

NESTE

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Petri Gostowski, Co. Head of Research
+358 40 821 5982
petri.gostowski@inderes.fi

COMPANY REPORT



Earnings growth expectations pushed further out

Neste's earnings continued to be a cause for celebration in Q3. The celebrations were also more spectacular than we anticipated, as the Oil Products margin rose higher than expected, and the sales volume of Renewable Products far exceeded expectations, too. However, the excitement surrounding the earnings was tempered by the higher price tag of the Rotterdam expansion and the delay in the ramp-up to 2028. This pushes expected earnings growth further into the future, prompting us to lower our target price to EUR 33.0 (was EUR 35.0). Nevertheless, we reiterate our Accumulate recommendation for the moderately valued Neste.

Margin party gained further momentum in Oil Products

Neste achieved a record comparable EBITDA of just under 1.6 BEUR in Q3. This easily surpassed expectations, fueled by the better-than-expected performance of both main segments. Despite the maintenance turnaround, Oil Products' earnings rose to an excellent level, driven by the total refining margin, which was boosted by an exceptional market environment. Notably, the Q3 refining margin is roughly triple that of the past five-year average. The same market factors also largely supported the sales margin of Renewable Products, together with its strong demand picture. Nevertheless, the sales margin, which decreased from the high level in Q2, fell short of expectations but was offset by record-high sales volumes, thanks to high refinery utilization rates.

Volume growth pushed further into the future

Neste maintained its outlook for the current year, which points to a decline in sales volumes for Oil Products and stable sales volumes for Renewable Products compared with the previous year. While this comes as no surprise, the main news regarding sales volume trends was the status update on the Rotterdam expansion. According to Neste, the project's investment cost has risen to 3 BEUR due to construction delays. The company

expects the expansion to be operational by the end of next year, with the ramp-up taking place in 2028. This was disappointing relative to our previous forecasts for sales volume growth.

Sales volume growth forecasts pushed further out

Following the Q3 results, we did not make any significant changes to our short-term estimates for the remainder of this year or next year, both of which had already increased substantially in our earnings preview. In contrast, our comparable EBITDA estimate for 2028 decreased significantly (-16%). This is because we had previously expected the ramp-up of the Rotterdam expansion to begin next year, and therefore our Renewable Products estimates included significant volume growth already for 2028. Now a significant portion of the volume growth has been deferred to 2029. Thus, we expect earnings to decline over the next two years, as our estimates factor in a scenario of falling margins in both main segments. However, in the current market environment, estimate risks are high in both directions.

Good expected return despite earnings growth shifting further out

Based on this year's earnings, the share's valuation is low (P/E ratio of 7x and EV/EBIT ratio of 6x). We expect earnings to decrease in the coming years, however, as a result of declining margins in the main segments. Consequently, we expect earnings to begin rising only in 2029, when sales volumes of Renewable Products begin to grow significantly. In our view, Renewable Products is attractively valued relative to its medium-term earnings potential, as the segment's valuation, based on the 2029 earnings estimate, corresponds to an EV/EBIT multiple of ~9x. As a result, we believe the long-term upside potential still provides an attractive expected return, even though expectations for earnings growth have been pushed further out.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 33.00

(was EUR 35.00)

Share price:

EUR 28.37

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	19016	24252	27574	25991
growth-%	-8%	28%	14%	-6%
EBIT adj.	748	3729	2362	1958
EBIT-% adj.	3.9 %	15.4 %	8.6 %	7.5 %
Net Income	144	2974	1905	1563
EPS (adj.)	0.47	3.85	2.48	2.03
P/E (adj.)	41.0	7.4	11.4	13.9
P/B	2.0	2.2	1.9	1.8
Dividend yield-%	1.0 %	2.8 %	2.6 %	2.8 %
EV/EBIT (adj.)	25.0	6.4	9.9	11.1
EV/EBITDA	13.0	5.1	7.1	7.4
EV/S	1.0	1.0	0.8	0.8

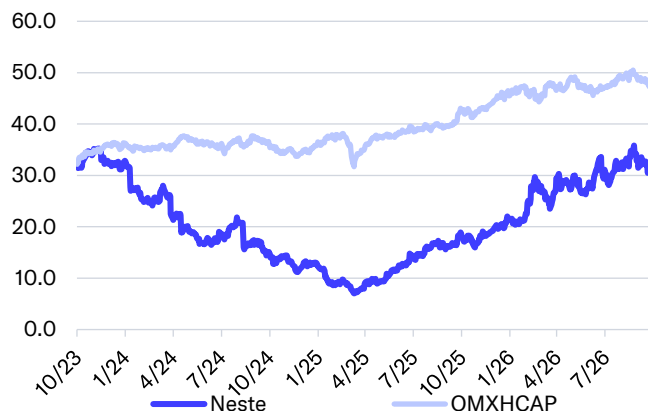
Source: Inderes

Guidance

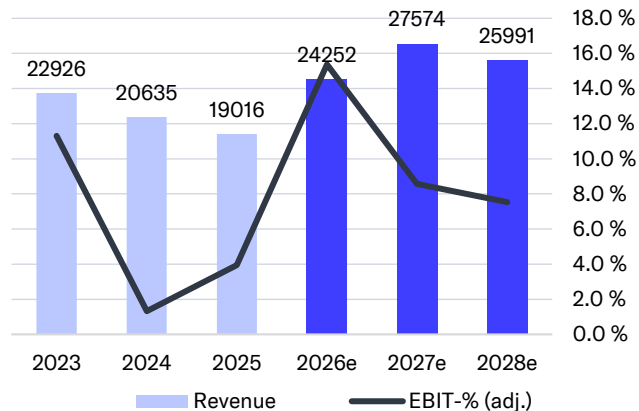
(Unchanged)

