by 590bps over the year. That said, the strong order growth was absorbed by a nearly unchanged workforce (143 FTEs, +6 y/y), resulting in a net positive effect on EBIT margin, which stood at 14% (FY'23/24: 8.5%; FY'22/23: 12.9%).

We forecast a steady EBIT (margin) increase
in EURm



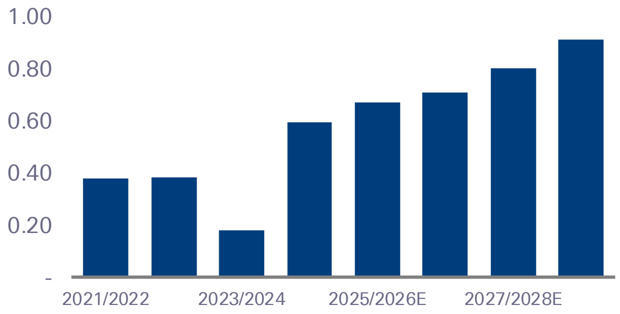
Source: Company data, Metzler Research

In the near term, we expect limited margin movement, partly due to planned investments in new markets and the expansion of the Rödermark site. EBIT growth should therefore be driven by top-line growth.

EPS & DPS

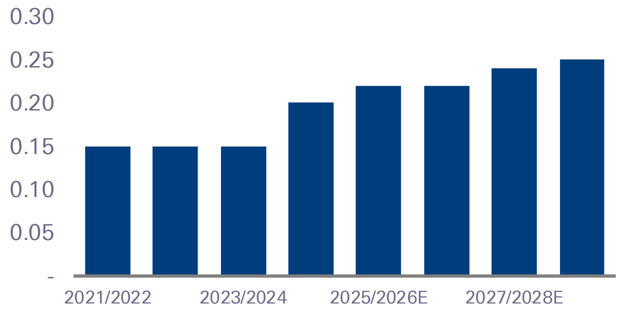
EPS increased from EUR 0.32 in FY'20/21 to EUR 0.60 in FY'24/25. Based on a statement published on June 1, in which management confirmed net income ambitions of around EUR 5.3m, we estimate an EPS of 0.67 (+11% y/y). For FY'26/27 to FY'28/29, we expect EPS to further increase to EUR 0.71 / EUR 0.80 / EUR 0.91, which implies a FY'25/26 - FY'28/29 CAGR of 10.7%.

EPS Development
in EUR



Source: Company data, Metzler Research

DPS Development
in EUR



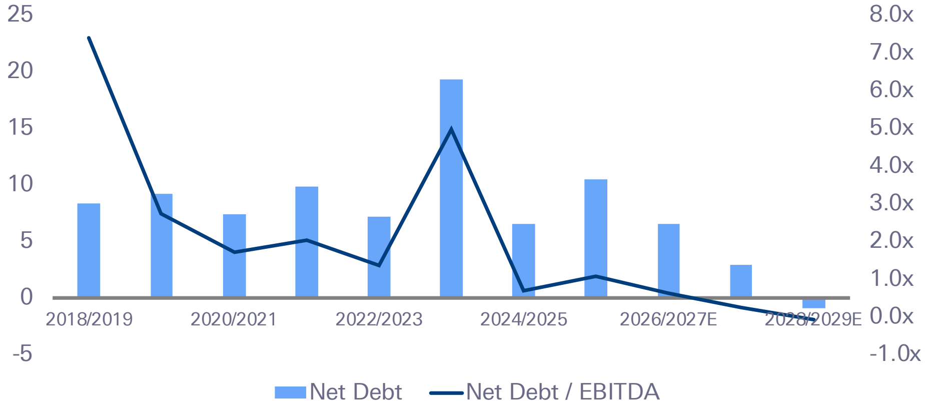
Source: Company data, Metzler Research

CEOTRONICS does not have a fixed dividend policy. The payout ratio usually lies between 30%-40% of net income, with an exception of 87% in FY23/24. The company aims to retain a degree of flexibility to respond to cyclicality in the defense sector, potential order delays, and necessary investments. For FY25/26, we expect the dividend to rise to EUR 0.22 (FY24/25: EUR 0.20). We further anticipate a gradual increase to EUR 0.25 by FY28/29, with payout ratios stable at around 30%.

