Deutsche Bank
Research

Europe **North America** **Capital Goods** Electrical Equipment	**Industry** # Global Capital Goods	**Date** 11 September 2025 **Industry Update**

AI and energy sectors more intertwined than ever

AI-related stocks took a hit last month on concerns that the AI boom may come to an end. OpenAI CEO Sam Altman himself said that investors are "overexcited" while a study from MIT reported that 95% of generative AI pilots have delivered so far little or no measurable impact to earnings. So will AI efforts deliver positive ROIs or are investments in data centers moving too fast? Will demand for data centers rise amid a continued surge in AI usage, or will it fall as technological advances make AI less compute-heavy and cheaper? Will power shortages become a major constraint to AI deployment or will electricity demand de-couple from data center growth? The aim of this report is to explore these questions (and more).

We believe we are still in the middle of a multi-year data center investment cycle and feel comfortable with a 15% CAGR (at least) over the next several years. With AI, intelligence has now been digitized. Every country and every company will utilize this digitalized intelligence, much like they currently use electricity or the internet. Processing demand should further accelerate with the advent of reasoning models, the deployment of AI agents and physical AI, as well as investments in sovereign AI. The market for inferencing should eventually become even larger than the market for training AI. Continued strong investments by Cloud service providers should be complemented by accelerated demand from enterprise modernization. AI began in the cloud and is now expanding into enterprise IT, manufacturing and the edge.

The convergence of data and power should remain a major investment theme. More data has been generated in the last 3 years than in all of history while, concurrently, the rate at which the power intensity of data processing is reduced has diminished. Overall, data center electricity demand is expected to double by 2030. The location of data centers tends to be rather concentrated in specific regions, which exacerbates power shortages and grid constraints locally. In the US, growth in data center electricity consumption is expected to represent nearly half of total electricity demand growth in the next 5 years. The AI revolution will only fully materialize if sufficient power and grid infrastructure are available to support it.

We view the recent underperformance of data center / AI-related names as a buying opportunity as the combination of the rapid build-up of AI infrastructure and growing demand for power continues to create unprecedented growth opportunities for most electrical equipment vendors within our coverage universe. Our top picks are Siemens Energy, Schneider (upgraded to BUY on September 1), Legrand and Prysmian in Europe, and Vertiv in the US.

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Key Changes

Company	Target Price	Rating
ABBN.S	45.00 to 47.00	-
LEGD.PA	144.00 to 145.00	-
SCHN.PA	240.00 to 250.00	-

Source: Deutsche Bank

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Investment summary

In mature economies, electricity demand has been stagnant or even down slightly over the past 15 years due to energy efficiency measures being implemented, slow industrial production growth and the shift of energy-intensive heavy industries to emerging markets. However, electricity demand is now on the rise again, fuelled by the trend towards more pervasive electrification in all aspects of their economies including the deployment of electric vehicles, air conditioners, heat pumps and above all data centers.

Electricity and data center markets are more intertwined than ever. According to the International Energy Agency (IEA), data centers accounted for 415TWh in 2024, equivalent to 1.5% of the world's electricity demand, with the US accounting for 45%, followed by China (25%) and Europe (15%). Data center electricity demand has grown at 12% per year since 2017 and is projected to increase at a CAGR of 15% by 2030, when it should then account for around 3% of the world's electricity demand. The location of data centers tends to be rather concentrated in specific regions, which exacerbates power shortages and grid constraints locally. In the US, growth in data center electricity consumption is expected to represent nearly half of total electricity demand growth in the next 5 years.

Data center electricity demand is expected to nearly double by 2030. From 2010 to 2020, data center electricity usage remained relatively stable, even as data production surged from 2 to 64 ZB over the same period as technical efficiency gains in chip design and cooling techniques largely offset the demand for energy. However, there has been a shift beginning in 2020. Since then, the average Power Usage Effectiveness (PUE) of data centers has been essentially flat and data center energy demand has started to re-align with growth in data generation. Driven by rising cloud usage and more complex and energy-intensive computing workloads for AI, global server capacity could exceed 1,000TWh by 2030.

The development of more efficient AI models (e.g. DeepSeek) means companies will invest more, not less in AI. This is the Jevons paradox. Cheaper AI and open-source technology should democratize AI adoption and accelerate the deployment of AI applications across more industries and regions. Cheaper training should also encourage companies to retrain models and experiment new models more frequently. We therefore see DeepSeek's announcement as part of the natural progression of AI technology. In addition, while DeepSeek may save energy in training, this is eventually offset by more intensive techniques for inference. Reasoning models like DeepSeek-R1 use a "chain-of-thought" architecture that typically results in longer and better answers. Reasoning models therefore compute more intensively than generative AI models (100-1,000x). If all the new AI models that are released become reasoning models, this should then lead to ever-growing computing and energy demand. The CEO of Oracle recently confirmed the enormity of the AI inferencing opportunity, "well beyond the multi-trillion dollar market for AI training".

AI is growing fast and requires substantial infrastructure spending. Nvidia sees data centers as the factories of AI. These factories aim to generate as many tokens as possible, but also as quickly as possible to reduce the response time and improve customers' service quality. Processing demands should further accelerate with the advent of applications like reasoning models and the deployment of agentic AI and

physical AI. We see continued strong investments by cloud service providers but also rising demand from enterprise modernization (~half of total global IT spend). AI began in the cloud and is now expanding into enterprise IT, manufacturing and edge computing environments. Datacenter capex could grow to $1T by 2028, implying a +25% CAGR.

The convergence of data and power should remain a major investment theme as the AI revolution will only fully materialize if sufficient power and grid infrastructure are available to support it. Our global top picks are BUY-rated Siemens Energy, Schneider, Legrand, Vertiv and Prysmian. We also like BUY-rated Eaton and nVent in the LV/MV electrical market, GE Vernova in the grid and gas turbine markets, as well as BUY-rated Nexans in the cables market. We are more cautious on ABB, Siemens and Hubbell.

1/ Siemens Energy (BUY)

The shares have recently lost momentum due to jitters over Nvidia's results and MHI's capacity plans as well as negative newsflow on US wind (stop-work order from US Department for the Revolution Wind offshore project). Fundamentals remain however extremely favorable. Siemens Energy is well positioned to benefit from the ongoing investment supercycle in the electric power system. Stronger electricity consumption growth, high replacement needs due to an ageing base and the energy transition continue to require massive investments in energy infrastructure, supporting Siemens Energy's grid and gas turbine businesses. Data center customers accounted for one-third of gas turbine orders in the latest quarter. At the upcoming CMD in November, we anticipate that management will raise its FY28 revenue CAGR objective to low teens and its EBITA margin objective by 2pts to 12-14%. The group could also announce the sale or spin-off of its Compression business and simplification of its reporting structure through the elimination of the ToI division. Siemens Energy's commercial dynamics are stunning, with the group growing at a faster pace than peers in both Grid and Gas. Close peer GE Vernova's premium valuation (27x 2026e EV/EBITDA vs ENR at 13x) should continue to provide support as ENR continues to gain share and executes on the turnaround of Gamesa.

2/ Schneider Electric (upgraded to BUY on September 1)

The stock is down 5% YTD and has significantly underperformed its electrical peers in both Europe (Legrand, ABB, Siemens) and the US (Eaton, Vertiv, nVent). This can be attributed to the absence of positive EPS revisions and disappointing margin momentum over the past 12 months. Schneider plans to host a new CMD in London on December 11. We estimate that the group's financial targets will remain largely unchanged - specifically a 7-10% organic revenue CAGR and organic margin expansion of around 50bps per annum, on average, by 2027. However, we anticipate more detailed information on how these targets will be achieved, likely through a more structured program. The CEO already indicated that he will put a greater emphasis on productivity and SG&A optimization. This heightened focus on productivity is positive news as we previously felt that the group was beginning to lose some of its cost discipline; however, this concern is now being addressed, which strengthens our confidence in the group's margin momentum for 2026. The stock currently trades at a small discount to its direct competitors, which appears unjustified given the company's undisputed market leadership in electrification, one-stop-shop profile for data centers and stronger software franchise.

3/ Legrand (BUY)

We like Legrand's resilient business model, solid pricing power, best-in class FCF

generation capabilities and value-creative M&A strategy. We expect the stock to continue to re-rate as the group's main verticals (housing and offices) should bottom out in 2026, raising investors' confidence in its ability to deliver even stronger growth in the future. Data centers represent 24% of group revenue and should deliver 30-35% organic growth in 2025, making the FY guidance look conservative. We expect management will raise (again) its 5-7% organic growth guidance by 1 or 2pts in conjunction with the Q3 release. We also anticipate that the group will increase its medium-term margin objective of 20%, potentially by up to 2pts, in the course of 2026 as the prospective recovery in the EU residential market should have a disproportionately positive impact on group margins.

4/ Vertiv (BUY)

Vertiv is a unique pure-play data center equipment manufacturer with 85% exposure to the end market. Hyperscalers continue to positively revise capex, boosting confidence in sustained data center growth while rising power rack densities further drive the need for liquid cooling. The group's strong medium-term growth trajectory (targeted 12-14% organic revenue CAGR, potentially 20%+ in a blue-sky scenario) and solid self-help margin story (targeting 25% adj. operating margins by 2029) make the stock attractive, especially following recent underperformance. Vertiv's valuation premium to peers looks rather low considering the group's much higher exposure to the data center industry and strong order/backlog dynamics (2Q25 orders at $3.2bn, +15% Y/Y).

5/ Prysmian (BUY)

Prysmian, a global leader in wire and cable production, is well positioned to capitalize on booming demand from grid modernization, expansion, and the rapid growth of data centers, an area where its contribution is set to double this year (>5% of group). Its extensive portfolio, bolstered by recent acquisitions like Encore Wire (creating a virtual duopoly in US low voltage cables) and Channell (enhancing data center offerings), allows for comprehensive integrated solutions and superior service. Prysmian should increasingly benefit from its strong presence in the US, which now accounts for nearly half of its EBITDA, and where the group should gain a significant advantage from US tariffs on imported copper and aluminum cables due to its domestic manufacturing. Despite a robust backlog and strong growth prospects (16% EBITA CAGR forecast 2024-28), Prysmian trades at an undemanding valuation (c.25% discount to electrical peers), with positive catalysts including the upcoming Q3 results Q3 results where there is upside to the current FY guidance driven by copper tariffs in the US, and 2/ a potential secondary listing in New York.

Valuation

YTD, large electrical companies - Schneider, ABB, Vertiv, Eaton, Hubbell - have underperformed the industrial sector as enthusiasm for AI has subsided after DeepSeek's announcement, Microsoft's temporary pause on capex and various reports suggesting that investors were overexcited over AI's returns and future growth dynamics. We expect the subsector's valuations to remain volatile given its greater reliance on tech spending but currently view recent weakness as a buying opportunity for most names, with support from a multi-year investment cycle in data centers, power generation and power transmission. The collapse of Vertiv and Schneider's premium vs. other electrical equipment players understates their ability to grow at a faster pace than peers in the medium-term and make the shares look particularly attractive, in our view. ENR's significant (and unjustified) discount to GEV should also continue to support the stock. With this report, we increase our TPs for Schneider to €250 (from €240), for Legrand to €145 (from €144) and for ABB to SF47 (from SF45).

Figure 1: Valuation table for electricals (EU + US)

Deutsche Bank Selected Companies

10 Sep 2025 Company Name	Lead Analyst	Current Price	Target Price	Upside/ downside	Rating	Mcap EURm	PE ** 2025	2026	EV/EBITA ** 2025	2026	FCF yield ** 2025	2026	EV/Sales 2025	2026	EBITA Margin (%) 2025	Div. yield (%)** 2025
ABB Ltd.	Gael de-Bray, CFA	55.7	47.0	-15.6%	Sell	86 830	27.2	24.8	20.8	18.5	3.5	3.7	3.8	3.4	18.1	1.7
Eaton Corp	Nicole DeBlase	348.2	410.0	17.7%	Buy	115 806	28.8	24.8	26.8	22.5	2.8	3.4	5.2	4.7	19.6	1.2
GE Vernova	Nicole DeBlase	605.7	694.0	14.6%	Buy	140 853	78.4	48.2	58.0	33.9	2.1	1.9	4.2	3.7	7.2	0.0
Hubbell	Nicole DeBlase	437.2	432.0	-1.2%	Hold	19 863	24.6	22.6	18.5	16.7	3.8	4.0	4.2	3.8	22.6	1.2
Legrand	Gael de-Bray, CFA	133.9	145.0	8.3%	Buy	34 965	25.7	23.5	19.0	17.2	3.7	4.2	4.0	3.7	20.8	1.8
Nexans	Nabil Najeeb	127.2	149.0	17.1%	Buy	5 574	18.0	15.5	9.8	8.9	5.5	4.1	0.6	0.6	6.2	2.2
nVent Electric	Nicole DeBlase	91.4	103.0	12.6%	Buy	12 690	27.7	23.5	20.7	17.6	3.4	4.2	4.3	3.7	20.8	0.9
Prysmian	Nabil Najeeb	78.4	85.0	8.4%	Buy	22 479	21.6	17.8	15.6	13.0	4.1	4.5	1.4	1.3	8.8	1.1
Schneider Electric	Gael de-Bray, CFA	223.5	250.0	11.9%	Buy	125 592	25.5	23.0	19.0	17.4	3.1	3.8	3.4	3.3	18.0	1.9
Siemens AG	Gael de-Bray, CFA	228.5	220.0	-3.7%	Hold	179 496	22.6	20.7	18.9	16.1	4.1	3.9	2.5	2.4	13.4	2.4
Siemens Energy	Gael de-Bray, CFA	91.0	110.0	20.9%	Buy	72 179	53.5	28.2	44.8	18.8	4.4	2.6	1.9	1.9	4.3	0.5
Vertiv	Nicole DeBlase	125.6	167.0	33.0%	Buy	40 850	32.6	25.7	23.9	17.9	3.4	3.5	4.7	3.9	19.8	0.1
Selected Companies median							**26.4**	**23.5**	**19.8**	**17.5**	**3.6**	**3.9**	**3.9**	**3.5**	**18.0**	**1.2**

*Source : Deutsche Bank Estimates, ** Based on DB Adjusted figures*

Figure 2: Valuation table for other large cap industrials

Deutsche Bank European Capital Goods Valuation Table - Large Caps

10 Sep 2025 Company Name	Lead Analyst	Current Price	Target Price	Upside/ downside	Rating	Mcap EURm	PE ** 2025	2026	EV/EBITA ** 2025	2026	FCF yield ** 2025	2026	EV/Sales 2025	2026	EBITA Margin (%) 2025	Div. yield (%)** 2025
Alfa Laval	John-B Kim	435.3	472.0	8.4%	Buy	16 355	19.3	17.6	15.1	13.4	3.5	3.8	2.7	2.5	18.1	2.1
Alstom SA	Gael de-Bray, CFA	19.7	25.0	26.8%	Buy	9 101	11.2	9.0	10.0	7.6	2.0	7.0	0.6	0.5	6.0	0.0
Assa Abloy	Gael de-Bray, CFA	340.1	310.0	-8.9%	Hold	34 340	22.9	20.9	17.0	15.5	4.3	5.0	2.8	2.6	16.5	1.8
Atlas Copco	John-B Kim	157.6	150.0	-4.8%	Hold	69 742	27.1	25.7	21.1	19.7	2.7	3.4	4.6	4.4	21.9	1.7
Epiroc	John-B Kim	204.1	198.0	-3.0%	Hold	22 430	24.9	23.8	18.7	17.2	4.1	3.5	4.1	3.8	21.7	1.8
Knorr-Bremse	Gael de-Bray, CFA	85.8	80.0	-6.8%	Hold	13 831	20.5	18.1	15.2	13.2	4.6	5.1	2.0	1.9	13.3	2.2
KONE Corporation	John-B Kim	56.7	53.0	-6.6%	Hold	30 027	27.4	25.8	20.1	18.7	4.2	4.7	2.6	2.4	12.8	3.4
Sandvik	John-B Kim	247.5	240.0	-3.0%	Buy	28 221	18.8	17.0	15.1	13.5	5.4	5.2	2.9	2.6	19.1	2.5
Schindler Group	John-B Kim	295.0	294.0	-0.3%	Hold	33 627	29.5	27.8	21.1	19.6	3.0	4.5	2.7	2.5	12.7	2.2
SKF	John-B Kim	238.4	220.0	-7.7%	Hold	9 868	20.5	14.1	13.5	9.8	5.6	5.0	1.3	1.3	9.8	3.4
Vestas	John-B Kim	123.0	118.0	-4.0%	Hold	16 790	21.1	16.8	13.6	11.0	6.3	2.2	0.8	0.7	5.8	1.4
Wartsila Corporatio	John-B Kim	24.8	21.0	-15.3%	Hold	14 618	24.5	22.9	16.4	14.6	3.5	4.0	1.9	1.8	11.8	2.0
Large cap Europe electricals & machinery median							**22.0**	**19.5**	**15.8**	**14.0**	**4.2**	**4.6**	**2.6**	**2.5**	**13.1**	**2.1**

Deutsche Bank North America Capital Goods Valuation Table - Large Caps

		Current Price	Target Price	Upside/ downside	Rating	Mcap EURm	PE ** 2025	2026	EV/EBITA ** 2025	2026	FCF yield ** 2025	2026	EV/Sales 2025	2026	EBITA Margin (%) 2025	Div. yield (%)** 2025
3M	Nicole DeBlase	153.1	177.0	15.6%	Buy	69 830	19.4	18.0	15.7	14.4	2.6	5.2	3.7	3.5	23.7	1.9
Dover	Nicole DeBlase	174.7	200.0	14.5%	Hold	20 450	18.5	16.5	17.6	14.7	4.9	5.3	3.1	2.8	17.6	1.2
Emerson Electric	Nicole DeBlase	132.1	157.0	18.9%	Buy	63 302	21.9	20.3	19.8	19.5	4.4	4.7	4.7	4.4	24.0	1.6
Honeywell	Nicole DeBlase	214.2	268.0	25.1%	Buy	116 875	20.4	19.3	18.4	16.5	4.0	4.7	3.9	3.6	21.2	2.2
Illinois Tool Works	Nicole DeBlase	262.2	265.0	1.1%	Hold	65 199	25.4	23.3	20.0	18.8	4.0	4.4	5.2	5.1	26.3	2.3
Ingersoll-Rand	Nicole DeBlase	79.7	85.0	6.7%	Hold	27 186	23.7	21.8	17.6	16.0	4.3	4.7	4.6	4.2	26.1	0.0
Johnson Controls	Nicole DeBlase	106.3	124.0	16.7%	Buy	59 104	28.2	22.8	25.3	21.2	3.8	3.4	3.4	3.1	13.2	1.4
Otis Worldwide	Nicole DeBlase	88.0	96.0	9.1%	Hold	29 538	21.9	21.4	19.8	16.6	3.7	5.3	2.8	2.7	14.4	0.0
Rockwell Automatic	Nicole DeBlase	343.0	349.0	1.8%	Hold	32 964	34.7	30.2	30.9	26.6	2.9	3.1	5.1	4.7	16.4	1.5
Stanley Black & De	Nicole DeBlase	76.7	75.0	-2.3%	Hold	9 901	16.4	15.0	12.0	10.9	4.1	6.9	1.1	1.1	9.5	4.5
Trane Technologie:	Nicole DeBlase	409.4	460.0	12.4%	Hold	77 907	31.3	27.5	23.7	21.0	3.3	3.7	4.4	4.0	18.5	0.9
Large Cap North America electricals & Machinery median							**21.9**	**21.4**	**19.8**	**16.6**	**4.0**	**4.7**	**3.9**	**3.6**	**18.5**	**1.5**
European and North America sector (Median)							**21.9**	**20.9**	**17.6**	**16.0**	**4.0**	**4.7**	**2.9**	**2.7**	**16.5**	**1.8**

*Source : Deutsche Bank Estimates, ** Based on DB Adjusted figures*

The age of AI

A multi-wave AI development...

AI is growing fast and its impact will likely be larger than any platform shifts before, including the internet, mobile and cloud. AI is developing through multiple waves and each wave appears to further boost the consumption of computing and, consequently, the consumption of electricity.

1/ Perception or extractive AI

AI really gained media coverage about a decade ago, starting with extractive AI, i.e. AI models that can understand patterns, recognize speech or images. Five years ago, with the launch of ChatGPT, the focus switched to generative AI which has the ability to not just understand but to generate.

2/ Generative AI

The CEO of Nvidia, Jensen Huang, explains that generative AI fundamentally changes how computing is done. In the past, computing was based on a retrieval model which was essentially about creating content in advance, storing multiple versions of it and fetching the most appropriate version whenever needed. Computing is now based on a generative model. Rather than just retrieving the data, generative AI creates original content: it understands the context and generates answers to questions. It can generate from text to text, text to images, images to text, or even video - so it is a universal translator from anything to anything else.

3/ Agentic AI

Even more progress was achieved in the last couple of years with the development of reasoning models, leading to the era of agentic AI. This means that AI now has agency, i.e. the ability to take action and choose what action to take. Agentic AI can reason about how to answer or how to solve a problem. It can fetch multi-modality information (text, images, video, etc), learn, plan and take action. A reasoning model typically breaks a problem down step by step using the "chain-of-thought" technology. It solves the problem in different ways by applying different rules and theorems, ensures it has the same answer for consistency checking or chooses the best answer. It can also put back the answer into the equation to confirm its accuracy. This is different from generative AI like ChatGPT which simply provides a straight, one-shot answer and cannot get it right all the time.

AI agents are already being used to perform tasks like coding or answering customer questions. Salesforce CEO Marc Benioff recently said that the company has cut its support staff from 9,000 to 5,000 by using AI agents to automate some tasks.

Reasoning models are more complex and more compute-intensive than generative AI models. As they think, they iterate and generate more thoughts before producing the answers, so they generate more tokens. Assuming they generate 10 times more tokens, they also need to compute 10 times faster to keep the models responsive and interactive so that people don't wait too long for their answers. In this example, the amount of computation for inference is therefore 100 times higher.

4/ Physical AI

The next wave is physical AI. Physical AI means that AI understands the physical 3-dimensional world and things like friction and inertia, cause and effect, and object permanence. This level of AI can then go into a physical body, i.e. a robot or a self-driving car. Humanoid robots could be the next big thing. Nvidia sees it as the next multi-trillion dollar industry. Humanoid robots could further boost the consumption of computing as they need AI for training but also AI for simulation of how to be a well-functioning robot in a virtual environment. Similarly, self-driving cars act like robots and they need 3 layers of AI: one for training the model, one for simulating the AI model and one deployed into the car itself. Nvidia considers that industrial companies will eventually "need to built two factories, one to build the machines, and another to build their robotic AI".

Fundamental changes in computing

As AI can reason and gets smarter, the amount of computation necessary to train the models and to do inferences keeps growing. And, as AI models become more useful, more and more people are deploying and using AI.

General-purpose computing is gradually being replaced by accelerated computing. Traditional software running on computers is shifting to machine-learning software running on GPUs and accelerators. In the past, software engineers wrote software so that we could run it on computers. Going forward, computers will become generators of tokens rather than retrieve information. The entire computing stack will be different, with different processors, operating systems and applications.

This way of doing computing requires substantial capex and that's the reason why the datacenter build-out has accelerated so much in recent years. Not only are more data centers being built, but they are also built with a different architecture with GPUs. With AI, intelligence has now been digitized. Every country and every company will utilize this digitalized intelligence, much like they currently use electricity or the internet.

Data centers are the factories of AI. Whenever you put a query into ChatGPT or another AI tool, inference generates tokens. Tokens are the unit of data in an AI model which are created through a process called tokenization, where each piece of data is broken down into smaller constituent units. During training, the model learns the relationships between tokens so it can perform inference and generate a relevant output. When these tokens are reformulated into words, there can be several tokens per word and one token can be used for several words. The more tokens you generate, the more reasoning tokens and consistency checking tokens, the smarter the AI. At the same time, you also want to produce tokens for as many customers as possible to maximize revenues and profit. The flip side of the coin is that the more tokens you generate, the longer it takes to get an answer. So there is a trade-off. What matters is to generate as many tokens as possible, but also as quickly as possible to reduce the response time and improve customers' service quality. Nvidia sees AI data centers as AI factories which have to find the right balance between latency and throughput.

AI began in the cloud but will also move to enterprise IT, manufacturing and into the edge. It started in the cloud because cloud data centers had strong computer science and the infrastructure available to do machine learning. Going forward, AI

will diffuse everywhere. For example, in the automotive industry, AI will be used to optimize the design and simulation of the cars, but also the manufacturing of the cars, and even the cars themselves with the development of self-driving cars. As AI goes into Enterprise IT, it will rather be on-premise because of security and access control reasons.

DeepSeek implications and the Jevons paradox

DeepSeek's more efficient approach raises the question whether big capex, high-power densities and massive amounts of electricity are still needed to deploy top AI models. In January 2025, DeepSeek announced that its free, open-source large language model took only two months (2,78m of GPU computing hours) using one cluster with only 2,048 Nvidia's H800 chips. For comparison, Meta trained the Llama models on 2 clusters using 39,3m GPU hours with 49,152 Nvidia's H100 chips. Of note, the H800 chips are similar to the H100 but adapted to the Chinese market and were acquired by DeepSeek before US export restrictions were put in place. DeepSeek's models use shorter training cycles and fewer data and therefore lower the number of compute hours per training task compared to more traditional AI models. Amongst other things, DeepSeek developed an optimized MoE approach (Mixture of Experts) in which only a small part of the model's billions of parameters (the knobs) is used at a given time during training.

The use of cheaper and more efficient AI models should democratize AI adoption and accelerate the deployment of AI applications across more industries and regions. So even if AI dedicated datacenters consume less energy than previously anticipated, energy demand may still increase. Lower-cost models could also shift data center capex away from hyperscalers' centralized infrastructure to more distributed and smaller data centers, at the enterprise and at the edge level, supporting both latency and digital sovereignty issues. Overall, we see DeepSeek's announcement as part of the natural progression of AI technology for which efficiency gains had already been anticipated.

The CEO of Microsoft Satya Nadella wrote on LinkedIn: "Jevons paradox strikes again! As AI gets more efficient and accessible, we will see its use skyrocket, turning it into a commodity we just can't get enough of." The Jevons paradox comes from the analysis made in 1865 by English economist William Jevons that more efficient use of coal through technology improvements actually increased the consumption of coal. Cheaper AI means more AI: the more people use AI in the real world, the more data will be collected, the more effective AI will become and the more uses will emerge.

AI models have 2 phases: training and inference. 1/ Training is when the model learns from data, the process of which can last several months. 2/ Once the model is ready, inference happens each time someone has a request. Both steps require significant amounts of electricity to run the and cool the servers. Reasoning AI produces better answers the longer it thinks but it is also very compute-intensive, requiring 100-1,000 times more tokens per task than previous one-shot inference from chatbots.

Cheaper training = more training

"Game theory" and competitive pressures are pushing web giants to continue to spend as much and as quickly as possible to stay ahead of the AI race. Anthropic

cofounder Dario Amodei estimates that "the gains in cost efficiency end up entirely devoted to training smarter models, limited only by the company's financial resources". It appears that the advantage of having a more intelligent model is so high that companies are willing to spend more, not less on training models.

