TIETOEVRY

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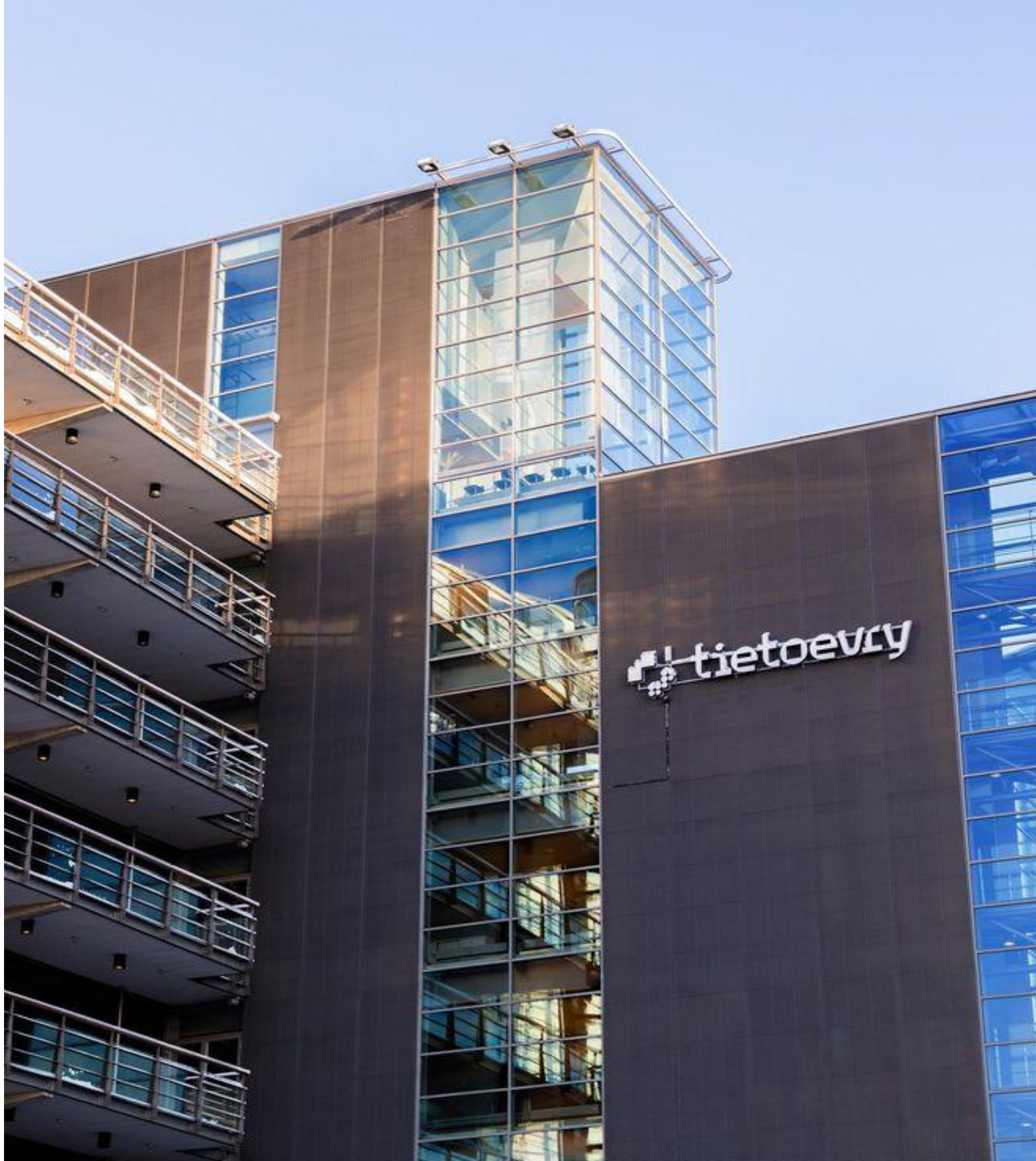
Joni Grönqvist
+358 40 515 3113
joni.gronqvist@inderes.fi

COMPANY REPORT



Tietoevry clearly outlined its earnings growth drivers at CMD

Tietoevry held a Capital Markets Day yesterday evening, where the company, in its typical fashion, thoroughly explained when and how it expects growth and profitability improvements to materialize. In addition, the presentations contained an exceptional amount of concrete detail. This makes it considerably easier to monitor the company's new ambitious financial targets. We made small positive estimate revisions following the Capital Markets Day and last week's guidance upgrade. As the company is investing more heavily in growth than before, we have significantly cut our dividend forecasts. We reiterate our EUR 18.0 target price and Reduce recommendation for the share. The valuation of the share remains neutral.