Net Debt & Working Capital

In recent years, net debt has ranged between EUR 7m and EUR 10m. In FY23/24, it rose sharply to EUR 19m, as the additional liabilities were used to pre-finance framework agreements. Net debt was then reduced to EUR 6.5m in FY24/25. We expect further improvements from FY26/27 onwards, leading to an expected net cash position in FY28/29.

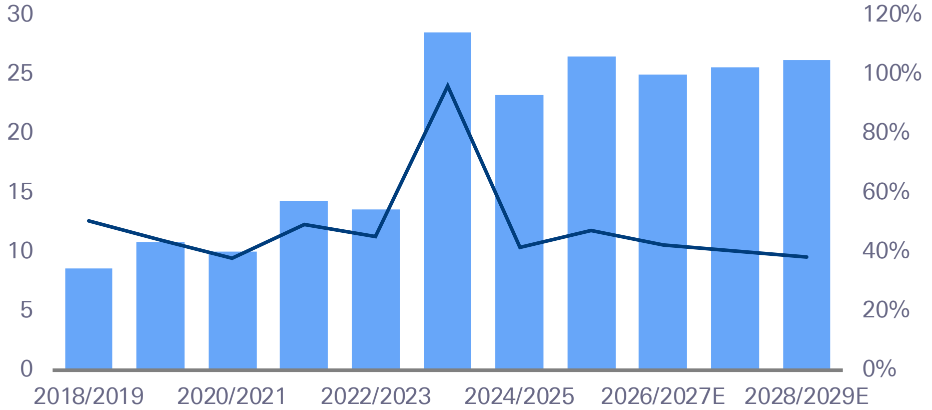
Net Leverage at Comfortable Levels
in EURm



Source: Company data, Metzler Research

CEOTRONICS' working capital ratio has historically run high at around 40% of revenue. This is driven in part by inventory build-up ahead of large orders, as well as the limited use of advance payments typical when working with the public sector. Looking ahead, we expect the working capital ratio to gradually improve towards 30%.

Slightly Elevated Working Capital Ratio
in EURm



Source: Company data, Metzler Research

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Valuation

Initiation of Coverage with a BUY rating and a PT of EUR 14.50

We are initiating coverage on CEOTRONICS with a BUY rating and a 12-month price target of EUR 14.50, implying ~45% upside versus the current share price. Our price target is based on a DCF valuation (FVpS of EUR 14.50). We include a peer group analysis for illustrative purposes to highlight valuation descrepencies between CEOTRONICS and its peers.

Index and Share Price Development

The stock price development of European defense companies show that the sector has become more relevant in the last years. The "STOXX Europe Targeted Defense" index increased more than 500% since the beginning of 2022. The price of CEOTRONIC shares is correlated with the index and increased more than 200% during the same period.

STOXX Europe Targeted Defence and CEOTRONICS AG Development

Source: Bloomberg, Metzler Research

DCF derives a FVpS of EUR 14.50

Our DCF valuation includes 3 stages: Phase I includes our detailed estimates starting from FY'26/27E to FY'28/29E. Phase II is the transition phase (FY'29/30E to FY'33/34E). Our terminal value calculation is based on our FY'33/34E estimates. We use the following assumptions:

- Sales: We expect sales growth to accelerate through FY'28/29E, forecasting a CAGR of 7%. Afterwards, we model a gradual deceleration of growth towards our terminal growth rate of 2%.
- EBIT: We assume a gradually improving EBIT margin, landing at 18% in FY'33/34E.
- WACC: We calculate a WACC for CEOTRONICS of 9.7% based on the following parameters: (a) Risk-free rate of 2.5%, (b) market risk premium of 6.5%, and (c) a projected beta of 1.2. The cost of equity amounts to 10.3% and our pre-tax cost of debt estimate totals 6%.

