

HEXAGON AB

10/25/2025 08:00 am EEST



Pauli Lohi
+35845 134 7790
pauli.lohi@inderes.fi

COMPANY REPORT



Earnings turnaround already priced in

Q3 showed continuing signs of gradual recovery in organic growth, even if the company’s profitability is under pressure. Hexagon has initiated large measures to boost the potential of the diversified technology conglomerate through a strategic split-up and a cost-saving program. We expect a clear growth and profitability turnaround to take place in 2026-27, which is, however, not enough to make valuation attractive at current share price levels. We reiterate our Reduce recommendation and a target price of SEK 110 per share.

Q3: Gradual operational improvement with high one-off costs

Hexagon’s organic growth continued to recover in Q3’25, reaching 4% year-on-year, in line with our expectations. Reported revenue remained flat due to currency headwinds, which offset the positive organic momentum. Recurring revenue outpaced the group average, growing 6% organically, reflecting continued expansion in software and service-based businesses in various divisions. Autonomous Solutions delivered faster-than-expected organic growth of 19%, supported by strong demand in aerospace and defense and sustained strength in mining. Meanwhile, Manufacturing Intelligence (3%) and Geosystems (1%) showed slight gradual improvement after a prolonged cyclical downturn. Octave, Hexagon’s soon-to-be-spun-off software division, posted weaker-than-expected 1% organic growth, constrained by weak perpetual license sales. Adjusted EBIT came in at 349 MEUR, slightly below our estimate (–5%) but ahead of consensus (+3%). Profitability declined year-on-year, mainly due to weak hardware demand in Geosystems and low growth in Octave, combined with spin-off-related increases in admin costs. Hexagon recorded substantial one-off costs in Q3, including a 113 MEUR restructuring charge and 186 MEUR impairment on intangibles, including redundant products and technologies.

Several strategic measures ongoing to boost the potential

Hexagon is undergoing a great transformation given the

planned split-up of the group into two more focused players, Hexagon Core and Octave. Hexagon Core focuses on robotics and sensors, meanwhile Octave is a pure-play software business. The company also initiated a cost-saving program with 110 MEUR potential savings kicking in gradually from Q4 and to be fully in place by the end of 2026. We expect the company to reach significant savings, but on the other hand, a growth company needs to invest in R&D and sales, which means some of the savings could partially be offset by growth measures. Our estimates include continued improvement in organic growth to 5% in 2026 after two challenging years. We also forecast a profitability turnaround with adjusted EBIT reaching 28.9-29.7% in 2026-27 after 27.1% in 2025e. Following the announced divestment of the Design & Engineering business, we have reduced our 2026-27 revenue estimates by ~6% and adjusted EBIT by 7-8%, of which roughly 6%-units relate to the divestment. Hexagon expects to record a 1.4 BNEUR gain from the sale, significantly boosting reported Q1 2026 EPS. The remaining 1-2 %-units of the EBIT cut was related to slightly weaker-than-expected Q3 figures.

Valuation is stretched even if the turnaround succeeds

While growth and earnings momentum will likely improve after a challenging period, we find valuation stretched. On our estimates, Hexagon trades at 19x adj. EV/EBIT and 21x reported EV/EBIT 2026e, in line with peers. We find the estimated multiples tight considering the uncertainty related to the earnings turnaround, including potential shifts in the macroeconomic environment and the ability to grow and reduce costs simultaneously. Looking to 2027 estimates, an EV/EBIT multiple of 18x would result in a fair value of SEK 129 per share (including dividends), implying a mere 3% annualized total return. Hexagon remains a high-quality compounder with solid exposure to advanced digitalization and automation megatrends, but we find the risk/reward balance unsatisfactory at current levels.

Recommendation

Reduce

(prev. Reduce)

Target price:

110 SEK

(prev. 110 SEK)

Share price:

120.85 SEK

Business risk



Valuation risk



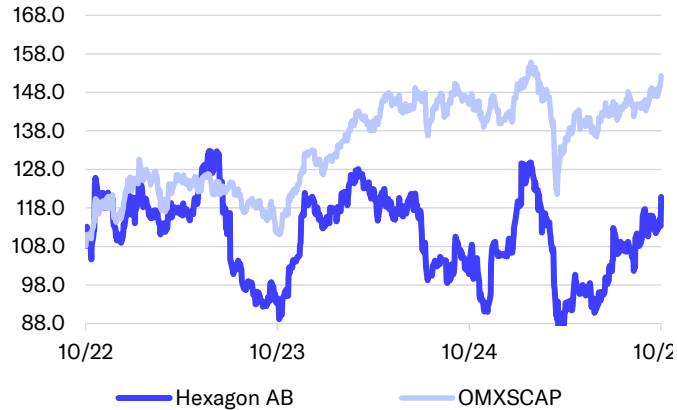
	2024	2025e	2026e	2027e
Revenue	5401.1	5437.2	5363.7	5653.6
growth-%	-1 %	1 %	-1 %	5 %
EBIT adj.	1602.9	1475.3	1548.3	1680.6
EBIT-% adj.	29.7 %	27.1 %	28.9 %	29.7 %
Net Income	1023.4	674.2	1037.4	1172.1
EPS (adj.)	0.43	0.40	0.43	0.48
P/E (adj.)	21.3	27.5	25.7	23.3
P/B	2.2	2.6	2.2	2.1
Dividend yield-%	1.5 %	1.2 %	1.4 %	1.5 %
EV/EBIT (adj.)	17.5	22.1	19.2	17.2
EV/EBITDA	13.9	18.5	15.1	13.4
EV/S	5.2	6.0	5.5	5.1