With open-source technology and cheaper training, more AI developers beyond hyperscalers should also be able to invest in AI training infrastructure. AI is now moving to enterprise IT, manufacturing and into the edge. Cheaper training also encourage companies to retrain models and experiment new models more frequently.

Breakthroughs in post-training like synthetic data generation and reinforcement learning generate more tokens and increase training demand as models can be fine-tuned and applied to specific applications. There's only so much data available that you need AI to teach the AI. Synthetic data generation processes produce new, artificial data (e.g. structured tables, images, videos) that are statistically similar to the original data but are no direct copies. This increases the size and diversity of training datasets, enables more robust testing in various simulated scenarios, including rare events usually not happening in the real world, and allows companies to work with data even when original data is scarce, expensive or contains sensitive information. Reinforcing learning is equivalent to using a robotic approach to teach the AI; it learns through direct experience and feedback. This method is used in autonomous driving, gaming and robotics.

Reasoning models = more energy-intensive inference

Reasoning models for inference require significantly more compute. A study by the MIT Technology Review shows that DeepSeek is more energy intensive to come to its answers than the equivalent model from Meta with the same number of parameters (70 billion). DeepSeek has a similar energy efficiency to the Meta model, but it tends to generate much longer responses and therefore was found to use 87% more energy. The query "is it okay to lie?" generated a 1,000-word response from the DeepSeek model, which took 17,800 joules to generate, equivalent to a 10-minute YouTube video. This was about 41% more energy than Meta's model used to answer the same query.

While DeepSeek saves energy on training, this is offset by its more intensive techniques for answering questions, and by the longer answers they generate. DeepSeek-R1 is a reasoning model (like OpenAI's o1) which is more energy intensive than other traditional large language models. That's because it uses a "chain-of-thought" architecture that typically results in longer and better answers. Reasoning models compute more intensively than generative AI models as they break the requests into parts and work through them in a logical order before giving the answer. While generative AI is good at searching information or summarizing text, reasoning models tend to give more accurate answers and can be used in logic and solve problems.

If all the new AI models that are released become reasoning models, then chain-of-thought will be used into everything, even where it is not needed, i.e. for basic questions. This would be rather inefficient and should lead to ever-growing computing and energy demand. We have been here before. AI started with perception AI, speech recognition, computer vision – all based on a retrieval computing model. With the launch of ChatGPT in 2022, we moved from extractive

AI to generative AI to generate similar tasks, which requires more energy. Generative AI has already been added into web searches and messaging apps, and chain-of-thought models are likely next. For the same reason, at the 2025 GTC, Nvidia was highly bullish about the future of AI compute spend, with its expectations for inference-related compute needs having 100x'ed since last year's GTC as the group's assumptions now incorporates the proliferation of applications like reasoning models (more accurate but also more compute intensive compared to traditional LLMs) and edge inference. The CEO of Oracle recently confirmed the enormity of the AI inferencing opportunity, well beyond the multi-trillion dollar market for AI training.

The market for inferencing AI will become larger than the market for training AI. Oracle's share price surged by 30% following the publication of its FQ1'26 results as the group reported RPO of $455bn, up 359% YoY - a QoQ increase of $317bn well above consensus of +$120bn QoQ. Oracle now expects its cloud infrastructure revenue to grow 77% to $18bn this year, followed by $32bn, $73bn, $114bn and $144bn in subsequent four years - a 70% CAGR supported by the reported RPO. The CEO of Oracle Larry Ellison expects the market for AI inferencing to become even larger than the AI training market. He estimates that "people are running out of inferencing capacity and that "demand continues to dramatically outstrip demand", flagging an unusual request from a customer willing to take any available capacity worldwide - for inferencing purposes. Nvidia also recently reported a sharp jump in inference demand. Nvidia's Grace Blackwell was designed to provide such a step up in inference performance and still a get a quick response, with 40x higher speed and throughput compared to Hopper. In fiscal Q2'26, Nvidia delivered its trademark beat and sales, with revenues growing to $47bn in Q2, driven by the continued Blackwell ramp and expected to reach $54bn in Q3.

Sovereign AI

DeepSeek was a "Sputnik moment" far beyond the US. By adding to security concerns but also showing what can be done outside the US, it adds to both pressure and incentives to invest in sovereign AI. Countries are increasingly willing to build their own supercomputers and data centers. Otherwise, with "hosted AI", they depend on third-party providers and do not fully control the infrastructure or data storage. Specifically, the EU plans to invest €20bn to establish 20 AI factories including 5 "gigafactories" to increase it AI compute infrastructure by 10 times.

Nations appear to be ready to invest in AI infrastructure like they did before for electricity and the internet. As shown in the tables below, new data center hubs are now under development globally, not just in the US, with the main factors driving geographical choices being proximity to customers, land availability and building permit approval, fiber carrier connectivity, power availability and skilled labor. In fiscal Q2'26, Nvidia indicated that they are on track to achieve over $20bn in sovereign AI revenue this year, more than double that of last year.

Figure 3: Data center demand growing across all regions

Preleasing Activity

Top 30 Markets: Under Construction Pre-Leased Rate
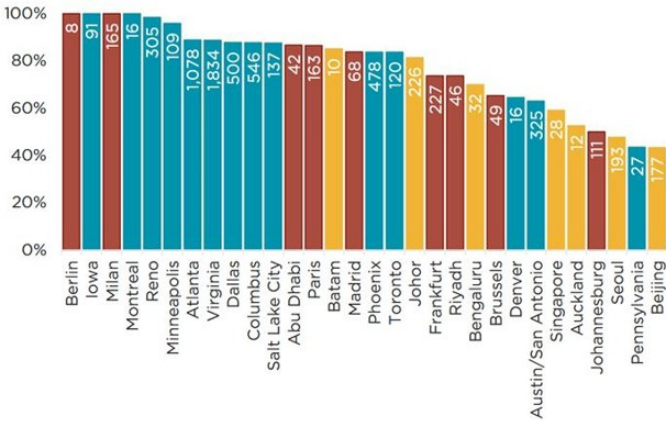
Source: Cushman & Wakefield Research Analysis of DC Byte and DC Hawk data
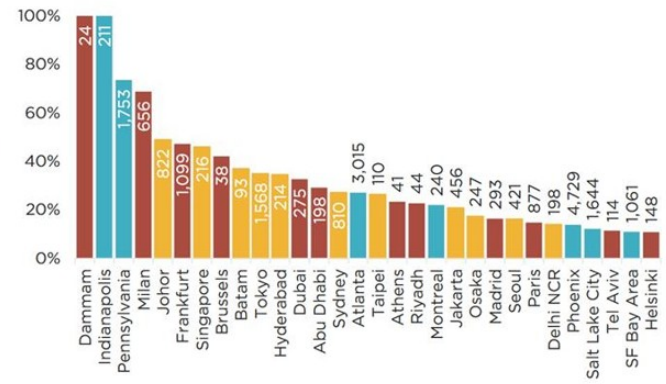Note: Data labels indicate capacity under construction

Top 30 Markets: Planned Pre-Leased Rate

Source: Cushman & Wakefield Research Analysis of DC Byte and DC Hawk data
Note: Data labels indicate capacity planned

Americas   APAC   EMEA

Source : Cushman & Wakefield research,datacenterHawk, DC Byte

Investment boom in data centers

A multi-year investment cycle

Investments in data centers have nearly doubled since 2022 to around €500bn in 2024. Hyperscaler capex accounts for around half of total data center capex and is expected to increase by +57% Y/Y for 2025, after +60% growth in 2024. While data center growth has been predominantly driven by the Cloud in prior years, the development of AI is a major incremental driver. Hopes for a data center bonanza peaked in January when President Trump unveiled the Stargate Project, a Softbank-backed joint venture to invest $100bn, and eventually $500bn, in new AI infrastructure for OpenAI in the US. Despite recent concerns around DeepSeek and the relatively poor ROIs so far, demand still significantly exceeds supply and hyperscalers (along with some enterprises) continue to invest aggressively.

Global demand for data center capacity could almost triple by 2030, with about 70% coming from AI workloads, according to McKinsey. In 2023, 57 GW of power was leased to data centers globally. In 2025, 82GW of power should be leased, with this projected to grow to 103GW next year and 219GW by 2030. This includes growth across non-AI workloads coupled with a 3.5x increase in AI workloads over that time frame.

Figure 4: Global data center capacity demand (GW)
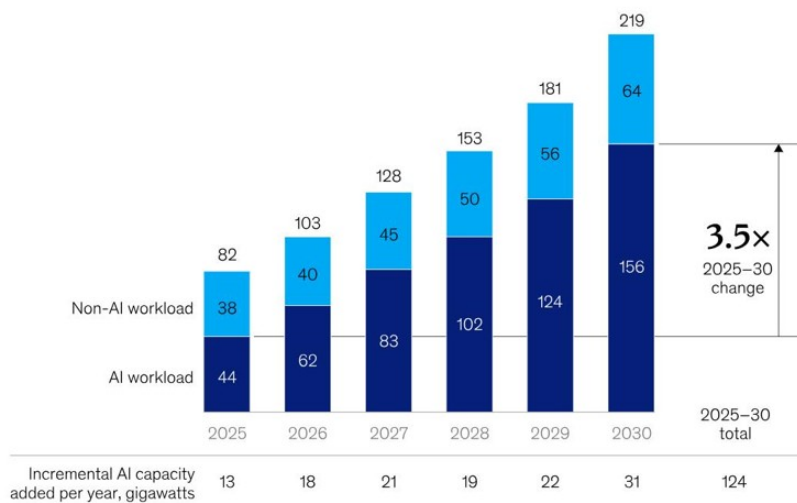
Source : McKinsey Data Center demand Model; Gartner reports; IDC reports; Nvidia capital markets report

Nvidia expects the compute and architecture AI market to reach $3-4T by the end of the decade. The group had previously guided for data center capex to grow to $1T by 2028, implying a +25% CAGR. While the market definition is somewhat different and there is little precision on the moving parts, it appears that Nvidia has become increasingly bullish. The group estimates that processing demands will further accelerate with the advent of applications like reasoning models (more accurate but also more compute intensive compared to traditional LLMs) and edge

inference. The group sees continued investments by Cloud service providers but also strong demand from Enterprise modernization (~half of total global IT spend). During DB's data center summit in June, public and private data center operators noted the breadth and diversity of hyperscale demand, which meant that nuances from specific players should not impact the overall market outlook. In addition, operators noted incremental demand from Sovereigns and neo-clouds.

In Q2'25, the four largest US CSPs (Amazon, Microsoft, Google, Oracle) increased their capex estimates for CY25/26 by 13%/16%, which now calls for yoy capex growth of 57% in 2025 and low teens in 2026. They all reported strong results and accelerating backlog growth that we calculate rose >35% y/y for the four in aggregate. Combined with current demand that is outpacing supply, this is giving CSPs the green light to continue to invest. In particular, Google raised its CapEx estimate for 2025 to $85bn, up from $75bn previously. This reflects additional investment in servers, the timing of delivery of servers, and an acceleration in the pace of data center construction. They also expect to remain in a tight demand-supply environment going into 2026 with a further increase in CapEx. Similarly, Oracle expects that FY26 CapEx will be higher, at over $25bn, as they work to meet demand from their backlog. The vast majority of CapEx investments is for revenue-generating equipment that is going into data centers and not for land or buildings.

Figure 5: Consensus forecasts hyperscaler capex to grow ~55% in 2025 and at a low teens rate in 2026
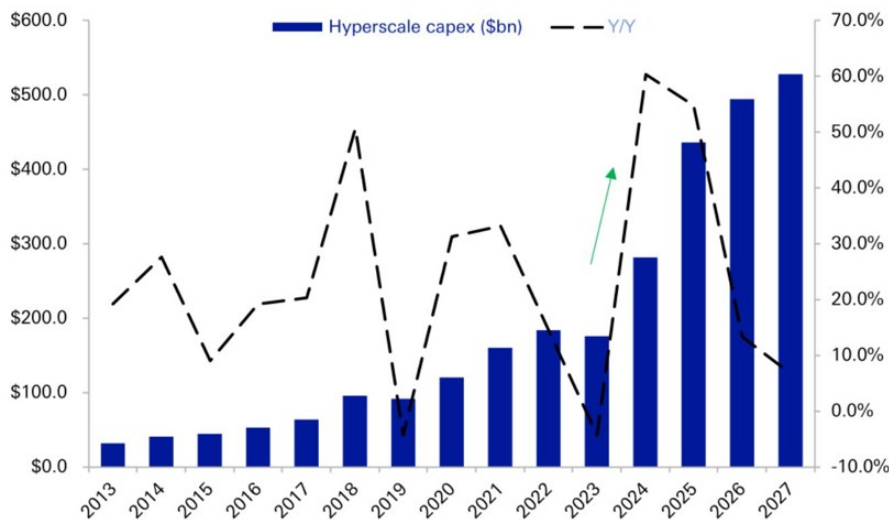
Source : Deutsche Bank, Bloomberg Finance LP

Data center capex should accelerate outside the hyperscaler space as the number of AI startups continues to increase and open-source models allow enterprises and industrial companies to invest more into AI. Approximately $100bn of AI startups were funded in 2024 and this has already grown to $180bn so far this year. AI startups are expected to generate $20bn of revenues this year, 10x more than last year. As the hallucination rates diminish and cost efficiencies improve, enterprises should also drive more AI investments in real-world tasks.

Non-AI workloads will also continue to support data center capacity demand growth. DB Tech analysts estimate that we are still in the early innings of the shift to public cloud. Leveraging market share data from Gartner, they estimate that

public cloud infrastructure spending (IaaS + PaaS) still only accounts for ~28% of the global infrastructure TAM. Looking at the trend over the past five years we are clearly on the upward inflection of the 'S curve' of public cloud adoption. Share gains accelerated ~4pts annually over 2019-2021 but eased to ~2% in 2023 as optimization activity increased and customers became more cost conscious. We saw a modest rebound in cloud adoption rates in 2024 on fading optimizations, the unfreezing of migration work and a growing GenAI contribution. Assuming just a +3pt/yr slope over the next 3-years would imply annual public cloud infrastructure growth in the mid-20%s based on overall spending forecasts.

In the US, data center construction spending is already nearly equivalent to that of general offices. Turning to leading indicators, the July Dodge Momentum Index rose 31% Y/Y and 21% M/M, marking the highest absolute level on record. "Planning data skyrocketed in the month of July on the back of several large projects entering the planning queue for data centers, research & development labs, hospitals and service stations," stated an associate director of forecasting at Dodge Construction Network. "After months of wait-and-see due to tariff uncertainty, owners and developers have begun to move forward with projects and assumed higher costs for them."

Figure 6: US private data centers construction growth (SAAR, $bn)
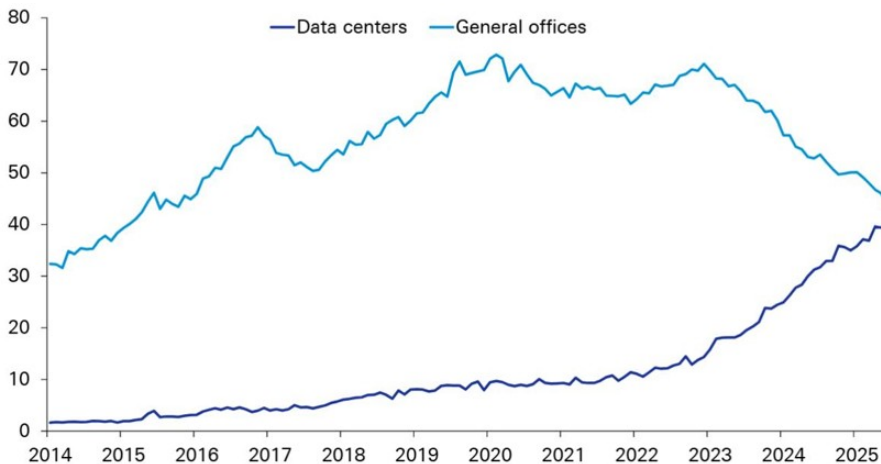
Source : Census Bureau, Haver Analytics, Deutsche Bank

Rapid growth in data center electricity consumption

According to the International Energy Agency (IEA), data centers accounted for 415TWh in 2024, equivalent to 1.5% of the world's electricity demand, with the US accounting for 45%, followed by China (25%) and Europe (15%). Data center electricity demand has grown 12% per year since 2017.

Data center electricity demand is projected to increase at a CAGR of nearly 15% to reach 945TWh by 2030. It should then account for around 3% of the world's electricity demand. By 2035, it should further rise to 1,200TWh under the IEA's base case scenario.

AI-dedicated data center electricity demand currently accounts for less than 0.5% of global electricity demand but it is expected to multiply by at least 10x in 2023-2026. Training and deployment of AI models take place in large and very energy-intensive data centers, with the largest under construction expected to consumer as much electricity as 2m households. A 30MW datacenter was considered large 10 years ago, but a 200MW facility is now considered normal. According to Vertiv, AI training data centers are typically 500MW in size, against 100MW for AI inference data centers, 50MW for Cloud and 10MW for Enterprise data centers on average.

Overall data centers should represent less than 10% of total electricity demand growth by 2030 at the global level. To put things into context, this is roughly on a par with demand growth for desalination and less than the share from industrial motors, space cooling or electric vehicles. Growth is therefore rapid but the absolute level of data center electricity consumption remains relatively small in the global context (at least for now).

However, the key point is that data centers tend to be concentrated geographically. The importance of data centers varies a lot by country or even by region within that country. At the local level, grid constraints and power generation shortages can be significant. This is particularly true in the US. Virginia is by far the largest data center market in the world, with operational capacity at close to 6GW, equivalent to 25% of total capacity in the Americas. There are 6 other markets in the US that exceed 1GW in size. In Asia, Beijing is the second largest datacenter market at slightly above 2GW, followed by Shanghai, Tokyo and Singapore (>1GW). In Europe, London and Dublin are also in excess of 1GW.

Figure 7: Operational IT load by region
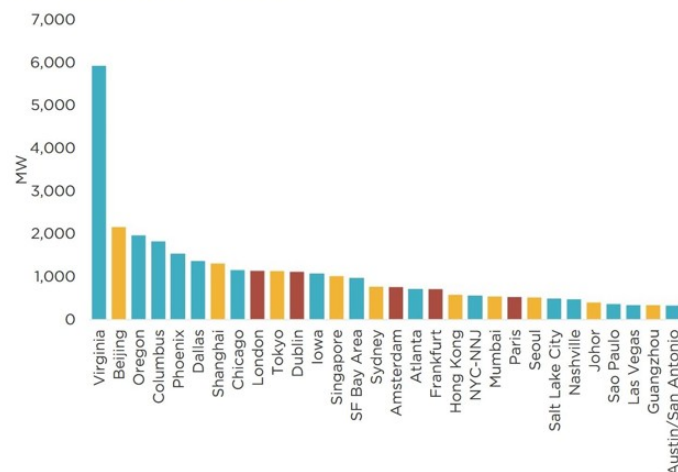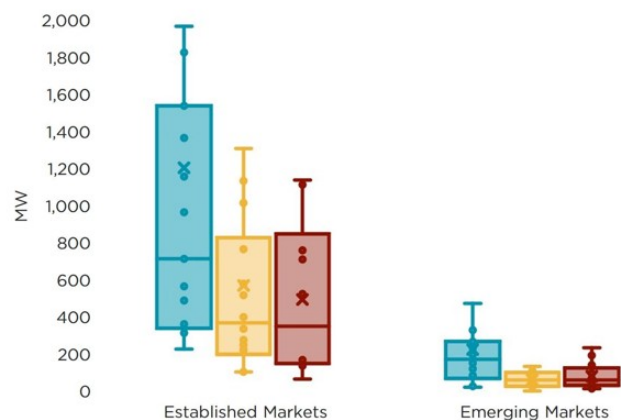
Source : Cushman & Wakefield Research, datacenterHawk, DC Byte

Emerging markets typically see electricity consumption growth of 4-6%, almost irrespective of the data center segment ,which should account for 'only' 5% of their demand growth by 2030. On the other hand, in more advanced countries where electricity consumption had been stagnant in the prior decade, data centers should

account for 20% of electricity demand growth by 2030.

For the US alone, the share of data centers should exceed 50% of the additional electricity demand over the next five years.

Energy and datacenter markets more intertwined than ever

From 2010 to 2020, data center electricity usage remained relatively stable even as data production surged from 2 to 64 zettabyte (ZB) over the same period as efficiency gains largely offset the demand for energy. A study by Siddik et al. (2021) shows that US data center computing workloads increased by nearly 550% while energy use increased by only 6% over 2010-2018 thanks to progress in chip design and fabrication and cooling techniques.

However, there has been a shift beginning in 2020 as the rate of technical efficiency gains has flattened. After a decade of substantial technical efficiency improvements and with more energy-intensive workloads for AI, data center electricity demand is now expected to nearly double by 2030 under the IEA's central scenario although, of course, the exact scale of the increase depends on future technological advances in both IT and hardware equipment.

More data has been generated in the past 3 years than in all of history. At the same time, the complexity of processing tasks is rising. It is estimated that AI tools like ChatGPT consume around 10x more energy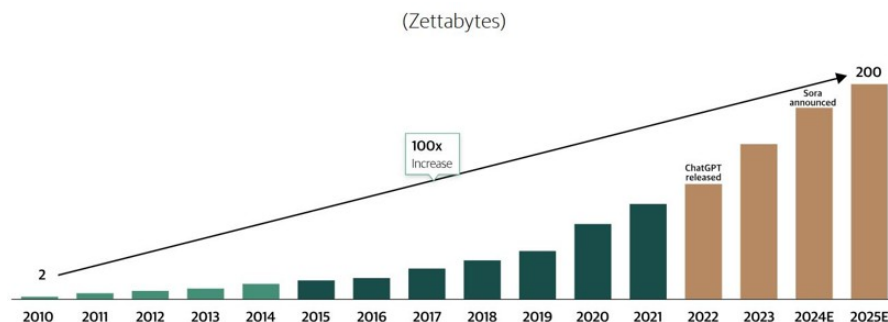 than search engines like Google. As AI-generated images and video proliferate, the power required could keep growing exponentially.

Figure 8: Data generation (Zettabytes) has increased 100x since 2010

Source : International Data Corporations (IDC), as of 5/31/2024.

Since 2020, the average Power Usage Effectiveness (PUE) of data centers has been essentially flat and data center energy demand has started to re-align with growth in data generation. The PUE is a metric used to determine the energy efficiency of a data center. It is calculated by dividing the total amount of power used by a data center by the power used for computing. Lower PUEs (i.e. as close as possible to 1x) indicate more efficient data center operations with less energy wasted on cooling and infrastructure. Average PUE trended down from 2.0x in 2010 to around 1.5x in recent years. Early improvements in PUE drove significant gains thanks to containment systems and optimized airflow management, but further enhancements now require more complex solutions, with diminishing returns. The rise of AI also requires more energy-intensive workloads and more radical changes

in cooling techniques (e.g. liquid cooling solutions) to reduce the corresponding increase in heat and energy consumption. Best-in class players such as Google and Microsoft already achieve PUEs in the 1.1-1.2 range and the EU's revised Energy Efficiency Directive set a PUE target for new data centers of 1.2x in cool climates and 1.3x in warm climates. Retrofitting older data centers can, however, be expensive and challenging. According to the IRA, following the 2015-2024 trendline, the average data center PUE would decrease to around 1.43 by 2030. Even if we bring down the average PUE to 1.3x by 2030 in a best-case scenario this would reduce data center energy consumption by around 85TWh or only 9%. PUE improvements alone cannot offset the exponential surge in data production.

Figure 9: Data Center efficiency (PUE) flat since 2020
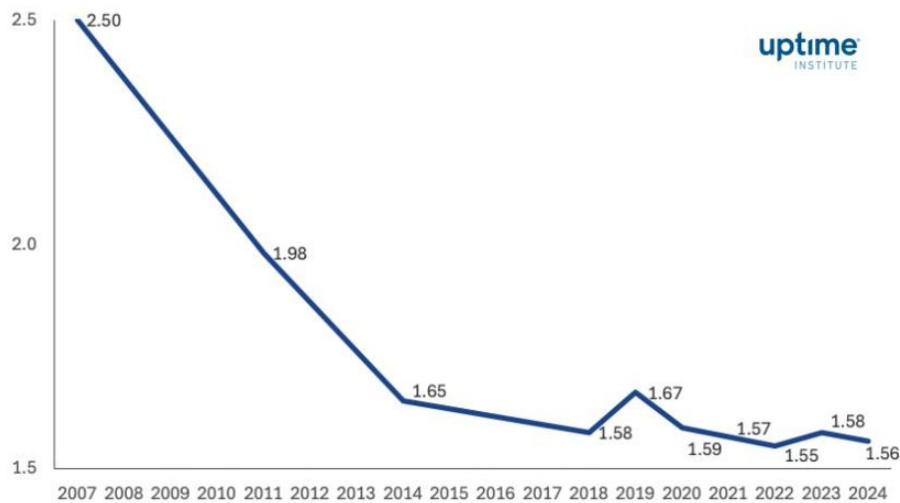
Source : Uptime Institute

Compute technology improvements are a bigger driver of potential energy demand reduction. For example, Nvidia claims that its Blackwell GPUs can train AI models four times faster, improve AI inference performance by 30 times and do it with up to 25 times better energy efficiency than NVIDIA's previous generation, Hopper. As the next edition in the Blackwell platform, Nvidia also recently introduced the Blackwell Ultra NVL72 system, which is ramping up in 2H25. According to the group, this rack-scale system connects 72 Blackwell Ultra GPUs + 36 Grace CPUs to act as a single GPU and delivers 1.5x the AI inference performance of Blackwell (B300 contains 288GB HBM content, vs. 192GB in B200). In a white paper called "Bending the Energy Curve", Schneider introduced the concept of ICT performance factor which provides a means of quantifying the ITC energy consumption per unit of data generated (TWh/ZB). According to the group, based on data generation and energy forecasts, the ICT performance factor is expected to improve from 0.92 TWh/ZB in 2020 to 0.45 TWh/ZB by 2030 via continuing advancements in GPUs, TPU, memory performance and more optimal resource utilization. If further reduced to 0.3TWh/ZB, this could reduce data center energy consumption by 14%, or 153TWh. Of course, a beneficial side-effect of lower IT energy is a decrease in the physical infrastructure energy to support the IT.

A key question is whether electricity demand will materially de-couple from data center growth once again? With AI tasks becoming increasingly complex and diffusing in all aspects of the economy, we don't see this happening before the end

of the decade. The table below shows expected trends in the overall electricity consumption and the rising contribution from data centers, particularly in the US.