Renewable Products' sales volumes in 2026 are expected to be approximately at the same level and Oil Products' sales volumes in 2026 are expected to be lower than in 2025

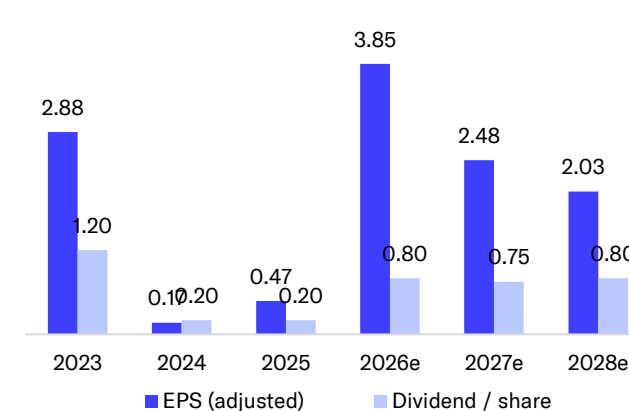
Share price



Revenue and EBIT-%



EPS and DPS



Value drivers

- Strong market position in all businesses
- Value creation potential of growth investments in Renewable Products' production capacity
- The long-term growth outlook for the Renewable Products market
- Efficiency in Oil Products, which supports its margin

Risk factors

- Low predictability of Renewable Products' sales margin
- Declining long-term demand picture for oil-based fuels
- Regulatory risks (+/-)
- Risks related to raw material price development

Valuation	2026e	2027e	2028e
Share price	28.37	28.37	28.37
Number of shares, millions	768.3	768.3	768.3
Market cap	21796	21796	21796
EV	23943	23328	21818
P/E (adj.)	7.4	11.4	13.9
P/E	7.3	11.4	13.9
P/B	2.2	1.9	1.8
P/S	0.9	0.8	0.8
EV/Sales	1.0	0.8	0.8
EV/EBITDA	5.1	7.1	7.4
EV/EBIT (adj.)	6.4	9.9	11.1
Payout ratio (%)	20.7 %	30.2 %	39.3 %
Dividend yield-%	2.8 %	2.6 %	2.8 %

Source: Inderes

Margin party gained further momentum in Oil Products

Sales volumes of Renewable Products rose to a high level

In Q3, sales volumes of Renewable Products rose to a record level of just under 1.3 million tons thanks to high refinery utilization rates (97%). Reflecting this, Renewable Products' comparable EBITDA also climbed to a record level of one billion, surpassing our forecast of 853 MEUR. Concurrently, however, the segment's sales margin decreased from USD 1,223/ton in the previous quarter to USD 1,068/ton. The sales margin was indeed eroded by significant hedging losses, which amounted to as much as USD 180/ton in a volatile Q3.

Splendid margin in Oil Products offset the impact of maintenance turnaround

Oil Products' sales volumes were impacted, roughly in line with our expectations, by production losses caused by the Porvoo maintenance turnaround. Despite these sluggish sales volumes, Oil Products generated a very strong

comparable EBITDA of well over 500 MEUR, which also clearly beat our estimates of just over 300 MEUR. This was driven by the total refining margin, which surged to an absurdly high level of USD 48/bbl. Thus, despite the maintenance turnaround, Oil Products managed to capitalize on the earnings window opened by the exceptional market conditions.

The favorable market situation was also reflected in the earnings of M&S, which were strong, albeit small on a group scale. Exchange rate differences and changes in fair value pushed net financial expenses higher than usual in Q3, but reported earnings per share still rose to EUR 1.35 per share.

Working capital continues to hamper cash flow

Due to maintenance shutdowns and, in particular, rising commodity prices, a significant amount of working capital has been tied up in Neste's business operations this year. This has slowed down cash flow from operating activities,

which nonetheless totaled 2.3 BEUR by the end of Q3. Thus, despite the investments driven by the Rotterdam expansion (731 MEUR) and lease liability payments, free cash flow for the 9-month period is nearly 1.4 BEUR, which is an excellent level.

Thanks to excellent recent earnings and cash flow development, Neste's leverage has declined rapidly, and at the end of Q3 the company's net debt was 2.8 BEUR. Therefore, the company's gearing ratio has fallen to just under 23%, and its net debt corresponds to a multiple of only 0.7x relative to EBITDA over the past 12 months. Consequently, the company's financial position is now on a very solid footing, and the investment cost in Rotterdam, which has risen to 3 BEUR, does not change the overall picture. Reflecting the stabilized financial position, the company established a new dividend policy, aiming to distribute 20–40% of EPS as dividends. The company's current strong financial position easily allows for this.