Source: Inderes

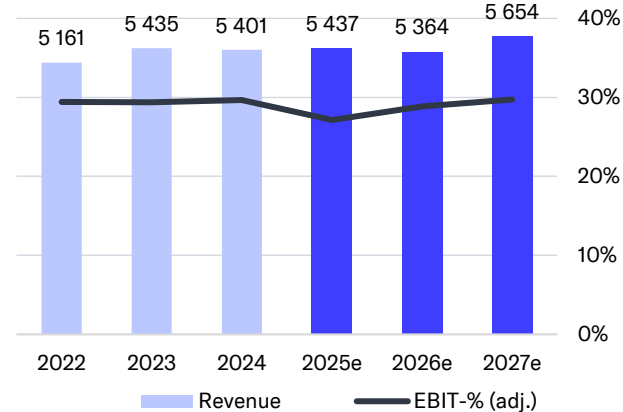
Guidance

(No guidance)

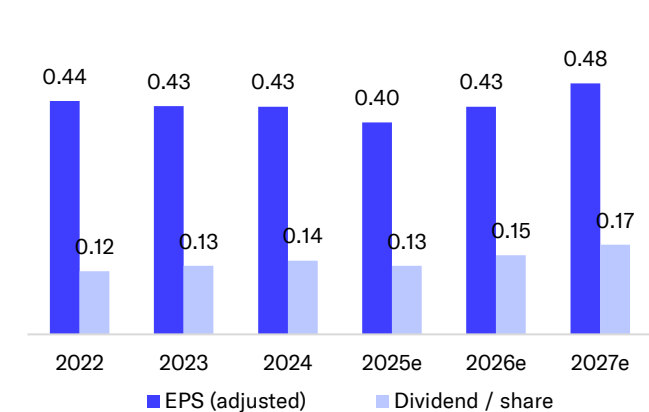
Share price



Net sales and operating earnings-%



Earnings per share and dividend



Value drivers

- Strong market position in core technologies
- Megatrends support demand for advanced robotics, sensors and software
- Focus on margin-additive growth and increasing the share of recurring revenue
- Solid track-record of creating value through acquisitions
- Upcoming split-up could sharpen the strategic focus

Risk factors

- Cyclical demand in hardware sales and certain software products
- M&A strategy partially dependent on strong valuation multiples of Hexagon's share
- Execution risk in M&A
- Gradually saturating end-markets in certain segments

Valuation (EUR)	2025e	2026e	2027e
Share price	11.1	11.1	11.1
Number of shares, millions	2684.3	2684.3	2684.3
Market cap	29761	29761	29761
EV	32557	29725	28978
P/E (adj.)	27.5	25.7	23.3
P/E	44.1	12.2	25.4
P/B	2.6	2.2	2.1
P/S	5.5	5.5	5.3
EV/Sales	6.0	5.5	5.1
EV/EBITDA	18.5	15.1	13.4
EV/EBIT (adj.)	22.1	19.2	17.2
Payout ratio (%)	51.8 %	16.5 %	38.9 %
Dividend yield-%	1.2 %	1.4 %	1.5 %

Source: Inderes

Q3: Growth seems to be gradually picking up

Organic growth continued to recover in Q3

Hexagon's Q3 organic revenue growth was 4%, in line with our estimate. Reported revenue, however, stayed unchanged year-on-year, with negative impact from currency changes offsetting the recovery in organic growth. Recurring revenue continued to grow faster than the group average at 6% in organic terms. Organic growth was boosted by very high organic growth in Autonomous Solutions (19%) that benefited from strong demand in the aerospace and defense segment, as well as good mining activity. Manufacturing Intelligence and Geosystems grew organically 3% and 1%, correspondingly, improving sequentially after a prolonged cyclical downturn in certain customer industries. Octave, a new software-focused division that is about to be listed separately in H1 2026, reported surprisingly weak organic growth of 1%. This was partly explained by low perpetual license sales, which vary between quarters.

Profitability declined slightly year-over-year

Adjusted EBIT in Q3 was 349 MEUR, which was 5% below our estimate, albeit 3% above consensus. Both absolute and relative profitability declined year-on-year. Geosystems and Octave underperformed compared to our EBIT estimates, but Autonomous Solutions performed better than expected. Geosystems has faced a steep decline in construction and infrastructure-related high-end hardware sales due to lower demand for high-speed rail, especially in China. Octave suffered from low perpetual license sales and additional operational costs related to restructuring and integration before the planned spin-off. We interpreted that the observed weakness in profitability in the two segments could be largely temporary. The currency changes also had a minor negative impact on profitability, as we expected.

Large one-off costs booked in Q3

Reported EBIT was -13 MEUR and suffered from large one-off costs. First, Hexagon kicked off a restructuring program to reduce the cost base and renew the operating model that caused a 113 MEUR one-off booking to Q3. In addition, Hexagon booked an 186 MEUR impairment to capitalized R&D and inventory, including redundant products and technologies. The company communicated that this was a one-time exercise and it does not expect similar write-downs to be repeated in the future. We see it as natural that in a decentralized organization built on hundreds of acquisitions, some outdated balance sheet items may accumulate over time. Hexagon believes its updated operating model is better suited to prevent such development in the future.

