AZ STOCKS
Stocks from A to Z

Rational AG

The best company in its industry, at a price that today leaves no margin of safety

DEEP DIVE

November 2026

azstocks.net

COMPANY PROFILE

Rational AG

THESIS

Rational dominates the professional combi-oven market with a share close to 50%. In this analysis I assess the quality of a niche business with exceptional margins and whether its valuation leaves a margin of safety.

THE COMPANY

Rational AG is a German company founded in 1973 and the global leader in professional cooking solutions. Its flagship product is the iCombi combi-steamer, which combines steam, convection and combination cooking with sensors and cooking intelligence.

The portfolio is completed by the iVario, a multifunctional alternative to kettles, pans and fryers, and the iHexagon, which adds microwave energy to cook faster. It sells in more than 120 countries through specialized dealers and its own sales force.

TARGET PRICE
EUR 544

UPSIDE / DOWNSIDE
-12.8%

SECTOR
Industrials

EXCHANGE
XETRA

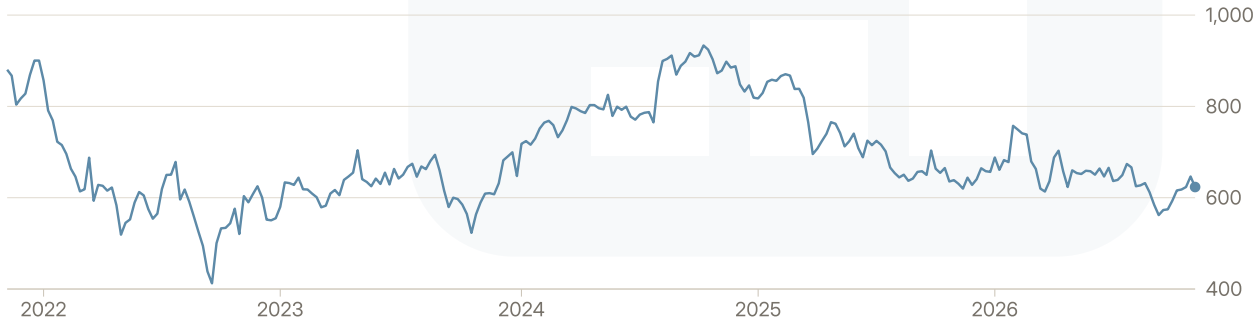
CURRENCY
EUR

LAST UPDATED
November 2026

MARKET DATA AS OF 2026-11-06

PRICE	52-WEEK RANGE	5-YEAR CHANGE	BETA (5Y)
EUR 623.50	553.50 – 776.50	-29%	1.32

WEEKLY SHARE PRICE, LAST 5 YEARS



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A few years ago I decided to study cooking at a well-known culinary school in my country. I was not looking to work in the field; I did it out of personal interest, as a hobby. At the time I did not yet know the world of investing, but I did discover the products of **Rational AG**. I remember how all my teachers praised its ovens, spoke about them with admiration and highlighted the innovation behind the brand.

Over time I moved closer to the world of finance and found what I am truly passionate about: **analyzing companies, managing portfolios and estimating the intrinsic value of a stock**. Along the way, almost by chance, I saw that Rational was listed. When I analyzed it in more detail, I confirmed what I had already sensed in the kitchen: behind an extraordinary product there was an equally extraordinary company. One of those companies you can hold in your portfolio and sleep well, something I consider essential to my investing style.

I opened a position in 2022 at around €630 and sold it near €840, shortly before Trump imposed tariffs. Even though Rational has always traded at demanding multiples because of its quality, at that moment it seemed too expensive and I chose to rotate that capital into other opportunities. Luckily, with the recent declines I bought a small position again in March 2026 at an average price of **€628**, the same price as four years earlier. Not because it was a bargain, but because it is a company I feel very comfortable with, that I know well and that helps me diversify a little.

Beyond my personal experience as an investor, I think this company, which combines innovation, outstanding margins and a unique leadership position in its sector, deserves a close look.

SECTION 01

Introduction

Rational AG is a German company founded in 1973 and the global leader in professional cooking solutions. Its best-known product is the **combi oven** (combi-steamer), which transformed the industry by integrating different cooking methods into a single appliance. Over the years the company has expanded its portfolio with high value-added innovations such as the **iVario**, a multifunctional alternative to traditional kettles, pans and fryers, and more recently the **iHexagon**, which combines hot air, steam and microwaves to cook faster in professional kitchens.

Thanks to this strategy of continuous innovation, Rational has built a dominant position in the global market, with a presence in more than 120 countries, a solid distribution network and a brand reputation associated with quality, efficiency and cutting-edge technology for professional kitchens.

SECTION 02

Business model

Rational defines itself as the inventor and market leader of intelligent multifunctional cooking systems. In practice, this means it designs, manufactures and sells professional cooking equipment through a specialized dealer network in more than 120 countries, complemented by its own direct sales force in the largest markets. The company reports a single business segment, but a detailed analysis reveals three distinct sources of value.

Hardware: iCombi, iVario & iHexagon

iCombi



The iCombi Pro is the product that defines Rational. It is a combi oven (steam, convection and combination) that, using temperature and humidity sensors, artificial intelligence algorithms and databases of thousands of cooking processes, can cook practically any food with perfect consistency without continuous supervision by the cook. It is available in 6, 10 and 20 tray versions, with prices ranging from roughly €8,000 to €35,000 depending on size and configuration.

What sets the iCombi Pro apart from any competitor is not just the technology: it is the concept of Cooking Intelligence. The system does not just execute a recipe; it learns it, adapts it to the specific characteristics of the food in each cooking cycle (weight, starting temperature, condition) and improves it with every cycle. A restaurant that has been using the iCombi for five years has a system that "knows" its recipes better than many employees. That accumulated knowledge cannot be replicated and is the fundamental reason for the switching cost.

The following video shows how it cooks everything from seafood to pasta (yes, all at the same time!) without transferring flavors.

▶ Video: https://www.youtube.com/watch?v=5j9H-FLqXx8

iVario



The iVario Pro complements the offering with multifunctional cooking in large-capacity pans: frying, pressure cooking, sautéing and braising in a single appliance. Together, the iCombi and the iVario can replace up to 90% of the equipment in a conventional commercial kitchen, cutting energy consumption by up to 40% and raw material waste by up to 22%.

iHexagon

It is the company's latest launch, announced on February 26, 2024.

In the company's own words, the iHexagon is the **world's first cooking system** that intelligently and adaptively combines **steam**, **hot air** and **microwave energy** in **six trays**.

The goal of this product is to achieve the highest possible quality in the shortest possible time.



Software and digital services: ConnectedCooking

ConnectedCooking is Rational's digital platform for remote management of appliances, software updates, performance monitoring and a shared recipe library. More than 150,000 establishments around the world are connected to the platform, which Rational offers free of charge for all compatible appliances. The logic is the same as many industrial platforms: the value is not in charging for the software, but in deepening switching costs, building customer loyalty and generating usage data that continuously improves the product.

The strategic component of ConnectedCooking is still barely recognized by the market in the valuation. Today its contribution to revenue is marginal, but the real value is indirect: the platform generates data from millions of real cooking processes that feed the iCombi's algorithms, anticipates maintenance needs and creates a direct communication channel with the operator that no competitor has at that scale. For the customer, ConnectedCooking is also a source of concrete operating efficiency: recipes are synchronized automatically across appliances in different locations, energy consumption reports are generated automatically and firmware updates are installed remotely. In a restaurant group with 50 locations, that centralized management capability has real economic value.

If Rational decided to monetize the platform more aggressively in the future, it could become a source of recurring revenue with higher margins than hardware. For now, its role is to reinforce the moat: every month a location operates with ConnectedCooking is one more month of accumulated data, programmed recipes and operational dependence that makes switching to a competitor more costly.

Service and after-sales

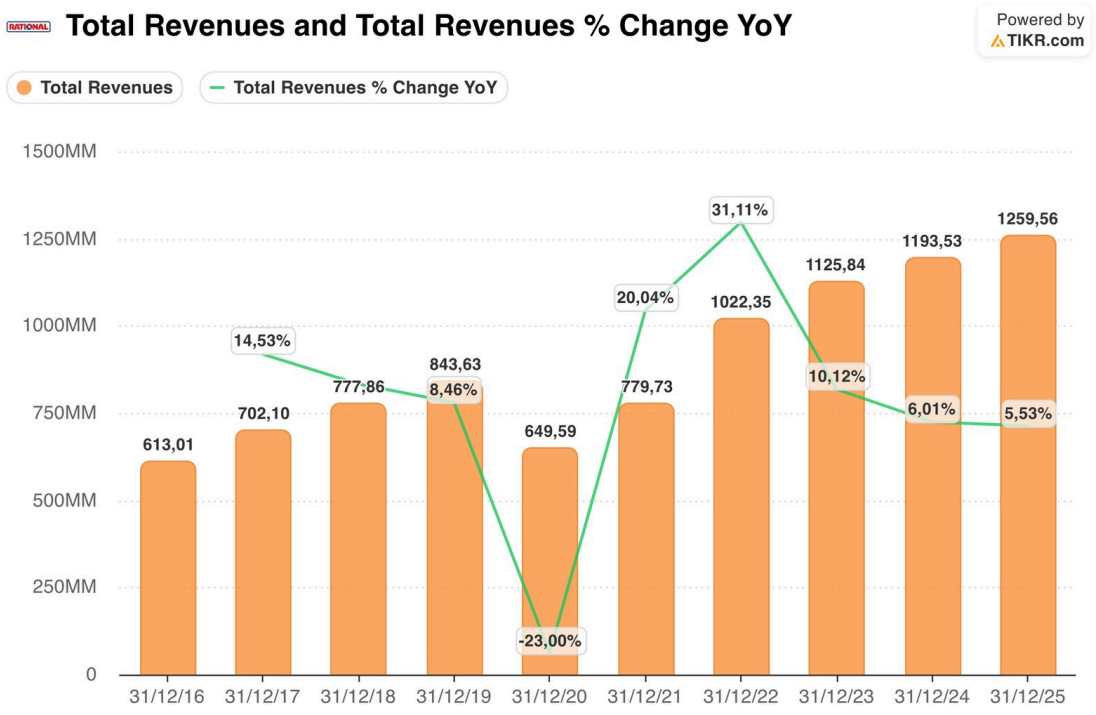
Technical service and the sale of spare parts and consumables generate recurring revenue on an installed base of more than 900,000 units worldwide. Unlike other industrial manufacturers, Rational has its own technical service network in its main markets and a certified one in secondary markets. The maintenance contract is an additional source of loyalty: a customer with a Rational maintenance contract has one more reason not to switch brands at the next equipment renewal.

This business generates predictable revenue and is less exposed to the economic cycle. Although Rational does not disclose the split between hardware and services, information from earnings calls in previous years indicates that about 30% of revenue comes from these services.

SECTION 03

Business quality

Revenue



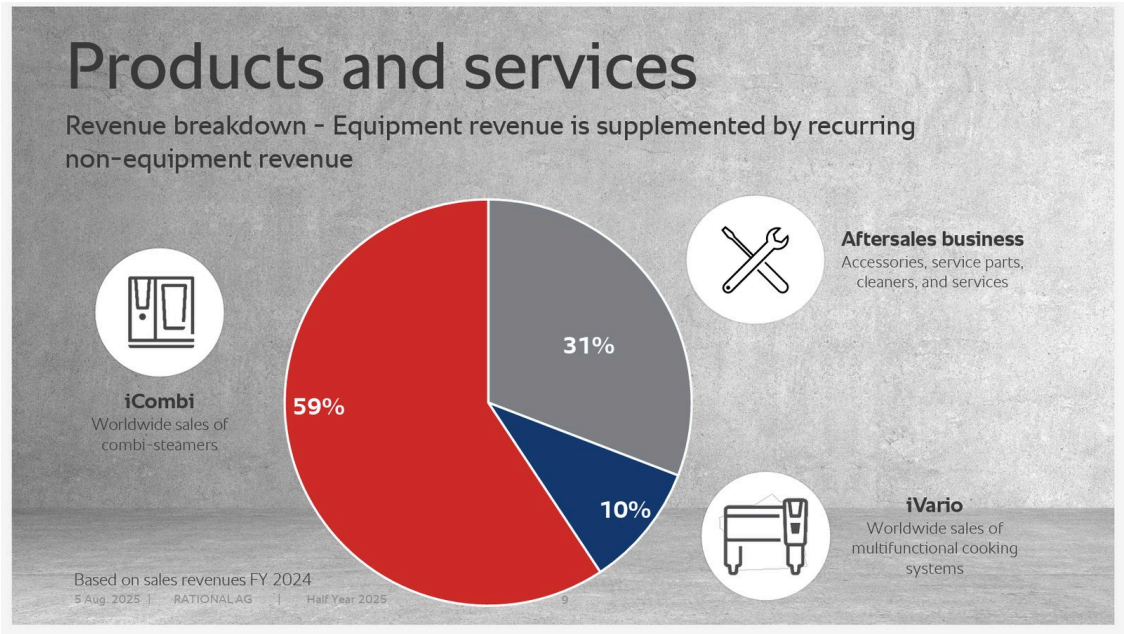
Source: Tikr.