MEUR / EUR	Q3'25 Comparison	Q3'26 Actualized	Q3'26e Inderes	Q3'26e Consensus	Consensus Low High	Difference (%) Act. vs. inderes	2026e Inderes
Revenue	4534	6551	6291	5810	4783 - 6680	4%	24252
EBITDA (adj.)	531	1555	1202	1195	803 - 1404	29%	4647
PTP	152	1274	935	-	- - -	36%	3640
EPS (reported)	0.14	1.35	1.03	0.99	0.59 - 1.20	31%	3.87
Revenue growth-%	-19.4 %	44.5 %	38.7 %	28.1 %	5.5 % - 47.3 %	5.7 pp	27.5 %
EBITDA-% (adj.)	11.7 %	23.7 %	19.1 %	20.6 %	16.8 % - 21.0 %	4.6 pp	19.2 %

Source: Inderes & Vara
Research (consensus, 16
estimates)

Sales volume growth forecasts pushed further out

Volumes are tight in the short term...

Neste's guidance indicates a decline in sales volumes for Oil Products and no change for Renewable Products compared to last year. The maintenance turnaround in Porvoo impacted Oil Products' sales volumes in Q3, so a decrease in its sales volumes is self-evident. Renewable Products, on the other hand, exceeded the previous year thanks to record volumes in Q3. Consequently, total volumes are expected to approach the level of the comparison period, though sales volumes for the remainder of the year will be constrained by an 8-week maintenance turnaround in Rotterdam now in Q4 and an 11-week turnaround in Singapore beginning in December. The maintenance turnaround in Singapore will thus extend well into next year, meaning that the company's total capacity will not run at full utilization until Q2'27.

In Q3'26, Neste achieved a rather strong utilization rate at its Renewable Products refineries, but based on management's comments, production bottlenecks still

require attention, and a normal level is likely around 80–90%. These factors will limit the short-term growth of Renewable Products' sales volume.

...as well as in the medium term

The biggest news of earnings day was the scheduling of the Rotterdam expansion's completion to the end of 2027, which shifts sales volume growth assumptions. The new price tag of 3 BEUR (prev. 2.5 BEUR) is also clearly higher than the segment's previous investments. Despite the increased price tag, we are not particularly concerned about the investment's return potential, as our rough calculations indicate that, even with this price tag and long-term margin assumptions, the return potential clearly reaches a double-digit return on capital. However, the prolonged investment pushes the growth in sales volumes further into the future and delays earnings growth expectations, which naturally also weakens the expected return for investors.

Long-term forecasts changed following the investment announcement

The shift of the Rotterdam expansion ramp-up entirely to 2028 significantly reduced our sales volume estimates for that year, which weighed on our full-year comparable EBITDA estimate. We now expect Renewable Products not to be able to capitalize fully on the volume growth driven by the expansion (1.3 million tons) until 2029. Our medium-term margin estimate remained unchanged at USD 670/ton. In our view, the margin level reflects a market outlook that remains favorable in the long run. Nevertheless, our medium-term forecasts indicate that margin expectations in both the Renewable Products and Oil Products segments are clearly lower than current exceptional market conditions.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	23865	24252	2%	25855	27574	7%	27543	25991	-6%
EBITDA	4254	4660	10%	3274	3291	1%	3520	2939	-17%
EBIT (excl. NRIs)	3384	3729	10%	2278	2362	4%	2552	1958	-23%
EBIT	3367	3744	11%	2278	2362	4%	2552	1958	-23%
PTP	3288	3640	11%	2157	2241	4%	2433	1839	-24%
EPS (excl. NRIs)	3.56	3.85	8%	2.39	2.48	4%	2.69	2.03	-24%
DPS	0.70	0.80	14%	0.75	0.75	0%	0.85	0.80	-6%

Source: Inderes

Neste Oyj, Webcast, Q3'26



Expected return still remained good

Earnings-based valuation is moderate for the coming years

Based on the updated estimates, P/E ratios for 2026-2027 are 7x and 12x, while the corresponding EV/EBIT ratios are 6x and 10x. Based on this year's earnings level, the share is very cheap, but we do not believe that the current earnings level will be sustained, and we expect margins to turn downward in the near future. Timing this is naturally very difficult, but we do not believe it is justified to value Neste based on the margins of the current exceptional market environment.

Due to the different long-term outlooks of Neste's businesses, however, we do not find group-level valuation multiples to be the best yardstick for valuation. This is because very different valuation multiples can be justified for both Oil Products and Renewable Products, as traditional oil refining is an industry that will eventually decline, while Renewable Products operates in a growth market.

Valuation of Renewable Products is moderate relative to long-term earnings growth

We have estimated the market's valuation of Renewable Products using a sum-of-the-parts calculation, where we have valued Oil Products based on its peer group and the Marketing & Services business using retail sector multiples. When we deduct the value of Oil Products (5.1 BEUR), the value of Marketing & Services (1.7 BEUR), and the value of the Other reporting segment (which includes group costs, ~ 300 MEUR) from the company's current enterprise value (~24 BEUR), the total enterprise value remains at around 17.4 BEUR. This gives a rough idea of how the market currently values the Renewable Products segment.

An enterprise value of 17.4 BEUR corresponds to an EV/EBIT multiple of about 9x, based on our 2029 Renewable Products estimate. This illustrates our estimated earnings potential when the Rotterdam expansion is operational and the company is able to realize at least a significant portion of the expected volume growth from it. The sales margin achieved by the company in 2029 will naturally have a significant impact on the earnings potential for that year. In our forecasts, the margin level is clearly lower than it is now, which we believe is a reasonable assumption, as we estimate that the current exceptional market conditions will stabilize shortly.