Estimates MEUR / EUR	Q3'24 Comparison	Q3'25 Actualized	Q3'25e Inderes	Q3'25e Consensus	Difference (%) Act. vs. inderes	2025e Inderes
Revenue	1300	1304	1306	1318	0 %	5437
EBIT (adj.)	377	349	366	339	-5 %	1475
EBIT	334	-13.0	327	284		967
EPS (reported)	0.09	-0.01	0.09	0.08	-111 %	0.25
Revenue growth-%	-3.7 %	0.3 %	0.5 %	1.4 %	-0.1 pp	0.7 %
EBIT-% (adj.)	29.0 %	26.8 %	28.0 %	25.7 %	-1.2 pp	27.1 %

Source: Inderes &
Bloomberg (consensus
includes 16 estimates)

Estimates decreased mainly due to a divestment

Estimate changes

- The largest change in our estimates relates to the divestment of the Design and Engineering business, including purely software. We expect this divestment to decrease revenue by 265 MEUR and adjusted EBIT by some 100 MEUR. We have included the change in our estimates from the beginning of 2026, even if the exact timing is not yet communicated.
- Hexagon will book a gain from the aforementioned divestment of 1.4 BNEUR, net of tax, transaction costs and currency impacts. This greatly boosts 2026 reported EPS.
- We made some cuts to our profitability assumptions given the recent negative trend in profitability, especially concerning Geosystems and partly also Octave.
- Our revenue estimates decreased by 6% for 2026-27. Adjusted EBIT estimates decreased by 7-8%, of which 6%-units related to the divestment of Design and Engineering.
- We cut the short-term dividend estimates owing to the deteriorated profitability in 2025.

Operational earnings drivers

- Hexagon is a diversified technology company that constantly invests in new products and technologies that help it grow faster than GDP and improve gross margin over time. Many of its key customer industries have seen relatively weak cycles in the past two years, but the growth has started to improve again in 2025, even if slightly slower than anticipated.
- Hexagon plans to split into two units in H1 2026. Hexagon Core focuses on sensors and robotics (also including some 40% software and services). Octave, which will be carved out and listed toon a US stock exchange, focuses on software used to design, build, operate, and protect different industrial assets. The planned split-up is likely to sharpen the strategic focus in both business areas, as we think that the group has become rather diverse and complex after some 200 acquisitions conducted during the 2000s.
- A cost-saving program will take place in order to adjust the cost base to the low demand seen in the past two years. Hexagon has identified potential cost improvements of 110 MEUR, of which 74 MEUR relate to Hexagon Core and 36 MEUR to Octave. Some benefits will occur already in Q4, and the full cost improvements will be in place by the end of 2026. The company communicated that it expects the savings to accumulate linearly over the 2026.

Estimate revisions MEUR / EUR	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	5437	5437	0 %	5704	5364	-6 %	6021	5654	-6 %
EBITDA	1943	1762	-9 %	2105	1970	-6 %	2306	2164	-6 %
EBIT (excl. NRIs)	1527	1475	-3 %	1679	1548	-8 %	1816	1681	-7 %
EBIT	1323	967	-27 %	1497	1395	-7 %	1653	1546	-6 %
PTP	1183	835	-29 %	1382	1295	-6 %	1553	1466	-6 %
EPS (excl. NRIs)	0.42	0.40	-4 %	0.47	0.43	-7 %	0.51	0.48	-7 %
DPS	0.15	0.13	-13 %	0.16	0.15	-6 %	0.17	0.17	0 %

Source: Inderes

Turnaround already reflected in the share price

Investment profile: Value-creator planning to split up

Hexagon is a highly profitable technology company with solid medium-term organic growth prospects. The company continues to invest in growth, particularly in high gross margin areas. The company's addressable markets also have significant barriers to entry, which helps maintain profitability. Hexagon operates in several market segments that, on average, have solid growth prospects supported by megatrends, but certain segments may already show signs of maturity and slowing growth. Hexagon's business is cyclical due to its exposure to the construction, automotive, and other manufacturing industries, but the increasing share of recurring revenues (>40%) partially mitigates the cyclicity. The company's ROI is relatively low due to the high amount of goodwill on the balance sheet, which would almost certainly improve if the company focused on purely organic investments. The company's M&A strategy has created value in the past, and acquisitions should continue to support growth in the future, although we don't include any future deals in our estimates. Overall, we find Hexagon to be a clear value creator and well-positioned for global megatrends.

The upcoming spin-off of Octave to a US-listed entity in H1 2026 will change the profiles of both Octave and Hexagon Core to two more focused players. It is yet hard to say if this will be significantly reflected in the earnings growth paths of the companies, and we think our current estimates are demanding enough even if the strategic focus sharpens from the current state.

Improving growth and profitability not enough to make valuation attractive

Despite gradually improving organic growth seen in 2025, Hexagon's profitability has deteriorated due to an increased cost base and negative impact from currency changes. We already model a significant improvement in profitability for 2026, with the adjusted EBIT margin increasing from 27.1% in 2025e to 28.9% in 2026e, which reflects the upcoming cost-savings program and continued improvement in organic growth to 5% in 2026e from 0-2% in 2024-25e. We, however, consider that the estimated earnings improvement is not enough to make the valuation look attractive. The 2026e adjusted EV/EBIT is at 19x, in line with the peer group. The reported EV/EBIT is yet higher at 21x. We consider these levels to be high in a general context and also relatively tight even for a growing high-tech company like Hexagon. The estimated turnaround is also subject to some uncertainty regarding the success of the cost-saving program and potential shifts in macroeconomic development.