Revenue in 2025 exceeded €1.25 billion for the first time in the company's history, growing 5.5% at reported exchange rates and 8% at constant currency. Adverse currency moves, mainly the dollar and the yen against the euro, cost about 2.5 percentage points of growth. North America and Europe were the main growth drivers in 2025.

Cumulative growth from 2016 to 2025 was a 7.3% revenue CAGR, despite the 23% decline in 2020, which confirms that the pandemic was an external shock that interrupted a structural trajectory, not a sign of weakness in the business. The recovery from the 2020 lows was particularly strong: in 2021 and 2022 Rational grew 20% and 31% respectively, confirming that pent-up demand materialized strongly.

All sales are organic; it is not a company that makes acquisitions.

Breaking down **sales by product**, the company reports that in 2025 about 88% came from the iCombi, while the remaining 12% came from the iVario. Both figures include sales of spare parts, accessories and maintenance, which were 31% of the total in 2024.



In terms of **sales by customer type**, the largest contributors are full-service restaurants and catering (40% each), with retail (13%) and quick-service restaurants (7%) making up the remaining 20%:



Customers include restaurant chains such as Yum! Brands (KFC, Taco Bell, Pizza Hut), a customer for at least 20 years, and Nando's. But Rational's products are not only important for restaurant chains; they are also used by the best restaurants in the world, such as chef Martín Berasategui, who holds 12 Michelin stars.

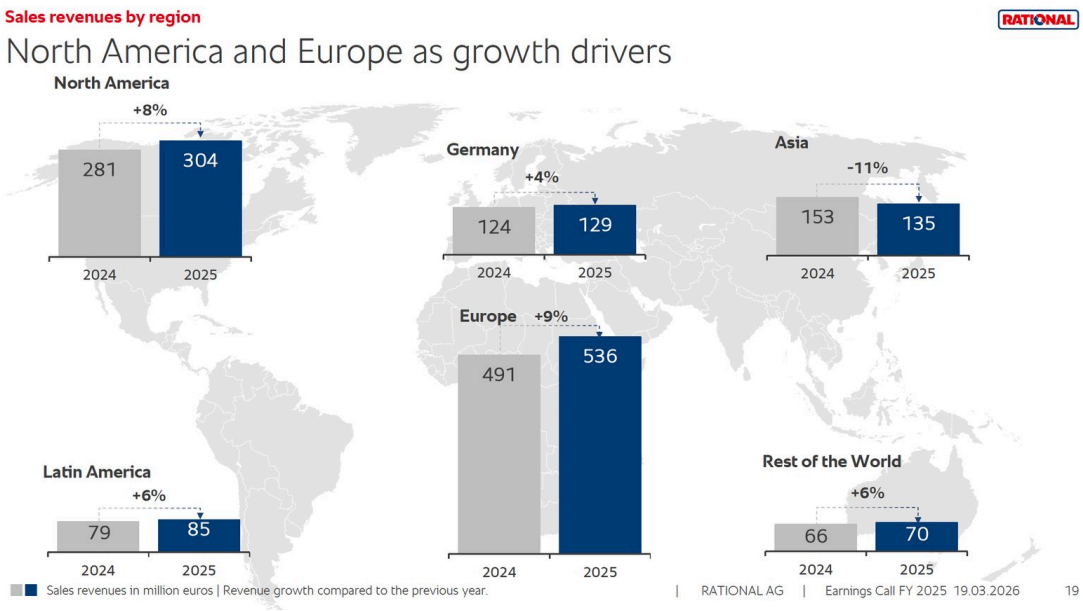


Rational is also trusted by cruise lines such as Carnival and Costa, hotels such as IHG, Radisson and Hyatt, and supermarkets such as Walmart.

The following links show some of Rational's customers:

LINK

Finally, in terms of **sales by region**, about 53% comes from Germany and the rest of Europe, 24% from North America and 11% from Asia. The rest is split between Latin America and the rest of the world.



Latest results: first half of 2026 and October update

In August Rational reported its results for the first half of 2026:

- **Revenue:** €641.5 million, up 6% from a year earlier and about 8% at constant currency. The second quarter contributed €324 million.

- **Regions:** Germany and the rest of Europe grew 9%. North America rose only 1% in euros, but more than 10% at constant currency. Asia fell 2% in euros because of weakness in China.
- **Margins:** gross margin was 59.8% and EBIT margin 26.5%, versus 59.0% and 25.3% a year earlier. The second quarter reached a 29.0% EBIT margin, helped by a one-off tariff refund.
- **Balance sheet:** net cash of about €404 million after paying the annual dividend in May.

In early October the company published a business update. It confirmed its 2026 guidance (mid-to-high single-digit revenue growth and an EBIT margin of 25% to 26%), said the upper end of the margin range is within reach and announced a price increase of about 2.9% from October in all markets except the United States. On the negative side, it mentioned weakness in its US schools business and continuing problems in China.

Rational's results follow a familiar pattern: solid organic growth and very high margins, with no fundamental change to the thesis.

Vertical analysis

INCOME STATEMENT

Fiscal year Income Statement — % of revenue	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold	(38.2%)	(40.0%)	(41.3%)	(41.0%)	(44.5%)	(44.9%)	(44.7%)	(43.3%)	(40.8%)	(41.0%)	**(41.7%)**	**(42.9%)**
Gross Profit	**61.8%**	**60.0%**	**58.7%**	**59.0%**	**55.4%**	**55.0%**	**55.3%**	**56.7%**	**59.2%**	**59.0%**	**58.3%**	**57.0%**
Selling General & Admin Expenses	(29.7%)	(27.9%)	(27.9%)	(27.8%)	(31.2%)	(29.2%)	(27.8%)	(27.2%)	(26.8%)	(26.7%)	**(26.9%)**	**(27.5%)**
R&D Expenses	(4.7%)	(4.7%)	(4.9%)	(5.0%)	(6.4%)	(5.8%)	(4.4%)	(4.7%)	(5.5%)	(6.0%)	**(5.4%)**	**(5.3%)**
Total Operating Expenses	**(34.3%)**	**(32.5%)**	**(32.4%)**	**(32.7%)**	**(37.5%)**	**(34.7%)**	**(32.0%)**	**(31.7%)**	**(32.1%)**	**(32.5%)**	**(32.1%)**	**(32.6%)**
Operating Income	**27.6%**	**27.5%**	**26.3%**	**26.2%**	**17.8%**	**20.3%**	**23.3%**	**25.0%**	**27.1%**	**26.5%**	**26.2%**	**24.4%**
Interest Expense	(0.1%)	(0.1%)	(0.0%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.2%)	**(0.1%)**	**(0.1%)**
EBT Incl. Unusual Items	**27.1%**	**26.6%**	**26.2%**	**26.7%**	**15.7%**	**20.4%**	**23.3%**	**25.2%**	**27.3%**	**27.1%**	**26.5%**	**24.7%**
Income Tax Expense	(6.3%)	(6.3%)	(6.0%)	(6.3%)	(3.4%)	(4.5%)	(5.1%)	(6.2%)	(6.3%)	(6.9%)	**(6.5%)**	**(5.8%)**
Net Income	**20.7%**	**20.4%**	**20.2%**	**20.4%**	**12.3%**	**15.9%**	**18.2%**	**19.0%**	**21.0%**	**20.2%**	**20.1%**	**18.9%**
EBITDA	29.0%	29.1%	28.0%	28.1%	20.8%	22.9%	25.4%	27.0%	29.1%	28.4%	**28.2%**	**26.6%**

Source: author's analysis based on Tikr data.

The income statement reveals a company with a financial structure that has no equivalent among its industrial peers. The 59.0% gross margin in 2025 is extraordinary for a manufacturer: for context, Middleby Corporation, the most direct US comparable, has a gross margin of 39.1% in the same period. Electrolux Professional, the closest European competitor, has 34.2%. The 20-25 point gap in gross margin is permanent and structural, not cyclical.

That margin is not an accident: it is the result of Rational's genuine pricing power. When the company raises iCombi prices by 5%, demand does not fall; in many cases perceived value increases, because the customer is not buying equipment on price but on return. An iCombi that saves €20,000 a year in staff and energy justifies a €15,000 price even if a competitor offers similar equipment for €10,000. That is the mechanism behind the structurally high gross margin.

Operating expenses have three relevant components. SG&A is about 26.6% of revenue in 2025, relatively stable over time. R&D is 6.0% of revenue in 2025 (€75.8 million), up significantly from 4.7% in 2016: it is the investment that maintains the technological lead. D&A is low in absolute terms (€34 million), reflecting the low capital intensity of the model. The result is a 26.5% EBIT margin that, although slightly below 27.1% in 2024, remains top tier for any manufacturer.

The slight margin compression in 2025 versus 2024 (from 27.1% to 26.5%) reflected higher investment in R&D and commercial expansion rather than a structural deterioration of the business. For 2026, management anticipated additional pressure from tariffs, exchange rates and higher commercial spending, setting EBIT margin guidance of 25% to 26%. The first quarter showed that pressure, but the second quarter recovered strongly: the first half closed with a 59.8% gross margin and a 26.5% EBIT margin. Part of the improvement came from a tariff refund, so I remain cautious and project a 26% EBIT margin for full-year 2026.

BALANCE SHEET

Fiscal year Balance Sheet — % of total assets	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Cash And Short Term Investments	**51.7%**	**46.9%**	**39.6%**	**40.2%**	**38.2%**	**43.0%**	**37.5%**	**40.7%**	**45.3%**	**46.0%**	**44.0%**	**42.5%**
Total Receivables	**19.8%**	**20.5%**	**22.7%**	**20.2%**	**16.8%**	**15.8%**	**22.0%**	**18.4%**	**17.7%**	**18.3%**	**18.1%**	**18.4%**
Inventory	7.3%	8.0%	9.5%	9.4%	11.8%	12.4%	12.9%	10.8%	9.8%	10.5%	**10.4%**	**11.3%**
Total Current Assets	**79.3%**	**75.8%**	**73.2%**	**70.8%**	**67.7%**	**72.1%**	**73.6%**	**71.0%**	**73.6%**	**75.6%**	**73.4%**	**73.2%**
Net Property Plant And Equipment	15.8%	15.4%	20.2%	23.7%	25.9%	23.7%	19.8%	18.5%	19.3%	17.5%	**18.4%**	**19.8%**
Long-term Investments	1.6%	0.6%	–	–	–	–	–	–	–	–	–	–
Goodwill	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	**0.0%**	**0.0%**
Other Intangibles	0.7%	0.7%	0.6%	0.5%	0.5%	0.4%	2.4%	1.5%	0.3%	0.2%	**0.7%**	**1.0%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Current Liabilities	**20.0%**	**20.7%**	**20.4%**	**21.0%**	**15.1%**	**18.6%**	**21.4%**	**18.8%**	**18.4%**	**16.9%**	**18.1%**	**18.8%**
Long-Term Debt	3.8%	1.6%	1.0%	0.5%	0.3%	0.1%	–	–	–	–	–	**0.0%**
Capital Leases	–	–	–	1.5%	1.7%	1.4%	1.3%	2.0%	1.8%	1.5%	**1.8%**	**1.6%**
Total Liabilities	**26.5%**	**25.6%**	**24.7%**	**25.9%**	**20.3%**	**23.1%**	**24.8%**	**23.1%**	**22.5%**	**20.5%**	**22.0%**	**22.8%**
Total Equity	**73.5%**	**74.4%**	**75.5%**	**74.0%**	**79.7%**	**76.9%**	**75.2%**	**76.9%**	**77.5%**	**79.5%**	**78.0%**	**77.2%**
Total Debt	**5.1%**	**2.5%**	**2.0%**	**3.8%**	**3.4%**	**2.5%**	**2.1%**	**2.8%**	**2.7%**	**2.3%**	**2.6%**	**2.5%**
Net Debt	(46.5%)	(44.5%)	(37.6%)	(36.5%)	(34.7%)	(40.6%)	(35.4%)	(37.9%)	(42.7%)	(43.7%)	**(41.4%)**	**(40.0%)**

Source: author's analysis based on Tikr data.

Net cash at December 31, 2025 was €517 million, with total debt of just €27 million, almost entirely leases. That is one of the most conservative financial positions in the European industrial sector.

The asset structure reflects the capital-light business model: net fixed assets (PP&E) are just 17.5% of the balance sheet, €207 million out of €1,183 million of total assets, consistent with a company that makes high-value equipment with relatively capital-efficient production processes. By contrast, 46% of total assets are cash and short-term investments, confirming the structural cash generation of the business.

Equity has grown steadily from €535 million in 2020 to €941 million in 2025, a 76% increase in five years. This means that even after a very generous dividend policy, Rational retains enough profit to strengthen its balance sheet year after year.

One indicator that deserves special attention is the 4.48x current ratio in 2025. That extraordinarily high level (European industrials typically have current ratios of 1.5-2.5x) reflects the accumulation of liquidity and the absence of short-term debt.