DCF Valuation

	FY26/27E	FY27/28E	FY28/29E	FY29/30E	FY30/31E	FY31/32E	FY32/33E	FY33/34E	TV-year
Revenue (in EURm)	**59.4**	**63.8**	**68.9**	**74.4**	**78.9**	**82.8**	**85.3**	**87.5**	
Y-o-y (in %)	5.5	7.4	8.1	8.0	6.0	5.0	3.0	2.5	
EBIT (in EURm)	**8.5**	**9.4**	**10.7**	**11.9**	**13.0**	**14.1**	**14.9**	**15.7**	
Margin (in %)	14.3	14.8	15.5	16.0	16.5	17.0	17.5	18.0	
Taxes (in EURm)	**2.6**	**2.8**	**3.2**	**3.6**	**3.9**	**4.2**	**4.5**	**4.7**	
Tax rate (in %)	31.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	
D&A (in EURm)	**2.0**	**2.1**	**2.2**	**2.4**	**2.5**	**2.7**	**2.6**	**2.6**	
in % of sales	3.4	3.3	3.2	3.2	3.2	3.2	3.1	3.0	
Gross Cash Flow (in EURm)	**7.9**	**8.7**	**9.7**	**10.7**	**11.6**	**12.5**	**13.1**	**13.6**	
Capex (in EURm)	**2.4**	**2.5**	**2.8**	**2.6**	**2.6**	**2.6**	**2.6**	**2.6**	
in % of sales	4.0	4.0	4.0	3.5	3.3	3.1	3.1	3.0	
Decrease in NWC (in EURm)	**1.5**	**-0.6**	**-0.7**	**-1.4**	**-0.9**	**0.2**	**0.9**	**1.1**	
in % of sales	42.0	40.0	38.0	37.0	36.0	34.0	32.0	30.0	
Free Cash Flow (in EURm)	**7.0**	**5.6**	**6.2**	**6.8**	**8.2**	**10.2**	**11.3**	**12.1**	**160.3**
Present Value FCF (in EURm)	**6.5**	**4.7**	**4.8**	**4.7**	**5.2**	**5.9**	**6.0**	**5.8**	**77.3**

Implied equity value and fair value per share	
Enterprise value (in EURm)	**120.9**
Net financial debt (in EURm)	**5.3**
Equity value (in EURm)	**115.6**
Fair value share price (in EUR)	**14.5**

WACC Assumptions	
Beta	**1.2**
Risk-free rate	**2.5**
Risk premium	**6.5**
WACC	**9.7**

Source: Metzler Research

Sensitivity Analysis

In EUR

EBIT Margin (in %) \ Terminal Sales Growth (in %)	1.2	1.6	2.0	2.4	2.8
14.0	11.6	12.0	12.4	12.8	13.3
16.0	12.6	13.0	13.4	13.9	14.5
18.0	13.5	14.0	**14.5**	15.1	15.7
20.0	14.5	15.0	15.5	16.2	16.9
22.0	15.4	16.0	16.6	17.3	18.1

Sources: Metzler Research

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Peer Group Analysis shows significant discount

The two main peers of CEOTRONICS are INVISIO and Savox. These companies have similar product portfolios and customers, varying slightly in regional focus. Overall, all three companies develop and sell different variants of helmets and headsets with hearing protection, control units, intercom systems and cables. All three companies supply defense and public safety organisations.

All three companies generate most of their revenue in Europe. The main regional markets for INVISIO are USA, Denmark, UK, Netherlands, and the rest of the Europe. Savox's main markets are Finland, USA, China, Australia, Canada, and South Korea. Differences may arise in the sourcing strategy, with CEOTRONICS highly focussing on Germany.

In terms of revenue and EBIT, CEOTRONICS is comparable to Savox, but smaller than INVISIO. Due to differences in reporting periods, the numbers might be affected by some timing effects. In FY'24/25 (ending 30.5.25), CEOTRONICS generated EUR 55.8m in sales and and EBIT of EUR 7.8m (Margin: 14.0%). Figures for FY'25/26 are expected to be published early September. According to preliminary figures, revenue came in at EUR 56.3m. Additionally, the net income outlook of EUR 5.3m was confirmed (FY'24/25 net income: EUR 4.7m).