Little upside available

With a fair EV/EBIT multiple of 18x, we calculate that the share value could grow to 129 SEK by 2027 (including cumulative dividends), assuming an average adj. EBIT growth of 7% p.a. in 2026-27. This would yield an annual return of only 3% per share, clearly below the required rate of return. Our base case assumes an adjusted EBIT margin of 29.7% by 2027. If Hexagon's earlier target would be reached, which currently seems overly ambitious given the recent headwinds, the return would be 6% p.a. against an ROE of >8%. Therefore, we find the current risk/reward ratio to be unsatisfactory.

Valuation (EUR)	2025e	2026e	2027e
Share price	11.1	11.1	11.1
Number of shares, millions	2684.3	2684.3	2684.3
Market cap	29761	29761	29761
EV	32557	29725	28978
P/E (adj.)	27.5	25.7	23.3
P/E	44.1	12.2	25.4
P/B	2.6	2.2	2.1
P/S	5.5	5.5	5.3
EV/Sales	6.0	5.5	5.1
EV/EBITDA	18.5	15.1	13.4
EV/EBIT (adj.)	22.1	19.2	17.2
Payout ratio (%)	51.8 %	16.5 %	38.9 %
Dividend yield-%	1.2 %	1.4 %	1.5 %

Source: Inderes

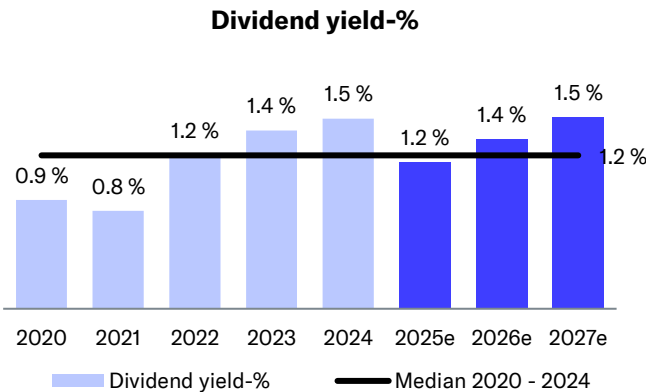
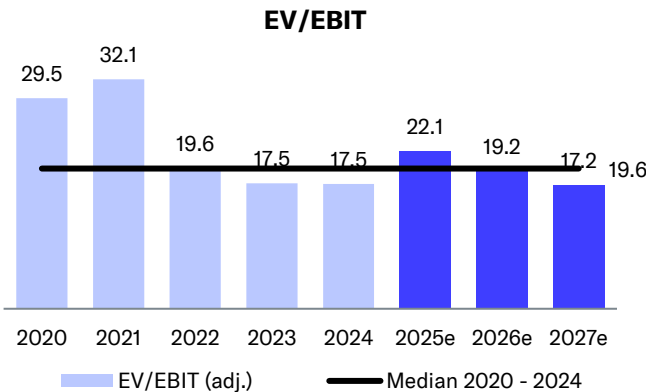
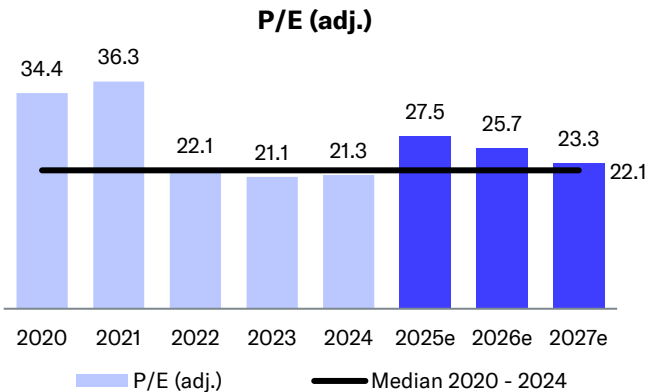
2027 estimates, MEUR	Base case	Financial target scenario*
Sales	5 654	5 654
Adj. EBIT-%	29.7 %	31.3 %
Adj. EBIT	1 681	1 770
Adj. EV/EBIT	18.0x	18.0x
EV	30 251	31 852
Net debt	-678	-678
Market cap	30 930	32 531
Share price 2027, EUR	11.5	12.1
Dividends 25-26e, EUR	0.28	0.28
Total, EUR	11.8	12.4
Total, SEK	128.6	135.2
Current share price, SEK	121	121
Return per year	3.2 %	5.8 %