CASH FLOW

Fiscal year Cash Flow — % of revenue	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Net Income	**20.7%**	**20.4%**	**20.2%**	**20.4%**	**12.3%**	**15.9%**	**18.2%**	**19.0%**	**21.0%**	**20.2%**	**20.1%**	**18.9%**
Total Depreciation & Amortization	**1.6%**	**1.5%**	**1.7%**	**2.8%**	**4.3%**	**3.7%**	**3.0%**	**2.8%**	**2.8%**	**2.7%**	**2.8%**	**3.0%**
Cash from Operations	**21.0%**	**20.8%**	**18.5%**	**23.6%**	**14.3%**	**22.1%**	**15.8%**	**22.9%**	**23.7%**	**20.1%**	**22.2%**	**20.9%**
Capital Expenditure	(3.2%)	(4.9%)	(5.9%)	(4.8%)	(5.1%)	(2.8%)	(3.6%)	(2.4%)	(2.4%)	(2.6%)	**(2.5%)**	**(2.8%)**
Cash from Investing	**(15.8%)**	**11.0%**	**(7.2%)**	**(6.6%)**	**5.9%**	**(10.8%)**	**(8.0%)**	**(14.4%)**	**(8.6%)**	**(2.6%)**	**(8.5%)**	**(8.9%)**
Total Debt Issued	**0.7%**	**0.2%**	**0.1%**	**0.0%**	–	–	–	–	–	–	–	–
Total Debt Repaid	**(0.8%)**	**(2.1%)**	**(0.4%)**	**(1.3%)**	**(2.1%)**	**(1.4%)**	**(1.0%)**	**(1.0%)**	**(0.9%)**	**(0.9%)**	**(1.0%)**	**(1.1%)**
Common Dividends Paid	(13.9%)	(13.0%)	(12.9%)	(12.8%)	(10.0%)	(7.0%)	(8.3%)	(13.6%)	(12.8%)	(13.6%)	**(13.3%)**	**(11.1%)**
Cash from Financing	**(14.2%)**	**(18.2%)**	**(16.5%)**	**(14.1%)**	**(12.1%)**	**(8.5%)**	**(12.2%)**	**(14.7%)**	**(13.9%)**	**(14.6%)**	**(14.4%)**	**(12.8%)**
Free Cash Flow	17.9%	16.0%	12.6%	18.7%	9.1%	19.4%	12.0%	20.5%	21.3%	17.5%	**19.7%**	**18.1%**

Source: author's analysis based on Tikr data.

Free cash flow in 2025 was about €220 million, below €254 million in 2024. The decline does not reflect operating deterioration: it was the result of higher investment in working capital (mainly higher inventories and receivables as sales grew) and slightly higher capex of €33 million (vs. €29 million in 2024). Operating cash flow was €253 million, practically in line with the previous year.

The quality of Rational's free cash flow is exceptional. Operating cash flow was 20.1% of revenue in 2025 and free cash flow 17.5%, both within the historical 16-21% range and well above most industrial comparables. Middleby Corporation, with more leverage and more capex, generates free cash flow margins of 10-12%. Electrolux Professional generates free cash flow margins below 8%.

The conversion of net income into free cash flow is one of the most relevant indicators of earnings quality. In Rational's case, conversion is consistently high: operating cash flow in 2025 (€253 million) is practically equal to net income (€254 million), confirming that reported earnings are real cash earnings, not accounting artifacts. ## Financial ratios

- **Growth**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Growth												
Revenue growth		14.5%	10.8%	8.5%	(23.0%)	20.0%	31.0%	10.2%	6.0%	5.5%	**7.2%**	**14.6%**
EBIT growth		14.2%	6.2%	7.8%	(47.5%)	36.2%	50.6%	18.1%	15.3%	3.1%	**12.2%**	**24.7%**
Diluted EPS growth		12.5%	10.0%	9.0%	(53.3%)	54.5%	50.1%	15.2%	17.1%	1.4%	**11.2%**	**27.7%**
Change in diluted shares (dilution / buybacks)		–	–	–	–	–	–	–	–	–	–	–

Source: author's analysis based on Tikr data.

Revenue grew 5.5% in 2025 (8% at constant currency) and at a 7.3% compound annual rate since 2016, despite the 23% drop in 2020. All growth is organic. The share count has not changed in decades: Rational neither dilutes nor buys back stock.

- **Profitability**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Profitability												
Gross margin	61.8%	60.0%	58.7%	59.0%	55.4%	55.0%	55.3%	56.7%	59.2%	59.0%	**58.3%**	**57.0%**
SG&A % revenue	29.7%	27.9%	27.9%	27.8%	31.2%	29.2%	27.8%	27.2%	26.8%	26.7%	**26.9%**	**27.5%**
R&D % revenue	4.7%	4.7%	4.9%	5.0%	6.4%	5.8%	4.4%	4.7%	5.5%	6.0%	**5.4%**	**5.3%**
EBIT margin	27.6%	27.5%	26.3%	26.2%	17.8%	20.3%	23.3%	25.0%	27.1%	26.5%	**26.2%**	**24.4%**
EBITDA margin (EBIT + D&A)	29.1%	29.0%	28.0%	29.0%	22.1%	24.0%	26.3%	27.8%	30.0%	29.2%	**29.0%**	**27.4%**
Net margin	20.7%	20.4%	20.2%	20.4%	12.3%	15.9%	18.2%	19.0%	21.0%	20.2%	**20.1%**	**18.9%**
Stock-based compensation % revenue	–	–	–	–	–	–	–	–	–	–	–	–
Effective tax rate	23.3%	23.6%	23.0%	23.8%	21.8%	22.1%	21.9%	24.7%	23.1%	25.6%	**24.5%**	**23.5%**

Source: author's analysis based on Tikr data.

Gross margin of 59.0%, EBIT margin of 26.5% and net margin of 20.2% in 2025. These are software-company margins at a company that makes ovens. Most notable is their stability: even in 2020 gross margin stayed above 55%.

- **Cash flow and reinvestment**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Cash flow & reinvestment												
Cash from operations % revenue	21.0%	20.8%	18.5%	23.6%	14.3%	22.1%	15.8%	22.9%	23.7%	20.1%	**22.2%**	**20.9%**
FCF margin (TIKR FCF / revenue)	17.9%	16.0%	12.6%	18.7%	9.1%	19.4%	12.0%	20.5%	21.3%	17.5%	**19.7%**	**18.1%**
FCF conversion (FCF / net income)	86.6%	78.3%	62.5%	91.9%	74.0%	121.8%	66.1%	107.9%	101.2%	86.6%	**98.6%**	**96.7%**
Capex % revenue	3.2%	4.9%	5.9%	4.8%	5.1%	2.8%	3.6%	2.4%	2.4%	2.6%	**2.5%**	**2.8%**
D&A % revenue	1.6%	1.5%	1.7%	2.8%	4.3%	3.7%	3.0%	2.8%	2.8%	2.7%	**2.8%**	**3.0%**
Capex / D&A	2.1x	3.1x	3.5x	1.7x	1.2x	0.7x	1.2x	0.9x	0.9x	1.0x	**0.9x**	**0.9x**
D&A % beginning net PP&E		12.8%	14.8%	19.7%	16.8%	16.8%	16.3%	17.8%	18.4%	16.2%	**17.5%**	**17.1%**
Acquisitions % revenue	–	–	–	–	–	–	–	–	–	–	–	–

Source: author's analysis based on Tikr data.

Free cash flow was 17.5% of revenue in 2025, with CapEx of just 2.6%. Almost all profit turns into cash.

- **Working capital**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Working capital												
Receivables days (DSO)	63.7	60.8	64.2	60.8	63.5	58.2	70.9	59.1	59.9	62.6	**60.5**	**62.1**
Inventory days (DIO)	61.2	59.3	65.3	69.6	100.1	101.5	92.6	80.2	80.9	87.7	**83.0**	**88.6**
Payables days (DPO)	48.4	48.9	36.0	32.5	32.7	37.3	37.6	30.2	32.3	29.2	**30.5**	**33.3**
Cash conversion cycle (DSO + DIO − DPO)	76.5	71.2	93.5	97.9	130.9	122.4	126.0	109.2	108.5	121.2	**112.9**	**117.4**
Deferred revenue % revenue	–	–	–	–	–	–	–	–	–	–	–	–
Operating NWC % revenue	9.1%	8.7%	12.5%	12.1%	17.4%	12.7%	15.9%	13.2%	12.3%	14.7%	**13.4%**	**13.8%**

Source: author's analysis based on Tikr data.

Inventory of 88 days, receivables of 63 days and payables of 29 days. Rational pays quickly and does not use its suppliers to finance itself, consistent with its cash position.

- **Returns on capital**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Returns on capital												
NOPAT = EBIT × (1 − normalized tax rate)	127	145	154	166	87	119	179	212	244	252	**236**	**201**
Invested capital = debt + equity − cash & ST inv.	146	171	229	263	302	286	358	386	386	424	**399**	**368**
ROIC = NOPAT / average invested capital		91.7%	77.2%	67.7%	31.0%	40.5%	55.7%	56.9%	63.2%	62.1%	**60.8%**	**55.7%**
ROIC incl. cash = NOPAT / average (debt + equity)		33.7%	34.0%	32.9%	15.9%	20.2%	27.2%	28.5%	29.1%	27.1%	**28.3%**	**26.4%**
Pre-tax ROIC = EBIT / average invested capital (reference)		121.8%	102.5%	89.9%	41.1%	53.8%	74.0%	75.5%	84.0%	82.5%	**80.7%**	**73.9%**
ROE = net income / average equity		34.8%	35.6%	35.4%	15.2%	21.8%	29.1%	29.8%	31.0%	28.3%	**29.7%**	**28.0%**
ROA = net income / average total assets		25.7%	26.7%	26.4%	11.7%	17.0%	22.1%	22.7%	24.0%	22.2%	**22.9%**	**21.6%**

Source: author's analysis based on Tikr data.

ROIC excluding cash is 62%, and 27% including accumulated cash. ROE was 28%. These are exceptional returns for an industrial company, and they have stayed at this level for more than a decade.

- **Leverage and liquidity**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Leverage & liquidity												
Net debt (debt − cash & ST inv.)	(251)	(254)	(227)	(254)	(233)	(317)	(318)	(375)	(471)	(517)	**(454)**	**(400)**
Net debt / EBITDA	(1.4x)	(1.2x)	(1.0x)	(1.0x)	(1.6x)	(1.7x)	(1.2x)	(1.2x)	(1.3x)	(1.4x)	**(1.3x)**	**(1.4x)**
Interest coverage (EBIT / interest expense)	201.2x	221.8x	621.2x	263.1x	156.8x	243.1x	457.7x	216.2x	192.9x	174.9x	**194.6x**	**256.9x**
Debt / (debt + equity), book	6.5%	3.2%	2.5%	4.9%	4.1%	3.1%	2.7%	3.6%	3.4%	2.8%	**3.2%**	**3.1%**
Current ratio	3.96	3.67	3.59	3.37	4.50	3.87	3.45	3.77	3.99	4.47	**4.08**	**3.91**

Source: author's analysis based on Tikr data.

Net cash of €517 million at the end of 2025, no financial debt and a current ratio of 4.5x. The balance sheet is one of the strongest in the European industrial sector.

- **Shareholder returns and valuation**

Fiscal year	FY2016A	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Shareholder returns & market valuation (TIKR, at fiscal year end)												
Dividends + buybacks % FCF	77.5%	81.2%	101.9%	68.4%	109.3%	36.1%	69.3%	66.2%	60.2%	77.7%	**68.1%**	**61.9%**
EV / EBITDA	25.9x	28.9x	25.0x	33.5x	62.6x	55.5x	23.1x	25.0x	25.8x	19.7x	**23.5x**	**29.8x**
EV / revenue	7.5x	8.4x	7.0x	9.4x	13.0x	12.7x	5.9x	6.8x	7.5x	5.6x	**6.6x**	**7.7x**
P/E	38.0x	42.7x	35.9x	47.4x	108.1x	82.6x	33.9x	37.2x	37.3x	29.6x	**34.7x**	**44.1x**
FCF yield (FCF / market cap)	2.3%	1.8%	1.7%	1.9%	0.7%	1.5%	1.9%	2.9%	2.7%	2.9%	**2.8%**	**2.4%**

Source: author's analysis based on Tikr data.

Rational distributes most of what it generates: in 2025 the dividend was 78% of free cash flow. At the end of 2025 it traded at almost 20x EBITDA and 30x earnings, with a 2.9% FCF yield. Quality comes at a price.

SECTION 04

Management and capital allocation

Rational's management team combines broad industry experience with remarkable stability in their roles, one of the pillars of the company's sustained success.

Dr. Peter Stadelmann, *CEO*:

Peter Stadelmann has been CEO of Rational AG since 2014, when he succeeded founder Siegfried Meister. Stadelmann studied mechanical engineering and earned his doctorate before joining Rational in 1998 as Head of Product Development. In that role he led the development of the iCombi Pro and was the technological architect of the Cooking Intelligence platform. His move into the executive role was that of a technologist who understands the product from the inside.