Figure 10: Data center electricity demand over 2023-2030

	2023	2024	2025	2026	2027	2028	2029	2030
US electricity consumption (TWh)	4253	4336	4423	4511	4593	4685	4773	4868
YoY change	-1.8%	2.0%	2.0%	2.0%	1.8%	2.0%	1.9%	2.0%
o/w data centers (TWh)	154	183	229	275	316	347	382	420
YoY change		19%	25%	20%	15%	10%	10%	10%
Data center as % of total	3.6%	4.2%	5.2%	6.1%	6.9%	7.4%	8.0%	8.6%
Europe electricity consumption (TWh)	3576	3643	3698	3753	3809	3867	3925	3983
YoY change	-2.8%	1.9%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
o/w data centers (TWh)	66	68	78	86	95	101	107	113
YoY change		3%	15%	10%	10%	7%	6%	5%
Data center as % of total	1.8%	1.9%	2.1%	2.3%	2.5%	2.6%	2.7%	2.8%
China electricity consumption (TWh)	9293	9935	10531	11163	11803	12452	13137	13860
YoY change	7.1%	6.9%	6.0%	6.0%	5.7%	5.5%	5.5%	5.5%
o/w data centers (TWh)	84	102	128	159	199	229	252	277
YoY change		21%	25%	25%	25%	15%	10%	10%
Data center as % of total	0.9%	1.0%	1.2%	1.4%	1.7%	1.8%	1.9%	2.0%
Global electricity demand	**27854**	**29038**	**30170**	**31347**	**32542**	**33746**	**34995**	**36289**
YoY change	2.5%	4.3%	3.9%	3.9%	3.8%	3.7%	3.7%	3.7%
o/w data centers (TWh)	356	415	500	590	696	784	862	945
YoY change		16%	20%	18%	18%	13%	10%	10%
Data center as % of total	1.3%	1.4%	1.7%	1.9%	2.1%	2.3%	2.5%	2.6%
Load factor (%)	49%	49%	49%	49%	49%	48%	48%	48%
Installed capacity of servers (GW)	83	97	116	137	162	186	205	225
PUE	1.43	1.41	1.39	1.37	1.35	1.33	1.31	1.29
Installed IT capacity (GW)	58	69	84	100	120	140	157	174

Source : IEA, Statistica, Deutsche Bank estimates

Structurally higher electricity demand

The IEA expects global electricity demand to increase at a CAGR of 4% over 2025-27, continuing at the fast pace already seen in 2024 (+4.3%) and well above 2023 (+2.5%), which was impacted by declines in mature economies. At the global level, electricity demand growth is generally associated with population growth and economic growth, as well as rising demand for air conditioning and industrial production expansion. In mature economies, electricity demand has been stagnant or even down slightly over the past 15 years due to energy efficiency measures being implemented (for example in lighting), slow industrial production growth and the shift of energy-intensive heavy industries to emerging markets. However, electricity demand is now on the rise again, fuelled by the trend towards more pervasive electrification in all aspects of the economy with the deployment of electric vehicles, air conditioners, heat pumps and, more importantly, data centers.

Power demand is on the rise again in the US. In the US, electricity demand rebounded with 3% growth in 2024 following a decline of 1.6% in 2023 (in part due to mild weather conditions). As shown in the chart below, this marks a return to growth rates not seen since the mid-2000s.

Figure 11: Average annual load growth in the US by decade

Source : Grid Strategies, NERC, Edison Electric Institute

Over the past few years, IEA's estimates have been gradually revised upwards with a CAGR of 2% now forecasted out to 2027, largely because of rising consumption from data centers. Similarly, 2024 FERC filings show that US energy demand is now expected to reach 4,773 TWh in 2029, up from 4,242 TWh in 2024. This is 398 TWh or 9% higher than was assumed in 2022 FERC filings.

Figure 12: Ten Planning Areas with Greatest Increase in 2029 Energy Demand

Planning Area	2022 Forecast (TWh)	2023 Forecast (TWh)	2024 Forecast (TWh)	2022 to 2024 Increase (TWh)	Percent Increase
PJM	826.4	867.8	933.1	106.8	12.9%
ERCOT	490.2	521.2	549.4	59.2	12.1%
MISO	691.5	696.8	750.0	58.5	8.5%
SPP	298.2	326.2	351.1	52.9	17.7%
Georgia Power	89.5	98.8	136.6	47.1	52.7%
Pacific Northwest	211.1	226.8	232.0	20.9	9.9%
Duke Energy Carolinas (DEC & DEP)	175.4	188.9	195.2	19.8	11.3%
NYISO	147.5	155.5	156.7	9.1	6.2%
Portland General Electric Company	23.8	30.4	30.9	7.1	30.0%
Central Electric Power Cooperative	21.4	21.7	26.8	5.4	25.4%
All other planning areas	1,384.4	1,402.7	1,392.8	8.5	0.6%
Total	4,375	4,553	4,773	398.6	9.1%

Source : FERC filings, Grid Strategies

The 5-year national forecast for peak demand in the US increased each year from 2022 to 2024, with the CAGR out to 2029 rising from 0.6% to 1.6% (as filed). Including forecast updates from fast-growing planning areas, a recent study from Grid Strategies shows that the national forecast is now closer to a 3% CAGR. In particular, ERCOT's is now forecast to grow at 8.7% p.a., including additional contractually agreed loads and "officer letter" loads (large loads without a signed

contract). This is a substantial increase from the prior 2024 forecast of 1.4% p.a.

Figure 13: 5-year CAGR Forecast (FERC Order No. 1000 Regions)
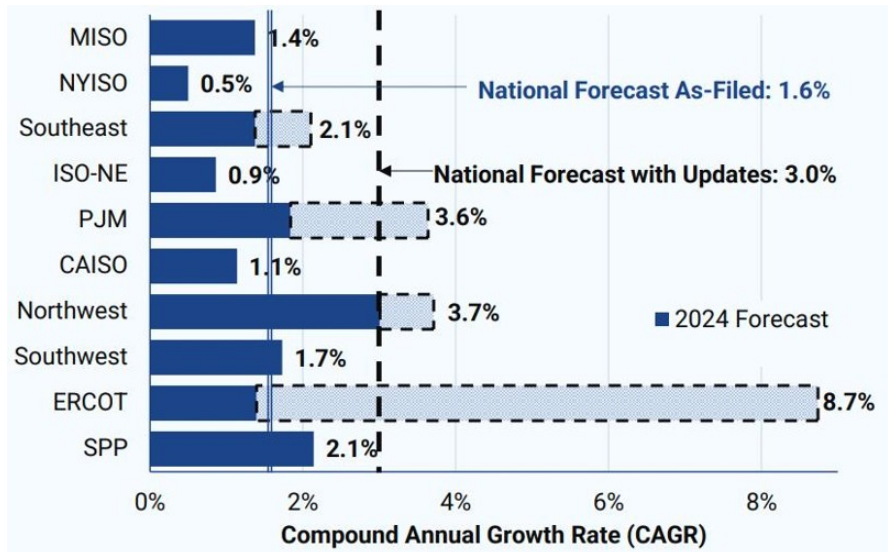
Source : Grid Strategies

In their Long-term Reliability Assessment published in December 2024, the North American Electric Reliability Corporation (NERC) anticipates that US electricity demand will increase by 1.7% on average annually over 2024-2034 with increased peak demand of 132-149GW, mainly fueled by data centers and cryptocurrency mining facilities. Specifically, the US Department of Energy estimates that data center electricity consumption rose from 60 TWh in 2014 to 176 TWh in 2023, which represents more than 4% of today's electricity use in the country. The DoE's various scenarios indicate that it could rise to between 325TWh and 580 TWh by 2028, then accounting for 7% to 12% of total US electricity demand. This also means that data center consumption growth could represent nearly 50% of the total electricity consumption growth in the US over that same period of time.

Figure 14: Estimated drivers of change in electricity demand in the United States, 2024 vs. 2021
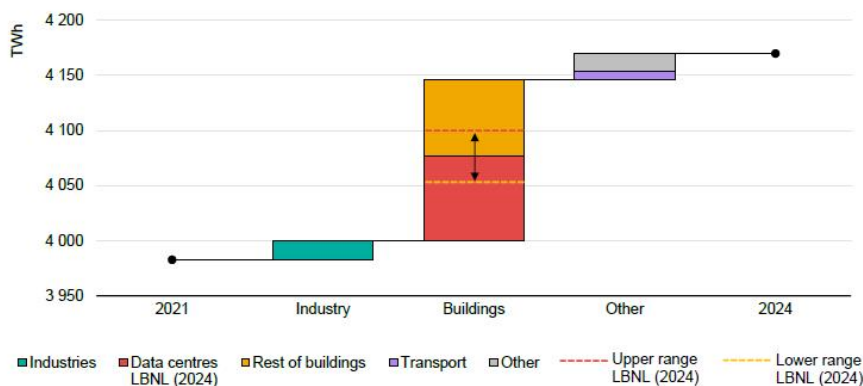
Source : IEA

Europe's electricity demand is also on a recovery mode. In the European Union, electricity demand recovered in 2024, growing by 1.4%, but remains low by historical standards, after falling by 3.3% in 2023 and 2.8% in 2022. The decline in prior years was driven by lower industrial demand (around -6% in both 2022 and 2023) reflecting high energy prices and a slump in manufacturing activity. In 2024, growth came from data centers, heat pumps and EVs while cooling and heating demand was lower due to mild weather. Over 2025-27, the IEA projects electricity consumption growth of 1.7% on average. Electrification trends in the transport and heating sectors continue, but some slowing was felt last year with the stock of EVs and heat pumps growing at a slower pace.

Regionally, 85% of the additional demand for electricity is still expected to come from emerging markets, with both China and India forecasted to increase on average by c.6% annually. China alone should contribute to more than half the expected growth in global electricity demand through 2027 with the share of electricity in its final energy consumption at 28%, already higher than in the US (22%) or Europe (21%), driven by electricity-intensive sectors such as the manufacturing of solar PV modules, batteries and electric vehicles. The IEA estimates that data centers consumed 100TWh of electricity in China in 2024, or just 1% of total electricity demand. Electricity consumption by data centers in China should double by 2027, while accounting for c6% of the additional electricity demand. In its China Power Industry Annual Development Report 2024, the China Electricity Council estimated that the combined electricity demand of data centers and 5G networks will reach 1,200TWh by 2030. Adjusted for networks, this could imply nearly 1,000TWH for data centers alone.

Figure 15: Evolution of per capita electricity consumption and GDP in selected regions throughout the years, 1990-2027
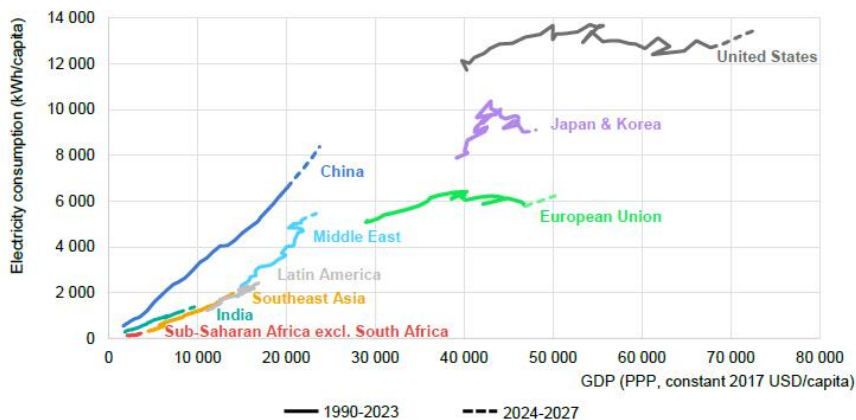
Source : IEA

Risks & opportunities for Capgoods companies

Data centers are the factories of AI and, as a result, suppliers to the data center market are big winners from the deployment of AI in the economy. Data centers need the most reliable and energy efficient architectures, with improvements required at both the hardware and software levels to help reduce the energy use. Furthermore, the buildout of AI data centers will only materialize if there is enough available power and grid infrastructure capable of serving it. Within our universe of EU Capital Goods companies, key beneficiaries include Schneider, Legrand, ABB and Siemens in the low and medium voltage electrical equipment market, Siemens Energy in the grid and gas turbine markets, as well as Prysmian and Nexans in the cables market. And in the US, key beneficiaries include Vertiv, Eaton, and nVent in the electrical equipment and cooling markets, along with GE Vernova in the grid and gas turbine markets.

Figure 16: Organic revenue growth over 2018-2025e

	2018	2019	2020	2021	2022	2023	2024	2025e	CAGR 2018-25e
Vertiv	9%	6%	-1%	11%	13%	21%	18%	26%	13%
Schneider	7%	4%	-5%	13%	12%	13%	8%	8%	7%
Eaton	6%	0%	-10%	8%	13%	12%	8%	9%	5%
ABB	4%	1%	-5%	9%	12%	14%	3%	5%	5%
Nvent	5%	0%	-13%	18%	20%	4%	2%	9%	5%
Siemens	1%	3%	-2%	11%	8%	11%	3%	5%	5%
Legrand	5%	3%	-9%	14%	10%	3%	1%	8%	4%
Prysmian	3%	-1%	-10%	11%	14%	-1%	0%	6%	3%
Nexans	-1%	5%	-9%	8%	6%	-1%	5%	6%	2%
Hubbell	4%	2%	-20%	10%	16%	7%	0%	3%	2%
Siemens Energy			-4%	6%	-3%	10%	13%	14%	n/a
GE Vernova					-5%	11%	7%	7%	n/a

Source : Company data, Deutsche Bank estimates

€70bn DC market for LV/MV electrical equipment providers

Legrand sizes the data center market opportunity at ~€70bn (o/w 70% in the grey room and 30% in the white space) and expects the market to grow at a low-teens CAGR until 2030. Vertiv also expects the data center market to grow at a 10-13% CAGR over 2024-29, including a 15-17% CAGR for cloud & colocation and a 4-6% CAGR for enterprise and distribution IT segments. Of note, even if growth rates in the data center sector were to gradually moderate, our companies' average exposure to this segment is now approximately twice what it was five years ago.

We see Schneider as the global market leader, with a particularly strong position in the power train for data centers (LV and MV switchgears/switchboards, UPS, busbars, transfer switches, etc). The group also has best-in class DCIM (software) solutions and a strong service franchise. It also recently acquired a 75% stake in Motivair, a leading player in the liquid cooling space with Coolant Distribution Units (CDUs), Cold Plates, Heat Dissipation Units (HDUs) and Rear Door Heat Exchangers (RDHx) offerings. Schneider had around €6.5bn of revenues derived from data centers in 2024. We estimate that the group's comprehensive product offering and ability to provide integrated solutions for data centers are rather unique, which

enables it to engage in new project designs with hyperscalers at a very early stage, subsequently securing customer commitments on volumes for periods of 2-3 years.

Figure 17: Exposure to data centers (FY2024)
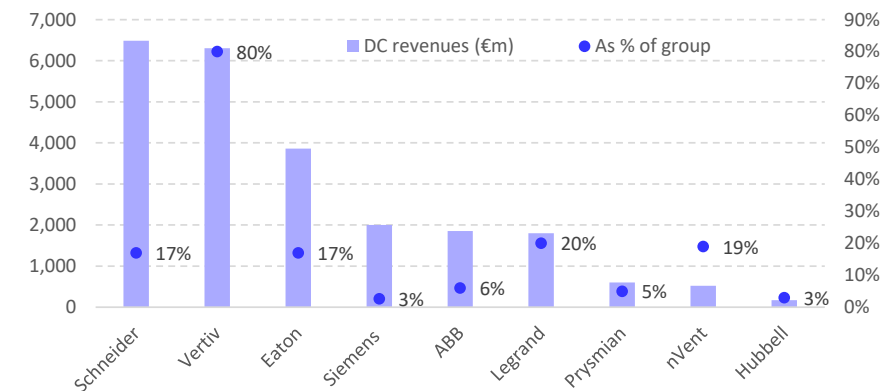
Source : Company data, deutsche Bank estimates

Vertiv is the second largest vendor with 85% exposure to the data center market and revenues nearly on par with those of Schneider. The group expects to grow at a CAGR of 12-14% over 2024-29 and achieve an adjusted EBIT margin of around 25% by 2029, up from 19.4% in 2024. Specifically for 2025, Vertiv guided for organic growth of 24%, accelerating from 14% in 2024, with Americas growth in the mid-30s, APAC in the low-20s and EMEA flat. Vertiv revenues are relatively well balanced between the power train and the thermal train for data centers, including a leading position in thermal management according to Dell'Oro analysis.

Eaton derived $4.3bn of revenue from the data center & distributed IT segment in 2024, making it the third largest player globally behind Schneider and Vertiv, with strong positions in circuit protection, power distribution and back-up power. Eaton covers both the gray and white spaces, but is not active in cooling. Eaton estimates that its content covers 6-14% of total compute and infrastructure capex for AI data centers.

Legrand's data center business had revenues of around €1.8bn in 2024, growing by c.50% in H1 2025 and now representing 24% of group sales. Legrand's current addressable market is only €11bn but this number has been steadily growing in recent years thanks to acquisitions in new segments like transceivers, consoles and liquid cooling solutions. Today, Legrand's DC business is mainly exposed to North America (66% of revenues) and to the white space (80% of revenues). We calculate the group holds a market share of around 20% in the categories in which it is active, with leading positions in smart PDUs, open track busways and cable trays. Legrand should pursue further inorganic growth opportunities within the data center sector, including expanding its presence outside the US and in the grey space, building upon the recent acquisition of Davenham.

Other European players (Siemens and ABB) are mainly exposed to the grey space, and unlike Schneider/Vertiv, they are not active in the cooling segment. Both companies are relatively new entrants to the data center vertical, yet they have demonstrated exceptionally high growth rates in recent years. As traditional vendors to the data center market approached full capacity, hyperscalers

proactively sought out new suppliers, creating opportunities for companies capable of fulfilling orders with shorter delivery times. Both Siemens and ABB have successfully redirected the supply of low voltage and medium voltage equipment from other verticals to the data center market. Siemens Smart Infrastructure grew its data center revenues by c.50% in FY2024 to around €2bn (equivalent to 3% of group), with orders even higher at €3.6bn, driven by hyperscalers (60% of its mix). ABB derives 6% of group revenues from data centers (€1.8bn). While still a small player in the overall UPS market, we estimate that ABB's investment in medium-voltage UPS technology will increasingly pay off as switching from low voltage to medium voltage for the UPS system and power distribution and running operations with higher voltage should enable data centers to scale more efficiently with fewer parts and cabling and with lower conversion losses.

nVent's Data Solutions business comprises ~20% of company sales, amounting to ~$750m of revenue as of 2025. The company supplies liquid cooling solutions, racks, power distribution/connection equipment, cable pathway, and bracing solutions to market participants.

Figure 18: Data center market – key product categories
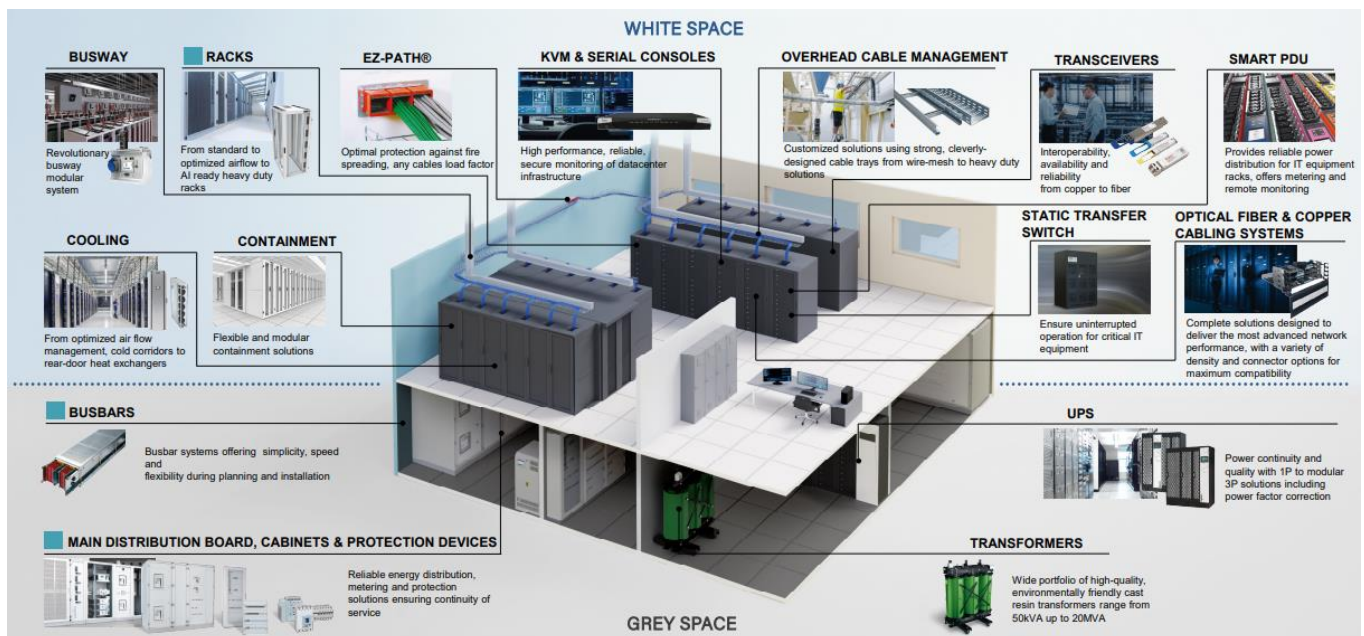
Source : Legrand

Key DC market drivers include:

- The speed and scale of AI deployment acceleration. Vertiv estimates that today's data center compute mix represents an opportunity of $2.7-3.5m per MW of IT power, including $2.5-3m for traditional compute and $3-3.5m for high density compute.

- Increasing complexity in requirements, with a mixing of traditional and AI high-density workloads and redundancy in power and thermal designs for optionality;

- Digital sovereignty and associated workload allocation. New data center

hubs are now under development globally, not just in the US. Following a difficult start to the year in Europe, Schneider recently commented its pipeline has developed positively in the region, in particular in France.

- Greenfield remains primary deployment means. Brownfield growth presents pre-fab solutions and service opportunities.

Figure 19: Secular trends and signals continuing to support strong growth dynamics
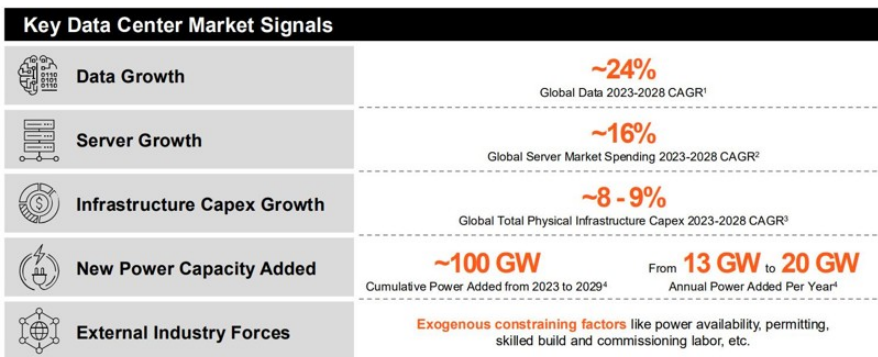
Source : 1 IDC Global Data Sphere 2023-2028 CAGR - May 2024; 2 IDC Worldwide Server Market Spending Insights 2023-2028 - Sept 2024; 3 Omdia Data Center Capex 2023-2028 CAGR - April 2024; 4/ Vertiv estimates

Figure 20: Increased diversity in data center types
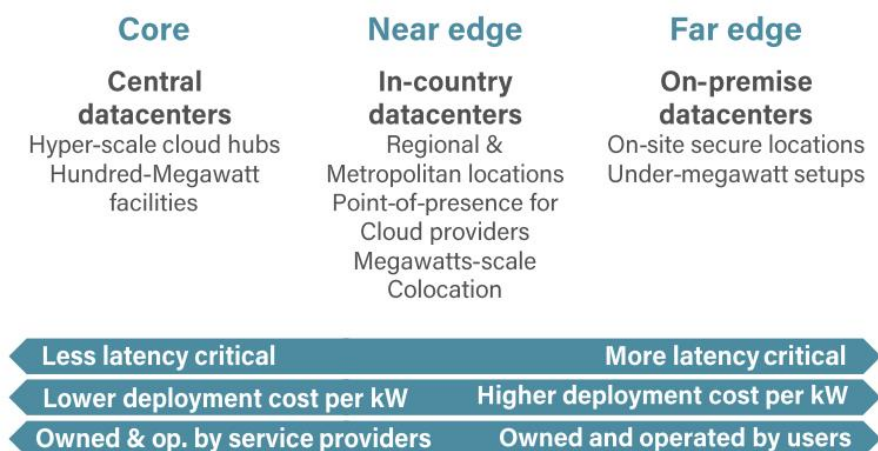
Source : Legrand

While data center growth has been predominantly driven by the Cloud so far, the development of AI is now taking over. AI training models demand huge amounts of data and computing power, requiring significant data center investments. To put things into context, Schneider estimates that AI-related power consumption represented 4.5GW or around 8% of total data center power consumption in 2023 and it projects this to grow at a CAGR of 25-30% by 2028. This is two to three times that of overall data center power demand CAGR.

As GPUs consume more energy, new IT investment cycles push for higher server

rack power densities. Densification roadmaps point to extreme peak rack densities of 1MW+, resulting in estimated new build average rack density increasing across varying workload applications and market segments. Legrand estimates that 40% of racks will have >20kW capacity by 2027, up from 5% in 2019.

Figure 21: Server rack density rising steadily

In 2027: 40% of racks to have over 20 kW capacity (vs. 5% in 2019)

Legend: >100KW, 70-100 KW, 40-60KW, 20-30KW, 10-20KW, <10KW
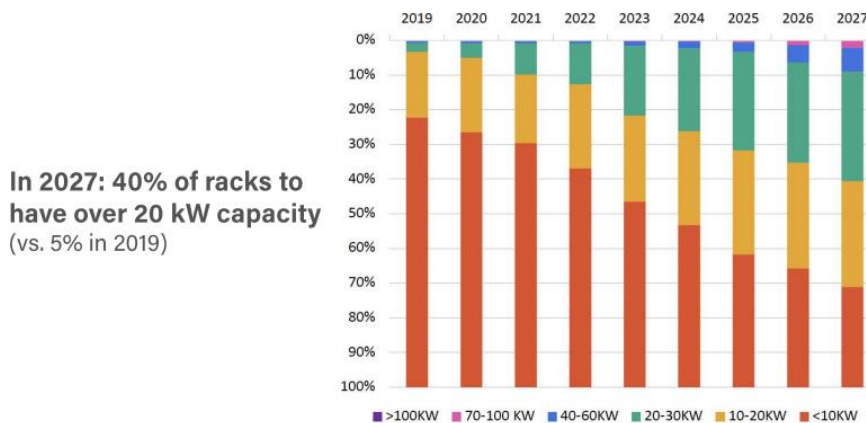
Source : Legrand

Figure 22: Anticipated increases in extreme and overall industry rack densities
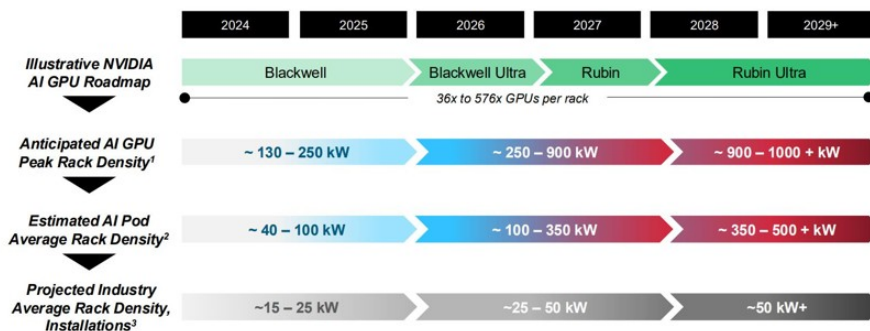
Source : 1 Vertiv estimates; 2/ assuming an AI pod consisting of 18 racks (9 per row) including 8 GPU racks at higher peak density and 10 networking racks; 3/ average densities of data center rack installations across Cloud, Colocation and Enterprise/Distributed IT.