In our view, an EV/EBIT multiple of 9x is a rather moderate level for Renewable Products over time, but we believe that the market situation in recent years (i.e., margin volatility) has increased the required return for the business. Thus, for example, the valuation levels for Renewable Products in 2021-2023 (EV/EBIT 15x-18x) are not justifiable in our opinion. In our view, a justified valuation level for a high-quality but capital-intensive business like Renewable Products could be around 12x-15x EV/EBIT. The increase in valuation to this level offers a good, double-digit expected return in the medium term, which, together with a moderate dividend yield, raises the expected return clearly above the required return. Therefore, we believe the share's risk/reward ratio is attractive, though earnings growth expectations pushed further into the future blunt the longer-term expected return somewhat.

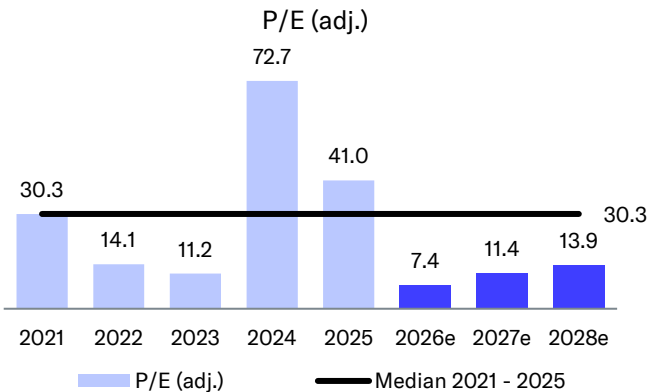
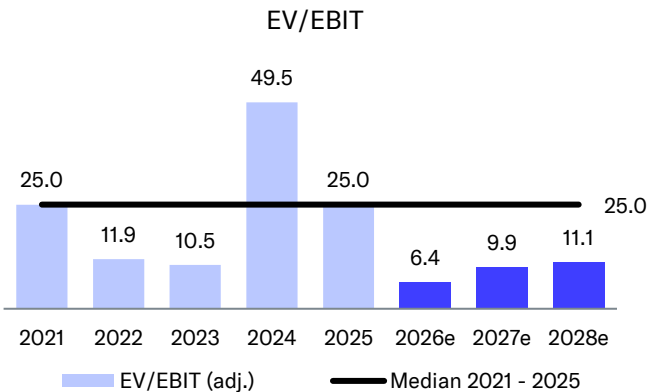
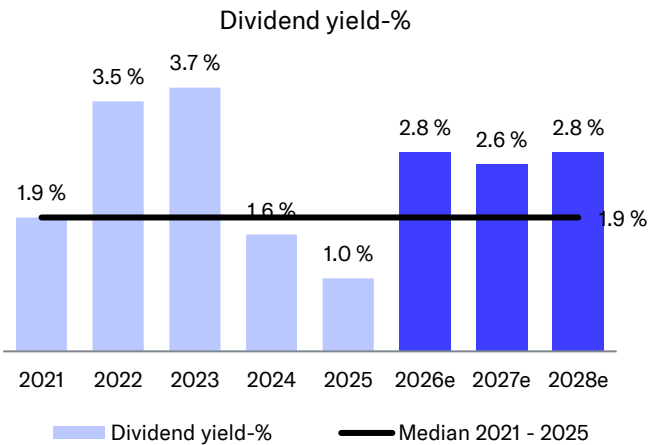
Valuation	2026e	2027e	2028e
Share price	28.37	28.37	28.37
Number of shares, millions	768.3	768.3	768.3
Market cap	21796	21796	21796
EV	23943	23328	21818
P/E (adj.)	7.4	11.4	13.9
P/E	7.3	11.4	13.9
P/B	2.2	1.9	1.8
P/S	0.9	0.8	0.8
EV/Sales	1.0	0.8	0.8
EV/EBITDA	5.1	7.1	7.4
EV/EBIT (adj.)	6.4	9.9	11.1
Payout ratio (%)	20.7 %	30.2 %	39.3 %
Dividend yield-%	2.8 %	2.6 %	2.8 %