His management philosophy can be summed up in a phrase he consistently repeats on earnings calls: "We want to be the best, not the biggest." That phrase is not marketing: it is a literal description of how Rational makes product decisions. The company systematically rejects the temptation to extend its portfolio into adjacent, lower-quality categories to capture volume.

Under his leadership, Rational accelerated its digital evolution with ConnectedCooking, launched the iVario Pro as an extension of the portfolio into multifunctional cooking, and developed the iHexagon, which opens the quick-service restaurant segment.

Dr. Martin Hermann, *CTO*: joined in September 2022 and leads technology and innovation.

Markus Paschmann, *CSMO*: has been with the company since December 2013 and is responsible for marketing and global commercial strategy.

Jörg Walter, *CFO*: joined Rational in 2011 and is responsible for finance and controlling.

Peter Wiedemann, *COO*: one of the longest-serving members of the team, he has been with the company since 1988 and leads global operations.

As for the **shareholder structure**, about **55% of the capital** is held by strategic shareholders: the **founder's family** owns about **47%**, while the **Chairman of the Supervisory Board** controls about **7.8%**. The remaining **45% is free float**, held by institutional and retail investors.

Investor Name	Value of Shares Held (MM)	% Of Shares Outstanding Held	# Shares Held
Meister (Gabriella) & Würbser (Franziska)	2912,9 US$ 3,46 %	31,80 %	3.615.660
Meister (Ulrike)	1429,0 US$ 3,46 %	15,60 %	1.773.720
Kurtz (Walter)	714,5 US$ 3,46 %	7,80 %	886.860

RATIONAL shares – basic information

Number of outstanding shares[5]	11,370,000
Shareholder structure	Holding shares 55.2%, free float 44.8%
ISIN	DE0007010803
WKN	701 080
Market abbreviation	RAA

5 As at: 6 March 2025

SECTION 05

Competitive position

Moat

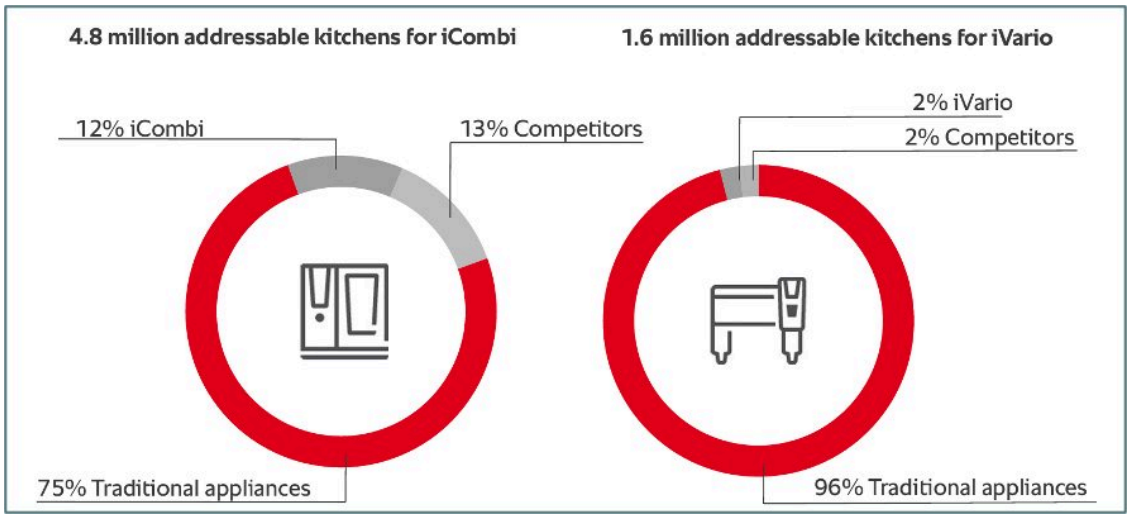
Its strength rests on several pillars that, combined, give it an almost undisputed leadership position.

First, **brand**: in the world of professional cooking, "Rational" is practically synonymous with **quality, reliability and innovation**. Its products set the technological standard of the sector, and its sales and after-sales network is the most developed and closest to the customer.

In addition, there are **switching costs** that reinforce its moat. Rational appliances are **high-value products** that are not replaced often, which creates a **long-term relationship with the customer** and a steady flow of revenue from **accessories, spare parts and maintenance**. On top of that is the **ConnectedCooking** platform, which allows appliances in different locations to be connected and managed remotely, a particularly valuable feature for **restaurant chains, hotels and cruise ships**. In these cases, when a company expands, it will most likely keep using Rational appliances to maintain interoperability across its network.

Rational's moat does not rely on natural monopolies or massive network effects, but on something more subtle and equally powerful: **reputation, reliability and integration with the customer**. It is a company that has built its advantage through constant innovation, closeness to the customer and product quality so high that it is the first choice of chefs.

Market share and TAM



It is the leader in its industry, with about a 50% market share among similar products. As the chart shows, the restaurant industry still mostly uses traditional cooking equipment. For this reason the company estimates the potential market at about 4.8 million units for the iCombi and 1.6 million for the iVario.

Main competitors

Rational is part of the **global professional cooking equipment industry**, a **highly competitive and fragmented** market where large international manufacturers coexist with many local players. Despite its size, the industry still shows a **low level of modernization**, as most establishments continue to use **traditional cooking equipment**. This represents a **large growth opportunity** for companies like Rational, which lead the transition toward **more efficient, digital and connected solutions** in professional kitchens.

- **The Middleby Corporation (US)**

Middleby is Rational's most relevant comparable in terms of scale, although its business profile is radically different. Middleby is a foodservice equipment conglomerate with more than 100 acquired brands, ranging from industrial grills to refrigeration systems. With more than $3.8 billion of revenue in 2025 (versus €1.26 billion for Rational), it is larger but far less profitable: gross margin of 39.1% versus Rational's 59.0%, and EBIT margin of 18.6% versus 26.5%.

The difference between Middleby and Rational is the difference between a portfolio manager of industrial brands and a maker of a premium product with genuine pricing power. Middleby grows mainly through acquisitions, having completed more than 80 in the last 20 years, which requires a lot of capital and creates organizational complexity. Rational grows organically with the same product, improved step by step. Both strategies can create value, but Rational's is structurally less dependent on access to capital and less vulnerable to poorly executed acquisitions.

Middleby's net margin in 2025 was -8.7%, hit by a goodwill impairment. Excluding that effect, the normalized margin is positive but modest. Middleby's ROIC in 2025 was 11.8% versus 34.5% for Rational: the gap is the most direct measure of the quality difference between the two companies.

- **Electrolux Professional AB (Sweden)**

Electrolux Professional is one of Rational's most direct European competitors. Spun off from Electrolux in 2020, it operates in three segments: Food (professional kitchen equipment), Beverage (coffee and hot beverage equipment) and Laundry (professional laundry). Its 2025 revenue was about €900 million, with a gross margin of 34.2% and an EBIT margin of 8.3%.

In professional cooking, Electrolux Professional competes with Rational with combi ovens and cooking systems, but from a lower price point and a more mass-market value proposition. Its appliances are less technologically integrated, lack the cooking intelligence of the iCombi and have no platform equivalent to ConnectedCooking. The customer who can afford an iCombi generally does not choose Electrolux Professional: they choose between Rational and waiting.

Electrolux Professional's margins (8.3% EBIT in 2025) confirm that competing with Rational on price in the premium segment is not a viable strategy: the R&D and service costs needed to stay relevant cannot be recovered with margins at that level. The company is attempting to reposition toward digital services, but the technological gap with Rational is substantial.

- **Ali Group (Italy)**

Based in Milan, *Ali Group* is one of the largest foodservice equipment conglomerates in the world. It brings together more than **110 brands**, with a presence in more than 150 countries and a truly global manufacturing network. In 2024 its revenue exceeded **€1.4 billion**, driven by the recovery of the hospitality channel and the consolidation of its product lines. Ali Group offers practically every piece of equipment imaginable for professional kitchens: ovens, fryers, dishwashers, refrigeration, industrial bakery and ice cream equipment. Its strength lies in scale and diversity, although its focus is not as specialized or premium as Rational's. It is more a benchmark for size and reach in the foodservice ecosystem than a direct rival.

- **MKN Maschinenfabrik Kurt Neubauer GmbH & Co. KG (Germany)**

MKN is a German family company founded in 1946 and based in Wolfenbüttel. It specializes in high-end thermal technology for professional kitchens, with products for hotels, caterers, institutions and ships. Its reputation is built on precision engineering, durability and customization. With annual sales of about **€125 million**, MKN is much smaller than Rational but competes in the same premium segment and shares similar values of quality and reliability. Its smaller size allows it to keep a strong craftsmanship identity, but limits its ability to expand globally at Rational's pace.

- **UNOX S.p.A. (Italy)**

UNOX is another of Rational's most direct competitors in Europe. Founded in 1990 in Padua, Italy, it has established itself as a leader in innovation, digitalization and connectivity in professional kitchens. Its **CHEFTOP-X** and **BAKERTOP-X** lines compete directly with the *iCombi Pro*, while its **Digital.ID** platform offers a connected experience similar to *ConnectedCooking*. With a presence in

more than 110 countries and estimated revenue of **€330 million in 2024**, UNOX has positioned itself as the most modern and dynamic alternative in intelligent cooking. Although smaller, it is growing fast and its culture of innovation makes it Rational's most serious rival in Europe.

- **Alto-Shaam (US)**

Based in Menomonee Falls, Wisconsin, *Alto-Shaam* is a private US company specializing in combi ovens, cook-and-hold equipment and multifunctional cooking systems. Present in more than 90 countries, it has earned a place in the high-end segment thanks to the durability and energy efficiency of its products. Although it does not publish detailed financials, it is estimated to be significantly smaller than Rational or Middleby. Even so, its prestige among professional chefs and its focus on technological innovation make it a respected competitor in the premium niche, especially in North America.

Comparison of financial metrics

Below I present several **financial metrics and ratios** (margins, profitability, solvency and efficiency) that allow a comparison of **Rational AG** with its main listed competitors.

I also include **Welbilt**, which was acquired by *Ali Group* in 2022 and has not been listed since, but whose historical numbers (2015-2021) are a **useful additional reference** for the sector.

Rational's competitors have much broader and more diversified product portfolios, so the figures reflect each company's **total consolidated results**, including businesses that do not compete directly with Rational.

Although this may **partly distort the comparison** (helping or hurting some companies depending on their product mix), I kept this approach because it is the **most representative and consistent** with the public information available.

In other words, the goal is not millimetric precision, but **understanding Rational's relative position** within its industry and how its profitability and financial strength compare with the main global players in the sector.

- *Revenue*

REVENUES										
% Change YoY	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG		14,50%	10,80%	8,50%	(23,00%)	20,00%	31,10%	10,10%	6,00%	5,50%
THE MIDDLEBY CORPORATION		3%	17%	9%	-15%	29%	24%	-20%	-3%	2%
ELECTROLUX PROFESSIONAL AB (PUBL)			12%	7%	-22%	8%	40%	7%	6%	-3%
WELBILT		-1%	10%	0%	-28%	34%				

The historical revenue growth analysis clearly shows who has the strongest engine. Rational grew more consistently than its peers in 2016-2025: its only negative year was 2020 (-23%) because of the pandemic, and the recovery was full and fast (+20% in 2021, +31% in 2022). Middleby, with an aggressive acquisition model, had strong growth in 2022 (+24%), but already declined in 2023-2024.

Electrolux Professional peaked in 2022 (+40%) from a low base, but declined in 2025 (-3.3%). The key difference: Rational grows organically on product demand. Middleby and Electrolux Professional depend on acquisition cycles or the recovery of hotel spending.

- *Margins*

MARGINS

% Gross Margins	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	61,80%	59,94%	58,74%	58,98%	55,44%	55,05%	55,27%	56,72%	59,21%	59,02%
THE MIDDLEBY CORPORATION	39,74%	39,08%	36,88%	37,29%	35,10%	36,76%	36,24%	39,61%	39,74%	39,11%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	37,19%	37,19%	34,92%	32,99%	33,73%	32,76%	33,74%	34,35%	34,15%
WELBILT	36,66%	37,15%	35,92%	35,60%	36,37%	36,46%	-	-	-	

% Operating Margin	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	27,51%	27,44%	26,33%	26,25%	17,88%	20,30%	23,29%	25,00%	27,11%	26,53%
THE MIDDLEBY CORPORATION	20,14%	20,39%	18,52%	18,57%	15,52%	17,59%	17,53%	20,61%	21,37%	18,61%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	13,70%	13,28%	10,71%	6,36%	7,96%	8,92%	9,74%	9,78%	8,35%
WELBILT	14,53%	15,74%	14,50%	11,63%	10,36%	13,77%	-	-	-	

% Net Income Margin	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	20,74%	20,37%	20,22%	20,34%	12,33%	15,86%	18,17%	19,01%	20,99%	20,15%
THE MIDDLEBY CORPORATION	12,53%	12,76%	11,65%	11,90%	8,25%	15,03%	10,83%	12,36%	13,60%	(8,68%)
ELECTROLUX PROFESSIONAL AB (PUBL)	-	10,18%	10,99%	7,14%	3,83%	6,19%	6,22%	6,54%	6,38%	6,05%
WELBILT	4,91%	9,19%	4,92%	3,51%	(0,64%)	4,54%	-	-	-	

Margins are where Rational's structural superiority is most visible. The 59.0% gross margin in 2025 is not only the highest in the group: it is the most stable. In the 2020 pandemic, when the sector suffered severe operating deleverage, Rational's gross margin fell only to 55.4%, while Middleby's fell to 35.1% and Electrolux Professional's to 33.0%. That resilience confirms that Rational has real pricing power in the strictest sense: it can raise or hold prices even when volume falls, because the customer has no equivalent substitute at a price that justifies switching.