Savox in comparison generated EUR 56.1m in revenue and EUR 7.1m in EBIT (Margin 12.6%) in FY'25. We compared LTM multiples as there are no consensus estimates and forward muiltiple for Savox due to the recent listing. on the Nasdaq Helsinki Exchange. CEOTRONICS trades at a discount of ~75% versus Savox based on LTM EV/EBIT.

INVISIO is the largest player in this niche, generating roughly EUR 157m in revenue and EUR 27.9m in EBIT (Margin: 17.8%) in FY'25.

Comparison between CEOTRONICS and Savox

	2025 (FY'25/26) Revenue	2025 (FY'25/26) Revenue Growth	2026 (FY'26/27) Revenue Growth	2025 (FY'25/26E) EBIT	2025 (FY'25/26E) EBIT Margin	2026 (FY'26/27) EBIT	2026 (FY'26/27) EBIT Margin
CEOTRONICS	56.3	1.0%	5.5%	~7.9	14%	8.5	14.30%
Savox	56.1	6.8%	16% - 34%	7.14	12.7%	11.2 at midpoint	14% - 18%

	LTM EV/EBIT	LTM P/E
CEOTRONICS	6.3x	14.4x
Savox	31.5x	33.8x

Source: Bloomberg, Company data, Metzler Research

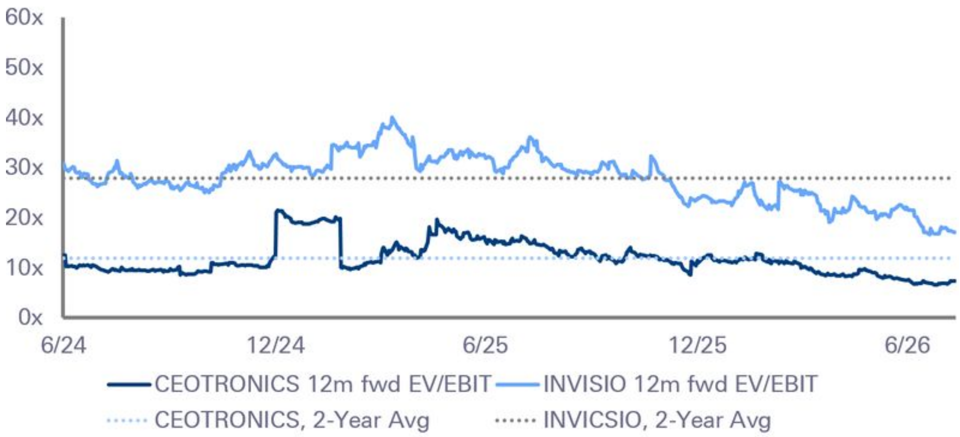
Comparison between CEOTRONICS & INVISIO

Company	Ticker	Currency	Market Cap (in M)	Sales 2027E	Sales CAGR 25'-27'*	EBIT 2027E	EBIT Margin '27E	EPS 2027E	EPS CAGR '25-'27E
CeoTronics AG	CEK GY	EUR	82	65	7.6%	10	16.2%	0.74	11.1%
INVISIO AB	IVSO SS	SEK	9,587	2,567	21.6%	640	24.9%	10.44	48.7%

Source: Bloomberg, Metzler Research

The main difference between CEOTRONICS and its peers is the lower revenue growth outlook. The margin profile, and as described above the business model characteristics, are very similar. While the scale of INVISIO could to some extent explain the valuation difference to CEOTRONICS, the gap has no foundation in the case of Savox. Judging by this, we view multiple discounts of over 50% as unjustified. We believe that with a growing track record and improving growth profile, the gap will close.