Source: Inderes

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	43.4	43.0	32.21	12.13	19.41	28.4	28.4	28.4	28.4
Number of shares, millions	768	768	768	768	768	768	768	768	768
Market cap	33299	33043	24744	9318	14912	21796	21796	21796	21796
EV	33494	34407	27237	13511	18728	23943	23328	21818	20209
P/E (adj.)	30.3	14.1	11.2	72.7	41.0	7.4	11.4	13.9	11.8
P/E	18.8	17.5	17.3	neg.	>100	7.3	11.4	13.9	11.8
P/B	4.8	4.0	2.9	1.3	2.0	2.2	1.9	1.8	1.6
P/S	2.2	1.3	1.1	0.5	0.8	0.9	0.8	0.8	0.8
EV/Sales	2.2	1.3	1.2	0.7	1.0	1.0	0.8	0.8	0.8
EV/EBITDA	12.8	11.3	10.7	13.4	13.0	5.1	7.1	7.4	6.2
EV/EBIT (adj.)	25.0	11.9	10.5	49.5	25.0	6.4	9.9	11.1	8.8
Payout ratio (%)	36%	62%	64%	neg.	107%	21%	30%	39%	38%
Dividend yield-%	1.9 %	3.5 %	3.7 %	1.6 %	1.0 %	2.8 %	2.6 %	2.8 %	3.2 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
Total SA	190747	220141	5.9	6.8	4.3	4.8	1.0	1.1	7.5	8.4	4.3	4.4	1.6
ENI SPA	81422	106029	7.8	8.4	5.1	5.4	1.1	1.1	9.2	9.6	4.6	4.3	1.6
Koc Holding AS	9126	26336	9.6	7.5	6.2	4.9	0.4	0.3	9.8	7.3	3.6	3.8	0.5
TURKIYE PETROL RAFINERILERI AS	12321	9463	4.5	6.6	3.7	5.2	0.4	0.4	7.4	9.1	9.9	9.1	1.5
MOL PLC	11225	13530	5.5	6.4	3.3	3.7	0.5	0.5	5.6	6.4	6.5	6.7	0.9
EQUINOR ASA	102807	106415	2.5	3.1	2.1	2.4	0.9	1.0	8.4	10.4	3.4	3.6	2.5
VALERO ENERGY CORP	97255	100750	4.9	6.0	4.4	5.5	0.7	0.8	7	7.6	1.2	1.3	3.6
HELLENIC PETROLEUM SA	5718	8034	6.4	7.7	5.1	5.9	0.6	0.6	6.7	10.6	5.0	4.9	1.7
POLSKI KONCERN NAFTOWY ORLEN SA	39459	39634	4.3	5.5	3.1	3.6	0.6	0.6	6.4	8.1	5.6	5.7	1.1
Neste (Inderes)	21796	23943	6.4	9.9	5.1	7.1	1.0	0.8	7.4	11.4	2.8	2.6	2.2
Average			5.7	6.4	4.1	4.6	0.7	0.7	7.5	8.6	4.9	4.9	1.7
Median			5.5	6.6	4.3	4.9	0.6	0.6	7.4	8.4	4.6	4.4	1.6
Diff-% to median			17%	49%	19%	44%	76%	36%	0%	36%	-39%	-40%	36%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue	20635	5017	4511	4534	4953	19016	5164	5986	6551	6551	24252	27574	25991	26007
Oil Products	11829	2936	2198	2167	2021	9322	2364	2640	2334	3015	10353	11993	12113	10125
Renewable Products	7321	1746	1915	1965	2470	8095	2317	2896	3762	2991	11966	13102	12138	14110
Marketing & Services	4687	1054	1042	1068	1147	4310	1358	1459	1571	1500	5888	5550	4520	4500
Other	125	47	41	37	41	166	41	46	46	45	178	180	170	172
Eliminations	-3326	-765	-686	-702	-725	-2878	-916	-1055	-1161	-1000	-4132	-3250	-2950	-2900
EBITDA	1005	200	246	447	545	1438	903	1144	1581	1033	4660	3291	2939	3269
Depreciation	-980	-224	-229	-231	-250	-934	-217	-226	-237	-236	-916	-928	-981	-983
EBIT (excl. NRI)	273	-15	113	301	349	748	643	977	1312	797	3729	2362	1958	2286
EBIT	25	-25	18	216	294	503	685	918	1344	797	3744	2362	1958	2286
Oil Products	311	8	-27	167	176	325	293	255	412	250	1210	551	427	270
Renewable Products	-75	-19	30	31	109	151	310	724	880	525	2439	1729	1428	1963
Marketing & Services	73	10	26	27	19	82	41	17	38	28	124	107	78	78
Other	-42	-24	-16	-10	-12	-62	4	-19	-7	-6	-28	-24	25	-25
Eliminations	6	0	5	0	1	6	-5	0	-11	0	-16	0	0	0
Changes in fair value	-248	0	0	0	0	0	42	-59	32	0	15	0	0	0
Net financial items	-138	-32	-70	-64	-138	-304	-19	30	-70	-45	-104	-121	-120	-118
PTP	-113	-57	-52	152	156	199	666	948	1274	752	3640	2241	1839	2168
Taxes	19	17	16	-46	-42	-55	-133	-183	-237	-113	-666	-336	-276	-325
Minority interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net earnings	-94.8	-39.7	-36	106	114	144	533	765	1037	639	2974	1905	1563	1843
EPS (adj.)	0.17	-0.04	0.06	0.23	0.22	0.47	0.64	1.07	1.31	0.83	3.85	2.48	2.03	2.40
EPS (rep.)	-0.12	-0.05	-0.05	0.14	0.15	0.19	0.69	1.00	1.35	0.83	3.87	2.48	2.03	2.40

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-10.0 %	4.5 %	-2.8 %	-19.4 %	-11.0 %	-7.8 %	2.9 %	32.7 %	44.5 %	32.2 %	27.5 %	13.7 %	-5.7 %	0.1 %
Adjusted EBIT growth-%	-89.5 %	-104.8 %	4412.0 %	545.7 %	510.2 %	174.0 %	4476.2 %	765.9 %	336.0 %	128.2 %	398.4 %	-36.6 %	-17.1 %	16.7 %
EBITDA-%	4.9 %	4.0 %	5.5 %	9.9 %	11.0 %	7.6 %	17.5 %	19.1 %	24.1 %	15.8 %	19.2 %	11.9 %	11.3 %	12.6 %
Adjusted EBIT-%	1.3 %	-0.3 %	2.5 %	6.6 %	7.0 %	3.9 %	12.5 %	16.3 %	20.0 %	12.2 %	15.4 %	8.6 %	7.5 %	8.8 %
Net earnings-%	-0.5 %	-0.8 %	-0.8 %	2.3 %	2.3 %	0.8 %	10.3 %	12.8 %	15.8 %	9.8 %	12.3 %	6.9 %	6.0 %	7.1 %