EBIT margin tells the same story even more clearly. Rational consistently operates in the 25-27% range, with a single trough in 2020 (17.9%) because of the drop in volume. Middleby is around 15-20% in normal years. Electrolux Professional's operating margin has contracted from 13.7% in 2017 to 8.3% in 2025, showing how hard it is to compete in a more standardized equipment segment without Rational's pricing power.

- *Balance sheet structure*

BALANCE SHEET

ASSETS										
Total Cash And Short Term Investments	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	51,64%	46,94%	39,59%	40,26%	38,16%	43,03%	37,50%	40,71%	45,33%	46,01%
THE MIDDLEBY CORPORATION	2,35%	2,68%	1,58%	1,89%	5,15%	2,83%	2,46%	3,63%	8,80%	3,54%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	18,62%	13,44%	8,10%	10,92%	7,88%	7,34%	8,45%	5,64%	6,55%
WELBILT	3,04%	7,07%	5,17%	6,04%	5,84%	5,89%	-	-	-	

Accounts Receivable	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	18,56%	19,21%	20,59%	17,94%	14,72%	13,88%	19,55%	17,48%	16,58%	17,03%
THE MIDDLEBY CORPORATION	11,59%	9,83%	9,08%	9,40%	7,38%	9,38%	9,77%	10,01%	8,12%	9,98%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	24,74%	21,88%	21,00%	17,34%	15,32%	16,58%	16,78%	15,04%	15,71%
WELBILT	4,62%	4,55%	5,42%	8,48%	7,75%	9,68%	-	-	-	

Total Current Assets	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	79,20%	75,93%	73,16%	70,86%	67,65%	72,12%	73,61%	70,98%	73,59%	75,56%
THE MIDDLEBY CORPORATION	27,83%	27,90%	23,33%	24,17%	24,42%	26,74%	29,18%	28,46%	31,99%	43,43%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	62,68%	55,70%	49,51%	47,20%	39,42%	45,24%	43,24%	37,55%	40,47%
WELBILT	17,42%	20,85%	21,23%	24,43%	24,37%	31,09%	-	-	-	

Net Property Plant And Equipment	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	15,76%	15,40%	20,16%	23,70%	25,93%	23,79%	19,84%	18,52%	19,23%	17,52%
THE MIDDLEBY CORPORATION	7,60%	8,44%	6,91%	8,97%	8,49%	7,43%	7,94%	8,98%	6,41%	8,58%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	18,74%	16,55%	18,07%	20,08%	17,00%	15,30%	16,46%	15,33%	15,90%
WELBILT	6,17%	6,10%	5,60%	7,73%	8,25%	7,89%	-	-	-	

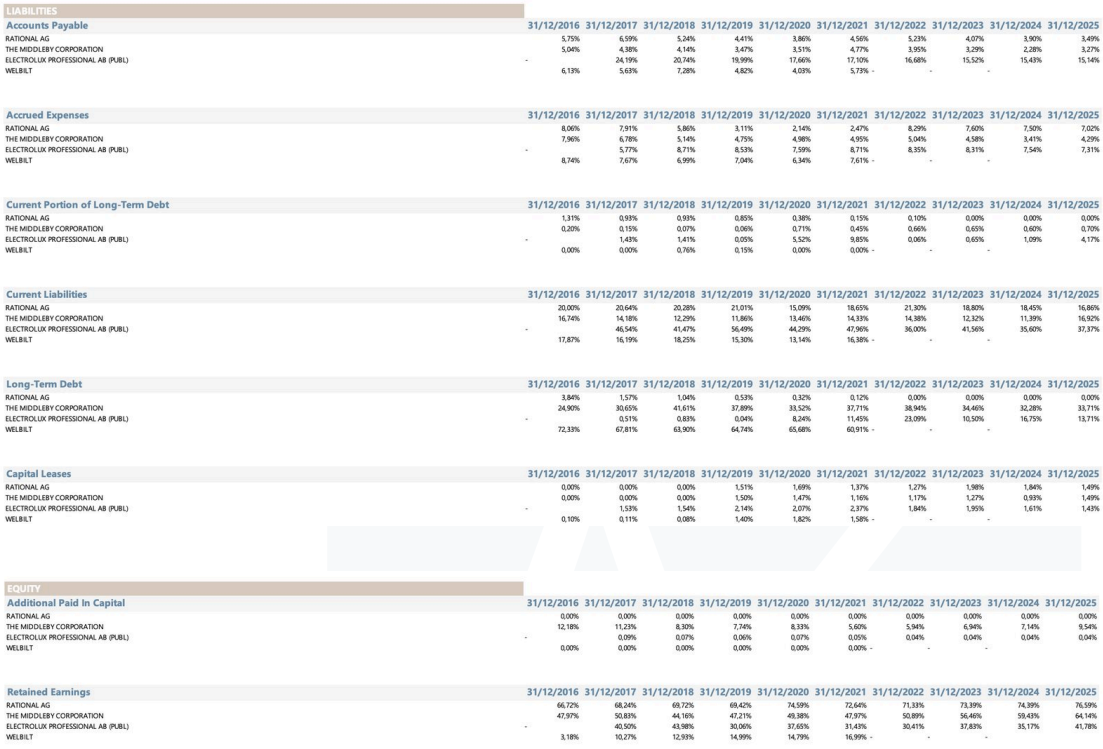
Goodwill	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	0,08%	0,07%	0,07%	0,06%	0,06%	0,05%	0,05%	0,04%	0,04%	0,04%
THE MIDDLEBY CORPORATION	37,46%	37,87%	38,31%	36,98%	37,16%	35,14%	35,08%	36,00%	23,95%	28,50%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	13,21%	18,98%	22,66%	23,16%	28,92%	27,65%	28,99%	32,34%	30,20%
WELBILT	47,78%	45,97%	45,09%	43,09%	44,03%	41,11%	-	-	-	

Other Intangibles	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	0,74%	0,71%	0,63%	0,47%	0,48%	0,39%	2,41%	1,53%	0,25%	0,19%
THE MIDDLEBY CORPORATION	23,86%	23,37%	29,91%	28,86%	27,88%	29,38%	26,10%	24,51%	15,10%	16,80%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	2,55%	4,54%	4,24%	3,69%	9,20%	8,05%	7,27%	10,24%	8,10%
WELBILT	27,38%	25,07%	26,48%	23,45%	21,93%	18,48%	-	-	-	

Rational AG's asset structure is very different from that of its competitors, and that says a lot about its business model.

The most striking figure is its cash position: Rational holds 46.0% of its assets in cash and short-term investments in 2025, versus 3.5% for Middleby and 6.5% for Electrolux Professional. That difference is not accidental: it is the result of decades of cash generation without acquisitions or aggressive buybacks draining it.

Middleby's goodwill and intangibles reflect its acquisition-driven growth model: every company purchased adds goodwill to the balance sheet. When acquired businesses disappoint, as happened with some Middleby brands, that goodwill becomes an impairment risk, which materialized in 2025 (-8.7% net margin). Rational has goodwill of just €420,000 (0.04% of assets): it has never needed to acquire to grow.



LIABILITIES

Accounts Payable	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	5,75%	6,59%	5,24%	4,41%	3,86%	4,56%	5,23%	4,07%	3,90%	3,49%
THE MIDDLEBY CORPORATION	5,04%	4,38%	4,14%	3,47%	3,51%	4,77%	3,95%	3,29%	2,28%	3,27%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	24,19%	20,74%	19,99%	17,66%	17,10%	16,68%	15,52%	15,43%	15,14%
WELBILT	6,13%	5,63%	7,28%	4,82%	4,03%	5,73%	-	-	-	

Accrued Expenses	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	8,06%	7,91%	5,86%	3,11%	2,14%	2,47%	8,29%	7,60%	7,50%	7,02%
THE MIDDLEBY CORPORATION	7,96%	6,78%	5,14%	4,75%	4,98%	4,95%	5,04%	4,58%	3,41%	4,29%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	5,77%	8,71%	8,53%	7,59%	8,71%	8,35%	8,31%	7,54%	7,31%
WELBILT	8,74%	7,67%	6,99%	7,04%	6,34%	7,61%	-	-	-	

Current Portion of Long-Term Debt	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	1,31%	0,93%	0,93%	0,85%	0,38%	0,15%	0,10%	0,00%	0,00%	0,00%
THE MIDDLEBY CORPORATION	0,20%	0,15%	0,07%	0,06%	0,71%	0,45%	0,66%	0,65%	0,60%	0,70%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	1,43%	1,41%	0,05%	5,52%	9,85%	0,06%	0,65%	1,09%	4,17%
WELBILT	0,00%	0,00%	0,76%	0,15%	0,00%	0,00%	-	-	-	

Current Liabilities	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	20,00%	20,64%	20,28%	21,01%	15,09%	18,65%	21,30%	18,80%	18,45%	16,86%
THE MIDDLEBY CORPORATION	16,74%	14,18%	12,29%	11,86%	13,46%	14,33%	14,38%	12,32%	11,39%	16,92%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	46,54%	41,47%	56,49%	44,29%	47,96%	36,00%	41,56%	35,60%	37,37%
WELBILT	17,87%	16,19%	18,25%	15,30%	13,14%	16,38%	-	-	-	

Long-Term Debt	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	3,84%	1,57%	1,04%	0,53%	0,32%	0,12%	0,00%	0,00%	0,00%	0,00%
THE MIDDLEBY CORPORATION	24,90%	30,65%	41,61%	37,89%	33,52%	37,71%	38,94%	34,46%	32,28%	33,71%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	0,51%	0,83%	0,04%	8,24%	11,45%	23,09%	10,50%	16,75%	13,71%
WELBILT	72,33%	67,81%	63,90%	64,74%	65,68%	60,91%	-	-	-	

Capital Leases	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	0,00%	0,00%	0,00%	1,51%	1,69%	1,37%	1,27%	1,98%	1,84%	1,49%
THE MIDDLEBY CORPORATION	0,00%	0,00%	0,00%	1,50%	1,47%	1,16%	1,17%	1,27%	0,93%	1,49%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	1,53%	1,54%	2,14%	2,07%	2,37%	1,84%	1,95%	1,61%	1,43%
WELBILT	0,10%	0,11%	0,08%	1,40%	1,82%	1,58%	-	-	-	

EQUITY

Additional Paid In Capital	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
THE MIDDLEBY CORPORATION	12,18%	11,23%	8,30%	7,74%	8,33%	5,60%	5,94%	6,94%	7,14%	9,54%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	0,09%	0,07%	0,06%	0,07%	0,05%	0,04%	0,04%	0,04%	0,04%
WELBILT	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	-	-	-	

Retained Earnings	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	66,72%	68,24%	69,72%	69,42%	74,59%	72,64%	71,33%	73,39%	74,39%	76,59%
THE MIDDLEBY CORPORATION	47,97%	50,83%	44,16%	47,21%	49,38%	47,97%	50,89%	56,46%	59,43%	64,14%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	40,50%	43,98%	30,06%	37,65%	31,43%	30,41%	37,83%	35,17%	41,78%
WELBILT	3,18%	10,27%	12,93%	14,99%	14,79%	16,99%	-	-	-	

On the liabilities side, **Rational AG** again stands out for its **extremely low debt** and solid equity. Throughout the last decade the company has had practically **no significant financial debt**, with a long-term debt ratio close to **0% in recent years**. This conservative policy gives it enormous stability and reflects a management philosophy that prioritizes **self-financing and operating independence**.

By contrast, **Middleby** and **Electrolux Professional** have much more leveraged structures. Middleby has financed much of its growth through acquisitions, which translates into long-term debt that historically exceeded **25% of assets** and reached **more than 30% of total capital** in some years. Electrolux, to a lesser extent, also carries a relevant level of debt, typical of more diversified, large-scale companies.

Rational's **current liabilities** are only about **16% of total assets**, well below its peers. This confirms the **strength of its short-term liquidity**: its current assets are more than enough to cover any immediate obligation.

On the equity side, the story is even clearer: **more than 76% of Rational's balance sheet is equity and retained earnings**, which allows it to reinvest in innovation and growth without relying on outside capital. At Middleby and Electrolux, equity is a much smaller share because of the weight of debt and intangibles acquired in multiple mergers.