CEOTRONICS trades at a 55% discount on EV/EBIT versus peer INVISIO



Source: Metzler Research, Bloomberg

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Balance sheet

(in EUR m)	2022/23	%	2023/24	%	2024/25	%	2025/26e	%	2026/27e	%	2027/28e	%
Assets	29	2.1	44	49.2	43	-2.8	47	9.2	52	12.0	56	8.3
Fixed assets	**13**	**-0.5**	**13**	**0.9**	**13**	**-0.1**	**17**	**33.9**	**17**	**2.0**	**18**	**2.6**
Intangible fixed assets	5	-5.1	5	-1.3	4	-20.2	4	7.7	5	7.2	5	7.2
Goodwill	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Other intangible assets	5	-5.1	5	-1.3	4	-20.2	4	7.7	5	7.2	5	7.2
Tangible assets	7	3.0	8	2.4	9	13.6	13	46.5	13	0.2	13	0.8
Technical plant and equipment	1	5.6	1	12.4	2	95.5	0	-100.0	0	n.a.	0	n.a.
Financial assets	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Other financial assets	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Current assets	**16**	**3.6**	**31**	**87.6**	**29**	**-4.4**	**29**	**-1.5**	**34**	**18.1**	**38**	**11.3**
Inventories	13	6.6	22	65.9	19	-11.9	23	17.6	22	-2.4	22	1.6
Receivables and other assets	2	-44.3	8	345.7	6	-34.0	6	1.7	5	-5.1	6	7.4
Cash and cash items	1	660.0	1	-52.1	5	588.4	1	-81.8	7	701.2	10	45.1
Deferred taxes	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Shareholders' equity and liabilities	29	2.1	44	49.2	43	-2.8	47	9.2	52	12.0	56	8.3
Shareholders' equity	**17**	**9.7**	**20**	**15.4**	**28**	**42.5**	**32**	**13.3**	**36**	**12.1**	**41**	**12.9**
Subscribed capital	7	0.0	7	10.0	8	9.9	8	0.0	8	0.0	8	0.0
Reserves	11	16.8	13	18.7	20	61.3	24	18.5	28	16.1	33	16.5
Minority interests	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Outside capital	**12**	**-7.1**	**24**	**97.4**	**14**	**-40.5**	**14**	**1.0**	**16**	**11.7**	**16**	**-2.0**
Liabilities	10	-3.3	22	126.2	10	-55.0	10	1.4	12	16.6	12	-2.7
Financial debt	6	-11.5	18	191.8	7	-61.7	7	-0.5	8	14.3	8	-6.3
Accounts payable, trade	1	1.6	2	17.9	2	-7.4	2	11.8	2	40.7	3	7.4
Other liabilities	1	56.1	1	9.7	1	-54.3	1	0.0	1	0.0	1	0.0
Deferred taxes liabilities	1	3.3	1	-1.7	1	-8.8	1	0.0	1	0.0	1	0.0
Balance sheet total	29	2.1	44	49.2	43	-2.8	47	9.2	52	12.0	56	8.3