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	10026	9931	10225	10382	9986
Goodwill	514	478	478	478	478
Intangible assets	164	130	140	150	160
Tangible assets	8872	8908	9192	9339	8933
Associated companies	53	54	54	54	54
Other investments	40	91	91	91	91
Other non-current assets	161	49	49	49	49
Deferred tax assets	222	221	221	221	221
Current assets	5555	5818	6257	7968	9726
Inventories	2898	2895	2702	3516	3899
Other current assets	163	140	140	140	140
Receivables	1539	1416	2061	2344	2209
Cash and equivalents	955	1367	1353	1968	3478
Balance sheet total	15581	15749	16482	18350	19712

Source: Inderes

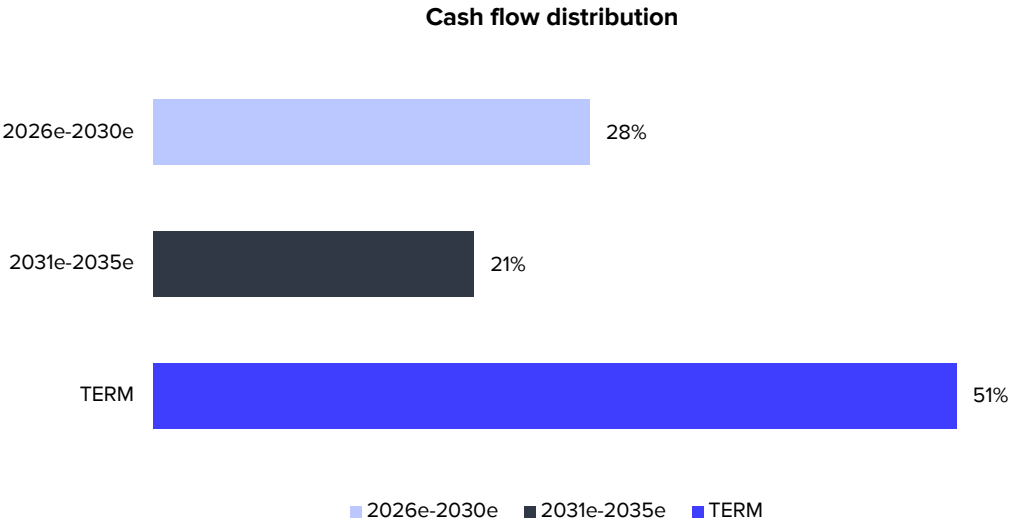
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	7417	7314	10134	11425	12411
Share capital	40	40	40	40	40
Retained earnings	7377	7274	10094	11385	12371
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	0	0	0	0	0
Minorities	0	0	0	0	0
Non-current liabilities	4954	5350	3637	3637	3637
Deferred tax liabilities	335	370	370	370	370
Provisions	144	165	165	165	165
Interest bearing debt	4362	4713	3000	3000	3000
Convertibles	0	0	0	0	0
Other long term liabilities	113	102	102	102	102
Current liabilities	3211	3085	2710	3288	3663
Interest bearing debt	786	470	500	500	500
Payables	2185	2440	2036	2613	2989
Other current liabilities	241	174	174	174	174
Balance sheet total	15581	15749	16482	18350	19712

DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-7.8 %	27.5 %	13.7 %	-5.7 %	0.1 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	2.6 %	15.4 %	8.6 %	7.5 %	8.8 %	10.0 %	10.0 %	10.0 %	9.3 %	9.3 %	9.3 %	9.3 %
EBIT (operating profit)	503	3744	2362	1958	2286	2653	2706	2760	2618	2670	2724	
+ Depreciation	934	916	928	981	983	855	663	660	658	657	655	
- Paid taxes	-19	-666	-336	-276	-325	-380	-389	-397	-376	-384	-523	
- Tax, financial expenses	-46	-19	-18	-18	-18	-18	-18	-18	-18	-18	-25	
+ Tax, financial income	0	0	0	0	1	1	1	1	1	2	2	
- Change in working capital	339	-857	-519	128	-2	-62	-64	-65	-66	-68	-69	
Operating cash flow	1712	3118	2417	2773	2924	3047	2900	2941	2817	2859	2766	
+ Change in other long-term liabilities	11	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-839	-1210	-1085	-585	-600	-605	-630	-640	-645	-645	-664	
Free operating cash flow	883	1908	1332	2188	2324	2442	2270	2301	2172	2214	2102	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	883	1908	1332	2188	2324	2442	2270	2301	2172	2214	2102	32924
Discounted FCFF		1881	1211	1832	1793	1737	1488	1390	1209	1136	994	15566
Sum of FCFF present value		30236	28355	27144	25312	23519	21782	20294	18904	17695	16559	15566
Enterprise value DCF		30236										
- Interest bearing debt		-5183										
+ Cash and cash equivalents		1367										
+ Associated companies		0										
-Minorities		0										
-Dividend/capital return		-154										
Equity value DCF		26266										
Equity value DCF per share		34.2										