Rational combines **a very strong cash position, almost no debt and solid equity**, which gives it exceptional financial flexibility. In a sector where most competitors have grown through leverage or acquisitions, Rational has done so **organically and sustainably**, a rarity among global industrial manufacturers.

- *Liquidity ratios*

RATIOS

LIQUIDITY

Current [Current Assets / Current Liabilities]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	3,96x	3,68x	3,61x	3,37x	4,48x	3,87x	3,46x	3,78x	3,99x	4,48x
THE MIDDLEBY CORPORATION	1,66x	1,97x	1,90x	2,04x	1,81x	1,87x	2,03x	2,31x	2,81x	2,57x
ELECTROLUX PROFESSIONAL AB (PUBL)	-	1,35x	1,34x	0,88x	1,07x	0,82x	1,26x	1,04x	1,05x	1,08x
WELBILT	0,97x	1,29x	1,16x	1,60x	1,85x	1,90x	-	-	-	

Quick [(Cash + Marketable securities + Receivables) / Current Liabilities]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	3,57x	3,26x	3,07x	2,88x	3,65x	3,16x	2,80x	3,15x	3,42x	3,81x
THE MIDDLEBY CORPORATION	0,83x	0,88x	0,87x	0,95x	0,93x	0,85x	0,85x	1,11x	1,49x	0,80x
ELECTROLUX PROFESSIONAL AB (PUBL)	-	1,00x	0,91x	0,57x	0,71x	0,53x	0,71x	0,66x	0,64x	0,65x
WELBILT	0,44x	0,73x	0,62x	0,98x	1,13x	1,02x	-	-	-	

Cash [(Cash + Marketable securities) / Current Liabilities]	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
RATIONAL AG	2,58x	2,27x	1,95x	1,92x	2,53x	2,31x	1,76x	2,17x	2,46x	2,73x
THE MIDDLEBY CORPORATION	0,14x	0,19x	0,13x	0,16x	0,38x	0,20x	0,17x	0,29x	0,77x	0,21x
ELECTROLUX PROFESSIONAL AB (PUBL)	-	0,40x	0,32x	0,14x	0,25x	0,16x	0,20x	0,20x	0,16x	0,18x
WELBILT	0,17x	0,44x	0,28x	0,39x	0,44x	0,36x	-	-	-	

In terms of liquidity, **Rational AG** plays in a different league.

Rational's liquidity ratios are consistently the highest in the group and confirm extraordinarily conservative working capital management. The 4.48x current ratio in 2025, versus 2.57x for Middleby and 1.08x for Electrolux Professional, is the direct result of €694 million of positive working capital and no short-term debt pressure. The 3.81x quick ratio excludes inventory and is still very high: Rational can cover all its current liabilities with cash and receivables without touching inventory. The 2.73x cash ratio is the most extreme figure: Rational can cover its current liabilities 2.7 times with cash and liquid investments alone.

By contrast, Middleby has a quick ratio of 0.80x and a cash ratio of 0.21x, below one, which means that if it had to cover its current liabilities with cash and receivables without using inventory or outside financing, it could not. That gap is the most direct expression of the difference in balance sheet risk between the two companies.

- *Solvency ratios*

SOLVENCY										
Long-term debt to equity [Total long term debt / Total Equity]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	5,23%	2,11%	1,39%	2,75%	2,51%	1,94%	1,69%	2,57%	2,38%	1,88%
THE MIDDLEBY CORPORATION	57,40%	75,21%	113,68%	101,21%	92,09%	99,49%	98,54%	75,94%	66,47%	80,07%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	4,95%	5,10%	6,46%	27,01%	41,59%	71,41%	30,03%	45,37%	35,76%
WELBILT	-2271,81%	1206,47%	712,29%	565,19%	529,49%	397,13%	-	-	-	
Debt to Equity [Total debt / Total Equity]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	7,00%	3,36%	2,62%	5,16%	4,25%	3,25%	2,81%	3,69%	3,48%	2,89%
THE MIDDLEBY CORPORATION	57,87%	75,59%	113,87%	102,48%	95,10%	101,55%	101,07%	78,13%	68,17%	82,37%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	10,07%	9,81%	9,26%	43,82%	73,36%	73,42%	33,69%	50,43%	47,64%
WELBILT	-2274,65%	1207,14%	721,30%	570,88%	533,41%	399,92%	-	-	-	
Debt to Capital [Total debt / Total Capital]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	6,54%	3,25%	2,55%	4,91%	4,08%	3,14%	2,73%	3,56%	3,36%	2,80%
THE MIDDLEBY CORPORATION	36,66%	43,05%	53,24%	50,61%	48,74%	50,38%	50,27%	43,86%	40,54%	45,17%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	9,15%	8,93%	8,47%	30,47%	42,32%	42,34%	25,20%	33,52%	32,27%
WELBILT	104,60%	92,35%	87,82%	85,09%	84,21%	80,00%	-	-	-	
Debt to Assets [Total debt / Total Assets]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	5,15%	2,50%	1,97%	3,82%	3,39%	2,50%	2,11%	2,84%	2,69%	2,29%
THE MIDDLEBY CORPORATION	25,10%	30,81%	41,68%	39,89%	36,13%	39,68%	41,13%	36,76%	34,06%	36,21%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	4,15%	4,57%	3,12%	16,72%	24,38%	25,64%	13,97%	20,41%	20,17%
WELBILT	72,52%	67,95%	64,80%	66,81%	68,00%	62,93%	-	-	-	
Financial Leverage [Total Assets / Total Equity]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	1,36x	1,34x	1,33x	1,35x	1,25x	1,30x	1,33x	1,30x	1,29x	1,26x
THE MIDDLEBY CORPORATION	2,31x	2,45x	2,73x	2,57x	2,63x	2,56x	2,46x	2,13x	2,00x	2,27x
ELECTROLUX PROFESSIONAL AB (PUBL)	-	2,42x	2,15x	2,96x	2,62x	3,01x	2,86x	2,41x	2,47x	2,36x
WELBILT	-31,37x	17,76x	11,13x	8,54x	7,84x	6,35x	-	-	-	
Debt to EBITDA [Total debt / EBITDA]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	0,16x	0,07x	0,05x	0,11x	0,16x	0,10x	0,07x	0,09x	0,08x	0,07x
THE MIDDLEBY CORPORATION	1,42x	1,89x	3,16x	3,06x	3,77x	3,67x	3,37x	3,29x	3,22x	3,29x
ELECTROLUX PROFESSIONAL AB (PUBL)	-	0,20x	0,25x	0,20x	1,63x	2,85x	2,26x	1,01x	1,61x	1,70x
WELBILT	4,93x	4,54x	4,71x	5,87x	8,06x	5,19x	-	-	-	
Interest Coverage	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	200,74x	221,48x	620,61x	263,69x	156,97x	243,46x	457,83x	216,52x	192,63x	174,96x
THE MIDDLEBY CORPORATION	19,13x	18,33x	8,59x	6,65x	4,96x	10,01x	7,95x	5,52x	7,21x	6,35x
ELECTROLUX PROFESSIONAL AB (PUBL)	-	105,80x	95,92x	38,23x	23,10x	24,08x	6,98x	4,47x	5,37x	5,87x
WELBILT	2,35x	2,46x	2,31x	1,94x	1,47x	2,84x	-	-	-	
Fixed Charge Coverage [Earnings before taxes, interest and lease payments / Interest and Lease Payments]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	29,06x	13,43x	63,56x	20,27x	9,21x	14,51x	22,76x	24,24x	26,43x	26,21x
THE MIDDLEBY CORPORATION	1,96x	2,03x	1,67x	1,97x	1,08x	1,42x	1,43x	1,69x	18,11x	1,42x
ELECTROLUX PROFESSIONAL AB (PUBL)	-	4,33x	8,27x	7,58x	1,35x	6,67x	1,45x	1,91x	1,44x	2,74x
WELBILT	1,71x	2,07x	1,55x	1,51x	1,53x	1,83x	-	-	-	

Solvency ratios are where the difference between Rational and its peers is most pronounced. Rational's Debt/EBITDA has been practically zero for the entire last decade: its historical maximum was 0.16x in 2016 and in 2025 it is 0.07x. Middleby, by contrast, has had Debt/EBITDA above 3x for the last eight years as a result of financing acquisitions with debt. The Welbilt acquisition in 2022 temporarily raised that ratio, and the 2025 impairment worsened it through the drop in EBITDA.

Rational's interest coverage in 2025 is 175x. It could pay 175 years of financial expenses with a single year's EBIT. Middleby's is 6.3x and Electrolux Professional's 5.9x. Both are in the zone credit analysts monitor: coverage below 5x starts to raise concern when earnings deteriorate. Rational's fixed charge coverage is also dominant throughout the period: 26.2x in 2025 versus 1.4x for Middleby and 2.7x for Electrolux Professional. Those numbers mean Rational could multiply its debt several times without its fixed charge coverage falling to alarming levels.

- *Cash flow performance ratios*

PERFORMANCE										
Cash flow to Revenue [CFO / Net revenue]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	21,12%	20,79%	18,55%	23,55%	14,27%	22,07%	15,71%	22,95%	23,72%	20,09%
THE MIDDLEBY CORPORATION	12,97%	13,04%	13,55%	12,75%	20,88%	13,02%	8,25%	19,39%	21,80%	19,69%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	13,35%	10,43%	12,05%	10,04%	14,00%	4,30%	9,92%	11,17%	10,63%
WELBILT	-25,55%	-29,84%	-28,21%	-16,92%	1,30%	3,63%	-	-	-	
Cash return on Assets [CFO / Average total assets]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	23,99%	25,57%	23,88%	28,43%	13,82%	21,96%	17,86%	26,12%	25,59%	21,39%
THE MIDDLEBY CORPORATION	10,08%	9,12%	8,11%	7,55%	10,09%	6,63%	4,84%	9,10%	9,43%	9,98%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	17,55%	11,93%	13,91%	9,99%	10,38%	3,88%	10,36%	9,98%	9,91%
WELBILT	-21,03%	-23,44%	-21,61%	-12,46%	0,70%	2,46%	-	-	-	
Cash return on Equity [CFO / Average Equity]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	32,62%	34,38%	31,69%	38,39%	17,32%	28,53%	23,75%	33,96%	33,03%	26,90%
THE MIDDLEBY CORPORATION	23,24%	22,37%	22,15%	19,39%	26,55%	16,97%	11,89%	19,35%	18,88%	22,70%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	42,53%	25,63%	41,24%	26,19%	31,23%	11,12%	24,97%	24,66%	23,41%
WELBILT	659,57%	-416,31%	-240,61%	-106,43%	5,49%	15,65%	-	-	-	

Cash flow performance ratios confirm what margins suggest: Rational is structurally the most efficient cash generator in the group. Rational's operating cash flow to revenue in 2025 is 20.1%, versus 19.7% for Middleby and 10.6% for Electrolux Professional. In terms of cash return on equity, Rational generated 26.9% in 2025, versus 22.7% for Middleby and 23.4% for Electrolux Professional.

The most revealing data point is the stability of Rational's operating cash flow to revenue across the cycle. Middleby had cash generation peaks in 2020 (20.9%) because of the pandemic (lower working capital) and troughs in 2022 (8.2%) because of the Welbilt integration. Electrolux Professional is the

most volatile in the group: from 13.3% in 2017 to 4.3% in 2022 and back to 10.6% in 2025. That volatility reflects a more cyclical business and greater dependence on the hotel investment cycle.