Sources: Bloomberg, Metzler Research

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Profit & loss account

(in EUR m)	2022/23	%	2023/24	%	2024/25	%	2025/26e	%	2026/27e	%	2027/28e	%
Sales	30	3.3	30	-1.5	56	88.3	56	0.9	59	5.5	64	7.4
Cost of sales	16	5.1	16	1.2	33	109.2	33	0.7	35	4.8	37	7.4
Gross profit on sales	**14**	**1.4**	**14**	**-4.4**	**23**	**64.5**	**23**	**1.3**	**25**	**6.5**	**26**	**7.4**
Other operating income	1	63.8	0	-43.9	0	-17.7	0	-11.1	0	5.5	0	7.4
Selling expenses	5	2.9	5	1.9	7	21.0	7	5.7	8	10.3	8	7.4
General administrative expenses	2	2.0	2	9.0	3	25.3	3	9.4	3	5.5	4	3.7
Other operating expenses	4	1.5	4	1.8	6	46.3	5	-9.3	5	1.0	5	3.7
EBIT	4	7.3	3	-35.2	8	209.9	8	1.7	8	7.2	9	11.1
Financial result	-0	-57.5	-1	-122.1	-1	-46.4	-0	83.3	-0	-109.8	-0	0.0
Income from investments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Interest income (net)	-0	-57.5	-1	-122.1	-1	-46.4	-0	83.3	-0	-109.8	-0	0.0
Other financial result	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Result of ordinary activities	**4**	**4.9**	**2**	**-46.6**	**7**	**259.3**	**8**	**12.1**	**8**	**5.4**	**9**	**11.5**
EBT	4	4.9	2	-46.6	7	259.3	8	12.1	8	5.4	9	11.5
Taxes on income	1	15.5	1	-37.3	2	222.9	2	9.8	3	5.4	3	7.9
Tax rate (%)	30.0	10.1	35.2	17.4	31.7	-10.1	31.0	-2.1	31.0	0.0	30.0	-3.2
Net income	3	0.9	1	-50.6	5	279.1	5	13.2	6	5.4	6	13.1
Minority interests	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Minority rate (%)	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.
Net Income after minorities	3	0.9	1	-50.6	5	279.1	5	13.2	6	5.4	6	13.1
Transfers to retained earnings (reserves)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Unappropriated consolidated net income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Adjustment calculation												
Net Income after minorities	3	0.9	1	-50.6	5	279.1	5	13.2	6	5.4	6	13.1
Adjustments of net income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Adjustment rate (%)	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.
Adj. net income after minorities	3	0.9	1	-50.6	5	279.1	5	13.2	6	5.4	6	13.1
Number of shares outstanding	7	0.0	7	10.0	8	9.9	8	0.0	8	0.0	8	0.0
EPS (EUR)	0.38	0.9	0.17	-55.1	0.59	244.9	0.67	13.2	0.71	5.4	0.80	13.1
EPS adj. (EUR)	0.38	0.9	0.17	-55.1	0.59	244.9	0.67	13.2	0.71	5.4	0.80	13.1