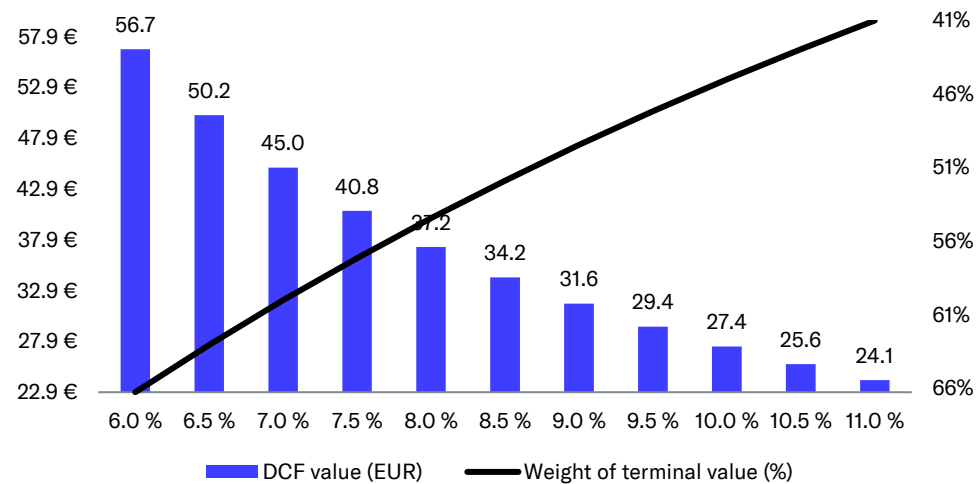
WACC	
Tax-% (WACC)	15.0 %
Target debt ratio (D/(D+E))	15.0 %
Cost of debt	4.0 %
Equity Beta	1.35
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	3.0 %
Cost of equity	9.4 %
Weighted average cost of capital (WACC)	8.5 %

Source: Inderes

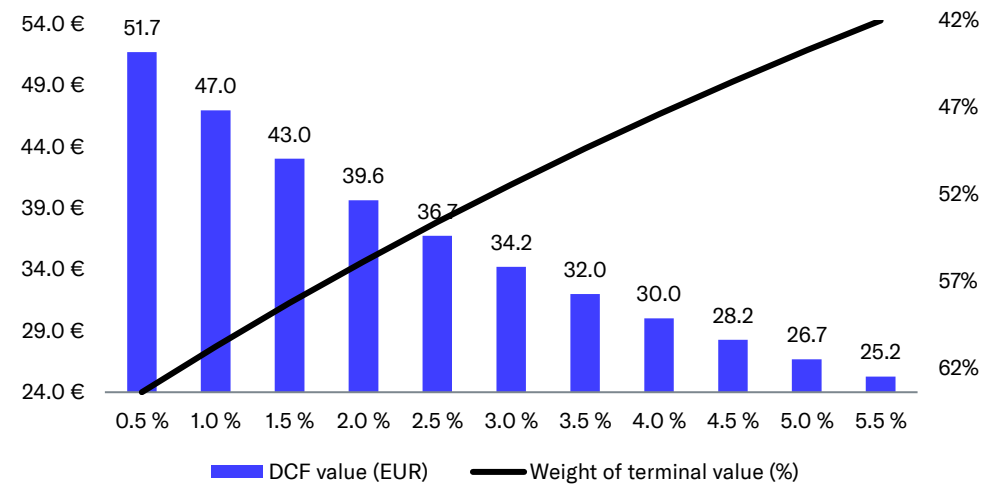


DCF sensitivity calculations and key assumptions in graphs

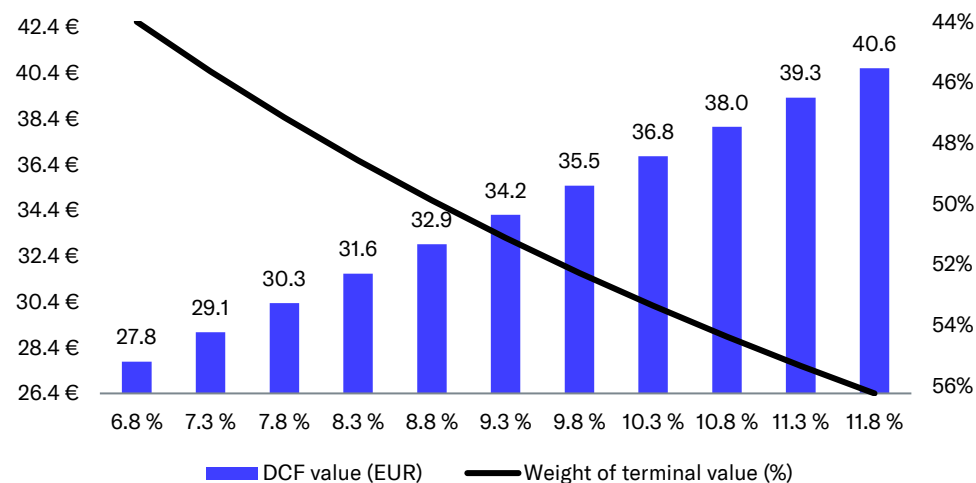
Sensitivity of DCF to changes in the WACC-%