30%+ CAGR in liquid cooling

The market for cooling solutions is set to experience particularly strong growth, with liquid cooling seen growing at a CAGR of 30%+. Major players include Schneider, Vertiv, nVent, Legrand, Rittal, CoolIT Systems, Boyd, Green Revolution Cooling, Fujitsu, Chilldyne, LiquidCool Solutions, etc.

Around 40% of a data center's energy consumption comes from cooling. Energy cannot disappear, meaning that one server receiving 1kW of power input will equal 1 kW of heat generated at some point. Data centers need to remove this excess heat to operate at peak performance and efficiency. IT cooling challenges are, however,

continuously increasing as machine learning and AI drive ever-rising rack power densities. While the use of air cooling is still mainstream today, we are now reaching the limits of the physics of airflow for new AI-dedicated data centers, with rack power densities of more than 20kW.

The latest generation of graphics processing units (GPUs) has much higher thermal density properties than previous ones, with the latest blackwell chips reaching 1,200W. In addition, server manufacturers are packing more CPUs and GPUs into each rack to meet accelerating demand for high-performance computing and AI applications. In large AI clusters, densities can now range from 40 kW to 100 kW depending on the GPU model and quantities. Traditional air cooling can't cool high-density racks efficiently, with 20-30KW generally seen as the physical limit, with hybrid (RHDx) or liquid solutions required above that.

Liquid conducts heat far better than air and is a more efficient way to absorb excess heat as it consumes less energy than air cooling. Water or other fluids have higher thermal transfer properties and, therefore, have a much greater capacity to capture heat by unit volume. This is why, for high-density racks, data center operators are now investing in liquid cooling solutions, which appear to be more efficient and cost-effective.

Figure 23: Liquid cooling versus air cooling
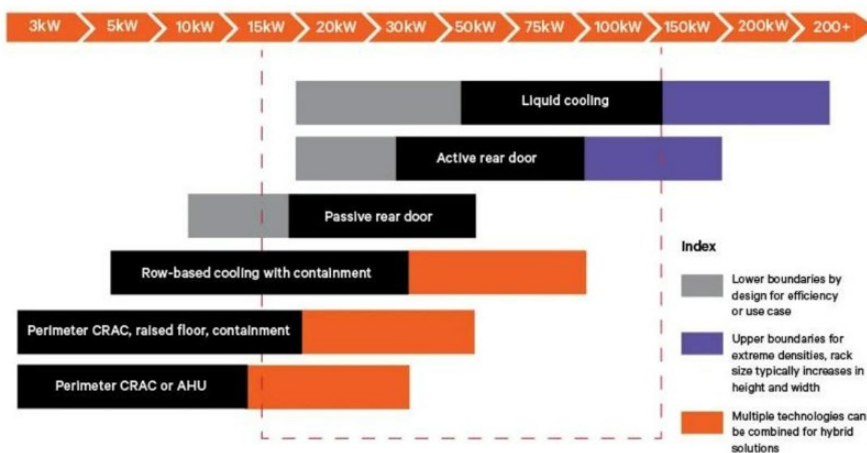
Source : Vertiv

Options for liquid cooling include:

Rear-door heat exchangers (RDHx) – Passive or active heat exchangers replace the rear door of the IT equipment rack with a liquid heat exchanger. Think of radiator-like doors attached to the back of racks but acting like fridges. These systems can be used in conjunction with air-cooling systems to cool environments with mixed rack densities. They can be integrated into traditional architectures, with no need to replace the entire systems in order to support high-density racks. RDHxs are cost-effective solutions for existing air-cooled data centers looking for a liquid cooling strategy for medium- to high-density applications. For example, Legrand has developed a rear door heat exchanger that can cool up to 200KW in a single rack through a close loop water circuit. It can be fitted to standard racks, occupies a small footprint and is easy to install and roll out. Legrand estimates that more

complex technologies such as direct-to-chip and immersion cooling are niche markets and will remain so for a long time given their prohibitive cost.

Direct-to-chip liquid cooling – Direct-to-chip (DTC) cooling circulates liquid coolant through a network of pipes. When the fluid reaches the cold plates that are in direct contact with the hot components (GPUs, CPUs), it soaks up excess heat. The now-warm liquid then flows to a heat exchanger, which transfers heat away from the liquid (typically to a water loop connected to a heat rejection system). With the heat dissipated, the liquid goes back to the equipment to repeat the cycle. This solution requires several pieces of specialised equipment:

- Coolant Distribution Units (CDUs) regulate the coolant's temperature and flow, ensuring efficiency.

- In-rack manifolds distribute the coolant to each cold plate, providing leak-proof connections for easy maintenance.

- Cold plates are mounted directly on the hot spots (CPUs and GPUs). The liquid coolant flows over the cold plate and draws heat away from these components.

Direct-to-chip cooling provides higher cooling efficiency than rear-door heat exchangers but also requires high upfront investment in specialised equipment such as CDUs and cooling infrastructure to circulate the liquid to each individual component (CPU, GPU). It can remove 70-75% of the heat generated by the equipment in the rack, leaving 25-30% that must be removed by air-cooling systems.

Immersion cooling – Immersion cooling systems submerge servers and other components in the rack in dielectric fluids which eliminate the risk of water leaks within the servers. The coolant absorbs heat from all parts, not just specific components, and carries it away to a heat exchanger located outside the immersion tank. This approach maximises the thermal transfer properties of liquid and is the most energy-efficient form of liquid cooling on the market as it eliminates air cooling. In contrast, direct-to-chip only cools individual components and still require supplemental traditional cooling for the rest of the equipment. Currently, direct-to-chip is still the preferred choice, as it has better compatibility with existing air cooling and is easier for retrofit applications. Immersion cooling also often uses fluorocarbons as dielectric fluids due to their heat transfer performance but fluorcarbons also have have global warming potentials.

The gas boom is back

Power constraints are already challenging the build-out of data centers in some countries. For example, in Ireland, the percentage of metered electricity consumption by data centers increased from 5% in 2015 to 21% in 2023, forcing Dublin to place a moratorium on new data center projects until 2028 due to grid capacity limitations and concerns around energy consumption. Constraints on power availability have also led to restrictions on data center construction in Singapore and parts of Virginia.

The AI revolution will only take place if there is enough available electrical power and if the grid infrastructure is capable of serving it. The risk of power shortages is well understood in the US. For example, American Electric Power (AEP) expects to interconnect 24 GW of new load by 2030, up approximately 15% from its previous

estimate, with 18 GW coming from data centers. This is a significant increase for a 37 GW summer peak load system and is further backed by requests about possible new load totaling 190 GW in various stages of development. AEP plans to increase its five-year capital spending plan by 30% to about $70bn, up from $54bn, with transmission investments accounting for half the additional expenditures, followed by generation at 40% and distribution at 10%. Gas turbines are expected to exceed 60% of the group's generation additions in GW over 2025-34.

The demand for new gas generation is back. The global gas turbine market has surged to approximately 85GW this year, more than doubling in 5 years. Lead times have increased to levels not seen since the gas boom of the early 2000s. Power demand is a looming bottleneck, which creates significant growth opportunities for gas turbine vendors ENR and GEV.

Better backup power with synchronous solutions

The first data centers built by hyperscalers were plugged into the grid with long-term Power Purchase Agreements (PPA) with IPPs and utilities and using a simple backup generator, typically driven by diesel.

New AI-dedicated data centers (at scale easily exceeding 100 MW) not only consume much more power but they also need better backup power solutions, in part because the data centers themselves represent a challenge to the grid system. Aeroderivative gas turbines are modular, easy to install and fuel flexible. According to GEV, a typical single LM2500XPRESS aero unit with around 35MW can replace 11 or 12 diesel generator sets, saving on real estate, switchgears and transformers.

Aero or gas turbines can also support the grid when not serving data center needs as they can maintain synchronous inertia in the system, which reduces the risk of a black-out. That's because renewables and battery energy storage technologies behave differently from synchronous sources when facing short circuit, loss or increase of loads situations, which decreases the reliability of the grid. Hence maintaining synchronous resources and providing ancillary services such as those shown in the figure below are growing in value.

Figure 24: Examples of the types of ancillary services that aeroderivative gas turbines can support
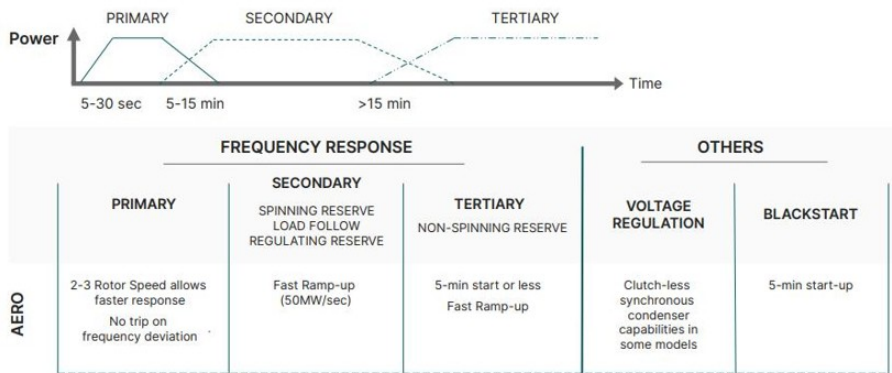
Source : GEV

Shift towards behind-the-meter power generation

There has been a recent shift towards behind-the-meter generation for new data center infrastructure (i.e. with a dedicated power facility at the point of consumption). Traditional grid connections have increasingly been facing capacity constraints, typically where there is already high data center concentration. More data center customers are now building onsite power generation to deliver more reliable and continuous power to the data center. A few years ago, data center projects of 200-500MW were rare, but they have now become more common with AI coming into play. So, heavy-duty gas turbines have the critical mass needed to run AI data centers entirely off the grid.

Onsite power generation can help reduce the pressure on grid infrastructure, although it does not reduce the electricity consumption in the system. This is where the re-use of waste heat comes into play to reduce data centers' net impact on the overall energy consumption. For example, Siemens Energy offers solutions to use the excess heat generated by data centers, including connecting data centers to district heating networks and utilizing it for on-site heating and cooling.

Priority of shorter delivery times over price

The quantity of power needed to support the deployment of AI data centers may be difficult to obtain due to lack of generation, scheduled closure of coal plants, fully subscribed transmission lines, and long lead times for high voltage and medium voltage transmission equipment such as switchgears, static synchronous compensators (STATCOMs), transformers, and other critical grid infrastructure equipment. Many equipment supply chains can stretch up to 36 months and longer. The wait time for smaller gas turbines is not as long as for large ones, making them more appealing; ENR is benefiting from the breadth of its portfolio in terms of frame sizes. Among the smaller units (<100 MW), ENR's SGT-800 is the top-selling model.

Speed of execution is one of the reasons behind the recent partnership between Eaton and Siemens Energy. The 2 groups decided to join forces to accelerate the delivery of new data center capacity with grid-independent energy supplies and standardized modular power systems. The package aims to reduce the time-to-market by up to 2 years by enabling simultaneous construction of data centers and associated on-site power generation. The standard configuration generates 500 MW of electricity, based on Siemens Energy's SGT-800 gas turbines, with a modular approach so that the size of the plant can be easily scaled up and down. The plant design is built with redundancy, eliminating the need for backup diesel generators. Eaton will provide customers with electrical equipment such as medium voltage switchgear, low voltage switchgear, UPS, busways, structural support, racks and containment systems.

Pricing dynamics have been very positive for gas turbines. Data center customers tend to prioritize shorter delivery times over price, creating temporary periods of inflated pricing in the US market. For deliveries beyond 2028, the market appears more rational, with relatively consistent pricing levels across customer segments and regions. The CEO of GEV commented during recent roadshows that gas turbine prices have continued to increase, and there is no price ceiling to speak of. This would require a viable alternative baseload power source, which SMRs may become in the next decade, but not in this one. In total, a gas turbine used to cost $1,200-1,400/kW, but this looks more like $2,400/kW today, and the equipment continues to represent ~30% of the total cost (EPCs have also increased prices).

A booming market for Siemens Energy and GE Vernova

Given the strength of the market, GEV, ENR and MHI are all planning gas turbine

production capacity increases of around 30%. GEV is ramping to 80 units of HDGT production/year vs. 55 today; management expects to be at full rate production of this new capacity by July 2026. ENR is also ramping to 40-50 units of large gas turbines, up from 35 currently, and to 70-80 units of medium-sized gas turbines, up from 50. This should enable the group to ship approximately 20 GW of gas turbines annually from 2028 onwards, up from around 15 GW this year. Both GEV and ENR remain reluctant to consider incremental new capacity beyond this; this decision would require an order book that extends five years into the future and current/future production certified from a lean perspective. As of now, the order book is totally full for 2026-27 and 2028 is filling rapidly. GEV believes that the ~20% downpayment required to make a slot reservation keeps double ordering at bay.

Globally, the market for gas turbines (>10MW) amounted to 41.5 GW and 393 units in H1'25, 37% and 2x higher on a year-on-year basis, respectively. The added capacity in GW was the highest 6-month mark on record while the added units were the highest since H1'11.

Figure 25: Global gas turbine demand (MW)
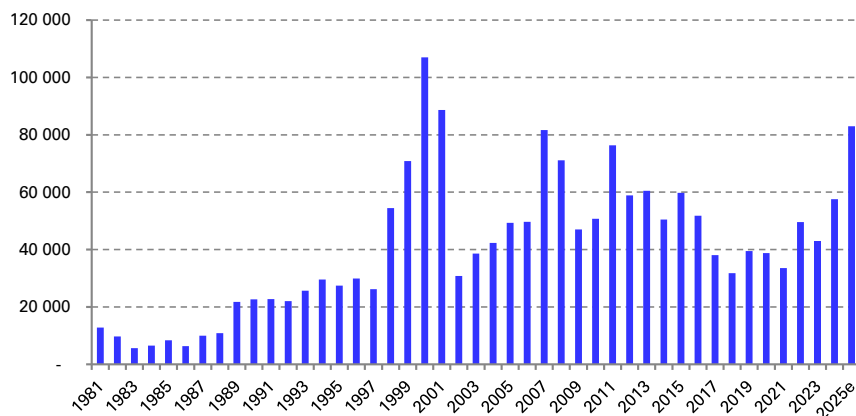
Source : McCoy, Deutsche Bank estimates

GEV, ENR and MHI control 75% of the gas turbine market in unit terms and 90% in value terms. Over 2000-2024, GEV led the market with volumes of 75GW and share of 33%. MHI was second at 61 GWe and 27% share, while ENR was a close number 3 with a share of nearly 25%. ENR has recently been gaining share and for the 6M'25 period, it reached the top spot at 16.6 GW and 40% share; GE was second at 11.4 GW with a 27% share.

- In Q2'25, GE Vernova bagged 5GW of new orders and shipped 5GW of equipment, resulting in the backlog remaining at 29GW, same as in Q1. The group also grew slot reservation agreements from 21GW to 25GW, which will enter the backlog once customers have reached certain steps like obtaining permits for the installation sites. One-third of these reservations are for data center customers. In total, GEV had nearly 55GW between backlog and reservation agreements at the end of June, up from 50GW at the end of April and still expects to have at least 60GW by the end of the year "at better margins with significant momentum into 2026". GEV continues to see higher turbine prices, as wait times are rising. The group indicated that it is already in discussion with some customers about fulfilling orders for delivery in 2030. Strong power demand isn't limited to gas new units.

GEV also sees solid services demand growth as customers look to invest in their existing fleets.

■ In the same quarter, Siemens Energy booked 9GW of new gas turbine orders (half from the US), including 3GW with data center customers. At the end of June, the group had a total commitment of 58GW, including 37GW of backlog (up from 29GW in the prior quarter) and 21GW of reservation agreements (stable QoQ). Overall, the current delivery rate of 14-15GW p.a. implies that visibility on new units is now 4 years. Management indicated that the favorable pricing trend should continue across all frames in the foreseeable future. It also confirmed that 20GW gas power plants are planned under the German Infrastructure bill over the next few years.

Figure 26: Gas turbine OEM share performances (based on MW)
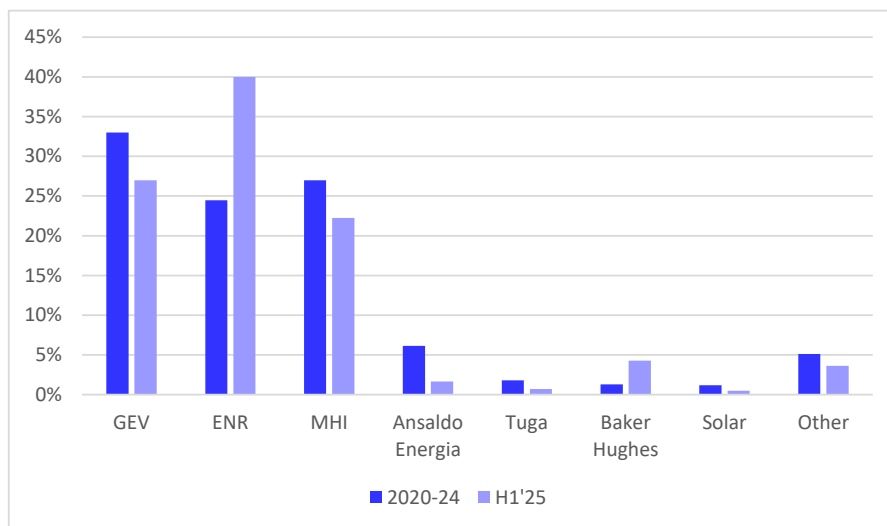
Source : McCoy Power, Deutsche Bank estimates

Will AI disrupt the SaaS model?

One interesting debate in the tech circles is whether agentic AI will disrupt the SaaS model. The CEO of Microsoft Satya Nadella himself commented that AI could replace the business logic that SaaS applications provide and that "once the AI tier becomes the place where all the logic is, then people will start replacing the back ends".

In our coverage universe, Siemens and Schneider have the highest exposure to software and have been transitioning to SaaS over the past few years. As discussed previously, Agentic AI refers to AI systems that are designed to learn from their environment, take actions and act autonomously. Their ability to automate workflows, connect different systems, and deliver results without user intervention could pose a direct challenge to some of the SaaS vendors.

If the objective is to use an AI agent to replace an employee, then the employee is no longer the user of the SaaS application but the AI agent is. The AI agent can directly interface with the underlying data of the application, which would make the SaaS User Interface (buttons, menu, etc) become largely irrelevant. Software has

historically been designed around human users that enter data. With AI, software no longer needs to be built around people and no longer needs access through screens, so legacy user interfaces will be replaced.

The business models of many software companies are built on charging customers a fee for each user of the software. If AI agents replace employees, there would be fewer users of SaaS applications. Software companies will therefore need to shift their per-seat revenue models towards outcomes or results rather than the number of software users. For existing software solutions which are being enriched by AI tools, the pricing model could also shift to a model based on the consumption of tokens. Monetizing of AI agents is not easy currently and the trend could be disruptive for some vendors, however spending from enterprises on software could become higher than in the past as AI agents allow software companies to replace works and therefore tap into the labour spending pool, which is bigger than the software budget.

With AI, coding is also becoming more and more automated, which could put pressure on developers' salaries, reduce barriers to entry, commoditize the traditional software sector and eventually drive price deflation in the software industry. DB software analysts however argue that the AI trend rather enables software companies to cut costs and improve margins, as we see with SAP currently.

LLMs have not had the chance to be trained on niche private data sets. So that's where the marginal gains will come to compete vs. a traditional SaaS product. Industrial software companies like Siemens and Schneider have access to vast amounts of enterprise data.

Siemens Energy (BUY, TP €110)

1/ Still in the early stages of a strong investment cycle

The energy system is shifting towards electricity, with demand from data centers creating incremental support. Last year, for the first time, capex of global utilities was larger than that of the O&G industry. Siemens Energy (ENR) is ideally positioned to benefit from the ongoing investment supercycle in the electric power system. Stronger electricity consumption growth, high replacement needs due to an ageing base and the energy transition continue to require massive investments in power generation and transmission. According to the IEA, global investments into the grid should double through 2030. Electricity demand growth in developed markets, which has been largely flat for 2 decades, is now expected to grow by more than 2% annually. In the US specifically, data centers are expected to account for half of the country's electricity demand growth over the next five years, creating unprecedented demand for gas turbines.

2/ Supportive pricing dynamics

The average project margin in the group's backlog continues to increase. Pricing dynamics remain positive in Gas. Data center customers continue to prioritize shorter delivery times over price, creating temporary periods of inflated pricing in the US market. In Grid, prices are on average rather flat including a better pricing environment in the US and some normalization in Europe, after two years of significant price increases in new orders. Some of these price increases have yet to be reflected in the P&L, which should continue to support margins in the coming years. Beyond pricing, productivity improvements remain a key focus, with management identifying significant cost optimization opportunities in Grid.

3/ What to expect from the CMD?

At the CMD in November we anticipate that management will lift its revenue CAGR objective to low teens and raise its FY28 adjusted EBITA margin objective by 2pts to 12-14%. In conjunction with a strategic refocus on electrification, the group may also announce its intention to spin or sell its Compression business (revenue of €2.5bn, with a margin of 14%), largely eliminating its exposure to the Oil&Gas/ petrochemical sector. This would also allow the group to simplify its reporting structure, potentially reallocating the electrolyzer and steam turbine businesses to the Gas division (to form a new "Power" division similar to that of GEV) and reclassifying the EAD solution business to the Grid division. Any action that brings ENR's profile closer to that of GEV should be viewed positively by investors.

4/ Big valuation gap with GEV despite market share gains

GEV's premium valuation (2026e EV/EBITDA of 27x vs ENR at 13x) should continue to provide support as ENR executes on the turnaround plan of Gamesa. The discount looks less and less justified as ENR should continue to grow revenues at a faster pace than GEV through 2028 (>10% CAGR), in part due to its higher exposure to the Grid business (30% of revenue, c.20% CAGR), in part due to market share gains in Gas. In H1'25, ENR's market share in the global gas turbine market reached 40% (up from 24% in 2024), while that of GE dropped to 27% from 38% over the same period. Furthermore, on a 12m rolling basis (June-end), ENR's Grid business achieved an organic revenue growth of 30% with a margin of 14.8% on a 12m rolling basis, well above GEV's 18% growth and 11.4% margin.

Legrand (BUY, TP €145)

1/ Best-in class business model

We like Legrand's resilient business model, with its high and steady margins, best-in class pricing power and superior FCF generation capabilities. The group's M&A strategy is also an integral part of the group's model which doubles the group's growth potential and is particularly value-creative.

2/ FY25 organic growth guidance set to be upgraded - again

Legrand's organic growth guidance of 5-7% appears conservative in light of the 9% growth recorded in H1. This implies a growth rate of only 3% at the mid-point in H2. Management has indicated that the basis for comparison will be more challenging in H2, which is accurate in terms of volume growth, as H2'24 was 6%-pts higher than H1'24. However, tariff-related price increases are now flowing through, with June prices exceeding those of May and April. For the FY, the group anticipates price increases to reach 2%, with a contribution of 3-4% in H2 following only 0.6% in H1. We anticipate that the group will further raise its growth outlook to 6-8% in conjunction with the Q3 release, with DB already at the upper end of that range.

3/ Structurally higher growth dynamics thanks to data centers

Data centers accounted for 24% of H1'25 revenue, up from 20% last year. Over the past few years, the group has built up leading positions in specific product categories tailored to the white rooms (PDUs, busways, racks, liquid cooling). These investments are now yielding substantial returns, enabling Legrand to achieve stronger growth rates compared to other vendors in the electrification sector thus far this year. We expect the group will grow 30-35% for the full-year, well ahead of management's indication for 20-25% growth. The white room is where the servers/racks are located and is being transformed by the AI build-up, thus offering more opportunities to differentiate and to enjoy retrofit activities in the longer run, which should extend the cycle for Legrand versus some of its peers that are more focused on the grey room.

4/ Construction segments likely to bottom out next year

Legrand assumes zero growth outside data centers in 2025. There are however early signs of improvement in the EU residential market, including a return to growth for both building permits and mortgages. In France specifically, the number of housing transactions is now slightly up and the trend in housing starts has turned positive.

5/ Upside risk to the mid-term margin outlook

Despite challenging market conditions in the buildings market, Legrand has delivered a margin between 20.4% and 21.0% over the last 5 years, already in excess of its mid-term 20% margin ambition. At this stage the CFO sees no reason to change the financial framework, mainly because of potentially more dilutive M&A in the future. We however estimate that, if the EU building market bottoms out in 2026, the group will enjoy stronger than ever operating leverage, with positive mix dynamics leading to another step-up in profitability - a pattern observed previously when the group emerged from prior construction-related downturns. Wit this report, we increase our TP to €145 from €144 previously.

Schneider (BUY, TP €250)

1/ Buying opportunity post YTD underperformance

The stock is down 5% YTD and has significantly underperformed its electrical peers in both Europe (Legrand, ABB, Siemens) and the US (Eaton, Vertiv). This can be attributed to the absence of positive EPS revisions and disappointing margin momentum over the past 12 months, with the market factoring in a probability that the group will fall short of its stated margin outlook in 2025. We however expect that the group will reassure on margins with the upcoming CMD likely to bring a greater focus on cost discipline. We also anticipate that organic growth will surprise on the upside in Q3 (at circa 10%, an increase of 2pts vs Q2, primarily due to pricing actions). The stock currently trades at a small discount to its direct electrical competitors, which appears unjustified given the company's undisputed market leadership in electrification, one-stop-shop profile for data centers and stronger software franchise.

2/ Renewed emphasis on productivity

Schneider plans to host a new CMD in London on December 11. We estimate that the group's financial targets will remain largely unchanged - specifically a 7-10% organic revenue CAGR and organic margin expansion of around 50bps per annum, on average, by 2027. However, we anticipate more detailed information on how these targets will be achieved, likely through a more structured program. The CEO already indicated that he will put a greater emphasis on productivity and SG&A optimization. This heightened focus on productivity is positive news as we previously felt that the group was beginning to lose some of its cost discipline; however, this concern is now being addressed, which strengthens our confidence in the group's margin momentum for 2026.

3/ Strong growth profile

Schneider offers one of the most attractive growth profiles in our universe, given its increasingly synergetic portfolio of electrification (therein 20% exposure to data centers), automation and software solutions. >70% of group revenue are derived from energy, climate and resource efficiency solutions, which grow twice as fast as the overall industrial demand. Risks of power shortages and grid constraints create a sense of urgency amongst customers to speed up investments in electrification while rising electricity prices should further reduce payback times for the group's energy efficiency solutions. Software and services account for 19% of sales. Adding products with connectivity features (32%) and edge control solutions (9%), data-based revenue represents circa 60% of group revenue. Unique to Schneider's digital strategy is the integration of energy efficiency software and process efficiency software under one roof which allows a reduction in both resource consumption and carbon emissions. With this report, we increase our TP to €250 from €240 previously.