New financial targets are ambitious

The company's target is over 5% annual revenue growth in 2027-2028 and an adjusted EBITA margin of over 16% by 2028. Tieto's new medium-term financial targets were higher than our and consensus expectations. In 2027-2028, the company expects most of the growth to come from Nordic software businesses (Tieto Banktech, Tieto Indtech and Tieto Caretech). In addition, the company expects to grow its revenue in Europe to the 500 MEUR range (currently 100 MEUR) by 2028. In the consulting business, the company expects lower growth (>3%). The company also thoroughly reviewed where it expects growth and improved profitability to come from. Most of the improvement in profitability in 2027-2028 is expected to come through growth, which is why it is important for the company to succeed in turning to significantly stronger growth. In our view, however, this also requires a boost from a better market.

It was also interesting to hear about business synergies, and the company now sees synergies between consulting and software businesses. Thus, in recent years, the company's views have changed on a couple of occasions. However, the company now wants to further simplify its business. In our view, this is particularly related to Tieto Indtech products, of which there are eight, and only three are expected to grow in the future.

We expect the company to fall short of its financial targets in 2027-2028

Following last week's profit warning and faster-than-expected cost savings, we slightly raised our earnings estimates for the current year. In addition, we slightly raised next year's earnings forecast. However, next year will still be an interim year in terms of revenue development, even though we expect profitability to improve slightly, driven by the significant (115 MEUR) cost savings initiated this year. We expect the company's revenue development to be 0%, +2% and +3% in 2026-2028. For profitability, we expect the adjusted EBITA margin to be 13.9%, 14.1% and 14.2% in 2026-2028. Thus, we expect the company to fall short of its financial targets (>5% growth and >16% EBITA-%). Furthermore, we significantly (~30%) cut our dividend forecasts, as the company is investing more heavily in growth. Our dividend estimates do not include potential share buybacks or additional dividends, which we estimate to be possible no earlier than 2027. The risk is that growth investments will not yield the desired growth.

Tietoevry is a correctly priced turnaround company

Tietoevry is in a way a turnaround company, as growth and the profitability turnaround are yet to be proven, which limits the valuation. However, with the Tech Services transaction, the company's structure was simplified, and the remaining parts are positioned in the market's growing sub-segments. Tietoevry is now a more purely international company offering software, development and consulting services. According to our forecasts, the adjusted P/E and EV/EBITA multiples for 2026 are 11x and 10x, respectively, while the reported corresponding multiples are 16x and 13x. Roughly two-thirds of the 2026e one-off items are "justifiably" adjusted PPA amortizations. The multiples are 25% below international peers. We consider the company's valuation neutral. The dividend yield is 4-6% according to our estimates, which somewhat limits the stock's downside. A higher acceptable valuation would require better visibility into revenue growth and further profitability improvement.

Recommendation
Reduce
(was Reduce)

Target price:
EUR 18.00
(was EUR 18.00)

Share price:
EUR 17.84

Business risk
●●●○○

Valuation risk
●●○○○

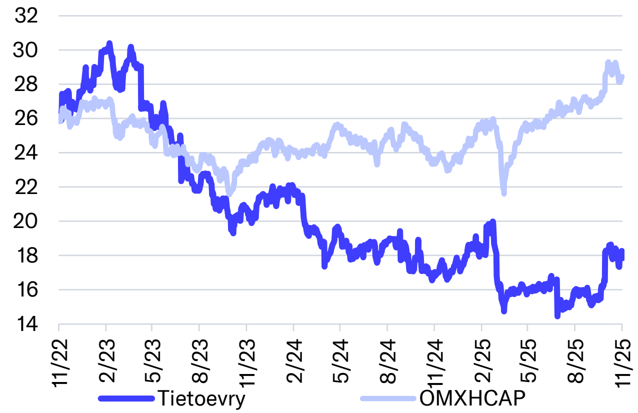
	2024	2025e	2026e	2027e
Revenue	1879	1857	1849	1892
growth-%	-34.1 %	-1.2 %	-0.4 %	2.3 %
EBIT adj.	226	252	257	266
EBIT-% adj.	12.0 %	13.6 %	13.9 %	14.1 %
Net income	70	22	143	148
EPS (adj.)	1.15	1.62	1.55	1.69
P/E (adj.)	14.8	11.0	11.5	10.6
P/B	1.6	2.0	1.9	1.9
Dividend yield-%	8.8 %	3.9 %	5.0 %	5.6 %
EV/EBIT (adj.)	13.0	10.5	10.0	9.4
EV/EBITDA	12.3	16.1	8.7	8.4
EV/S	1.6	1.4	1.4	1.3

Source: Inderes

Guidance (Unchanged)

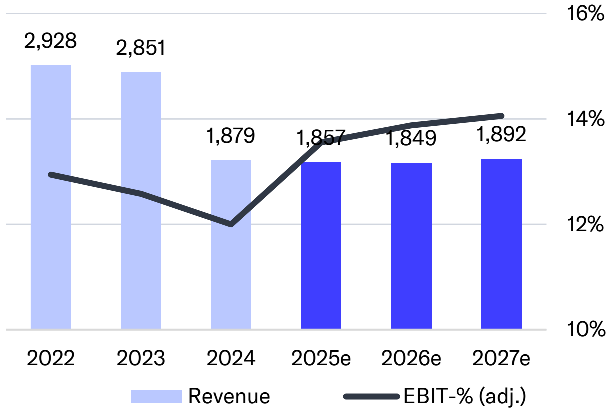
Tietoevry expects its organic growth to be in the range of -3% to 0%. The company estimates its full-year adjusted EBITA to be 12.7-13.3%.