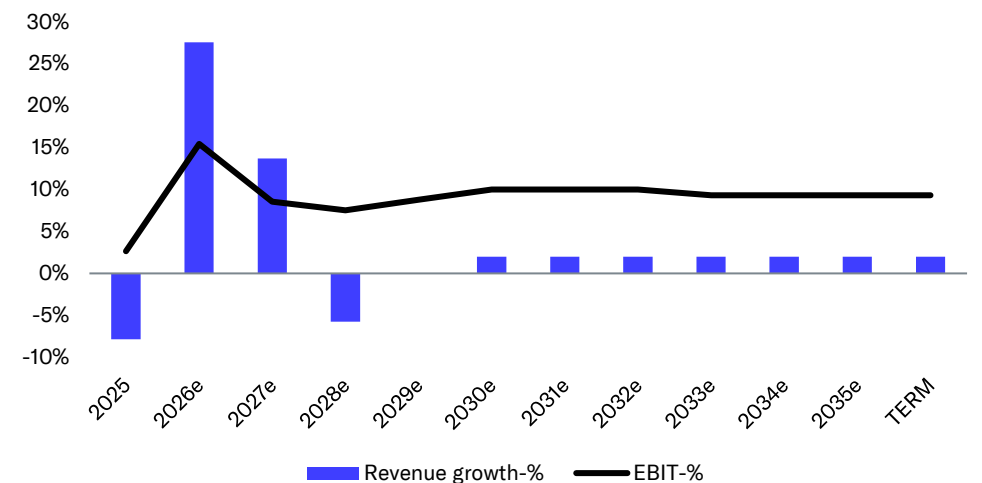
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e	Per share data	2023	2024	2025	2026e	2027e
Revenue	22926	20635	19016	24252	27574	EPS (reported)	1.86	-0.12	0.19	3.87	2.48
EBITDA	2548	1005	1438	4660	3291	EPS (adj.)	2.88	0.17	0.47	3.85	2.48
EBIT	1682	25	503	3744	2362	OCF / share	3.28	1.94	2.23	4.06	3.15
PTP	1596	-113	199	3640	2241	OCF / share	0.29	-0.83	1.15	2.48	1.73
Net Income	1433	-95	144	2974	1905	Book value / share	11.02	9.65	9.52	13.19	14.87
Extraordinary items	-910	-248	-245	15	0	Dividend / share	1.20	0.20	0.20	0.80	0.75
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	15983	15581	15749	16482	18350	Revenue growth-%	-11%	-10%	-8%	28%	14%
Equity capital	8463	7417	7314	10134	11425	EBITDA growth-%	-16%	-61%	43%	224%	-29%
Goodwill	496	514	478	478	478	EBIT (adj.) growth-%	-11%	-89%	174%	398%	-37%
Net debt	2493	4193	3816	2147	1532	EPS (adj.) growth-%	-5%	-94%	184%	713%	-36%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	11.1 %	4.9 %	7.6 %	19.2 %	11.9 %
EBITDA	2548	1005	1438	4660	3291	EBIT (adj.)-%	11.3 %	1.3 %	3.9 %	15.4 %	8.6 %
Change in working capital	224	568	339	-857	-519	EBIT-%	7.3 %	0.1 %	2.6 %	15.4 %	8.6 %
Operating cash flow	2516	1492	1712	3118	2417	ROE-%	17.1 %	-1.2 %	2.0 %	34.1 %	17.7 %
CAPEX	-2247	-2058	-839	-1210	-1085	ROI-%	14.3 %	0.2 %	4.0 %	28.7 %	16.6 %
Free cash flow	223	-638	883	1908	1332	Equity ratio	53.0 %	47.6 %	46.4 %	61.5 %	62.3 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	29.5 %	56.5 %	52.2 %	21.2 %	13.4 %
EV/S	1.2	0.7	1.0	1.0	0.8	Net debt/EBITDA	1.0	4.2	2.7	0.5	0.5
EV/EBITDA	10.7	13.4	13.0	5.1	7.1	EBITDA/net financials	29.6	7.3	4.7	44.8	27.2
EV/EBIT (adj.)	10.5	49.5	25.0	6.4	9.9						
P/E (adj.)	11.2	72.7	41.0	7.4	11.4						
P/B	2.9	1.3	2.0	2.2	1.9						
Dividend-%	3.7 %	1.6 %	1.0 %	2.8 %	2.6 %						

Source: Inderes

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Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/9/2023	Reduce	50.00 €	47.50 €
4/24/2023	Accumulate	48.00 €	43.77 €
5/2/2023	Accumulate	48.00 €	43.94 €
7/28/2023	Accumulate	39.00 €	32.57 €
10/27/2023	Accumulate	37.00 €	31.90 €
2/9/2024	Buy	35.00 €	27.74 €
4/25/2024	Buy	30.00 €	22.49 €
5/15/2024	Accumulate	21.50 €	18.88 €
7/26/2024	Accumulate	21.00 €	18.12 €
9/12/2024	Accumulate	19.00 €	16.06 €
10/25/2024	Accumulate	17.50 €	14.39 €
11/11/2024	Accumulate	15.50 €	12.83 €
2/17/2025	Reduce	11.50 €	10.47 €
4/28/2025	Reduce	9.00 €	7.98 €
4/30/2025	Reduce	9.00 €	8.90 €
7/25/2025	Reduce	14.00 €	14.82 €
10/28/2025	Reduce	18.00 €	18.40 €
10/30/2025	Reduce	18.00 €	18.92 €
2/3/2026	Reduce	22.00 €	21.35 €
2/6/2026	Reduce	22.00 €	20.63 €
4/20/2026	Accumulate	26.50 €	23.49 €
4/30/2026	Accumulate	33.00 €	29.43 €
7/10/2026	Accumulate	34.00 €	29.10 €
7/27/2026	Accumulate	35.00 €	31.43 €
10/22/2026	Accumulate	35.00 €	31.10 €
10/30/2026	Accumulate	33.00 €	28.37 €



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Inderes Ab
Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

Inderes Oyj
Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.se

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