- *Activity ratios*

ACTIVITY										
Inventory turnover [COGS / Average inventory]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	5,97x	6,63x	6,23x	5,61x	3,98x	3,97x	4,28x	4,36x	4,54x	4,45x
THE MIDDLEBY CORPORATION	3,71x	3,59x	3,63x	3,35x	2,90x	2,98x	2,69x	1,94x	2,39x	2,89x
ELECTROLUX PROFESSIONAL AB (PUBL)	-	10,74x	4,94x	4,71x	4,14x	4,16x	4,37x	4,27x	4,60x	4,43x
WELBILT	6,33x	6,10x	5,94x	5,45x	4,00x	4,14x	-	-	-	
Days of inventory on hand (DOH) [Number of days in period / inventory turnover]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	61 dias	55 dias	59 dias	65 dias	92 dias	92 dias	85 dias	84 dias	80 dias	82 dias
THE MIDDLEBY CORPORATION	98 dias	102 dias	100 dias	109 dias	126 dias	122 dias	136 dias	188 dias	153 dias	126 dias
ELECTROLUX PROFESSIONAL AB (PUBL)	-	34 dias	74 dias	77 dias	88 dias	88 dias	84 dias	85 dias	79 dias	82 dias
WELBILT	58 dias	60 dias	61 dias	67 dias	91 dias	88 dias	-	-	-	
Receivables turnover [Revenue / Average receivables]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	6,12x	6,40x	6,25x	6,73x	6,58x	7,17x	5,82x	6,51x	6,51x	6,25x
THE MIDDLEBY CORPORATION	6,71x	7,11x	6,59x	6,29x	6,55x	5,43x	6,01x	4,69x	5,32x	5,08x
ELECTROLUX PROFESSIONAL AB (PUBL)	-	5,32x	5,23x	5,50x	5,74x	4,84x	5,44x	6,22x	5,94x	5,94x
WELBILT	17,82x	17,27x	14,13x	8,68x	6,95x	7,02x	-	-	-	
Days of sales outsanding (DSO) [Number of days in period / Receivables turnover]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	60 dias	57 dias	58 dias	54 dias	55 dias	51 dias	63 dias	56 dias	56 dias	58 dias
THE MIDDLEBY CORPORATION	54 dias	51 dias	55 dias	58 dias	56 dias	67 dias	61 dias	78 dias	69 dias	72 dias
ELECTROLUX PROFESSIONAL AB (PUBL)	-	69 dias	70 dias	66 dias	64 dias	75 dias	67 dias	59 dias	61 dias	61 dias
WELBILT	20 dias	21 dias	26 dias	42 dias	53 dias	52 dias	-	-	-	
Payables turnover [Purchases / Average trade payables]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	0,00x	8,38x	9,60x	11,35x	10,67x	11,96x	11,51x	10,96x	11,69x	12,63x
THE MIDDLEBY CORPORATION	0,00x	10,09x	10,85x	10,61x	8,90x	9,65x	9,76x	7,29x	8,23x	10,65x
ELECTROLUX PROFESSIONAL AB (PUBL)	-	8,10x	3,90x	3,78x	3,24x	3,57x	4,14x	3,98x	4,31x	3,78x
WELBILT	8,01x	8,63x	8,31x	8,01x	7,63x	10,11x	-	-	-	
Number of days of payables [Number of days in period / Payables turnover]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	0 dias	44 dias	38 dias	32 dias	34 dias	31 dias	32 dias	33 dias	31 dias	29 dias
THE MIDDLEBY CORPORATION	0 dias	36 dias	34 dias	34 dias	41 dias	38 dias	37 dias	50 dias	44 dias	34 dias
ELECTROLUX PROFESSIONAL AB (PUBL)	-	45 dias	94 dias	97 dias	113 dias	102 dias	88 dias	92 dias	85 dias	97 dias
WELBILT	46 dias	42 dias	44 dias	46 dias	48 dias	36 dias	-	-	-	
Working capital [Current Assets - Current Liabilities]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	$ 319,57	$ 315,53	$ 319,61	$ 348,31	$ 352,54	$ 419,11	$ 470,38	$ 516,05	$ 609,93	$ 694,39
THE MIDDLEBY CORPORATION	$ 323,29	$ 458,24	$ 502,64	$ 616,06	$ 570,23	$ 792,20	$ 1.017,72	$ 1.114,77	$ 1.500,72	$ 1.674,41
ELECTROLUX PROFESSIONAL AB (PUBL)	-	$ 948,00	$ 1.078,00	$ (561,00)	$ 212,00	$ (906,00)	$ 1.131,00	$ 190,00	$ 275,00	$ 404,00
WELBILT	$ (8,00)	$ 85,80	$ 61,80	$ 197,60	$ 240,50	$ 335,00	-	-	-	
Working capital turnover [Revenue / Average working capital]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	1,92x	2,23x	2,43x	2,42x	1,84x	1,86x	2,17x	2,18x	1,96x	1,81x
THE MIDDLEBY CORPORATION	7,01x	5,10x	5,42x	4,80x	4,41x	4,10x	3,96x	2,91x	2,10x	1,91x
ELECTROLUX PROFESSIONAL AB (PUBL)	-	8,15x	8,04x	-16,54x	34,26x	-8,68x	9,76x	62,36x	45,76x	30,12x
WELBILT	-182,01x	16,85x	25,73x	8,07x	4,80x	4,62x	-	-	-	
Fixed Asset turnover [Revenue / Average net fixed assets]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	7,21x	7,99x	6,38x	5,10x	3,73x	4,18x	5,73x	6,15x	5,61x	6,08x
THE MIDDLEBY CORPORATION	10,24x	8,28x	8,66x	6,59x	5,69x	6,85x	7,39x	5,23x	6,74x	5,91x
ELECTROLUX PROFESSIONAL AB (PUBL)	-	7,01x	6,91x	6,39x	4,96x	4,36x	5,90x	6,34x	5,83x	5,87x
WELBILT	13,35x	12,88x	13,67x	9,52x	6,53x	8,60x	-	-	-	
Total Asset turnover [Revenue / Average total assets]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	1,14x	1,23x	1,29x	1,21x	0,97x	0,99x	1,14x	1,14x	1,08x	1,06x
THE MIDDLEBY CORPORATION	0,78x	0,70x	0,60x	0,59x	0,48x	0,51x	0,59x	0,47x	0,43x	0,51x
ELECTROLUX PROFESSIONAL AB (PUBL)	-	1,31x	1,14x	1,16x	1,00x	0,74x	0,90x	1,04x	0,89x	0,93x
WELBILT	0,82x	0,79x	0,77x	0,74x	0,54x	0,68x	-	-	-	

Activity ratios reveal important differences in how the three companies are run. Rational's days of inventory on hand in 2025 are 82, practically identical to Electrolux Professional (82.4 days) and well below Middleby (126.3 days). That level is efficient for a company that manufactures fairly complex industrial equipment: 82 days of inventory is roughly 2.7 months of production in stock, consistent with keeping availability for fast delivery without straining production capacity.

Rational's days sales outstanding are 58.4 in 2025, below Middleby's 71.8 days and Electrolux Professional's 61.5 days. This is not an area of particular differentiation. Rational's payable days are the lowest in the group (28.9 days versus 34.3 for Middleby and 96.6 for Electrolux Professional): Rational pays its suppliers faster, consistent with its abundant cash and its interest in maintaining first-rate supplier relationships. Rational's total asset turnover (1.06x in 2025) is comparable to Electrolux Professional (0.93x) and above Middleby (0.51x), confirming that Rational generates more revenue per euro of assets than its US competitor.

- *Profitability ratios*

PROFITABILITY										
Operating ROA [Operating Income / Average Total Assets]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	31%	34%	34%	32%	17%	20%	26%	28%	29%	28%
THE MIDDLEBY CORPORATION	16%	14%	11%	11%	7%	9%	10%	10%	9%	9%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	18%	15%	12%	6%	6%	8%	10%	9%	8%
WELBILT	12%	12%	11%	9%	6%	9%	-	-	-	
ROA [Net Income / Average Total Assets]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	24%	25%	26%	25%	12%	16%	21%	22%	23%	21%
THE MIDDLEBY CORPORATION	10%	9%	7%	7%	4%	8%	6%	6%	6%	-4%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	13%	13%	8%	4%	5%	6%	7%	6%	6%
WELBILT	4%	7%	4%	3%	0%	3%	-	-	-	
ROE [Net Income / Average Total Equity]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	32%	34%	35%	33%	15%	20%	27%	28%	29%	27%
THE MIDDLEBY CORPORATION	22%	22%	19%	18%	10%	20%	16%	12%	12%	-10%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	32%	27%	24%	10%	14%	16%	16%	14%	13%
WELBILT	-127%	128%	42%	22%	-3%	20%	-	-	-	
ROIC [EBIT / Average short and long-term debt and equity]	**31/12/2016**	**31/12/2017**	**31/12/2018**	**31/12/2019**	**31/12/2020**	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**
RATIONAL AG	40%	44%	44%	41%	21%	25%	34%	36%	36%	35%
THE MIDDLEBY CORPORATION	23%	20%	14%	14%	10%	11%	13%	12%	11%	12%
ELECTROLUX PROFESSIONAL AB (PUBL)	-	40%	30%	34%	12%	10%	13%	18%	14%	12%
WELBILT	17%	17%	15%	11%	7%	12%	-	-	-	

Profitability ratios best summarize the structural difference between Rational and its peers. Rational's ROIC in 2025 is 34.5%, its lowest in five years, and still three times Middleby's (11.8%) and almost three times Electrolux Professional's (12.5%). That difference in magnitude is not cyclical: it is the result of a business that generates €0.34 of operating profit per euro of invested capital, versus €0.12 for its competitors.

The path of ROIC through the cycle is also revealing. Rational's worst ROIC was in 2020 (20.8%) because of the pandemic, but by 2021 it had already recovered to 25.4% and in 2022 to 34.2%. Middleby's ROIC has been relatively stable in the 10-13% range throughout the period, reflecting an acquisition-driven model where the incremental return on capital deployed is more modest. Electrolux Professional showed a historically high ROIC in 2017 (39.7%) from a small asset base, but has converged toward 12-13% in recent years as it grew through acquisitions.

Rational's 2025 ROE (27.0%) compares favorably with Electrolux Professional's (13.3%), and Middleby reported a negative ROE in 2025 (-10.0%) because of the impairment. The most important metric for assessing the business model is ROIC (which excludes the effect of leverage), and there Rational's dominance is clear throughout the period analyzed.

SWOT analysis

STRENGTHS

- *No comparable industrial company in Europe has sustained returns on capital at this level so consistently, including the pandemic year of 2020. It is the clearest empirical evidence of a real moat.*
- *Rational has complete financial independence to invest in R&D, expand its commercial network and withstand any external shock without compromising the brand or going to the capital markets.*
- *The relevant comparison for the customer is not the price of the appliance versus a competitor, but the return on savings in staff, energy and waste. That changes the purchase decision and shields Rational from price competition.*
- *More than 250 in-house chefs, 900 specialized dealers and a presence in the main culinary schools in the world build brand loyalty through training, not advertising.*
- *With more than 150,000 connected establishments, the platform generates usage data that improves the product, anticipates maintenance and creates a direct communication channel with the customer that no competitor has at that scale.*

WEAKNESSES

• Rational is essentially a one-product company: the intelligent combi oven, in a specific niche. If disruptive innovation came from an unexpected competitor, it has no diversified portfolio to absorb the impact.

• The increase in R&D from €52.6 million in 2023 to €75.8 million in 2025 suggests the company needs to accelerate innovation to keep its lead. That can be positive, as the company invests in the future, but it also adds pressure on short-term margins.

• All manufacturing of its flagship product is concentrated in Landsberg am Lech. A single disruptive event at that plant could interrupt the entire supply chain with no short-term geographic alternative.

• Rational is part of the MDAX and has a market capitalization above €7 billion. Even so, its relatively small free float, due to the large stake of strategic shareholders, reduces its liquidity compared with other European companies of similar size. This may partly limit participation by some very large institutional investors.

OPPORTUNITIES

• The addressable market for first-time installations is huge. Asia, Latin America and the quick-service and mass catering segments are at early stages of adoption.

• The launch of the iHexagon opens a segment where Rational had no presence: high-volume, high-speed kitchens, with a differentiated value proposition no competitor offers.

• As the platform grows in users and features, Rational's recurring revenue component will increase, improving revenue visibility and potentially the valuation multiple.

• The shortage of skilled kitchen staff, rising energy costs and sustainability regulations are structural tailwinds for the adoption of intelligent cooking technology that reduces staff, energy and waste at the same time.

THREATS

> *• US tariffs on German exports directly affect Rational, which manufactures in Germany and sells into a US market that was one of its fastest-growing in 2025. The company explicitly mentioned this risk in its 2026 guidance.*
>
> *• A recession in Europe, a further slowdown in China, or a contraction of the global hotel and restaurant sector would reduce investment in new equipment. Although renewal demand is structural, expansion demand is cyclical.*
>
> *• Management specifically mentioned the impact of the conflict involving Iran on energy and raw material costs. If tensions persist, production costs could rise more than expected in the 2026 guidance.*
>
> *• Advances in artificial intelligence applied to industrial processes, if they accelerate enough, could allow competitors with access to kitchen data to close part of the technology gap with the iCombi within 5-10 years. # The bulls vs. the bears*

What do the bulls say?

The first argument is the **moat**: real operating switching costs, a network of more than 250 in-house chefs who recommend the brand around the world, four decades of lead in cooking algorithms and about 50% of the combi oven market.

The second is the **numbers**: a 59% gross margin, a 26.5% EBIT margin and returns on capital three times those of its competitors, all with no debt and more than €400 million of net cash.

The third is the **potential market**: about 75% of professional kitchens still use traditional equipment. Rational can keep growing for many years without needing acquisitions.

What do the bears say?

The first argument is **price**: at €623 it trades above my fair value and at about 30x earnings. With high single-digit growth, the expected return depends on the market continuing to pay very demanding multiples.

The second is **concentration**: it is essentially a one-product company in a specific niche, with almost all manufacturing in a single plant in Landsberg am Lech.

The third is the **environment**: US tariffs, weakness in China and exchange rates can pressure growth and margins, and demand for new kitchens (as opposed to renewals) is cyclical.

SECTION 06

Valuation

I built a ten-year **discounted cash flow (DCF)** model with two methods for the terminal value: **perpetuity growth** and an **exit multiple on EBITDA**. The target price is the average of both in the base case.