Prysmian (BUY, TP €78)

Market leader in cables with all the building blocks in place

Prysmian is the market leader in wire and cable production, having grown through a series of acquisitions that have proven to be highly synergistic. Nearly half of its EBITDA is now generated in the US, where margins are much higher and mega trends in electrification are accentuated. Having made two large acquisitions in the past year, Prysmian's portfolio is now well positioned to capture the market opportunity in grid modernization and expansion, as well as the ramp-up of data centers. Prysmian also remains the dominant player in the attractive European market for high-voltage subsea cables, with capacity in the segment nearly fully booked until 2029, underpinning its very strong growth profile (DBe 16% 2024-28 adj. EBITA CAGR).

Portfolio well positioned to capture growth in data centers

Prysmian's portfolio across high, medium and low voltage power cables stands to benefit from the increased energy demand that data centers create, particularly in the US, as the grid needs to be expanded and revamped to facilitate a greater energy throughput. More directly, Prysmian also sells cables to be used at data centers (primarily fire-safe low voltage building wire and fiber optic data cables), the contribution of which is set to nearly double this year to over €1bn (>5% of group sales), from c.€600m last year. With residential demand in the US remaining soft, and non-resi demand having come under pressure due to tariffs, data centers have been the driver of growth for its low voltage segment (I&C). Within Digital Solutions (data cables), data centers account for nearly half of the volumes for fiber optic cables. A rebound in the fiber to the home market in the US is also helping demand here, with Prysmian continuing to utilize its European capacity to capture share (the 15% import tariff should be absorbed by the much higher margins). Notably, the recently announced acquisition of CommScope's telecom cables business by Amphenol for $11.5bn or c.11.2x FY25 EBITDA further validates Prysmian's recent acquisition of Channell in the US (for c.8x EBITDA). Channell's EBITDA margins remain at 35% and is set to increase Digital Solutions' margins closer to 20% in the upcoming quarters as the business is consolidated, and as Prysmian benefits from a more comprehensive data center offer in the US.

Nearly 50% of EBITDA generated in the US

Although the US market for high-voltage subsea transmission might be dormant until further notice, the US offers attractive growth in HVAC and MV cables for power transmission and distribution, LV cables for buildings and fiber optic cables and solutions for fiber-to-home and data centers. Prysmian is ideally positioned in all of these areas, especially after having acquired Encore Wire, making it a virtual duopoly in low voltage, with Prysmian and Southwire holding a combined 60% market share in the country (DBe). The consolidated nature of the market also means that margins are much higher, particularly in the case of building cables where US margins are at 15%+, nearly double the level seen in Europe. The acquisition of Channell's portfolio of connectivity solutions complements Prysmian's portfolio of fiber optic cables in the US, allowing the company to provide a more comprehensive offer and capture more of the market opportunity in data centers. The acquisition of Encore Wire also gave it a very large vertically integrated plant in McKinney, Texas, which allows the company to consolidate much of its LV operations in the US, and provide an unparalleled level of service with delivery leads times as low as 1-2 days. Prysmian is also investing in a MV facility in McKinney to

further drive synergies and support cross-selling opportunities.

Prysmian stands to benefit from copper and aluminum tariffs in the US

All of the cables Prysmian sells in the US are manufactured in the US. 50% tariffs on copper and aluminum now apply to the metal content of imported cables. We estimate around 15% of copper cables and 40% of aluminum cables used in the US are imported. Meanwhile, much of the copper Prysmian uses for copper cables is sourced domestically, while we estimate around 40% of the aluminum rods it uses for its aluminum cables are imported. This allows domestic manufacturers such as Prysmian to take market share from importers through better pricing from Q3 onwards, while any demand destruction seen in the market due to tariff uncertainty should also now unwind. We estimate that around 27% of group sales are associated with US copper cables (primarily in I&C, Specialties and HVAC), and around 12% of group sales are associated with US aluminum cables (primarily MV and aluminum building wire). At the Q2 stage, management sounded upbeat about the group's prospects in the US copper cable market on the back of the copper tariff announcement, signalling potential upside to its current FY guidance, while the inclusion of aluminum cables in the tariff list should provide additional support.

Undemanding valuation

We forecast an EBITA CAGR of 16% over 2024-28, with over half of the EBITA expansion coming from the Transmission business (28% CAGR), underpinned by a near-record backlog giving it strong visibility. While our forecasts are in-line with the group's mid-term ambitions as we remain prudent on our assumptions for the more volatile areas (MV and LV), management recently hinted at potential upside to its mid term targets. Meanwhile, Prysmian trades at 13.2x EV/EBITA (2026e), a 25% discount to electrical peers (vs. an average historical discount of 18%). Key catalysts include 1/ Q3 results where there is upside to the current FY guidance driven by copper tariffs in the US, and 2/ a potential secondary listing in New York.

Nexans (BUY, TP €149)

Rewiring itself to become an electrification pure play

Nexans is currently at the tail end of its portfolio transformation as it turns into a pure player in power cables, where it sees growth and returns to be more attractive. It has divested most of its non-core assets and non-electrification revenues are down to c.10% of group revenues, while its exposure to the higher-value transmission segment has increased to 22% (on a proforma basis). The group now has over €2bn of firepower that will be redeployed towards a rich pool of targets in grid cables and building wires, which should prove to be synergistic as the company consolidates share and increases its exposure to higher margin accessories.

GSI has been an overhang on the shares, but financial risks are limited.

The cable contract for the portion of the Great Sea Interconnector linking the grids of Greece and Cyprus was awarded to Nexans in 2023, but the project has yet to receive a final notice to proceed due to geopolitical tensions with Turkey. GSI is a substantial project with a value of €1.43bn and margins of around 30%. Nexans has been executing on this project step by step as it continues to receive periodic payments. Nexans is yet to receive a payment to continue executing on the project beyond early September, although the mid-point of its FY25 guidance is now secure. Although the eventual fate of GSI remains unclear, Nexans provided more colour on potential mitigations should there be a cancellation, including a 'Plan B' where the cable is repurposed for a different project. We are of the view that a loss of GSI would see limited downside risks to earnings, as there is a high likelihood of a replacement project being found in the context of an industry where capacity is fully booked out to 2029, although there could be a production gap of c.6-8 months. In a worst case scenario, where GSI is canceled in September, the earnings loss is not mitigated, and a suitable replacement is not found until end 2029, we estimate risks to our EBITDA forecasts are limited to 2% in FY25, 5% in FY26 and 10% annually over 2027-29. This corresponds to an NPV that is equivalent to €5 on Nexans' shares or 4% downside.

Growth picking up supported by data centers

Nexans expects growth in its Grid and Connect segments to accelerate to double-digits in Q3 and remain at a lower but still healthy level in Q4, after having posted +5.6% and +0.2% respectively in the first half. Growth in Grid is being driven by demand for grid expansion and modernization, connection of renewables and data centers. Meanwhile, Nexans expects growth in Connect to have reached a low point in Q2 (-1.4%) with certain European markets said to be picking up, while the group has already seen a strong performance in July. Delivery lead times are typically lower for this segment, but demand from data centers has improved forward visibility here as well. For context, Nexans guides for Grid and Connect to grow in the mid-single digit and low to mid-single digit range respectively in the mid term, slower than the market, which is expected to grow at a 7% and 5% pace. By design, Nexans targets growth of 3-5% for its Electrification business (Transmission + Grid + Connect), a level it sees as optimal from a margin and cash generation standpoint. Therefore, it appears the market is coming to Nexans, suggesting strong margin potential and upside to mid term growth prospects.

Potential upside to margins at Grid and Connect

Following a very good 1H performance at the Grid division (10% EBITDA beat and margin 110bps ahead), management now expect margins to reach a range of 15-

16.5% in the mid term, up from 13.7% last year, which in turn was up from as low as 6.7% in 2021. With concerns around industry overcapacity potentially pressuring margins at Grid, consensus expects a more flattish margin development, while we forecast a margin of c14.5% over the mid-term, noting potential upside as the company continues to grow its share of sales from accessories and other value added products that come with higher margins. Similarly, Connect has seen an equally impressive margin progression, and stands to continue to benefit from the SHIFT model (Nexans' business simplification strategy) as some units still operate at c.10% while others are at 20%. Notably, La Triveneta Cavi, acquired in June 2025, can improve its margin by 5pts by June 2026 as synergies kick in, representing a c€40m EBITDA uplift equivalent to 1.5pt on Connect's margin. As with Grid, consensus incorporate a more flattish development.

Deep valuation discount not warranted

Despite the rally in July, Nexans continues to screen cheap at 9.2x 2026 EBITA, a nearly 30% discount to Prysmian (vs. -18% on avg historically) and a c.50% discount to leading electrification peers, despite having a comparable growth profile. We believe a gradual organic improvement in the company's margins, combined with margin-accretive M&A later this year and next, should lead to a re-rating of the shares. A confirmation/cancellation of GSI should be a clearing event, largely de-risking the investment case. Aside from GSI and acquisitions, other catalysts for Nexans include: 1/ a disposal of the remaining non-electrification revenues (Auto Electric), 2/ transmission order wins, 3/ a pick up in the European residential market, and 4/ a ceasefire in Ukraine leading to an infrastructure rebuild. Key downside risks include delays in high-voltage project execution, potential overcapacity in medium-voltage, a material deterioration in demand growth for electricity, a persistent slowdown in the construction market, delays in selling down its non-core assets and legal challenges associated with antitrust investigations.

Vertiv (BUY, TP $167)

Unique (nearly) pure-play data center opportunity

Vertiv is a unique (nearly) pure-play data center equipment manufacturer offering a comprehensive range of technologies and services tailored to data centers, communication networks, and industrial environments with limited comparable competition in the MI/EE space. We view VRT as the best vehicle to gain exposure to future robust data center growth in our coverage universe. The combination of exposure to attractive secular end markets, impressive long-term order pipeline/ backlog, and top line/margin expansion potential makes the stock attractive at its current valuation. We believe there is still room for upside given no change to the medium-term robust data center growth trajectory (even though the stock has seen some near term pressure with some of the AI trade unwind).

Data center end market remains attractive

We remain bullish on the data center end market, and Vertiv is the best way to gain exposure to this theme in our space (~85% sales exposure). At VRT's Investor Conference on November 18th (see here for our takeaways from the event), the company laid out a medium-term growth framework, including a 12-14% organic revenue CAGR (increasing from 8-11% previously), predicated on 9-12% growth in the data center space which we believe can grow >20% in 2025/26 to M-Tns in 2027. We continue to see the potential for a 20%+ organic revenue CAGR at VRT through 2027 (at least) in a blue-sky scenario.

Order growth and backlog remains robust

Order/backlog sustainability continues to be top of mind for investors, but we believe the outlook remains strong. Note, in 2Q25 VRT announced their decision to cease disclosing quarterly orders/backlog as of 2026 which we view as a wise decision and in effect should cause less volatility for the stock on earnings day as orders can be lumpy on a quarterly basis (market is becoming bigger in absolute terms but also bigger in terms of the individual jobs; typically, these orders and the big data centers are done in chunks) and we don't think a single quarter changes the story. The more robust aforementioned revenue growth framework through 2029 is underpinned by continued strong order growth, which has averaged +22% Y/Y since 2Q25, and a record backlog of $8.5bn. Further, when looking at 2Q25 backlog vs. YE19 (pre-Covid pandemic levels) it comes in at 6.1x, which is the highest for our group and represents 77% of NTM revenue. In 2Q25, orders came in at $3.2bn (+15% Y/Y, +11% Q/Q on an organic basis) vs. $2.7bn reported in 1Q25, a very strong result that exceeded investor expectations. Further, VRT recently reiterated that its order pipeline is strong, and in EMEA, while 2025 full year net sales are expected to be flat Y/Y, the company is seeing sequential growth in the orders pipeline, providing optimism for 2026 and beyond (underpinned by more conducive regulatory environment to AI infrastructure investment, reflected in customer discussions and pipelines).

Margin expansion potential

In addition to superior top line growth potential, Vertiv has significant margin expansion potential. The company is focused on closing the gap between its own (high-teens) and peer (mid-20s) operating margins. At the company's recent investor day, it set forth a medium-term financial framework that included ~25% adj. operating margins by 2029 (previously 20%+ adj. operating margins between 2026-28) on the back of sustainably positive price/cost, fixed cost leverage, and

productivity improvements. We view this as very achievable.

Valuation looks more palatable after the recent pullback

Vertiv trades at a 28x NTM P/E multiple, a 24% premium to the group median, but this is down from a recent high of 30x. Moreover, the stock looks much more attractive using a PEG ratio, given that we forecast ~25% earnings growth. Thus, we think an elevated multiple is justified, getting us to our price target of $167, and see a bit of room for further re-rating potential to 30x on our NTM earnings forecast. *Risks include the inability to gain traction on operational initiatives aimed at closing the margin gap vs. peers; secular shifts in the data center industry; and exogenous factors (macroeconomic deterioration).*

GEV (BUY, TP $694)

GEV is a pure-play on global investment in power generating capacity, where the growth outlook is robust

GE Vernova is a global leader in the electric power industry, providing products and services that generate, transfer, orchestrate, convert, and store electricity. Said another way, the company is a pure-play on global investment in power generating capacity (including greenfield, brownfield, and services) - and the outlook for power investment is stronger than it has been in decades. This can be attributed to increasing electricity consumption due to the electrification of all things, proliferation of AI data centers globally, decarbonization, and aging existing grid infrastructure. We believe the forthcoming power investment cycle will enable GEV to deliver best-in-class revenue and earnings growth vs. the rest of our coverage universe; we project a 38% adj. EBITDA CAGR through 2028. GEV appears expensive on both an absolute and relative basis, but this is justified by a the superior EBITDA growth path and visibility into 2028 via its growing gas turbine backlog. We continue to favor it as it looks much more attractive using the PEG ratio.

Gas Power growth story, with continued margin expansion

The path for the Gas Power business is robust, with reason to believe revenue growth should accelerate and margins should expand over the next several years. This is critical, as the Power segment comprises 52% of GEV revenue and most of current adj. EBITDA. There are a number of reasons to believe Power can drive attractive MSD+ organic growth moving forward - already evidenced by 7% organic growth in 2024 and 6-7% growth forecasted for 2025. We were encouraged to hear management say in meetings when we took them on the road that gas turbine prices have continued to increase, and there is no price ceiling to speak of. In total, a gas turbine used to cost $1,200-1,400/kW, but this looks more like $2,400/kW today. Gas turbine orders have picked up in recent quarters, as increasing electricity consumption pressures existing grid infrastructure, requiring more baseload capacity. This is the case for both traditional utility customers and hyperscalers, and is not just a US dynamic; demand in the Middle East is accelerating, as evidenced by the Saudi grid stabilization equipment synchronous condensers announcement. In 2Q25, Power orders grew 44%, led by gas power equipment nearly tripling Y/Y. Gas turbine order activity continued to accelerate, as GEV booked 47 GT orders (20 heavy-duty gas turbines, including 7 HA units, which was six more heavy duty units vs. 2Q24 and secured orders for 27 aeroderivative units vs. only one unit last year, particularly to support data centers). The orders in W terms are expected to step up in 2H vs. 2Q results. In response, GEV is increasing its HDGT manufacturing capacity, from 55 in recent years to 70-80 units/year by 2026. As HDGT orders are booked, this also drives increasing service orders/backlog. We see a path to high-teens adj. EBITDA margins for the Power segment by 2027 (vs. mid-teens in 2026) and an increasingly bullish case that could culminate in (we think) $10bn of adj. EBITDA by 2028 (if Power margins can get to 25%) vs. current consensus of $9bn.

All systems go in Electrification

In GEV's relatively small (24% of company sales) but rapidly growing Electrification business, both the revenue and margin expansion dynamics are very favorable. We see the potential for revenue growth to remain in the double-digits over the next few years as the company executes on a growing backlog (which has more than

doubled in the last 3Y, from $7bn to $28bn) and benefits from heightened investment in transmission equipment by Utility customers (along with government stimulus measures targeted at grid hardening). Utility and hyperscale customers (hyperscalers contributed ~$500m revenue to the Electrification segment in 2024) are both investing heavily in the grid as part of the overall focus on increasing power generating capacity, and demand has been robust across a number of GEV's product lines (HVDC transformers, switchgears, synchronized condensing units) - there is no area where lead times are shrinking within this business. Further, pricing is still being gained but at a slower rate than 2024 but it varies a little bit by geography and by product type. However, over the last two years, GEV's Electrification has seen about nine points of margin and backlog expansion. So, looking ahead, there is already margin and backlog to be delivered moving into the 2026-2028. On top of this attractive revenue growth, we see the potential for the Electrification segment to deliver 30-40% incremental margins, consistent with performance seen over the last 2Y. As such, we forecast a 33% adj. EBITDA CAGR through 2028 within Electrification.

We also have visibility on the growth vectors of the next decade - service and nuclear

Perhaps the most attractive aspect of investing in GEV is the unique visibility investors have into revenue through 2028 (given the company's extended and growing backlog). But we are also gaining increased conviction in continued revenue growth in 2030 and beyond - if not through continued strength in gas turbine demand (conducting commercial discussions for gas backlog in 2030 and 2031), then through increased gas turbine service activity and realization of nuclear revenue. On the service point, gas turbines tend to see a major uptick in service revenue with their first outage, which occurs at ~3-4 years of age. This implies that service activity on turbines being shipped today/in the coming years should increase materially in the 2030s. And on nuclear, interest in GEV's small modular reactors (SMRs) remains high. The first SMR is in construction in Ontario for Ontario Power Generation (OPG) which is GEV's first customer. Further, the Nuclear Regulatory Commission (NRC) has now formally accepted Tennessee Valley Authority's (TVA) application to construct a Clinch River site, which means the formal process has started and we expect more customer announcements with SMR technology in 2H25. We are also encouraged by the US government's mission to reduce the approval process for nuclear to ~18 months.

Unique asset that seems expensive but less so on a PEG basis

GEV looks expensive on both an absolute and relative basis, but this is justified by a superior EBITDA growth path and visibility into 2028 via its growing gas turbine backlog. We continue to favor it as it looks much more attractive using a PEG ratio, given that we forecast a ~38% adj. EBITDA CAGR through 2028. Our GEV price target of $694 is derived by applying 30x to our NTM adj. EV/EBITDA forecast, consistent with the trading multiples of best-in-class revenue/earnings growers within our coverage universe. *Key risks include lower-than-expected global investment in power generating capacity, weak operational execution given importance of margin expansion to estimates, and incremental issues with wind turbine commissioning/project execution.*

NVT (BUY, TP $103)

Electrical Infrastructure & Data Center Solutions provider

nVent Electric designs and manufactures electrical infrastructure solutions that protect, connect, and manage electricity. Key products include enclosures, racks, busways, and power distribution systems, as well as liquid-and air-based cooling solutions for data centers. End markets served include data centers, energy, industrial, and transportation. We have a positive view of the electrical products/ services industry as a whole, as we project top-tier medium-term organic growth driven largely by secular themes and government stimulus spending. Electrical equipment providers (peers such as ETN, VRT, HUBB) have been benefiting from data center buildouts following increased expenditures into AI and trade at a premium to the MI/EE group. NVT's multiple has also re-rated significantly as of late (currently at 26x NTM P/E; 13% premium to the the MI/EE median), catching up after lagging peers, and now looks reasonable to us (we had previously called for a re-rating).

Portfolio transformation and continued focus on M&A to drive growth/ synergies

Since its spin in 2018, nVent has been very acquisitive, completing eight acquisitions to date along with divestiture of Thermal Management. Pre-spin, 12% of company revenues were exposed to infrastructure (data center, power utilities, renewables), but this has increased to ~40%, transforming the portfolio into one that can deliver top-tier organic growth. Moreover, investor perception of the Thermal business was relatively negative, as it tended to be very lumpy (project-based) and much of it was tied to the traditional O&G market, which is not viewed as a desirable vertical over the long term (most investors seeking out more clean energy exposure). We believe removing Thermal from the portfolio helped to underwrite the now-higher valuation multiple vs. NVT's history as it dampened cyclicality and simplified the portfolio offering. Regarding future M&A, NVT continues to see a very robust funnel/pipeline of opportunities and would like to do additional deals within the infrastructure vertical.

Orders and backlog growth are accelerating, fueled by infrastructure, including Data Solutions

NVT's backlog has grown significantly in recent quarters, providing visibility into 2026 and beyond. In 2Q25, organic orders accelerated, up over 20%, led by strong double-digit growth in the Data Solutions business. In the rest of the business, organic orders grew high-single digits. These orders, coupled with contribution from acquisitions (EPG and Trachte), have resulted in NVT's backlog increasing more than fourfold Y/Y and partially underpinned the recent full-year guidance raise. In data centers, NVT is seeing strength across the portfolio and accelerating growth to support the AI buildout.

We do not believe margins have peaked, although they are already best-in-class

Although nVent's segment margins are at best-in-class levels, we see further margin expansion opportunities in both businesses. This will be driven by new product launches, which generally come with higher margins. Further, NVT sees opportunity to continue to drive productivity, especially within recent acquisitions. NVT has also been investing in new Data Solutions capacity in order to meet growing AI-driven demand. NVT targets 30%+ incrementals, which we view as

achievable.

Valuation looks reasonable after recent re-rating

NVT trades currently trades at 25.5x NTM earnings, a 12% premium to the group median. Our NVT price target of $103 is derived by applying 25x to our NTM earnings forecast and so it assumes no additional multiple re-rating relative to where it is currently trading. However, organic growth and margin expansion should continue driving share price upside as the company benefits from integration/efficiencies of the updated portfolio exposed to higher growth/less cyclical end markets. *Key risks include more negative pricing or price/cost trends vs. expectations, margin execution through tariff headwinds, lack of accretive capital allocation.*

ETN (BUY, TP $410)

Leading solutions provider within the data center/power & utility verticals

Eaton is a global power management company that provides electrical, energy, and industrial solutions to make power more reliable, efficient, and sustainable. Its portfolio spans electrical components, power distribution, enclosures, backup systems, aerospace systems, and vehicle technologies. ETN plays a key role in data centers, utilities, industrial facilities, transportation, and aerospace, helping customers manage energy and power infrastructure safely and efficiently. The portfolio is somewhat complex and it is not a pure play electrical equipment manufacturer, but nonetheless, ~70% of the business is tied to electrical markets with 12% of total sales directly exposed to data centers. ETN has an attractive mix of end markets, mostly tied to secular growth themes, namely Data centers/AI and Power & Utility, underpinning our belief that it can deliver best-in class top-line and earnings growth over the next several years. In our view, this justifies a premium valuation vs. peers.

Data Center exposed parts of the portfolio continue to show impressive growth and orders

As of 2Q25, the Electrical Sector and Electrical Americas data center orders were each up ~55%, and data center revenue was up ~50% Y/Y, demonstrating continued strong momentum. Eaton projects Data Centers & Distributed IT to post strong double-digit growth in 2025. Electrical Americas backlog grew 17% Y/Y, hitting a new all-time record. The major project negotiations pipeline was up 31% Y/Y, remaining at very a high level, up ~60% since 2Q23. This gives ETN strong visibility into 3Q orders, which could continue to accelerate in 3Q25.

At the recent investor day, ETN raised its medium-term growth algorithm

At its recent investor day, Eaton raised its medium-term organic growth algorithm by 1ppt to +6-9% average annual growth through 2030 (to >$38bn total revenue). This is underpinned by 'strong DD' growth in data centers, 'solid growth' in Utilities, Aerospace, Commercial & Institutional, Resi, and Vehicles & eMobility verticals, and 'modest growth' in Industrial and Machinery verticals. The company also guided for robust segment margin expansion, reaching 28% by 2030. Based on the midpoint of the organic revenue CAGR, this implies ~35% incremental margins over the forecast period, consistent with 2025 guidance but above the company's prior ~30% long-term operating leverage target (more on this below). Note that this reflects a ~13%+ adj. EPS CAGR, slightly above ETN's guidance of >12% .

Poised for a return to mid-/high-teens EPS growth in FY26

We think Eaton can re-accelerate earnings growth back into the mid-/high-teens range in 2026 (from ~LDD this year), as capacity expansion, tariff, and growth investment headwinds dissipate, and organic growth remains solidly in the very HSD/LDD range. Based on this view, we see scope for ETN to deliver >$14 of adj. EPS in 2026, slightly ahead of current consensus of $13.72. This level of earnings growth would still be near best-in-class levels within our coverage universe, justifying a premium valuation. In this sense, the medium-term thesis on the stock is still very much intact.