*Adjusted EBIT 30% (inc. PPA) scenario

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	10.7	14.1	9.79	9.13	9.22	11.1	11.1	11.1	11.1
Number of shares, millions	2568.3	2599.3	2689.7	2684.3	2684.3	2684.3	2684.3	2684.3	2684.3
Market cap	27415	38095	26345	24506	24737	29761	29761	29761	29761
EV	29732	40703	29747	27992	27982	32557	29725	28978	28126
P/E (adj.)	34.4	36.3	22.1	21.1	21.3	27.5	25.7	23.3	21.0
P/E	44.4	45.7	26.1	28.5	24.2	44.1	12.2	25.4	22.5
P/B	4.6	4.4	2.7	2.4	2.2	2.6	2.2	2.1	2.0
P/S	7.3	8.8	5.1	4.5	4.6	5.5	5.5	5.3	5.0
EV/Sales	7.9	9.4	5.8	5.2	5.2	6.0	5.5	5.1	4.8
EV/EBITDA	22.5	25.6	17.0	15.7	13.9	18.5	15.1	13.4	12.3
EV/EBIT (adj.)	29.5	32.1	19.6	17.5	17.5	22.1	19.2	17.2	15.9
Payout ratio (%)	38.6 %	37.1 %	32.0 %	40.6 %	36.7 %	51.8 %	16.5 %	38.9 %	36.5 %
Dividend yield-%	0.9 %	0.8 %	1.2 %	1.4 %	1.5 %	1.2 %	1.4 %	1.5 %	1.6 %

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
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Autodesk	56825	57036	30.4	25.8	28.5	24.1	10.8	9.4	37.2	31.2			23.8
Dassault Systemes	35160	33663	16.8	16.3	15.4	14.3	5.3	5.0	19.7	18.8	1.0	1.1	3.7
Nikon	3495	3763	1.2	1.0	11.3	10.4	0.9	1.0	38.3	28.1	3.0	2.9	1.0
Renishaw	3031	2718	21.2	19.1	16.6	14.7	3.3	3.2	27.0	23.6	2.2	2.3	2.8
Topcon	2009	2471			21.1	15.9	2.1	2.0	166.7	65.4	1.2		3.2
Trimble	16535	17609	21.6	19.9	20.4	18.9	5.8	5.4	27.0	24.2			3.3
Hexagon AB (Inderes)	29761	32557	33.7	21.3	18.5	15.1	6.0	5.5	34.6	29.1	1.2	1.4	2.6
Average			18.2	16.4	18.9	16.4	4.7	4.3	52.6	31.9	1.8	2.1	6.3
Median			21.2	19.1	18.5	15.3	4.3	4.1	32.1	26.1	1.7	2.3	3.3
Diff-% to median			59 %	12 %	0 %	-1 %	39 %	35 %	8 %	11 %	-29 %	-41 %	-21 %

Source: Refinitiv / Inderes

Income statement

Income statement	2022	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e
Revenue	5161	5435	5401	1323	1371	1304	1440	5437	1260	1357	1311	1435	5364	5654	5909
Manufacturing Intelligence	2537	2013	1956	449	468	445	513	1875	388	425	411	471	1696	1780	1852
Geosystems	-15.0	1603	1555	366	379	353	380	1477	357	389	368	399	1513	1604	1668
Autonomous Solutions	0.0	571	558	151	167	178	169	665	161	179	186	176	701	744	788
Octave	2639	782	832	356	355	324	375	1410	351	362	342	391	1445	1518	1594
Group adjustments	0.0	2.2	3.2	1.2	1.8	3.6	3.4	10.0	3.6	3.6	3.6	-2.8	8.0	8.0	8.0
EBITDA	1754	1779	2010	444	469	301	549	1762	461	496	487	556	1970	2164	2282
Depreciation	-467.0	-563.0	-577.5	-167.8	-145.7	-313.5	-168.0	-795	-153	-153	-153	-146	-575	-617	-628
EBIT (excl. NRI)	1518	1597	1603	345	361	349	421	1475	347	382	373	447	1548	1681	1769
EBIT	1287	1216	1432	276	323	-12.9	381	967	308	343	334	410	1395	1546	1654
Manufacturing Intelligence	787	531	531	110	114	112	145	482	101	110	109	137	458	499	522
Geosystems	-254.9	510	494	100	100	94.9	106	402	103	113	109	127	451	492	515
Autonomous Solutions	0.0	194	192	47.7	54.5	65.2	59.4	227	53.6	60.7	66.9	61.5	243	259	276
Octave	755	283	297	94.4	99.7	83.8	118	396	98.2	107	95.2	129	429	464	491
Group adjustments	0.0	-405.9	-196.9	-76.4	-46.2	-368.7	-47.6	-538.9	-47.5	-47.8	-45.8	-44.7	-185.8	-168.7	-150.3
Net financial items	-38.7	-155.3	-170	-33.3	-35.4	-32.0	-31.3	-132	-26	-28	-25	-21	-100	-80	0
PTP	1248	1061	1262	243	287	-44.9	350	835	282	315	309	389	1295	1466	1654
Taxes	-228.9	-188.9	-227	-42.1	-50.0	13.0	-71.2	-150	-51	-57	-56	-80	-243	-279	-314
Minority interest	-11.5	-12.9	-12	-2.7	-2.6	-2.0	-3.4	-11	-3	-3	-2	-4	-14	-15	-16
Net earnings	1008	859	1023	198	235	-33.9	275	674	1633	256	251	305	2443	1172	1324
EPS (adj.)	0.44	0.43	0.43	0.09	0.10	0.10	0.11	0.40	0.10	0.11	0.11	0.12	0.43	0.48	0.53
EPS (rep.)	0.37	0.32	0.38	0.07	0.09	-0.01	0.10	0.25	0.61	0.10	0.09	0.11	0.91	0.44	0.49