Model inputs and assumptions

2. Operating drivers by scenario (explicit forecast)

Driver	Δ vs Base	FY2023A	FY2024A	FY2025A	3Y avg	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E	FY2033E	FY2034E	FY2035E
Forecast year #						*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Revenue growth ▸ selected scenario		10.2%	6.0%	5.5%	**7.2%**	**7.0%**	**7.7%**	**8.0%**	**7.0%**	**6.0%**	**5.5%**	**5.0%**	**4.5%**	**4.0%**	**3.5%**
Best case	1.0%					8.0%	8.7%	9.0%	8.0%	7.0%	6.5%	6.0%	5.5%	5.0%	4.5%
Base case						7.0%	7.7%	8.0%	7.0%	6.0%	5.5%	5.0%	4.5%	4.0%	3.5%
Worst case	(1.5%)					5.5%	6.2%	6.5%	5.5%	4.5%	4.0%	3.5%	3.0%	2.5%	2.0%
Gross margin ▸ selected scenario		56.7%	59.2%	59.0%	**58.3%**	**58.5%**	**58.7%**	**59.0%**	**59.0%**	**59.0%**	**59.0%**	**59.0%**	**59.0%**	**59.0%**	**59.0%**
Best case	0.5%					59.0%	59.2%	59.5%	59.5%	59.5%	59.5%	59.5%	59.5%	59.5%	59.5%
Base case						58.5%	58.7%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%
Worst case	(1.0%)					57.5%	57.7%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%
EBIT margin ▸ selected scenario		25.0%	27.1%	26.5%	**26.2%**	**26.2%**	**26.0%**	**26.1%**	**26.1%**	**26.1%**	**26.0%**	**26.0%**	**26.0%**	**26.0%**	**26.0%**
Best case	0.6%					26.8%	26.6%	26.7%	26.7%	26.7%	26.6%	26.6%	26.6%	26.6%	26.6%
Base case						26.2%	26.0%	26.1%	26.1%	26.1%	26.0%	26.0%	26.0%	26.0%	26.0%
Worst case	(1.2%)					25.0%	24.8%	24.9%	24.9%	24.9%	24.8%	24.8%	24.8%	24.8%	24.8%
Capex % of revenue ▸ selected scenario		2.4%	2.4%	2.6%	**2.5%**	**2.9%**	**2.9%**	**2.9%**	**2.9%**	**2.9%**	**2.9%**	**2.9%**	**2.8%**	**2.8%**	**2.7%**
Best case	(0.2%)					2.7%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.7%	2.7%	2.6%
Base case						2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.8%	2.8%	2.7%
Worst case	0.4%					3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.2%	3.2%	3.1%

Source: author's analysis.

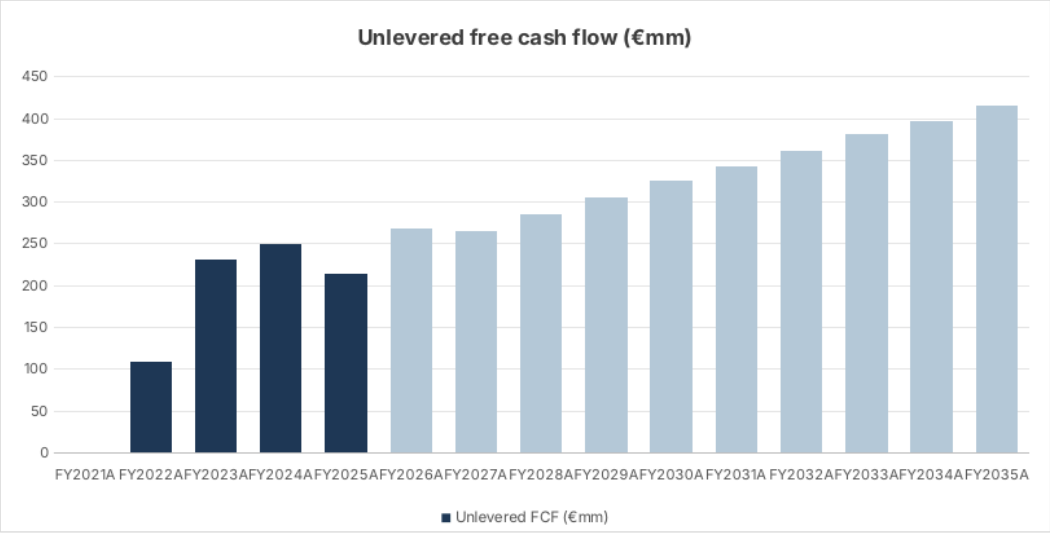
Revenue growth: in the Base Case I project 7% in 2026 (in line with guidance and the first half), 7.7% in 2027 and 8% in 2028, helped by price increases, the iVario and the iHexagon. Growth then gradually slows to 3.5% in 2035.

Margins: gross margin of 58.5% in 2026, rising to 59% from 2028. For EBIT margin I use 26.2% in 2026, the top of the guidance range, and keep it around 26% throughout the period. I do not assume margin improvements: the business already operates at exceptional levels.

CapEx: 2.9% of revenue for most of the period, falling to 2.7% at the end.

What does each scenario mean?

- **Base Case:** Rational keeps growing organically and maintains margins in line with recent years.
- **Best Case:** greater adoption of the iCombi, better traction for the iVario and a growing contribution from the iHexagon. It adds 1 point of growth per year and 0.6 points of EBIT margin.
- **Worst Case:** fewer equipment renewals, pressure on restaurants and hotels and adverse effects from tariffs and exchange rates. It subtracts 1.5 points of growth, 1 point of gross margin and 1.2 points of EBIT margin.



Source: author's analysis.

Discount rate (WACC)

5. Discount rate (WACC)

		Value
Risk-free rate		3.0%
Equity beta (levered)	x	1.20
Equity risk premium		5.0%
Country risk premium		-
Cost of equity		9.0%
Pre-tax cost of debt		6.7%
Tax rate (debt tax shield)		24.7%
After-tax cost of debt		5.1%
Market value of equity	€ mm	7,089
Total debt	€ mm	27
Debt / (Debt + Equity)		0.4%
Equity / (Debt + Equity)		99.6%
WACC		9.0%

Source: author's analysis.

I use a 3% risk-free rate (the ten-year German bond), a 5% equity risk premium and a beta of 1.2. The result is a **cost of equity of 9.0%**. Since Rational has practically no debt, the **WACC is 9.0%**.

For the terminal value I use a long-run WACC of 8.5%, somewhat lower than today's, because Rational has no debt and very stable revenue, so its risk at maturity should be lower.

To go from Enterprise Value to Equity Value I added net cash of €517 million. The share count is 11.37 million.

Model results

PERPETUITY METHOD

With 2.5% perpetual growth and a 30% return on new invested capital, the model gives an Enterprise Value of €5,298 million and an Equity Value of €5,815 million, equivalent to **€511.42 per share**.

RATIONAL Aktiengesellschaft

RAA · Discounted Cash Flow · Perpetuity Growth Method

Valuation date 6 Nov 2026 · EUR mm · Scenario: Base Case

INTRINSIC VALUE PER SHARE

€511.42

Current share price	€623.50
Upside / (downside)	(18.0%)

VALUATION SUMMARY

Enterprise value	5,298
Equity value	5,815
PV of forecast cash flows	2,104
PV of terminal value	3,194
Terminal value % of EV	60.3%
Implied exit EV / EBITDA	10.9x

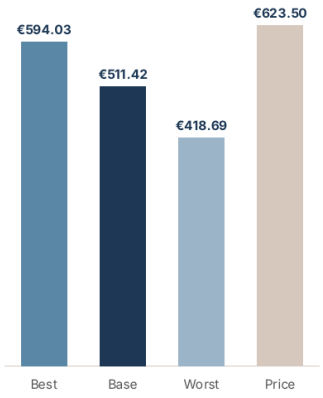
KEY ASSUMPTIONS

WACC (year 1)	9.0%
Terminal WACC	8.5%
Terminal growth (g)	2.5%
RONIC (terminal)	30.0%
Net debt & other claims	(517)
Diluted shares (mm)	11.4

SCENARIOS

Scenario	Terminal growth	Enterprise value	Equity value	Value per share	Upside
Best case	3.0%	6,237	6,754	**€594.03**	(4.7%)
Base case	2.5%	5,298	5,815	**€511.42**	(18.0%)
Worst case	2.0%	4,244	4,760	**€418.69**	(32.8%)
Current share price				*€623.50*	

VALUE PER SHARE VS. CURRENT PRICE



SENSITIVITY · VALUE PER SHARE

Terminal growth rate (g)

WACC / g	1.5%	2.0%	2.5%	3.0%	3.5%
8.0%	€555.01	€577.75	€605.03	€638.38	€680.07
8.5%	€514.60	€532.63	€553.94	€579.51	€610.77
9.0%	€480.04	€494.52	**€511.42**	€531.38	€555.34
9.5%	€450.17	€461.92	€475.48	€491.30	€510.00
10.0%	€424.09	€433.72	€444.72	€457.42	€472.23

Source: author's analysis.

In the Best Case the value is **€594.03** and in the Worst Case **€418.69**.

With a WACC half a point lower, the value rises to €554; with one half a point higher, it falls to €475.

EBITDA MULTIPLE METHOD

Applying a **13.5x** multiple to EBITDA in the last projected year of the Base Case (16x in the Best Case and 11x in the Worst Case), the model gives an Enterprise Value of €6,042 million and a value of **€576.89 per share**.

RATIONAL Aktiengesellschaft

RAA · Discounted Cash Flow · Exit Multiple Method

Valuation date 6 Nov 2026 · EUR mm · Scenario: Base Case

INTRINSIC VALUE PER SHARE

€576.89

Current share price	€623.50
Upside / (downside)	(7.5%)

VALUATION SUMMARY

Enterprise value	6,042
Equity value	6,559
PV of forecast cash flows	2,104
PV of terminal value	3,938
Terminal value % of EV	65.2%
Implied perpetual growth	3.4%

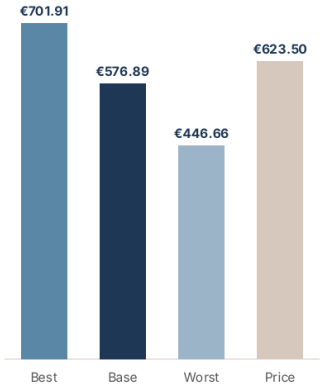
KEY ASSUMPTIONS

WACC (year 1)	9.0%
Terminal WACC	8.5%
Exit EV / EBITDA	13.5x
EBITDA, final forecast year	627
Net debt & other claims	(517)
Diluted shares (mm)	11.4

SCENARIOS

Scenario	Exit multiple	Enterprise value	Equity value	Value per share	Upside
Best case	16.0x	7,464	7,981	**€701.91**	+12.6%
Base case	13.5x	6,042	6,559	**€576.89**	(7.5%)
Worst case	11.0x	4,562	5,078	**€446.66**	(28.4%)
Current share price				*€623.50*	

VALUE PER SHARE VS. CURRENT PRICE



SENSITIVITY · VALUE PER SHARE

Exit EV / EBITDA multiple

WACC / multiple	11.5x	12.5x	13.5x	14.5x	15.5x
8.0%	€559.30	€587.23	€615.15	€643.07	€670.99
8.5%	€542.07	€568.84	€595.60	€622.36	€649.12
9.0%	€525.58	€551.23	**€576.89**	€602.55	€628.21
9.5%	€509.78	€534.38	€558.98	€583.59	€608.19
10.0%	€494.65	€518.24	€541.84	€565.43	€589.03

Source: author's analysis.

Today Rational trades at almost 20x EBITDA. Using 13.5x ten years from now assumes the multiple normalizes as growth slows. Even so, with an 8.5% long-run WACC, that multiple already implies perpetual growth of 3.4%, so I do not think it is prudent to go higher.

In the Best Case the value is **€701.91** and in the Worst Case **€446.66**.

Reading both methods together

Averaging both methods in the base case, I arrive at a **target price of €544 per share**, compared with a market price of €623.50. That is a downside of about 13%.

Only the Best Case under the multiple method (€702) is above the current price. The market is pricing Rational as if the optimistic scenario were the most likely one.

SECTION 07

Conclusion

Rational is one of those companies that has everything you look for in a long-term investment: an excellent product, stable and focused management, very high margins, exceptional returns on capital, no debt at all and a culture obsessed with quality.

The 2026 results confirm that none of this has changed. Revenue is growing about 8% at constant currency, first-half EBIT margin improved on the previous year and the company confirmed its guidance despite tariffs and weakness in China.

The problem, as always with Rational, is the price. My model gives a **target price of €544 per share**, versus a price of €623.50. At these levels there is no margin of safety: the market already recognizes the full quality of the business.

I am keeping the small position I bought in March 2026 at €628, because it is a company I feel very comfortable with and it helps me diversify. But I would not add at these prices. Rational remains one of my favorite companies, and I would buy it again with more conviction in a correction that brings it closer to my fair value.

Alan



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