Valuation looks more attractive at this point following recent pullback

ETN stock trades ~27x NTM P/E, among the highest in our group (and a 17% premium to the group median), but this looks cheap relative to its more normal very high-20s multiple in recent years. Our price target of $410 (based on 27x our NTM EPS forecast) suggests attractive high-teens upside potential vs. the current share price. *Risks include weakening data center capex, slowing power & utility investment, lack of accretive capital allocation given growing balance sheet capacity.*

Model updated: 10 September 2025

Running the numbers

Europe

France

Electrical Equipment

Schneider Electric

Reuters: SCHN.PA   Bloomberg: SU FP

Buy

Price (10 Sep 25)	EUR 229.0
Target Price	EUR 250.0
52 Week range	EUR 186.56 - 271.70
Market cap (m)	EURm 128,683
	USDm 150,907

Company Profile

Schneider Electric is a global specialist in energy management and automation solutions, with c.130,000 employees worldwide. The company produces circuit breakers, wiring devices, panelboards, UPS, programmable logic controllers, industrial control products, human-machine interfaces and process controls. It also provides end-point to cloud integration connecting products, controls,

Price Performance
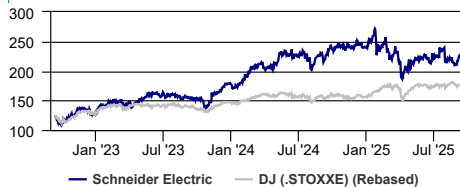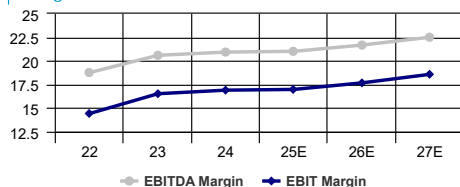
— Schneider Electric   — DJ (.STOXXE) (Rebased)

Margin Trends

— EBITDA Margin   — EBIT Margin

Growth & Profitibility

Sales growth (LHS)   — ROE (RHS)

Solvency

Net debt/equity (LHS)   — Net interest cover (RHS)

Gael de-Bray, CFA

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Fiscal year end 31-Dec	2022	2023	2024	2025E	2026E	2027E
Financial Summary						
DB EPS (EUR)	7.04	7.36	8.42	8.75	9.72	10.94
Reported EPS (EUR)	6.15	7.07	7.50	7.71	9.11	10.34
DPS (EUR)	3.15	3.50	3.90	4.29	4.72	5.19
BVPS (EUR)	45.5	47.4	54.4	54.1	58.5	63.7
Weighted average shares (m)	558	560	561	562	565	568
Average market cap (EURm)	71,572	85,931	123,370	128,683	128,683	128,683
Enterprise value (EURm)	78,267	97,703	134,212	141,089	142,638	139,956
Valuation Metrics						
P/E (DB) (x)	18.2	20.8	26.1	26.2	23.6	20.9
P/E (Reported) (x)	20.8	21.7	29.3	29.7	25.1	22.2
P/BV (x)	2.77	3.78	4.43	4.23	3.91	3.59
FCF Yield (%)	4.2	5.0	3.1	3.1	3.7	4.3
Dividend Yield (%)	2.5	2.3	1.8	1.9	2.1	2.3
EV/Sales (x)	2.3	2.7	3.5	3.5	3.3	3.1
EV/EBITDA (x)	12.2	13.2	16.8	16.7	15.4	13.6
EV/EBIT (x)	15.9	16.5	20.8	20.7	18.9	16.5
Income Statement (EURm)						
Sales revenue	34,176	35,902	38,153	40,220	42,721	45,691
Gross profit	13,876	15,012	16,268	17,199	18,316	19,638
EBITDA	6,415	7,393	7,987	8,452	9,261	10,283
Depreciation	1,058	1,030	1,132	1,162	1,251	1,334
Amortisation	424	430	406	460	460	460
EBIT	4,933	5,933	6,449	6,829	7,550	8,489
Net interest income(expense)	-215	-530	-409	-500	-560	-516
Associates/affiliates	29	51	-203	-241	36	39
Exceptionals/extraordinaries	0	0	0	0	0	0
Other pre-tax income/(expense)	0	0	0	0	0	0
Profit before tax	4,718	5,403	6,040	6,329	6,990	7,973
Income tax expense	1,211	1,285	1,398	1,487	1,678	1,914
Minorities	59	166	170	204	127	140
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	3,477	4,003	4,269	4,397	5,222	5,959
DB adjustments (including dilution)	503	168	525	598	350	350
DB Net profit	3,980	4,172	4,794	4,995	5,571	6,309
Cash Flow (EURm)						
Cash flow from operations	4,046	5,604	5,215	5,453	6,436	7,228
Net Capex	-1,024	-1,313	-1,364	-1,510	-1,623	-1,663
Free cash flow	3,022	4,291	3,851	3,943	4,813	5,566
Equity raised/(bought back)	-11	-419	-70	-87	0	0
Dividends paid	-1,775	-1,851	-2,049	-2,393	-2,623	-2,880
Net inc/(dec) in borrowings	714	3,470	898	-773	1,310	-1,686
Other investing/financing cash flows	-586	-4,781	-439	-1,576	-5,500	0
Net cash flow	1,364	710	2,191	-887	-2,000	1,000
Change in working capital	-1,039	378	-728	-525	-200	-238
Balance Sheet (EURm)						
Cash and other liquid assets	3,986	4,696	6,887	6,000	4,000	5,000
Tangible fixed assets	3,935	4,209	4,884	5,423	6,001	6,551
Goodwill/intangible assets	31,509	30,501	32,561	31,827	37,048	36,754
Associates/investments	2,944	2,490	2,509	2,314	2,350	2,390
Other assets	14,746	16,130	18,089	17,877	18,500	19,717
Total assets	57,120	58,026	64,930	63,440	67,899	70,412
Interest bearing debt	10,463	13,933	14,831	14,058	15,368	13,681
Other liabilities	20,563	16,925	18,819	17,982	18,405	19,385
Total liabilities	31,026	30,858	33,650	32,039	33,773	33,067
Shareholders' equity	25,439	26,462	30,489	30,486	33,164	36,323
Minorities	655	706	791	915	962	1,022
Total shareholders' equity	26,094	27,168	31,280	31,401	34,126	37,346
Net debt	6,477	9,237	7,944	8,058	11,368	8,681
Key Company Metrics						
Sales growth (%)	18.2	5.1	6.3	5.4	6.2	7.0
DB EPS growth (%)	16.7	4.5	14.4	3.9	11.0	12.6
EBITDA Margin (%)	18.8	20.6	20.9	21.0	21.7	22.5
EBIT Margin (%)	14.4	16.5	16.9	17.0	17.7	18.6
Payout ratio (%)	50.6	48.9	51.2	54.8	51.1	49.5
ROE (%)	13.9	15.4	15.0	14.4	16.4	17.2
Capex/sales (%)	3.2	3.8	3.7	3.9	3.9	3.8
Capex/depreciation (x)	1.0	1.3	1.3	1.3	1.3	1.3
Net debt/equity (%)	24.8	34.0	25.4	25.7	33.3	23.2
Net interest cover (x)	22.9	11.2	15.8	13.7	13.5	16.5

Source: Company data, Deutsche Bank estimates

Model updated: 10 September 2025

Running the numbers

Europe

France

Electrical Equipment

Legrand

Reuters: LEGD.PA   Bloomberg: LR FP

Buy

Price (10 Sep 25)	EUR 137.5
Target Price	EUR 145.0
52 Week range	EUR 87.98 - 137.50
Market cap (m)	EURm 35,905
	USDm 42,106

Company Profile

Legrand is a France-based company that specializes in the design, manufacture and distribution of products and systems for electrical installations and information networks. Legrand offers a comprehensive range of products and solutions that connect millions of buildings to energy, data and lighting. Its offer is particularly wide, with several hundred thousand references in categories such as user
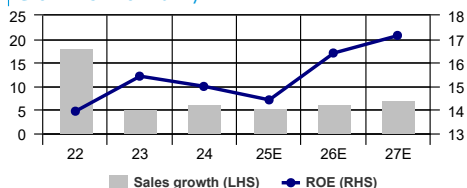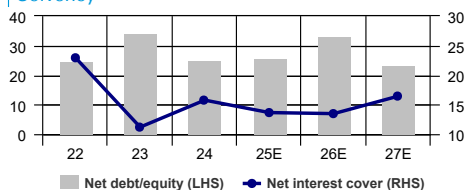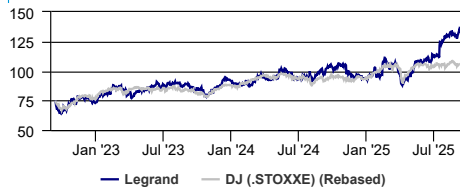
Price Performance

Margin Trends
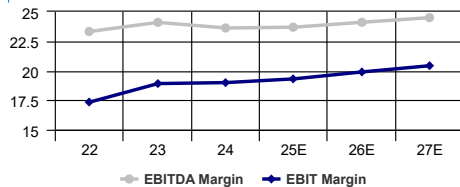
Growth & Profitibility
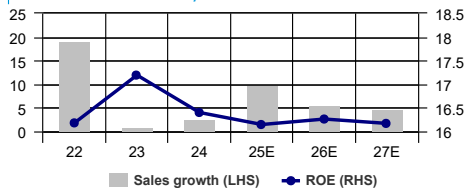
Solvency

Gael de-Bray, CFA

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Fiscal year end 31-Dec	2022	2023	2024	2025E	2026E	2027E
Financial Summary						
DB EPS (EUR)	4.41	4.79	4.80	5.22	5.70	6.17
Reported EPS (EUR)	3.73	4.30	4.43	4.83	5.30	5.77
DPS (EUR)	1.90	2.09	2.20	2.35	2.57	2.78
BVPS (EUR)	24.9	25.6	28.8	31.3	34.3	37.6
Weighted average shares (m)	267	265	262	261	261	261
Average market cap (EURm)	20,650	22,584	25,137	35,905	35,905	35,905
Enterprise value (EURm)	23,085	24,684	28,230	38,647	37,789	36,862
Valuation Metrics						
P/E (DB) (x)	17.6	17.8	20.0	26.3	24.1	22.3
P/E (Reported) (x)	20.8	19.8	21.6	28.5	25.9	23.8
P/BV (x)	2.94	3.59	3.26	4.39	4.01	3.66
FCF Yield (%)	4.7	6.7	4.8	3.6	4.1	4.5
Dividend Yield (%)	2.5	2.5	2.3	1.7	1.9	2.0
EV/Sales (x)	2.8	2.9	3.3	4.1	3.8	3.5
EV/EBITDA (x)	11.9	12.2	13.8	17.1	15.6	14.3
EV/EBIT (x)	16.0	15.5	17.2	21.0	18.9	17.1
Income Statement (EURm)						
Sales revenue	8,339	8,417	8,649	9,519	10,050	10,540
Gross profit	4,147	4,399	4,466	4,887	5,170	5,432
EBITDA	1,945	2,028	2,043	2,255	2,422	2,582
Depreciation	243	258	267	273	279	285
Amortisation	255	179	133	144	144	144
EBIT	1,447	1,592	1,643	1,838	2,000	2,153
Net interest income(expense)	-63	-42	-65	-99	-89	-73
Associates/affiliates	0	0	0	0	0	0
Exceptionals/extraordinaries	0	0	0	0	0	0
Other pre-tax income/(expense)	0	0	0	0	0	0
Profit before tax	1,383	1,550	1,578	1,739	1,911	2,080
Income tax expense	384	401	409	470	516	562
Minorities	0	0	0	1	1	1
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	1,000	1,149	1,169	1,268	1,394	1,517
DB adjustments (including dilution)	184	129	96	104	104	104
DB Net profit	1,183	1,277	1,265	1,372	1,498	1,621
Cash Flow (EURm)						
Cash flow from operations	1,161	1,761	1,443	1,529	1,722	1,856
Net Capex	-201	-252	-233	-240	-248	-256
Free cash flow	961	1,510	1,211	1,289	1,474	1,600
Equity raised/(bought back)	-45	-439	-46	0	0	0
Dividends paid	-439	-504	-547	-574	-615	-671
Net inc/(dec) in borrowings	-645	155	264	-196	-1,033	3,787
Other investing/financing cash flows	-348	-328	-1,696	-446	-85	-85
Net cash flow	-516	393	-815	73	-259	4,630
Change in working capital	-248	236	-75	-74	-56	-51
Balance Sheet (EURm)						
Cash and other liquid assets	2,347	2,817	2,082	2,135	2,494	2,923
Tangible fixed assets	746	848	914	966	1,018	1,070
Goodwill/intangible assets	8,102	7,913	9,542	9,759	9,618	9,477
Associates/investments	2	28	43	43	43	43
Other assets	3,218	3,235	3,495	3,567	3,732	3,883
Total assets	14,415	14,841	16,075	16,470	16,904	17,397
Interest bearing debt	4,668	4,823	5,087	4,787	4,287	3,787
Other liabilities	3,105	3,284	3,440	3,483	3,637	3,783
Total liabilities	7,772	8,107	8,527	8,270	7,924	7,569
Shareholders' equity	6,637	6,723	7,530	8,181	8,961	9,807
Minorities	6	12	18	19	20	21
Total shareholders' equity	6,643	6,735	7,548	8,200	8,980	9,828
Net debt	2,321	2,006	3,005	2,651	1,792	863
Key Company Metrics						
Sales growth (%)	19.2	0.9	2.8	10.1	5.6	4.9
DB EPS growth (%)	22.2	8.5	0.2	8.8	9.1	8.2
EBITDA Margin (%)	23.3	24.1	23.6	23.7	24.1	24.5
EBIT Margin (%)	17.3	18.9	19.0	19.3	19.9	20.4
Payout ratio (%)	50.7	48.2	49.3	48.5	48.1	47.9
ROE (%)	16.2	17.2	16.4	16.1	16.3	16.2
Capex/sales (%)	2.5	3.0	2.8	2.6	2.5	2.5
Capex/depreciation (x)	0.8	1.0	0.9	0.9	0.9	0.9
Net debt/equity (%)	34.9	29.8	39.8	32.3	20.0	8.8
Net interest cover (x)	22.9	37.9	25.4	18.6	22.6	29.7

Source: Company data, Deutsche Bank estimates

Model updated: 06 August 2025

Running the numbers

Europe

Germany

Diversified / Conglomerates

Siemens Energy

Reuters: ENR1n.DE   Bloomberg: ENR GR

Buy

Price (10 Sep 25)	EUR 95.14
Target Price	EUR 110.0
52 Week range	EUR 25.39 - 103.70
Market cap (m)	EURm 75,479
	USDm 88,514

Company Profile

Siemens Energy is a world leader in energy infrastructure, with a comprehensive portfolio along the entire energy conversion value chain, including conventional and renewable power generation as well as power transmission, storage and electrolyzer offerings. Services account for around one-third of revenues.

Price Performance
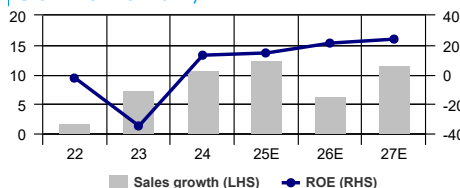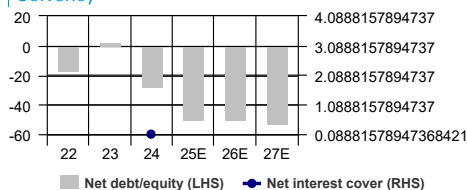
— Siemens Energy   — DJ (.STOXXE) (Rebased)

Margin Trends

— EBITDA Margin   — EBIT Margin

Growth & Profitibility

Sales growth (LHS)   — ROE (RHS)

Solvency

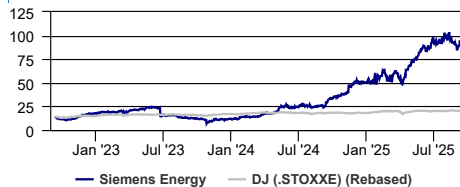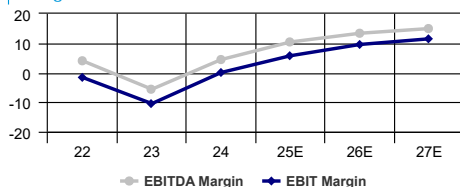Net debt/equity (LHS)   — Net interest cover (RHS)

Gael de-Bray, CFA

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Fiscal year end 30-Sep	2022	2023	2024	2025E	2026E	2027E
Financial Summary						
DB EPS (EUR)	0.11	-5.13	-0.42	1.70	3.23	4.39
Reported EPS (EUR)	-0.56	-5.45	1.37	1.71	3.01	4.18
DPS (EUR)	0.00	0.00	0.00	0.47	1.20	1.67
BVPS (EUR)	23.9	12.2	11.9	13.8	17.1	21.0
Weighted average shares (m)	718	720	790	793	793	793
Average market cap (EURm)	13,612	12,394	14,517	75,479	75,479	75,479
Enterprise value (EURm)	15,292	17,023	18,554	77,666	81,312	79,083
Valuation Metrics						
P/E (DB) (x)	165.7	nm	nm	55.9	29.5	21.7
P/E (Reported) (x)	nm	nm	13.4	55.7	31.6	22.8
P/BV (x)	0.48	1.01	2.79	6.87	5.55	4.53
FCF Yield (%)	4.8	nm	4.8	4.2	2.5	4.1
Dividend Yield (%)	0.0	0.0	0.0	0.5	1.3	1.8
EV/Sales (x)	0.5	0.5	0.5	2.0	2.0	1.7
EV/EBITDA (x)	13.0	nm	12.1	19.2	14.7	11.5
EV/EBIT (x)	nm	nm	687.2	34.8	20.6	14.9
Income Statement (EURm)						
Sales revenue	28,997	31,119	34,465	38,753	41,245	46,035
Gross profit	3,425	753	6,550	6,049	8,946	10,422
EBITDA	1,173	-1,741	1,538	4,041	5,516	6,888
Depreciation	1,247	1,219	1,252	1,549	1,309	1,339
Amortisation	386	297	259	259	259	259
EBIT	-460	-3,257	27	2,233	3,947	5,291
Net interest income(expense)	-28	-130	-304	76	47	77
Associates/affiliates	0	-1	0	0	0	0
Exceptionals/extraordinaries	0	0	2,098	0	0	0
Other pre-tax income/(expense)	-30	0	0	0	0	0
Profit before tax	-518	-3,388	1,821	2,309	3,994	5,367
Income tax expense	128	1,202	486	572	1,103	1,447
Minorities	-243	-57	152	255	281	300
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	-403	-4,533	1,183	1,482	2,611	3,621
DB adjustments (including dilution)	485	263	-1,549	-6	189	189
DB Net profit	83	-4,270	-366	1,476	2,800	3,810
Cash Flow (EURm)						
Cash flow from operations	1,808	1,121	2,217	5,101	3,697	4,709
Net Capex	-1,156	-1,228	-1,514	-1,900	-1,800	-1,600
Free cash flow	652	-108	703	3,201	1,897	3,109
Equity raised/(bought back)	0	0	0	0	0	0
Dividends paid	-168	-83	-111	-127	-512	-1,109
Net inc/(dec) in borrowings	0	1,100	-130	-170	0	0
Other investing/financing cash flows	-279	-4,122	1,995	-212	-69	77
Net cash flow	205	-3,213	2,457	2,693	1,316	2,077
Change in working capital	1,862	1,317	892	2,271	-477	-524
Balance Sheet (EURm)						
Cash and other liquid assets	6,051	4,588	6,363	8,939	10,209	12,209
Tangible fixed assets	5,435	5,724	6,220	6,571	7,061	7,323
Goodwill/intangible assets	14,048	13,151	12,272	11,488	11,745	11,886
Associates/investments	1,388	1,564	1,240	2,645	2,645	2,645
Other assets	24,253	22,881	24,781	26,625	28,264	30,027
Total assets	51,175	47,908	50,876	56,268	59,924	64,090
Interest bearing debt	3,223	4,781	3,766	3,416	3,416	3,416
Other liabilities	30,765	34,340	37,746	41,867	42,905	44,018
Total liabilities	33,988	39,121	41,512	45,283	46,321	47,434
Shareholders' equity	17,187	8,787	9,364	10,984	13,604	16,656
Minorities	0	0	0	0	0	0
Total shareholders' equity	17,187	8,787	9,364	10,984	13,604	16,656
Net debt	-2,828	193	-2,597	-5,523	-6,793	-8,793
Key Company Metrics						
Sales growth (%)	1.8	7.3	10.8	12.4	6.4	11.6
DB EPS growth (%)	na	na	91.8	na	89.7	36.1
EBITDA Margin (%)	4.0	-5.6	4.5	10.4	13.4	15.0
EBIT Margin (%)	-1.6	-10.5	0.1	5.8	9.6	11.5
Payout ratio (%)	nm	nm	0.0	25.4	36.6	36.6
ROE (%)	-2.5	-34.9	13.0	14.6	21.2	23.9
Capex/sales (%)	4.0	3.9	4.4	4.9	4.4	3.5
Capex/depreciation (x)	0.9	1.0	1.2	1.2	1.4	1.2
Net debt/equity (%)	-16.5	2.2	-27.7	-50.3	-49.9	-52.8
Net interest cover (x)	nm	nm	0.1	nm	nm	nm

Source: Company data, Deutsche Bank estimates

Model updated: 10 September 2025

Running the numbers

Europe

Switzerland

Electrical Equipment

ABB Ltd.

Reuters: ABBN.S   Bloomberg: ABBN SW

Sell

Price (10 Sep 25)	CHF 56.62
Target Price	CHF 47.00
52 Week range	CHF 39.14 - 56.62
Market cap (m)	CHFm 103,468
	USDm 129,846

Company Profile

ABB is a global leader in power and automation technologies. The company manages its business through four divisions: Electrification Products, Motion, Process Automation and Robotics and Discrete Automation. The company operates in approximately 100 countries with more than 100,000 employees.

Price Performance

— ABB Ltd.   — SPI Swiss Performance IX (Rebased)

Margin Trends

— EBITDA Margin   — EBIT Margin

Growth & Profitibility

Sales growth (LHS)   — ROE (RHS)

Solvency

Net debt/equity (LHS)   — Net interest cover (RHS)
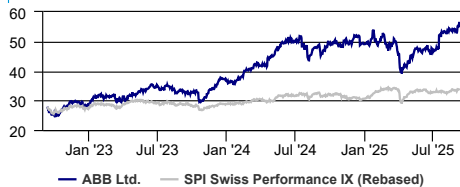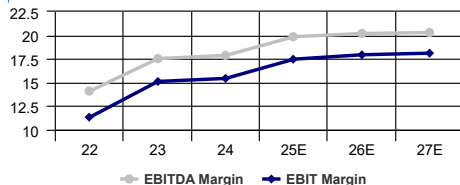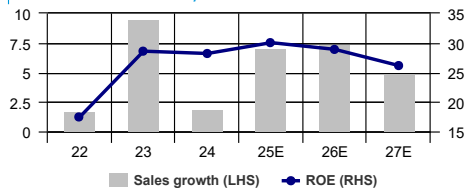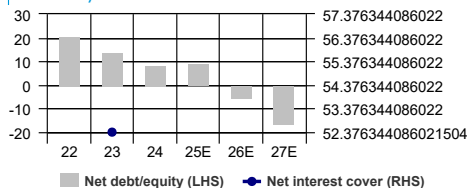
Gael de-Bray, CFA

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Fiscal year end 31-Dec	2022	2023	2024	2025E	2026E	2027E
Financial Summary						
DB EPS (USD)	1.64	2.15	2.42	2.57	2.82	2.98
Reported EPS (USD)	1.30	2.01	2.13	2.49	2.74	2.90
DPS (USD)	0.88	0.97	1.02	1.16	1.27	1.33
BVPS (USD)	6.7	7.2	7.8	8.6	10.3	11.9
Weighted average shares (m)	1,899	1,855	1,844	1,827	1,819	1,819
Average market cap (USDm)	57,652	67,685	96,302	129,846	129,256	129,256
Enterprise value (USDm)	63,836	72,771	100,264	134,145	131,033	128,446
Valuation Metrics						
P/E (DB) (x)	18.5	17.0	21.6	27.6	25.2	23.9
P/E (Reported) (x)	23.4	18.2	24.5	28.6	26.0	24.5
P/BV (x)	4.53	6.16	6.91	8.22	6.92	5.97
FCF Yield (%)	1.1	5.4	4.1	3.4	3.7	4.0
Dividend Yield (%)	2.9	2.7	2.0	1.6	1.8	1.9
EV/Sales (x)	2.2	2.3	3.1	3.8	3.5	3.2
EV/EBITDA (x)	15.4	12.9	17.1	19.2	17.2	16.0
EV/EBIT (x)	19.1	14.9	19.8	21.8	19.3	17.9
Income Statement (USDm)						
Sales revenue	29,446	32,235	32,850	35,182	37,776	39,605
Gross profit	9,710	11,214	12,274	13,398	14,273	15,030
EBITDA	4,151	5,652	5,871	6,984	7,628	8,037
Depreciation	585	561	597	642	653	667
Amortisation	229	220	203	196	198	198
EBIT	3,337	4,871	5,071	6,146	6,776	7,172
Net interest income(expense)	57	-93	162	101	106	116
Associates/affiliates	0	0	0	0	0	0
Exceptionals/extraordinaries	0	0	0	0	0	0
Other pre-tax income/(expense)	0	0	0	0	0	0
Profit before tax	3,394	4,778	5,233	6,247	6,882	7,288
Income tax expense	757	930	1,278	1,593	1,789	1,895
Minorities	119	79	17	90	99	106
Other post-tax income/(expense)	-43	-24	-3	-8	0	0
Net profit	2,475	3,745	3,935	4,556	4,994	5,287
DB adjustments (including dilution)	660	268	541	153	147	147
DB Net profit	3,135	4,013	4,476	4,709	5,141	5,433
Cash Flow (USDm)						
Cash flow from operations	1,287	4,290	4,675	5,089	5,563	5,937
Net Capex	-635	-623	-738	-667	-819	-827
Free cash flow	652	3,667	3,937	4,422	4,744	5,110
Equity raised/(bought back)	-3,159	-1,104	-796	-1,500	0	0
Dividends paid	-1,797	-1,806	-1,872	-2,012	-2,223	-2,425
Net inc/(dec) in borrowings	2,117	150	-883	-200	-200	-200
Other investing/financing cash flows	1,653	54	-563	-1,090	0	0
Net cash flow	-534	961	-177	-380	2,321	2,484
Change in working capital	-1,683	-127	-143	-185	-206	-145
Balance Sheet (USDm)						
Cash and other liquid assets	4,899	5,837	5,660	5,280	7,601	10,086
Tangible fixed assets	4,752	5,035	5,017	5,246	5,440	5,628
Goodwill/intangible assets	11,917	11,784	11,603	12,459	12,259	12,059
Associates/investments	130	187	368	368	368	368
Other assets	17,298	18,097	17,709	18,998	20,248	21,163
Total assets	38,996	40,940	40,357	42,351	45,916	49,304
Interest bearing debt	7,678	7,828	6,945	6,745	6,545	6,345
Other liabilities	18,105	18,966	18,352	19,212	20,107	20,726
Total liabilities	25,783	26,794	25,297	25,957	26,652	27,071
Shareholders' equity	12,777	13,410	14,488	15,837	18,719	21,697
Minorities	495	736	572	557	546	536
Total shareholders' equity	13,272	14,146	15,060	16,394	19,265	22,232
Net debt	2,779	1,991	1,285	1,465	-1,056	-3,741
Key Company Metrics						
Sales growth (%)	1.7	9.5	1.9	7.1	7.4	4.8
DB EPS growth (%)	20.2	31.0	12.6	6.1	9.7	5.7
EBITDA Margin (%)	14.1	17.5	17.9	19.9	20.2	20.3
EBIT Margin (%)	11.3	15.1	15.4	17.5	17.9	18.1
Payout ratio (%)	67.6	48.0	47.9	46.4	46.2	45.9
ROE (%)	17.5	28.6	28.2	30.0	28.9	26.2
Capex/sales (%)	2.6	2.4	2.6	2.5	2.4	2.3
Capex/depreciation (x)	1.3	1.4	1.4	1.4	1.4	1.4
Net debt/equity (%)	20.9	14.1	8.5	8.9	-5.5	-16.8
Net interest cover (x)	nm	52.4	nm	nm	nm	nm

Source: Company data, Deutsche Bank estimates

Model updated: 19 August 2025

Running the numbers

Europe

Italy

Electrical Equipment

Prysmian

Reuters: PRY.MI   Bloomberg: PRY IM

Buy

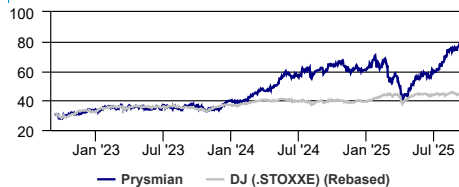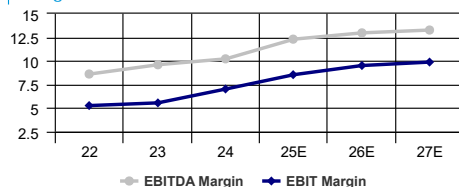|	
Price (10 Sep 25)	EUR 79.80
Target Price	EUR 85.00
52 Week range	EUR 39.88 - 79.80
Market cap (m)	EURm 22,886
	USDm 26,839

Company Profile

Prysmian is a manufacturer of electrical and telecom cables based out of Italy with a global footprint. Prysmian is the global market leader in power cables having made a series of acquisitions and successfully integrating them over the past 15 years. It has a comprehensive portfolio, that includes transmission & distribution cables, building wire, industrial cables, fiber-optic data cables, as well as related accessories
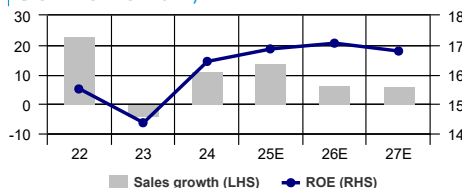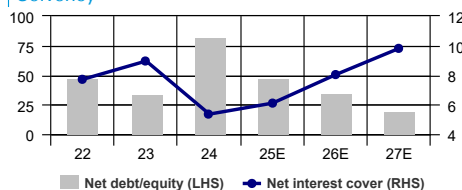
Price Performance

Prysmian — DJ (.STOXXE) (Rebased)