Key figures	2022	2023	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e
Revenue growth-%	18.9 %	5.3 %	-0.6 %	1.8 %	1.3 %	0.3 %	-0.6 %	0.7 %	-4.7 %	-1.0 %	0.6 %	-0.3 %	-1.4 %	5.4 %	4.5 %
Adjusted EBIT growth-%		5.2 %	0.4 %	-8.4 %	-9.7 %	-7.2 %	-6.6 %	-8.0 %	0.6 %	5.9 %	6.8 %	6.2 %	4.9 %	8.5 %	5.2 %
EBITDA-%	34.0 %	32.7 %	37.2 %	33.6 %	34.2 %	23.1 %	38.1 %	32.4 %	36.6 %	36.5 %	37.1 %	38.7 %	36.7 %	38.3 %	38.6 %
Adjusted EBIT-%	29.4 %	29.4 %	29.7 %	26.1 %	26.3 %	26.8 %	29.2 %	27.1 %	27.5 %	28.1 %	28.4 %	31.1 %	28.9 %	29.7 %	29.9 %
Net earnings-%	19.5 %	15.8 %	18.9 %	15.0 %	17.1 %	-2.6 %	19.1 %	12.4 %	129.6 %	18.8 %	19.2 %	21.2 %	45.5 %	20.7 %	22.4 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	14132	14899	14734	14012	14033
Goodwill	9931	10033	9826	9351	9351
Intangible assets	3063	3734	3776	3529	3550
Tangible assets	801	804	804	804	804
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	158	167	167	167	167
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	179	161	161	161	161
Current assets	2752	2951	2916	2842	3122
Inventories	585	566	559	541	559
Other current assets	200	195	195	195	195
Receivables	1420	1526	1509	1462	1513
Cash and equivalents	547	664	652	644	856
Balance sheet total	16884	17851	17650	16853	17155

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	10046	11196	11495	13588	14358
Share capital	0.0	0.0	0.0	0.0	0.0
Retained earnings	0.0	674	973	3067	3836
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	10014	10486	10486	10486	10486
Minorities	32.2	35.2	35.2	35.2	35.2
Non-current liabilities	3753	3947	3564	1276	847
Deferred tax liabilities	580	582	582	582	582
Provisions	65.0	79.0	79.0	79.0	79.0
Interest bearing debt	2984	3100	2717	429	0.0
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	124	186	186	186	186
Current liabilities	3085	2707	2592	1989	1950
Interest bearing debt	1100	731	640	101	0.0
Payables	1985	1976	1952	1888	1950
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	16884	17851	17650	16853	17155