Sources: Bloomberg, Metzler Research

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Cash flow/ratios/valuation

	2022/23	%	2023/24	%	2024/25	%	2025/26e	%	2026/27e	%	2027/28e	%
Cash Flow/ Net Debt (in EUR m)												
Gross Cash Flow	5	266.5	-27	-602.4	20	174.5	7	-64.5	8	7.5	8	10.6
Increase in working capital	-1	-116.5	15	n.m.	-5	-135.6	-3	37.9	2	146.0	-1	-137.1
Capital expenditures	-1	n.a.	-1	n.a.	-2	n.a.	-6	n.a.	-2	n.a.	-3	n.a.
D+A/Capex (%)	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.
Free cash flow (Metzler definition)	3	n.m.	-14	-509.3	13	193.1	-2	-117.9	7	401.0	5	-21.1
Free cash flow yield (%)	12.3	n.a.	-30.2	n.a.	11.0	n.a.	-2.8	n.a.	8.6	n.a.	6.7	n.a.
Dividend paid	1	25.0	1	0.0	1	10.0	2	46.6	2	10.0	2	0.0
Free cash flow (post dividend)	2	322.9	-15	-725.4	12	179.3	-4	-133.4	5	231.2	4	-28.4
Net Debt incl. Provisions	7	-27.2	19	171.3	7	-66.3	10	59.4	5	-48.9	2	-68.4
Gearing (%)	41.3	n.a.	97.2	n.a.	22.9	n.a.	32.3	n.a.	14.7	n.a.	4.1	n.a.
Net debt/EBITDA	1.8	n.a.	7.7	n.a.	0.8	n.a.	1.3	n.a.	0.6	n.a.	0.2	n.a.
Ratios (in %)												
Liquidity												
Quick ratio	256.6	n.a.	568.1	n.a.	704.8	n.a.	405.4	n.a.	531.6	n.a.	633.2	n.a.
Current ratio	1202.8	n.a.	1899.1	n.a.	1971.9	n.a.	1738.7	n.a.	1456.6	n.a.	1508.2	n.a.
Pay-out ratio	39.1	n.a.	87.1	n.a.	33.7	n.a.	32.7	n.a.	31.1	n.a.	29.9	n.a.
Balance sheet structure												
Equity/total assets	58.7	n.a.	45.4	n.a.	66.6	n.a.	69.1	n.a.	69.1	n.a.	72.1	n.a.
Equity to fixed assets	135.6	n.a.	155.1	n.a.	221.4	n.a.	187.3	n.a.	205.9	n.a.	226.6	n.a.
Long-term capital to total assets	80.1	n.a.	87.3	n.a.	83.1	n.a.	84.1	n.a.	84.5	n.a.	85.4	n.a.
Long-term capital to fixed assets and inventories	91.2	n.a.	110.7	n.a.	110.8	n.a.	98.6	n.a.	111.5	n.a.	119.6	n.a.
Liabilities to equity (leverage)	57.1	n.a.	111.9	n.a.	35.3	n.a.	31.6	n.a.	32.9	n.a.	28.3	n.a.
Profitability/efficiency												
Working capital to sales	43.8	n.a.	95.3	n.a.	41.1	n.a.	37.0	n.a.	33.0	n.a.	31.0	n.a.
EBIT margin	12.9	n.a.	8.5	n.a.	14.0	n.a.	14.1	n.a.	14.3	n.a.	14.8	n.a.
EBITDA margin	12.9	n.a.	8.5	n.a.	14.0	n.a.	14.1	n.a.	14.3	n.a.	14.8	n.a.
Net ROS	8.4	n.a.	4.2	n.a.	8.5	n.a.	9.5	n.a.	9.5	n.a.	10.0	n.a.
Cash flow margin	17.9	n.a.	-91.1	n.a.	36.1	n.a.	12.7	n.a.	12.9	n.a.	13.3	n.a.
ROE (after Tax/Min.)	15.3	n.a.	6.7	n.a.	19.6	n.a.	17.7	n.a.	16.6	n.a.	16.7	n.a.
Productivity												
Average number of employees ('000)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sales per employee (EUR '000)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT per employee (EUR '000)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Valuation												
PER adj.	10.6	n.a.	36.0	n.a.	24.3	n.a.	15.2	n.a.	14.1	n.a.	12.5	n.a.
PBV	1.6	n.a.	2.3	n.a.	4.1	n.a.	2.5	n.a.	2.2	n.a.	2.0	n.a.
EV/EBITDA	8.8	n.a.	25.6	n.a.	15.6	n.a.	11.6	n.a.	10.0	n.a.	9.0	n.a.
EV/EBIT	8.8	n.a.	25.6	n.a.	15.6	n.a.	11.6	n.a.	10.0	n.a.	9.0	n.a.
Dividend yield (%)	3.7	n.a.	2.4	n.a.	1.4	n.a.	2.1	n.a.	2.2	n.a.	2.4	n.a.

Sources: Bloomberg, Metzler Research

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Disclosures

Recommendation history

Recommendations for each financial instrument or issuer - mentioned in this document - published by Metzler in the past twelve months

Date of dissemination	Metzler recommendation * Previous	Current	Current price **	Price target *	Author ***
Issuer/Financial Instrument (ISIN): Rheinmetall (DE0007030009)					
30.06.2026	Buy	Buy	970.90 EUR	2180.00 EUR	Neuberger, Alexander
24.06.2026	Buy	Buy	1166.60 EUR	2180.00 EUR	Neuberger, Alexander
07.05.2026	Buy	Buy	1441.60 EUR	2180.00 EUR	Neuberger, Alexander
06.02.2026	Buy	Buy	1571.00 EUR	2180.00 EUR	Neuberger, Alexander
16.09.2025	Buy	Buy	1950.00 EUR	2300.00 EUR	Neuberger, Alexander
08.08.2025	Buy	Buy	1641.00 EUR	1980.00 EUR	Neuberger, Alexander

* Effective until the price target and/or investment recommendation is updated (FI/FX recommendations are valid solely at the time of publication)

** XETRA trading price at the close of the previous day unless stated otherwise herein: (AMS SW: SIX Swiss Exchange)

*** All authors are financial analysts

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Compiled: July 16, 2026 07:55 am CEST
Initial release: July 16, 2026 07:55 am CEST

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