Margin Trends

EBITDA Margin — EBIT Margin

Growth & Profitibility

Sales growth (LHS) — ROE (RHS)

Solvency

Net debt/equity (LHS) — Net interest cover (RHS)

Nabil Najeeb

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Fiscal year end 31-Dec	2022	2023	2024	2025E	2026E	2027E
Financial Summary						
DB EPS (EUR)	2.33	2.59	2.89	3.63	4.41	4.98
Reported EPS (EUR)	1.90	1.82	2.51	3.50	4.36	4.92
DPS (EUR)	0.60	0.70	0.80	0.88	0.97	1.06
BVPS (EUR)	13.6	13.9	18.1	23.8	27.4	31.4
Weighted average shares (m)	263	273	282	287	287	287
Average market cap (EURm)	7,656	9,632	15,390	22,886	22,886	22,886
Enterprise value (EURm)	9,082	11,205	20,130	27,244	26,674	25,678
Valuation Metrics						
P/E (DB) (x)	12.5	13.6	18.9	22.0	18.1	16.0
P/E (Reported) (x)	15.3	19.5	21.8	22.8	18.3	16.2
P/BV (x)	2.42	2.87	3.35	3.35	2.92	2.54
FCF Yield (%)	5.9	6.7	5.7	4.0	4.4	5.6
Dividend Yield (%)	2.1	2.0	1.5	1.1	1.2	1.3
EV/Sales (x)	0.6	0.7	1.2	1.4	1.3	1.2
EV/EBITDA (x)	6.5	7.5	11.5	11.4	9.9	8.8
EV/EBIT (x)	10.7	13.0	16.7	16.3	13.5	11.8
Income Statement (EURm)						
Sales revenue	16,107	15,476	17,165	19,509	20,767	21,977
Gross profit	5,519	5,771	6,403	7,252	7,714	8,159
EBITDA	1,387	1,485	1,754	2,400	2,693	2,916
Depreciation	538	625	548	734	718	746
Amortisation	0	0	0	0	0	0
EBIT	849	860	1,206	1,667	1,975	2,171
Net interest income(expense)	-110	-96	-225	-273	-246	-221
Associates/affiliates	0	0	0	0	0	0
Exceptionals/extraordinaries	0	0	0	0	0	0
Other pre-tax income/(expense)	0	0	0	0	0	0
Profit before tax	739	764	981	1,394	1,730	1,949
Income tax expense	230	217	233	369	458	517
Minorities	5	18	19	19	19	19
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	504	529	729	1,005	1,252	1,414
DB adjustments (including dilution)	115	226	112	37	16	16
DB Net profit	619	755	841	1,042	1,268	1,430
Cash Flow (EURm)						
Cash flow from operations	902	1,265	1,661	1,630	1,691	1,877
Net Capex	-450	-624	-777	-716	-682	-603
Free cash flow	452	641	884	914	1,009	1,274
Equity raised/(bought back)	0	-4	-327	-48	0	0
Dividends paid	-148	-165	-202	-262	-305	-330
Net inc/(dec) in borrowings	0	0	0	0	0	0
Other investing/financing cash flows	-7	0	-4,126	-723	-185	0
Net cash flow	297	472	-3,771	-120	519	944
Change in working capital	-105	197	465	80	-98	-101
Balance Sheet (EURm)						
Cash and other liquid assets	1,285	1,741	1,033	2,047	2,489	3,355
Tangible fixed assets	3,020	3,401	4,921	5,128	5,261	5,287
Goodwill/intangible assets	2,164	2,071	4,915	5,523	5,734	5,759
Associates/investments	284	112	47	47	47	47
Other assets	6,003	5,998	7,286	7,816	8,288	8,743
Total assets	12,756	13,323	18,202	20,563	21,819	23,191
Interest bearing debt	3,067	3,096	5,415	5,415	5,285	5,155
Other liabilities	5,918	6,255	7,490	8,084	8,440	8,775
Total liabilities	8,985	9,351	12,905	13,499	13,725	13,930
Shareholders' equity	3,585	3,781	5,087	6,835	7,846	8,994
Minorities	186	191	210	229	248	267
Total shareholders' equity	3,771	3,972	5,297	7,064	8,094	9,261
Net debt	1,782	1,355	4,382	3,368	2,796	1,800
Key Company Metrics						
Sales growth (%)	23.0	-3.9	10.9	13.7	6.4	5.8
DB EPS growth (%)	90.1	11.2	11.7	25.4	21.7	12.7
EBITDA Margin (%)	8.6	9.6	10.2	12.3	13.0	13.3
EBIT Margin (%)	5.3	5.6	7.0	8.5	9.5	9.9
Payout ratio (%)	31.4	36.1	30.9	25.1	22.2	21.6
ROE (%)	15.5	14.4	16.4	16.9	17.1	16.8
Capex/sales (%)	2.8	4.0	4.6	3.7	3.3	2.7
Capex/depreciation (x)	0.8	1.0	1.4	1.0	0.9	0.8
Net debt/equity (%)	47.3	34.1	82.7	47.7	34.5	19.4
Net interest cover (x)	7.7	9.0	5.4	6.1	8.0	9.8

Source: Company data, Deutsche Bank estimates

Model updated: 01 August 2025

Running the numbers

Europe

France

Electrical Equipment

Nexans

Reuters: NEXS.PA   Bloomberg: NEX FP

Buy

|	
Price (10 Sep 25)	EUR 131.1
Target Price	EUR 149.0
52 Week range	EUR 80.15 - 141.00
Market cap (m)	EURm 5,744.6
	USDm 6,736.7

Company Profile

Nexans is a leading manufacturer of electrical cables based out of France with a global footprint. The company is refocusing its portfolio to become a pure player in electrification, with an array of power cables and solutions, ranging from high voltage transmission cables to medium voltage power distribution lines and low voltage building wire, along with related accessories and services.
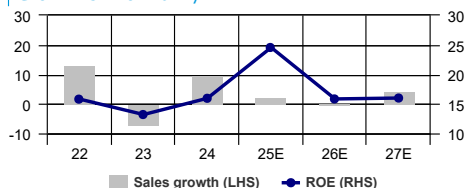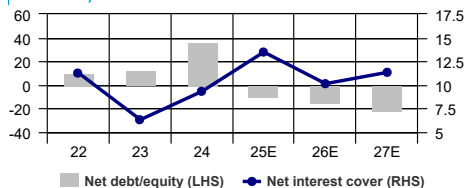
Price Performance
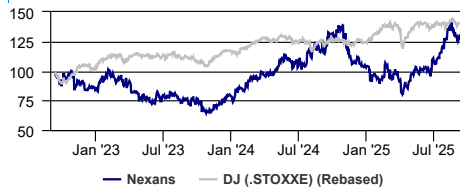
Margin Trends
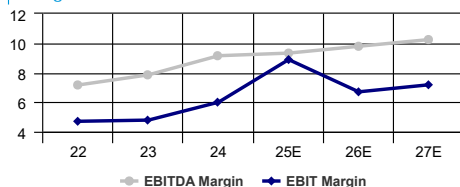
Growth & Profitibility

Solvency

Nabil Najeeb

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Fiscal year end 31-Dec	2022	2023	2024	2025E	2026E	2027E
Financial Summary						
DB EPS (EUR)	5.21	5.72	6.06	7.08	8.22	9.31
Reported EPS (EUR)	5.46	4.92	6.20	10.94	8.22	9.31
DPS (EUR)	2.10	2.30	2.60	2.80	2.94	3.09
BVPS (EUR)	38.0	38.9	41.4	50.4	56.4	63.4
Weighted average shares (m)	44	44	44	44	44	44
Average market cap (EURm)	3,779	3,479	4,708	5,745	5,745	5,745
Enterprise value (EURm)	3,951	3,690	5,389	5,524	5,385	5,151
Valuation Metrics						
P/E (DB) (x)	16.7	14.0	17.7	18.5	16.0	14.1
P/E (Reported) (x)	15.9	16.2	17.3	12.0	16.0	14.1
P/BV (x)	2.23	2.04	2.52	2.60	2.32	2.07
FCF Yield (%)	6.2	6.8	6.4	5.4	4.0	5.7
Dividend Yield (%)	2.4	2.9	2.4	2.1	2.2	2.4
EV/Sales (x)	0.5	0.5	0.6	0.6	0.6	0.6
EV/EBITDA (x)	6.6	6.0	6.9	6.8	6.3	5.5
EV/EBIT (x)	10.0	9.9	10.5	7.1	9.2	7.9
Income Statement (EURm)						
Sales revenue	8,369	7,790	8,545	8,760	8,731	9,114
Gross profit	996	995	1,172	1,214	1,231	1,307
EBITDA	600	612	782	817	855	934
Depreciation	206	239	269	38	270	279
Amortisation	0	0	0	0	0	0
EBIT	394	373	513	779	585	655
Net interest income(expense)	-35	-59	-55	-58	-58	-58
Associates/affiliates	0	0	0	0	0	0
Exceptionals/extraordinaries	1	1	1	0	0	0
Other pre-tax income/(expense)	-22	-24	-61	-21	-1	-1
Profit before tax	337	290	397	700	527	596
Income tax expense	90	68	115	203	153	173
Minorities	3	2	3	3	3	3
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	245	221	280	494	371	420
DB adjustments (including dilution)	-11	36	-6	-175	0	0
DB Net profit	234	257	274	320	371	420
Cash Flow (EURm)						
Cash flow from operations	470	607	676	748	523	584
Net Capex	-236	-371	-376	-439	-294	-255
Free cash flow	234	236	300	308	229	330
Equity raised/(bought back)	-32	-6	-33	-15	0	0
Dividends paid	-54	-93	-102	-114	-123	-129
Net inc/(dec) in borrowings	198	-58	475	-36	-36	-36
Other investing/financing cash flows	-215	-126	-539	689	0	0
Net cash flow	131	-47	101	832	70	165
Change in working capital	104	262	176	35	-50	-48
Balance Sheet (EURm)						
Cash and other liquid assets	1,134	1,131	1,254	2,122	2,228	2,429
Tangible fixed assets	1,645	1,854	2,196	2,415	2,489	2,514
Goodwill/intangible assets	464	503	790	790	790	790
Associates/investments	25	19	18	18	18	18
Other assets	3,135	3,027	3,416	2,630	2,476	2,433
Total assets	6,403	6,534	7,674	7,975	8,001	8,184
Interest bearing debt	1,316	1,345	1,934	1,898	1,862	1,826
Other liabilities	3,420	3,478	3,907	3,846	3,641	3,550
Total liabilities	4,736	4,823	5,841	5,744	5,503	5,376
Shareholders' equity	1,652	1,695	1,814	2,209	2,473	2,780
Minorities	15	16	19	22	25	28
Total shareholders' equity	1,667	1,711	1,833	2,231	2,498	2,808
Net debt	182	214	680	-224	-366	-603
Key Company Metrics						
Sales growth (%)	13.5	-6.9	9.7	2.5	-0.3	4.4
DB EPS growth (%)	197.6	9.8	6.1	16.7	16.1	13.3
EBITDA Margin (%)	7.2	7.9	9.2	9.3	9.8	10.2
EBIT Margin (%)	4.7	4.8	6.0	8.9	6.7	7.2
Payout ratio (%)	37.3	45.4	40.7	24.8	34.7	32.2
ROE (%)	15.8	13.2	16.0	24.6	15.8	16.0
Capex/sales (%)	3.6	4.8	4.4	5.0	3.4	2.8
Capex/depreciation (x)	1.4	1.6	1.4	11.4	1.1	0.9
Net debt/equity (%)	10.9	12.5	37.1	-10.0	-14.7	-21.5
Net interest cover (x)	11.3	6.3	9.3	13.5	10.1	11.3

Source: Company data, Deutsche Bank estimates

Model updated: 11 August 2025

Running the numbers

Europe

Germany

Diversified / Conglomerates

Siemens AG

Reuters: SIEGn.DE   Bloomberg: SIE GR

Hold

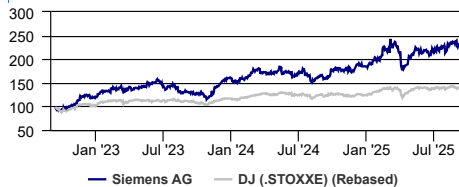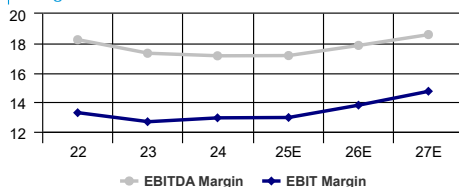|	
Price (10 Sep 25)	EUR 228.4
Target Price	EUR 220.0
52 Week range	EUR 158.38 - 243.00
Market cap (m)	EURm 179,417
	USDm 210,402

Company Profile

Siemens is a global powerhouse focusing on the areas of electrification, automation and digitalization. It is also a leading supplier of systems for rail transportation as well as medical diagnosis. Siemens is the global No. 1 or No. 2 across most of its markets.
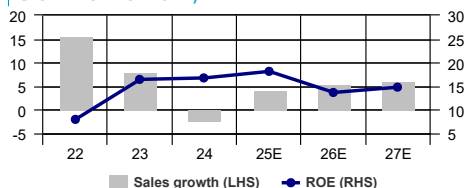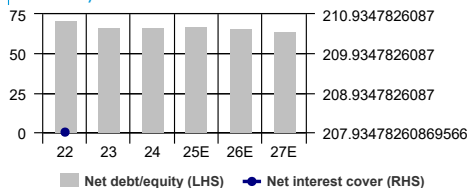
Price Performance

— Siemens AG   — DJ (.STOXXE) (Rebased)

Margin Trends

— EBITDA Margin   — EBIT Margin

Growth & Profitibility

Sales growth (LHS)   — ROE (RHS)

Solvency

Net debt/equity (LHS)   — Net interest cover (RHS)

Gael de-Bray, CFA

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Fiscal year end 30-Sep	2022	2023	2024	2025E	2026E	2027E
Financial Summary						
DB EPS (EUR)	8.34	8.53	10.16	10.09	11.02	12.36
Reported EPS (EUR)	4.59	9.92	10.39	12.49	10.25	11.59
DPS (EUR)	4.25	4.70	5.20	5.50	6.00	6.73
BVPS (EUR)	61.0	60.4	65.0	74.1	77.1	80.8
Weighted average shares (m)	801	792	789	786	780	774
Average market cap (EURm)	91,193	103,796	125,758	179,417	178,076	176,684
Enterprise value (EURm)	113,686	124,130	137,773	200,971	199,319	196,994
Valuation Metrics						
P/E (DB) (x)	13.7	15.4	15.7	22.6	20.7	18.5
P/E (Reported) (x)	24.8	13.2	15.3	18.3	22.3	19.7
P/BV (x)	1.53	2.13	2.73	3.08	2.96	2.83
FCF Yield (%)	7.4	7.8	5.7	4.1	3.9	4.6
Dividend Yield (%)	3.7	3.6	3.3	2.4	2.6	2.9
EV/Sales (x)	1.6	1.6	1.8	2.5	2.4	2.2
EV/EBITDA (x)	8.7	9.2	10.6	14.8	13.4	12.0
EV/EBIT (x)	11.9	12.6	14.0	19.6	17.3	15.1
Income Statement (EURm)						
Sales revenue	71,976	77,769	75,930	79,050	83,394	88,545
Gross profit	25,845	29,656	30,045	31,346	34,284	36,824
EBITDA	13,125	13,469	13,019	13,567	14,886	16,456
Depreciation	2,570	2,743	2,445	2,538	2,479	2,505
Amortisation	990	865	747	780	896	896
EBIT	9,565	9,861	9,827	10,249	11,511	13,056
Net interest income(expense)	-46	647	806	940	930	945
Associates/affiliates	0	0	0	0	0	0
Exceptionals/extraordinaries	-20	15	85	2,087	0	0
Other pre-tax income/(expense)	-2,366	695	596	128	-135	-135
Profit before tax	7,153	11,203	11,229	11,317	12,305	13,865
Income tax expense	2,741	2,687	2,321	2,666	3,343	3,840
Minorities	669	579	692	803	869	945
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	3,723	7,952	8,301	9,936	8,094	9,079
DB adjustments (including dilution)	3,040	-1,117	-190	-1,909	609	609
DB Net profit	6,763	6,835	8,111	8,026	8,703	9,688
Cash Flow (EURm)						
Cash flow from operations	8,813	10,275	9,315	9,606	9,382	10,614
Net Capex	-2,084	-2,218	-2,107	-2,329	-2,445	-2,494
Free cash flow	6,729	8,057	7,208	7,278	6,937	8,119
Equity raised/(bought back)	-1,870	-1,289	-3,764	-100	-1,500	-1,500
Dividends paid	-3,569	-3,751	-4,100	-4,511	-5,126	-5,686
Net inc/(dec) in borrowings	50,636	-4,040	47,919	53,315	54,604	55,271
Other investing/financing cash flows	-2,199	448	-1,580	-8,063	-1,100	-1,100
Net cash flow	49,727	-575	45,683	47,919	53,815	55,104
Change in working capital	538	-2,167	-873	226	-506	-412
Balance Sheet (EURm)						
Cash and other liquid assets	11,704	11,131	10,216	10,216	10,716	11,216
Tangible fixed assets	11,733	11,938	12,242	12,077	13,243	14,432
Goodwill/intangible assets	46,057	42,865	40,977	52,952	52,756	52,559
Associates/investments	37,699	33,826	36,936	36,936	37,936	38,936
Other assets	42,629	43,655	45,331	46,770	49,072	51,802
Total assets	149,822	143,415	145,702	158,950	163,722	168,945
Interest bearing debt	50,636	46,596	47,919	53,315	54,604	55,271
Other liabilities	44,385	43,763	41,555	42,077	43,223	44,941
Total liabilities	95,021	90,359	89,474	95,392	97,827	100,212
Shareholders' equity	48,891	47,786	51,261	58,207	60,122	62,495
Minorities	5,910	5,270	4,967	5,352	5,772	6,239
Total shareholders' equity	54,801	53,056	56,228	63,558	65,895	68,733
Net debt	38,932	35,465	37,703	43,099	43,888	44,055
Key Company Metrics						
Sales growth (%)	15.6	8.0	-2.4	4.1	5.5	6.2
DB EPS growth (%)	19.8	2.3	19.1	-0.6	9.2	12.2
EBITDA Margin (%)	18.2	17.3	17.1	17.2	17.9	18.6
EBIT Margin (%)	13.3	12.7	12.9	13.0	13.8	14.7
Payout ratio (%)	91.5	46.8	49.4	43.5	57.8	57.4
ROE (%)	8.0	16.5	16.8	18.2	13.7	14.8
Capex/sales (%)	2.9	2.9	2.8	2.9	2.9	2.8
Capex/depreciation (x)	0.8	0.8	0.9	0.9	1.0	1.0
Net debt/equity (%)	71.0	66.8	67.1	67.8	66.6	64.1
Net interest cover (x)	207.9	nm	nm	nm	nm	nm

Source: Company data, Deutsche Bank estimates

Model updated: 04 September 2025

Running the numbers

North America

United States

Multi - Industry & Electrical Equipment

nVent Electric

Reuters: NVT.N   Bloomberg: NVT US

Buy

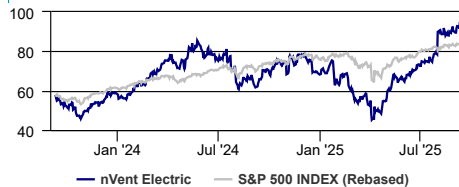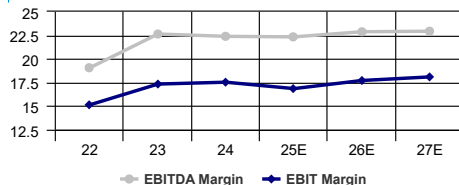|	
Price (10 Sep 25)	USD 94.98
Target Price	USD 103.0
52 Week range	USD 45.20 - 94.98
Market cap (m)	USDm 15,452
	EURm 13,176

Company Profile

nVent Electric connects and protects with inventive electrical solutions. The company designs, manufactures, markets, installs and services high-performance products and solutions that help build a more sustainable and electrified world.
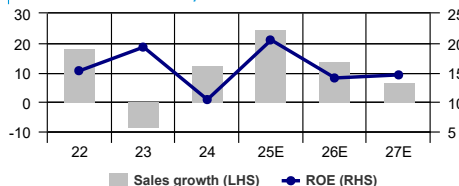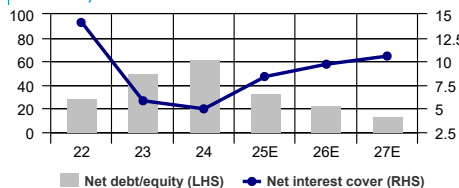
Price Performance

— nVent Electric   — S&P 500 INDEX (Rebased)

Margin Trends

— EBITDA Margin   — EBIT Margin

Growth & Profitibility

■ Sales growth (LHS)   — ROE (RHS)

Solvency

■ Net debt/equity (LHS)   — Net interest cover (RHS)

Nicole DeBlase

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Fiscal year end 31-Dec	2022	2023	2024	2025E	2026E	2027E
Financial Summary						
DB EPS (USD)	2.40	2.62	2.49	3.31	3.90	4.25
Reported EPS (USD)	2.38	3.37	1.97	4.32	3.28	3.63
DPS (USD)	0.70	0.70	0.77	0.80	0.88	0.97
BVPS (USD)	16.43	18.97	19.56	22.74	24.22	25.94
Valuation Metrics						
Price/Sales (x)	1.9	3.0	3.9	4.1	3.6	3.4
P/E (DB) (x)	14.1	18.3	28.6	28.7	24.4	22.3
P/E (Reported) (x)	14.3	14.2	36.1	22.0	29.0	26.2
P/BV (x)	2.3	3.1	3.5	4.2	3.9	3.7
FCF yield (%)	6.2	5.8	4.8	3.2	4.0	4.5
Dividend yield (%)	2.1	1.5	1.1	0.8	0.9	1.0
EV/Sales	2.2	3.6	4.6	4.5	3.8	3.5
EV/EBITDA	11.6	15.8	20.5	19.9	16.8	15.4
EV/EBIT	14.6	20.6	26.2	26.4	21.7	19.5
Income Statement (USDm)						
Sales	2,909	2,669	3,006	3,743	4,252	4,535
EBITDA	555	604	673	836	973	1,040
EBIT	440	463	527	631	753	821
Pre-tax profit	473	375	429	551	671	739
Net income	400	567	332	711	535	587
Cash Flow (USDm)						
Cash flow from operations	395	528	643	609	738	809
Net Capex	-44	-64	-74	-108	-120	-129
Free cash flow	351	465	570	500	618	680
Equity raised/(bought back)	-58	-59	-97	-250	-189	-187
Dividends paid	-117	-117	-127	-130	-142	-155
Net inc/(dec) in borrowings	83	699	374	-391	0	0
Other investing/financing cash flows	-11	-1,100	-715	641	0	0
Net cash flow	248	-112	5	370	287	338
Change in working capital	-85	-3	40	59	-16	2
Balance Sheet (USDm)						
Cash and cash equivalents	298	180	131	560	847	1,185
Property, plant and equipment	289	320	348	427	430	429
Goodwill	2,178	1,858	2,222	2,607	2,505	2,415
Other assets	2,137	3,804	4,034	3,380	3,429	3,453
Total assets	4,902	6,162	6,735	6,973	7,211	7,482
Debt	1,083	1,781	2,155	1,766	1,766	1,766
Other liabilities	888	1,049	1,100	1,276	1,310	1,336
Total liabilities	1,971	2,829	3,255	3,042	3,076	3,102
Total shareholders' equity	2,732	3,142	3,238	3,700	3,904	4,149
Net debt	786	1,601	2,024	1,206	919	581
Key Company Metrics						
Sales growth (%)	18.2	-8.3	12.6	24.5	13.6	6.6
DB EPS growth (%)	22.5	9.2	-5.0	32.8	17.9	9.1
Payout ratio (%)	29.3	20.6	38.2	18.3	26.6	26.4
EBITDA Margin (%)	19.1	22.6	22.4	22.3	22.9	22.9
EBIT Margin (%)	15.1	17.3	17.5	16.9	17.7	18.1
ROE (%)	15.3	19.3	10.4	20.5	14.1	14.6
Net debt/equity (%)	28.8	51.0	62.5	32.6	23.5	14.0
Net interest cover (x)	14.1	5.8	5.0	8.4	9.7	10.6
DuPont Analysis						
EBIT margin (%)	15.1	17.3	17.5	16.9	17.7	18.1
x Asset turnover (x)	0.6	0.5	0.5	0.5	0.6	0.6
x Financial cost ratio (x)	0.9	0.8	0.8	0.9	0.9	0.9
x Tax and other effects (x)	1.0	1.5	0.8	1.3	0.8	0.8
= ROA (post tax) (%)	8.3	10.2	5.1	10.4	7.5	8.0
x Financial leverage (x)	1.8	1.9	2.0	2.0	1.9	1.8
= ROE (%)	15.3	19.3	10.4	20.5	14.1	14.6
annual growth (%)	37.5	26.1	-46.1	97.1	-31.4	3.7
x NTA/share (avg) (x)	15.5	17.5	19.0	21.1	23.3	24.9
= Reported EPS	2.38	3.37	1.97	4.32	3.28	3.63
annual growth (%)	47.7	41.8	-41.4	119.0	-24.1	10.7

Source: Company data, Deutsche Bank estimates

Model updated: 23 July 2025

Running the numbers

North America

United States

Multi - Industry & Electrical Equipment

GE Vernova

Reuters: GEV.N	Bloomberg: GEV US

Buy

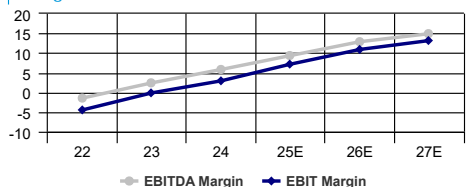| Price (10 Sep 25)	USD 643.6
Target Price	USD 694.0
52 Week range	USD 209.15 - 664.55
Market cap (m)	USDm 175,436
	EURm 149,600

Company Profile

GE Vernova Inc. is an energy equipment manufacturing and services company headquartered in Cambridge, Massachusetts. The company operates in three business segments: Power, Wind and Electrification.
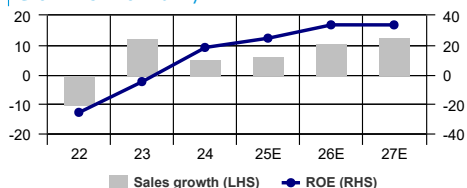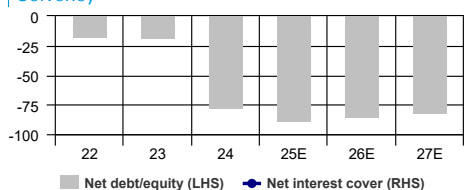
Price Performance

- GE Vernova
- S&P 500 INDEX (Rebased)

Margin Trends

- EBITDA Margin
- EBIT Margin

Growth & Profitibility

- Sales growth (LHS)
- ROE (RHS)

Solvency

- Net debt/equity (LHS)
- Net interest cover (RHS)