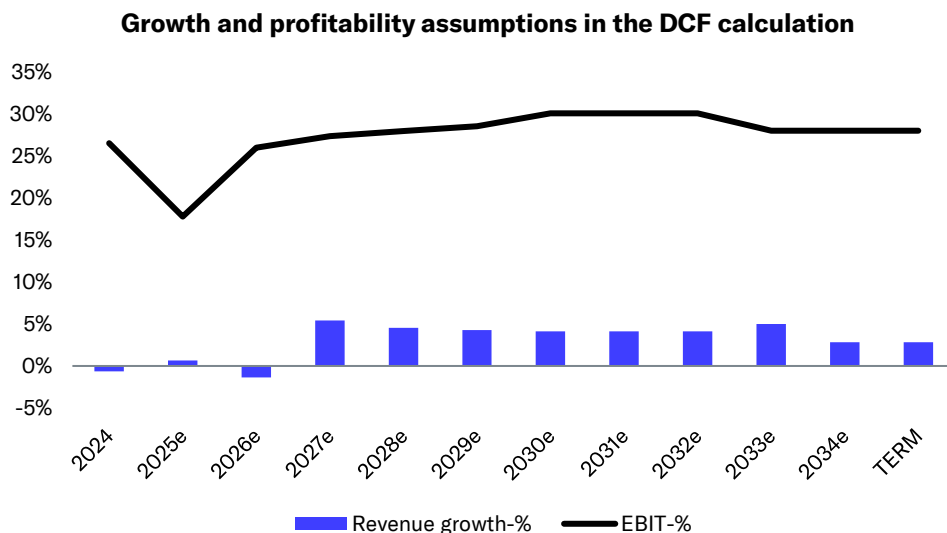
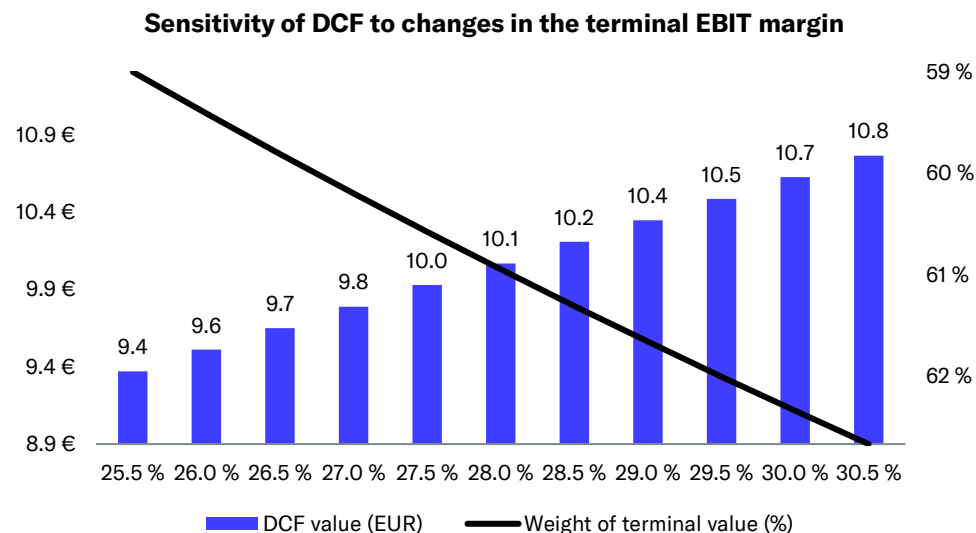
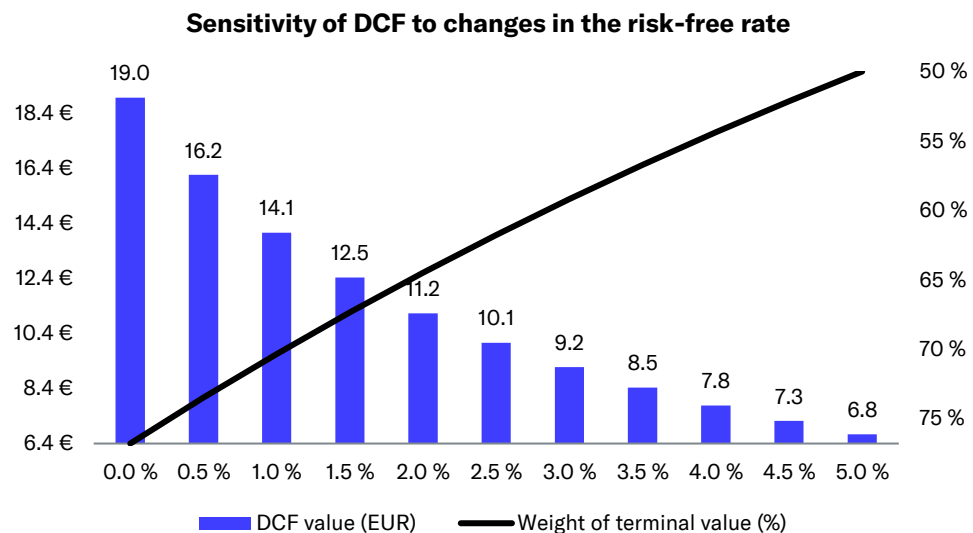
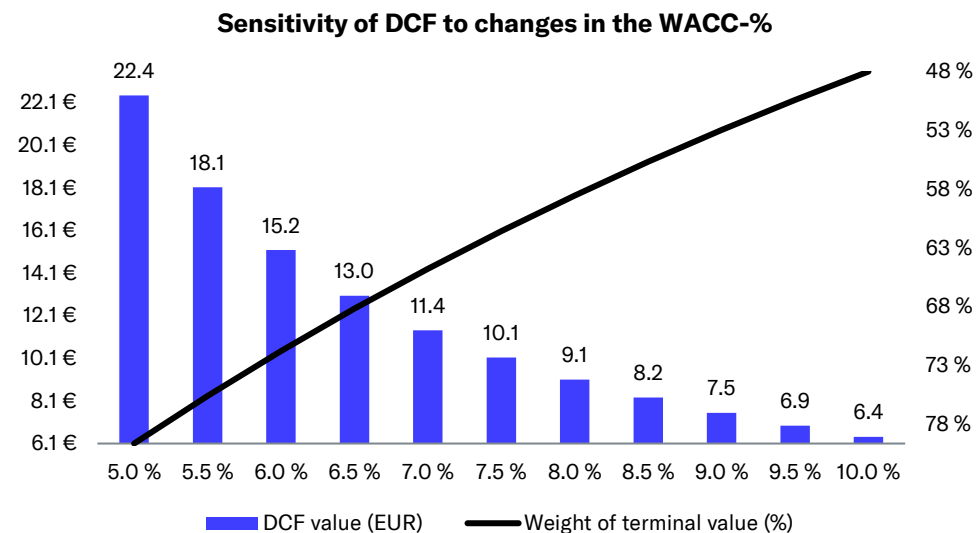
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-0.6 %	0.7 %	-1.4 %	5.4 %	4.5 %	4.3 %	4.1 %	4.1 %	4.1 %	5.0 %	2.8 %	2.8 %
EBIT-%	26.5 %	17.8 %	26.0 %	27.3 %	28.0 %	28.5 %	30.1 %	30.1 %	30.1 %	28.0 %	28.0 %	28.0 %
EBIT (operating profit)	1432	967	1395	1546	1654	1758	1930	2010	2093	2045	2103	
+ Depreciation	578	795	575	617	628	632	616	632	646	660	673	
- Paid taxes	-207	-150	-243	-279	-314	-334	-367	-382	-398	-389	-421	
- Tax, financial expenses	-29.7	-19.0	-18.8	-15.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-91.1	-0.8	1.6	-6.2	0.4	1.0	1.4	1.8	2.1	1.6	-3.2	
Operating cash flow	1682	1592	1709	1864	1968	2057	2181	2262	2343	2318	2353	
+ Change in other long-term liabilities	76.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-1363	-630	148	-638	-648	-657	-666	-676	-689	-703	-694	
Free operating cash flow	394	962	1857	1225	1320	1400	1515	1586	1654	1615	1659	
+/- Other	0.0	0.0	1405	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	394	962	3262	1225	1320	1400	1515	1586	1654	1615	1659	36678
Discounted FCFF		950	2996	1047	1049	1035	1042	1015	985	895	855	18900
Sum of FCFF present value		30769	29820	26824	25777	24727	23692	22650	21635	20650	19755	18900
Enterprise value DCF		30769										
- Interest bearing debt		-3831.0										
+ Cash and cash equivalents		664										
-Minorities		-91.4										
-Dividend/capital return		-375.8										
Equity value DCF		27135										
Equity value DCF per share		10.1										
Equity value DCF per share (SEK)		110.2										
WACC												
Tax-% (WACC)		20.0 %										
Target debt ratio (D/(D+E))		15.0 %										
Cost of debt		3.0 %										
Equity Beta		1.24										
Market risk premium		4.75 %										
Liquidity premium		0.00 %										
Risk free interest rate		2.5 %										
Cost of equity		8.4 %										
Weighted average cost of capital (WACC)		7.5 %										