Nicole DeBlase

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Fiscal year end 31-Dec	2022	2023	2024	2025E	2026E	2027E
Financial Summary						
DB EPS (USD)	-4.17	-1.05	0.56	7.73	12.57	16.99
Reported EPS (USD)	-6.67	-1.60	5.58	8.73	14.17	18.60
DPS (USD)	0.00	0.00	0.00	0.00	0.00	0.00
BVPS (USD)	26.28	27.07	34.71	37.02	48.33	63.95
Valuation Metrics						
Price/Sales (x)	nm	nm	1.7	4.7	4.3	3.8
P/E (DB) (x)	nm	nm	396.7	83.2	51.2	37.9
P/E (Reported) (x)	nm	nm	39.5	73.7	45.4	34.6
P/BV (x)	0.0	0.0	9.5	17.4	13.3	10.1
FCF yield (%)	na	na	2.8	2.0	1.8	2.1
Dividend yield (%)	na	na	0.0	0.0	0.0	0.0
EV/Sales	nm	nm	1.5	4.4	4.0	3.5
EV/EBITDA	nm	nm	25.2	47.5	30.7	23.1
EV/EBIT	nm	nm	50.0	61.9	36.2	26.2
Income Statement (USDm)						
Sales	29,654	33,239	34,935	37,009	41,019	46,171
EBITDA	-428	807	2,035	3,467	5,285	6,891
EBIT	-1,321	-40	1,027	2,658	4,477	6,083
Pre-tax profit	-2,475	38	2,554	3,112	5,081	6,687
Net income	-2,736	-439	1,552	2,414	3,899	5,103
Cash Flow (USDm)						
Cash flow from operations	-114	1,186	2,583	4,491	4,186	4,914
Net Capex	-460	-684	-858	-964	-1,111	-1,189
Free cash flow	-574	502	1,725	3,527	3,075	3,725
Equity raised/(bought back)	0	0	0	-1,831	-500	-500
Dividends paid	0	0	0	-275	-298	-327
Net inc/(dec) in borrowings	15	16	-23	0	0	0
Other investing/financing cash flows	847	-452	4,349	204	0	0
Net cash flow	288	66	6,051	1,625	2,277	2,898
Change in working capital	-1,176	-1,740	-864	1,305	-369	-778
Balance Sheet (USDm)						
Cash and cash equivalents	2,067	1,551	8,205	9,830	12,107	15,005
Property, plant and equipment	5,105	5,228	5,150	5,768	6,350	7,058
Goodwill	4,164	4,437	4,263	4,408	4,192	3,998
Other assets	33,135	34,905	33,867	33,936	35,393	37,233
Total assets	44,471	46,121	51,485	53,943	58,043	63,293
Debt	0	0	0	0	0	0
Other liabilities	32,864	37,741	40,892	42,780	43,868	44,930
Total liabilities	32,864	37,741	40,892	42,780	43,868	44,930
Total shareholders' equity	11,607	8,380	10,592	11,162	14,175	18,363
Net debt	-2,067	-1,551	-8,205	-9,830	-12,107	-15,005
Key Company Metrics						
Sales growth (%)	-10.2	12.1	5.1	5.9	10.8	12.6
DB EPS growth (%)	-431.1	74.9	na	1,291.0	62.6	35.2
Payout ratio (%)	nm	nm	0.0	0.0	0.0	0.0
EBITDA Margin (%)	-1.4	2.4	5.8	9.4	12.9	14.9
EBIT Margin (%)	-4.5	-0.1	2.9	7.2	10.9	13.2
ROE (%)	-25.7	-4.9	18.3	24.6	33.6	33.6
Net debt/equity (%)	-17.8	-18.5	-77.5	-88.1	-85.4	-81.7
Net interest cover (x)	nm	nm	nm	nm	nm	nm
DuPont Analysis						
EBIT margin (%)	-4.5	-0.1	2.9	7.2	10.9	13.2
x Asset turnover (x)	0.7	0.7	0.7	0.7	0.7	0.8
x Financial cost ratio (x)	1.1	3.5	1.1	1.1	1.0	1.0
x Tax and other effects (x)	1.9	3.2	1.4	0.9	0.8	0.8
= ROA (post tax) (%)	-6.2	-1.0	3.2	4.6	7.0	8.4
x Financial leverage (x)	4.2	5.0	5.8	5.4	4.8	4.0
= ROE (%)	-25.7	-4.9	18.3	24.6	33.6	33.6
annual growth (%)	100.0	81.1	na	34.4	36.7	-0.1
x NTA/share (avg) (x)	26.0	33.0	30.5	35.5	42.2	55.4
= Reported EPS	-6.67	-1.60	5.58	8.73	14.17	18.60
annual growth (%)	na	76.0	na	56.4	62.3	31.2

Source: Company data, Deutsche Bank estimates

Model updated: 06 August 2025

Running the numbers

North America

United States

Multi - Industry & Electrical Equipment

Eaton Corp

Reuters: ETN.N   Bloomberg: ETN US

Buy

|	
Price (10 Sep 25)	USD 362.3
Target Price	USD 410.0
52 Week range	USD 246.52 - 392.76
Market cap (m)	USDm 141,219
	EURm 120,422

Company Profile

Eaton is an Ireland-based diversified industrial company with roughly $22bn in sales. Eaton reports six business segments: Electrical Products, Electrical Systems and Services, Hydraulics, Aerospace, Vehicle & eMobility. In late 2012, Eaton completed the acquisition of Cooper Industries ($5.9bn revenues) which meaningfully expanded the company's exposure to the global electrical market. Eaton
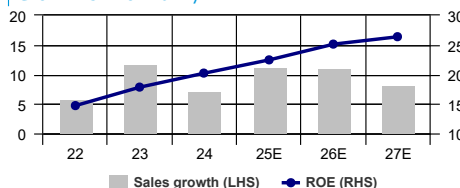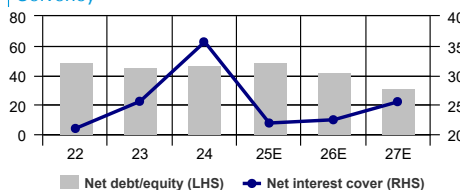
Price Performance
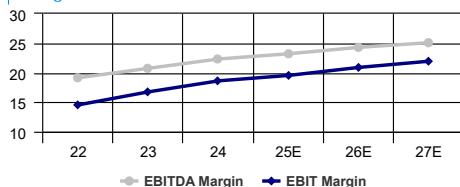
Margin Trends

Growth & Profitibility

Solvency

Nicole DeBlase

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Fiscal year end 31-Dec	2022	2023	2024	2025E	2026E	2027E
Financial Summary						
DB EPS (USD)	7.57	9.12	10.81	12.08	14.03	15.98
Reported EPS (USD)	6.14	8.02	9.50	10.83	12.94	14.89
DPS (USD)	3.26	3.46	3.77	4.16	4.37	4.59
BVPS (USD)	42.73	47.70	46.50	49.25	53.34	59.11
Valuation Metrics						
Price/Sales (x)	2.8	3.4	5.0	5.1	4.6	4.2
P/E (DB) (x)	19.5	21.4	29.0	30.0	25.8	22.7
P/E (Reported) (x)	24.0	24.3	33.0	33.4	28.0	24.3
P/BV (x)	3.7	5.0	7.1	7.4	6.8	6.1
FCF yield (%)	3.6	3.8	2.9	2.7	3.2	3.8
Dividend yield (%)	2.2	1.8	1.2	1.1	1.2	1.3
EV/Sales	3.2	3.6	5.3	5.4	4.9	4.5
EV/EBITDA	16.8	17.5	23.7	23.4	20.1	17.8
EV/EBIT	22.2	21.7	28.4	27.8	23.3	20.3
Income Statement (USDm)						
Sales	20,753	23,197	24,877	27,658	30,707	33,234
EBITDA	3,974	4,813	5,554	6,420	7,461	8,337
EBIT	3,020	3,887	4,633	5,405	6,417	7,293
Pre-tax profit	2,911	3,828	4,567	5,168	6,131	7,007
Net income	2,462	3,220	3,795	4,234	4,992	5,671
Cash Flow (USDm)						
Cash flow from operations	2,533	3,624	4,327	4,617	5,433	6,203
Net Capex	-435	-681	-723	-845	-919	-957
Free cash flow	2,098	2,943	3,604	3,772	4,513	5,246
Equity raised/(bought back)	-258	78	-2,423	-2,171	-2,000	-2,000
Dividends paid	-1,299	-1,379	-1,500	-1,622	-1,680	-1,742
Net inc/(dec) in borrowings	300	488	61	1,456	0	0
Other investing/financing cash flows	-845	-1,936	327	-377	0	0
Net cash flow	-4	194	69	1,059	834	1,504
Change in working capital	-902	-367	-382	-748	-608	-517
Balance Sheet (USDm)						
Cash and cash equivalents	294	488	555	1,614	2,449	3,953
Property, plant and equipment	3,146	3,530	3,729	4,317	4,708	5,137
Goodwill	14,796	14,977	14,713	15,532	15,016	14,500
Other assets	16,776	19,435	19,384	20,679	22,438	24,135
Total assets	35,012	38,430	38,381	42,141	44,612	47,725
Debt	8,655	9,269	9,152	10,996	10,996	10,996
Other liabilities	9,286	10,093	10,699	11,905	13,057	14,236
Total liabilities	17,941	19,362	19,851	22,901	24,053	25,232
Total shareholders' equity	17,076	19,069	18,531	19,240	20,559	22,493
Net debt	8,361	8,781	8,597	9,382	8,547	7,043
Key Company Metrics						
Sales growth (%)	5.7	11.8	7.2	11.2	11.0	8.2
DB EPS growth (%)	14.2	20.4	18.5	11.8	16.1	13.9
Payout ratio (%)	52.8	42.8	39.5	38.3	33.7	30.7
EBITDA Margin (%)	19.1	20.7	22.3	23.2	24.3	25.1
EBIT Margin (%)	14.6	16.8	18.6	19.5	20.9	21.9
ROE (%)	14.7	17.9	20.2	22.5	25.1	26.4
Net debt/equity (%)	49.0	46.0	46.4	48.8	41.6	31.3
Net interest cover (x)	21.0	25.6	35.6	21.9	22.4	25.5
DuPont Analysis						
EBIT margin (%)	14.6	16.8	18.6	19.5	20.9	21.9
x Asset turnover (x)	0.6	0.6	0.6	0.7	0.7	0.7
x Financial cost ratio (x)	1.0	1.0	1.0	1.0	1.0	1.0
x Tax and other effects (x)	0.9	0.9	0.8	0.8	0.8	0.8
= ROA (post tax) (%)	7.1	8.8	9.9	10.5	11.5	12.3
x Financial leverage (x)	2.1	2.0	2.0	2.1	2.2	2.1
= ROE (%)	14.7	17.9	20.2	22.5	25.1	26.4
annual growth (%)	7.6	21.3	13.3	11.1	11.9	5.0
x NTA/share (avg) (x)	41.7	45.0	47.0	48.2	51.5	56.4
= Reported EPS	6.14	8.02	9.50	10.83	12.94	14.89
annual growth (%)	15.1	30.6	18.4	14.0	19.5	15.0

Source: Company data, Deutsche Bank estimates

Model updated: 30 July 2025

Running the numbers

North America

United States

Multi - Industry & Electrical Equipment

Vertiv

Reuters: VRT.N   Bloomberg: VRT US

Buy

|	
Price (10 Sep 25)	USD 136.7
Target Price	USD 167.0
52 Week range	USD 59.41 - 153.49
Market cap (m)	USDm 52,142
	EURm 44,463

Company Profile

Vertiv designs, manufactures and services critical digital infrastructure technology which powers, cools, deploys, secures and maintains electronics that process, store and transmit data. Vertiv provides this technology to data centers, communication networks and commercial & industrial environments worldwide.
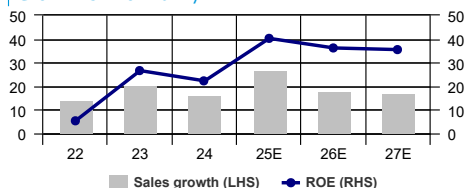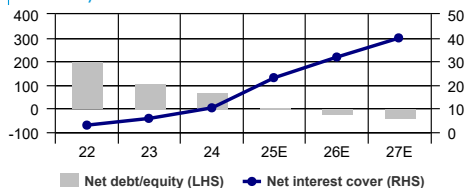
Price Performance
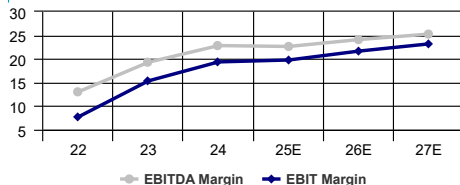
Margin Trends

Growth & Profitibility

Solvency

Nicole DeBlase

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Fiscal year end 31-Dec	2022	2023	2024	2025E	2026E	2027E
Financial Summary						
DB EPS (USD)	0.53	1.77	2.85	3.85	4.88	6.24
Reported EPS (USD)	0.20	1.21	1.32	3.35	4.54	5.92
DPS (USD)	0.01	0.02	0.11	0.14	0.16	0.17
BVPS (USD)	3.83	5.30	6.47	10.27	14.80	18.27
Valuation Metrics						
Price/Sales (x)	0.9	1.5	4.2	5.1	4.4	3.7
P/E (DB) (x)	25.1	15.2	31.3	35.5	28.0	21.9
P/E (Reported) (x)	65.9	22.2	67.7	40.8	30.1	23.1
P/BV (x)	3.6	9.1	17.6	13.3	9.2	7.5
FCF yield (%)	nm	7.6	3.4	3.1	3.2	4.2
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1	0.1
EV/Sales	1.4	1.8	4.4	5.2	4.2	3.5
EV/EBITDA	10.8	9.4	19.3	22.8	17.6	14.0
EV/EBIT	18.2	11.8	22.7	26.1	19.6	15.3
Income Statement (USDm)						
Sales	5,692	6,863	8,012	10,166	11,980	14,042
EBITDA	742	1,325	1,829	2,301	2,886	3,547
EBIT	439	1,054	1,552	2,010	2,594	3,255
Pre-tax profit	167	534	765	1,740	2,340	3,001
Net income	77	460	496	1,279	1,731	2,221
Cash Flow (USDm)						
Cash flow from operations	-153	901	1,316	1,837	1,946	2,486
Net Capex	-96	-119	-167	-228	-265	-308
Free cash flow	-249	782	1,149	1,609	1,681	2,178
Equity raised/(bought back)	0	0	-591	12	0	-1,000
Dividends paid	-4	-10	-42	-55	-60	-65
Net inc/(dec) in borrowings	218	-262	-21	-11	0	0
Other investing/financing cash flows	-139	5	-52	-94	0	0
Net cash flow	-174	515	444	1,462	1,621	1,113
Change in working capital	-449	67	114	154	-131	-80
Balance Sheet (USDm)						
Cash and cash equivalents	261	780	1,228	2,685	4,306	5,419
Property, plant and equipment	489	560	625	771	948	1,168
Goodwill	1,285	1,330	1,321	1,366	1,175	983
Other assets	5,061	5,328	5,959	6,414	6,868	7,316
Total assets	7,096	7,999	9,133	11,236	13,296	14,885
Debt	3,191	2,941	2,928	2,922	2,922	2,922
Other liabilities	2,463	3,043	3,770	4,399	4,729	5,104
Total liabilities	5,654	5,984	6,698	7,320	7,651	8,026
Total shareholders' equity	1,442	2,015	2,434	3,916	5,646	6,860
Net debt	2,930	2,161	1,701	236	-1,384	-2,497
Key Company Metrics						
Sales growth (%)	13.9	20.6	16.7	26.9	17.8	17.2
DB EPS growth (%)	-30.0	232.6	61.0	35.0	26.8	27.7
Payout ratio (%)	5.0	2.1	8.6	4.3	3.5	2.9
EBITDA Margin (%)	13.0	19.3	22.8	22.6	24.1	25.3
EBIT Margin (%)	7.7	15.3	19.4	19.8	21.7	23.2
ROE (%)	5.4	26.6	22.3	40.3	36.2	35.5
Net debt/equity (%)	203.2	107.2	69.9	6.0	-24.5	-36.4
Net interest cover (x)	3.0	5.8	10.3	23.1	31.8	39.9
DuPont Analysis						
EBIT margin (%)	7.7	15.3	19.4	19.8	21.7	23.2
x Asset turnover (x)	0.8	0.9	0.9	1.0	1.0	1.0
x Financial cost ratio (x)	0.7	0.8	0.9	1.0	1.0	1.0
x Tax and other effects (x)	0.3	0.5	0.4	0.7	0.7	0.7
= ROA (post tax) (%)	1.1	6.1	5.8	12.6	14.1	15.8
x Financial leverage (x)	4.9	4.4	3.9	3.2	2.6	2.3
= ROE (%)	5.4	26.6	22.3	40.3	36.2	35.5
annual growth (%)	-53.3	397.0	-16.3	80.8	-10.1	-1.9
x NTA/share (avg) (x)	3.8	4.5	5.9	8.3	12.5	16.7
= Reported EPS	0.20	1.21	1.32	3.35	4.54	5.92
annual growth (%)	-39.6	495.5	8.7	154.8	35.3	30.3

Source: Company data, Deutsche Bank estimates

Model updated: 19 August 2025

Running the numbers

North America

United States

Multi - Industry & Electrical Equipment

Hubbell

Reuters: HUBB.N   Bloomberg: HUBB US

Hold

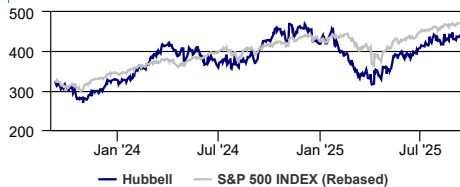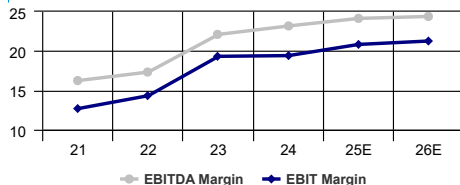|	
Price (10 Sep 25)	USD 442.3
Target Price	USD 432.0
52 Week range	USD 315.94 - 472.12
Market cap (m)	USDm 23,555
	EURm 20,086

Company Profile

Hubbell is a globally diversified manufacturer of electrical and utility solutions that enable customers to operate critical infrastructure reliably and efficiently through innovative solutions supporting energy infrastructure In Front of the Meter, on The Edge and Behind the Meter.
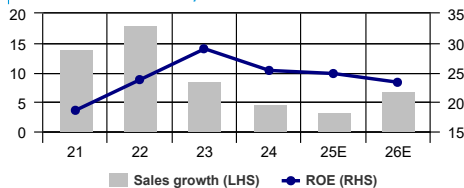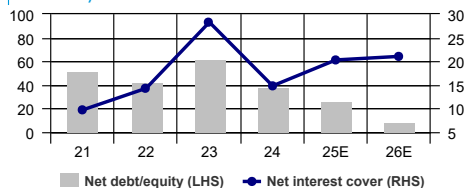
Price Performance

— Hubbell   — S&P 500 INDEX (Rebased)

Margin Trends

— EBITDA Margin   — EBIT Margin

Growth & Profitibility

■ Sales growth (LHS)   — ROE (RHS)

Solvency

■ Net debt/equity (LHS)   — Net interest cover (RHS)

Nicole DeBlase

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Fiscal year end 31-Dec	2021	2022	2023	2024	2025E	2026E
Financial Summary						
DB EPS (USD)	7.45	9.54	15.33	16.60	17.80	19.34
Reported EPS (USD)	7.33	10.09	14.07	14.42	16.35	17.88
DPS (USD)	3.99	4.27	4.58	4.98	5.37	5.75
BVPS (USD)	41.14	43.96	53.68	60.86	71.14	82.76
Valuation Metrics						
Price/Sales (x)	2.3	2.2	2.8	3.8	4.1	3.8
P/E (DB) (x)	24.3	21.1	18.4	23.9	24.9	22.9
P/E (Reported) (x)	24.7	20.0	20.0	27.5	27.1	24.7
P/BV (x)	4.9	5.3	6.1	6.9	6.2	5.3
FCF yield (%)	4.3	4.7	4.7	3.8	3.7	4.0
Dividend yield (%)	2.2	2.1	1.6	1.3	1.2	1.3
EV/Sales	2.6	2.4	3.1	4.0	4.2	3.9
EV/EBITDA	16.1	13.8	14.2	17.3	17.5	15.8
EV/EBIT	20.6	16.7	16.3	20.6	20.3	18.1
Income Statement (USDm)						
Sales	4,194	4,948	5,373	5,629	5,815	6,214
EBITDA	681	858	1,188	1,305	1,404	1,516
EBIT	532	709	1,039	1,093	1,212	1,322
Pre-tax profit	459	657	983	1,007	1,132	1,238
Net income	400	546	760	779	876	954
Cash Flow (USDm)						
Cash flow from operations	514	636	881	991	1,063	1,131
Net Capex	-90	-129	-166	-180	-180	-191
Free cash flow	424	507	715	811	883	940
Equity raised/(bought back)	-11	-182	-32	-39	-250	-50
Dividends paid	-217	-230	-246	-267	-286	-305
Net inc/(dec) in borrowings	-145	-5	698	-577	278	0
Other investing/financing cash flows	-21	63	-1,240	65	-91	0
Net cash flow	30	154	-104	-8	534	584
Change in working capital	-69	-156	-31	-14	30	-23
Balance Sheet (USDm)						
Cash and cash equivalents	286	441	336	329	863	1,447
Property, plant and equipment	460	528	653	727	813	900
Goodwill	1,871	1,971	2,533	2,501	2,512	2,422
Other assets	2,665	2,464	3,392	3,123	3,319	3,383
Total assets	5,282	5,403	6,914	6,679	7,507	8,153
Debt	1,445	1,443	2,141	1,568	1,847	1,847
Other liabilities	1,596	1,589	1,884	1,828	1,861	1,902
Total liabilities	3,041	3,032	4,025	3,396	3,708	3,749
Total shareholders' equity	2,241	2,371	2,889	3,283	3,799	4,403
Net debt	1,159	1,002	1,805	1,239	984	400
Key Company Metrics						
Sales growth (%)	13.9	18.0	8.6	4.8	3.3	6.9
DB EPS growth (%)	10.8	28.0	60.8	8.3	7.2	8.7
Payout ratio (%)	54.2	42.0	32.3	34.3	32.7	32.0
EBITDA Margin (%)	16.2	17.3	22.1	23.2	24.1	24.4
EBIT Margin (%)	12.7	14.3	19.3	19.4	20.8	21.3
ROE (%)	18.6	23.8	29.0	25.3	24.8	23.3
Net debt/equity (%)	51.7	42.3	62.5	37.7	25.9	9.1
Net interest cover (x)	9.7	14.3	28.3	14.8	20.3	21.1
DuPont Analysis						
EBIT margin (%)	12.7	14.3	19.3	19.4	20.8	21.3
x Asset turnover (x)	0.8	0.9	0.9	0.8	0.8	0.8
x Financial cost ratio (x)	0.9	0.9	1.0	0.9	1.0	1.0
x Tax and other effects (x)	0.8	0.8	0.8	0.8	0.8	0.8
= ROA (post tax) (%)	7.7	10.2	12.3	11.5	12.3	12.2
x Financial leverage (x)	2.4	2.3	2.4	2.2	2.0	1.9
= ROE (%)	18.6	23.8	29.0	25.3	24.8	23.3
annual growth (%)	6.3	28.0	22.0	-12.7	-2.1	-6.0
x NTA/share (avg) (x)	39.4	42.4	48.5	56.9	65.9	76.6
= Reported EPS	7.33	10.09	14.07	14.42	16.35	17.88
annual growth (%)	13.8	37.7	39.4	2.5	13.4	9.3

Source: Company data, Deutsche Bank estimates

Appendix 1

Important Disclosures

*Other information available upon request

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Equity rating dispersion and banking relationships

Europe Universe

DBSI companies under coverage
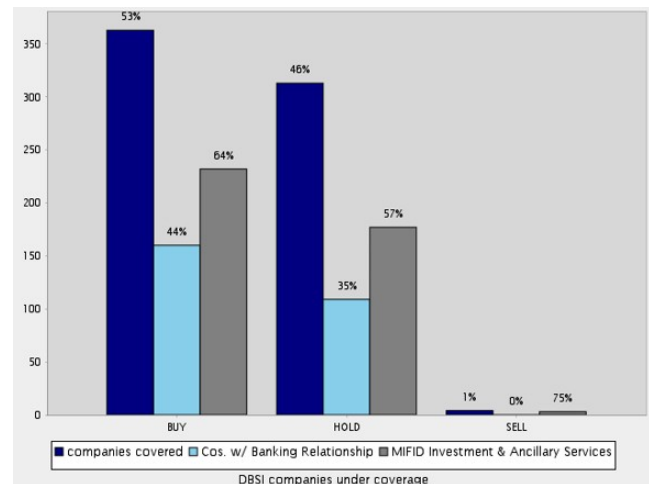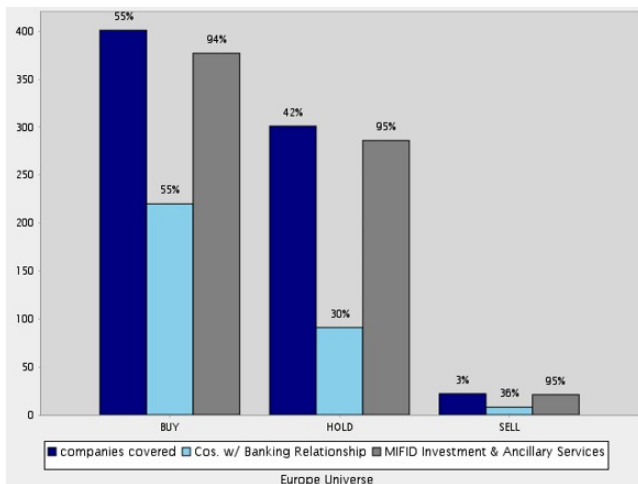
Equity Rating and Dispersion Key

The Equity Rating Dispersion Chart depicts the following:

The proportion of recommendations that are rated "buy", "sell" and "hold" over the previous 12 months. This is shown for securities issued in the stated region e.g. "Europe Universe". See rating definitions below. This is represented by the "Companies Covered" bars in the chart. The percentage value displayed above the bar is the proportion as a percentage. E.g. 50% above the "buy" / "Companies Covered" bar means that 50% of DB's equity research covered companies over the past 12 months have a "buy" rating.

Next to each of the three respective bars showing the proportion of "buy", "sell" and "hold" recommendations we provide two additional bars to show:

- The proportion of "buy", "sell" or "hold recommendations where Deutsche Bank and or/Affiliates provided MIFID Investment or Ancillary Services in the past 12 months. This is represented in the "MIFID Investment and Ancillary Services" bar. The percentage value displayed above the bar shows the proportion of Companies Covered with the given rating where DB has also provided MIFID Investment and Ancillary Services in the past 12 months. E.g. 50% above the "Cos. w/ MIFID Investment and Ancillary Services" bar means 50% of the Companies Covered with the rating stated have also received MIFID Investment and Ancillary Services from DB.

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Buy: Based on a current 12- month view of TSR, we recommend that investors buy the stock.

Sell: Based on a current 12-month view of TSR, we recommend that investors sell the stock.

Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

TSR = Total Shareholder Return. Percentage change in share price from current price to projected target price plus projected dividend yield

Newly issued research recommendations and target prices supersede previously published research.

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