Cash flow distribution

2025e-2029e		23%
2030e-2034e		16%
TERM		61%

DCF sensitivity calculations and key assumptions in graphs



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

Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	5161	5435	5401	5437	5364	EPS (reported)	0.37	0.32	0.38	0.25	0.91
EBITDA	1754	1779	2010	1762	1970	EPS (adj.)	0.44	0.43	0.43	0.40	0.43
EBIT	1287	1216	1432	967	1395	OCF / share	0.56	0.55	0.63	0.59	0.64
PTP	1248	1061	1262	835	1295	OFCF / share	-0.36	0.25	0.15	0.36	1.22
Net Income	1008	859	1023	674	2443	Book value / share	3.65	3.73	4.16	4.27	5.05
Extraordinary items	-231	-381	-171	-508	-153	Dividend / share	0.12	0.13	0.14	0.13	0.15
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	16477	16884	17851	17650	16853	Revenue growth-%	19 %	5 %	-1 %	1 %	-1 %
Equity capital	9865	10046	11196	11495	13588	EBITDA growth-%	10 %	1 %	13 %	-12 %	12 %
Goodwill	9600	9931	10033	9826	9351	EBIT (adj.) growth-%	20 %	5 %	0 %	-8 %	5 %
Net debt	3388	3536	3167	2705	-113	EPS (adj.) growth-%	14 %	-2 %	0 %	-7 %	7 %
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	34.0 %	32.7 %	37.2 %	32.4 %	36.7 %
EBITDA	1754	1779	2010	1762	1970	EBIT (adj.)-%	29.4 %	29.4 %	29.7 %	27.1 %	28.9 %
Change in working capital	-96	-34	-91	-1	2	EBIT-%	24.9 %	22.4 %	26.5 %	17.8 %	26.0 %
Operating cash flow	1509	1471	1682	1592	1709	ROE-%	10.9 %	8.7 %	9.7 %	6.0 %	19.5 %
CAPEX	-2461	-804	-1363	-630	148	ROI-%	10.1 %	8.7 %	9.8 %	6.5 %	9.6 %
Free cash flow	-971	670	394	962	3262	Equity ratio	59.9 %	59.5 %	62.7 %	65.1 %	80.6 %
						Gearing	34.3 %	35.2 %	28.3 %	23.5 %	-0.8 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	5.8	5.2	5.2	6.0	5.5						
EV/EBITDA	17.0	15.7	13.9	18.5	15.1						
EV/EBIT (adj.)	19.6	17.5	17.5	22.1	19.2						
P/E (adj.)	22.1	21.1	21.3	27.5	25.7						
P/B	2.7	2.4	2.2	2.6	2.2						
Dividend-%	1.2 %	1.4 %	1.5 %	1.2 %	1.4 %						

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
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

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
11/24/2023	Reduce	102.00 kr	104.00 kr
02/02/2024	Reduce	106.00 kr	118.10 kr
29/04/2024	Reduce	110.00 kr	120.20 kr
28/07/2024	Accumulate	115.00 kr	107.25 kr
25/10/2024	Accumulate	115.00 kr	106.40 kr
28/01/2025	Reduce	120.00 kr	118.45 kr
03/02/2025	Reduce	125.00 kr	129.60 kr
08/04/2025	Accumulate	100.00 kr	90.00 kr
13/04/2025	Accumulate	100.00 kr	85.00 kr
02/05/2025	Accumulate	105.00 kr	93.68 kr
28/07/2025	Reduce	110.00 kr	112.80 kr
27/10/2025	Reduce	110.00 kr	120.85 kr



CONNECTING INVESTORS AND COMPANIES.

Inderes democratizes financial information by connecting investors and listed companies. For investors, we are an investing community and a trusted source of financial information and equity research. For listed companies, we are a partner in delivering high-quality investor relations. Over 500 listed companies in Europe use our investor relations products and equity research services to provide better investor communications to their shareholders.

Our goal is to be the most investor-minded company in finance. Inderes was founded in 2009 by investors, for investors. As a Nasdaq First North-listed company, we understand the day-to-day reality of our customers.

Inderes Ab

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

inderes.se

Inderes Oyj

Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.fi

**inde
res.**