Share price



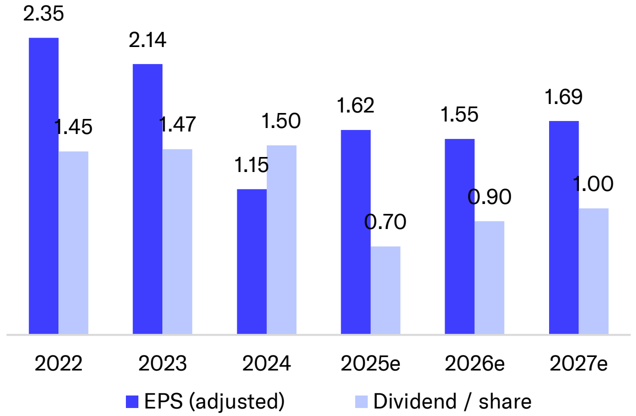
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Medium-term demand outlook remains good
- Increase in the share of highly profitable software product business
- Growth in the share of modern IT services
- Acquisitions and divestments of non-strategic businesses
- Business separation

Risk factors

- Decline in competitive position among large customers
- Continuous transformation creates a constant need for restructuring
- Accelerating wage inflation, high employee revenue and a failure in talent competition
- Historically weak track record of capital allocation

Valuation	2025e	2026e	2027e
Share price	17.8	17.8	17.8
Number of shares, millions	118.6	118.6	118.6
Market cap	2117	2117	2117
EV	2653	2574	2495
P/E (adj.)	11.0	11.5	10.6
P/E	97.2	14.8	14.3
P/B	2.0	1.9	1.9
P/S	1.1	1.1	1.1
EV/Sales	1.4	1.4	1.3
EV/EBITDA	16.1	8.7	8.4
EV/EBIT (adj.)	10.5	10.0	9.4
Payout ratio (%)	381.5 %	74.8 %	79.9 %
Dividend yield-%	3.9 %	5.0 %	5.6 %

Source: Inderes

At its Capital Markets Day, Tieto clearly outlined its earnings growth drivers as per usu

New financial targets are ambitious and require a boost from a better market in our view

True to its style, the company explained well at the Capital Markets Day where and how the growth and profitability improvement will come from. In addition, the presentations contained an exceptional amount of concrete detail. This makes the implementation of the company's strategy and the monitoring of financial targets considerably easier and more convenient.

The company's target is over 5% annual revenue growth in 2027-2028 and an adjusted EBITA margin of over 16% by 2028. Tieto's new medium-term financial targets were and still are higher than our expectations. The financial targets are also higher than the consensus estimates prior to the news. The ambitious targets for 2027-2028 will, in our view, require more support from the market. Tieto, however, believes that the target is not market-dependent. The company clearly fell short of its growth and profitability targets (growth of 8-10% and profitability of 15-16%) during the current strategy period.

In 2027-2028, the company expects most of the growth to come from Nordic software businesses (Tieto Banktech, Tieto Indtech and Tieto Caretech). In addition, the company expects to grow its revenue in Europe to the 500 MEUR range (currently 100 MEUR) by 2028. From the consulting business, the company expects lower (>3%) growth (Tieto Tech Consulting). The company is clearly focused now, and 9/11 of the management team has changed, through which the company is seeking a new growth phase.

At the business unit level, the different growth and profitability targets for 2027-2028 are: Tieto Banktech over 6% growth and over 18% adjusted EBITA margin, Tieto Indtech over 6% and over 17%, Tieto Caretech over 7% and over 28%, and Tieto Tech Consulting over 3% and over 12%. The company also thoroughly reviewed at the business unit level where it expects growth and improved profitability.

Most of the improvement in profitability in 2027-2028 is expected to come through growth, which is why it is important for the company to succeed in turning to significantly stronger growth. In our view, however, this requires a boost from a better market.

2026 is an interim year before growth accelerates

According to Tieto, 2026 will be a year of strategy implementation, during which the company expects revenue to remain at the previous year's level or decrease slightly. This is due to known negative factors in the company's Tieto Banktech and Tieto Caretech businesses (a 300 bp negative impact), the effect of which will then be mitigated by the growth of new operations. However, the company expects profitability to improve already in 2026 due to the ongoing extensive cost-saving program and the removal of the cost burden related to the IFRS 5 standard. However, this is not yet official guidance for 2026.

Strategy priorities and brand renewal

Tieto accelerates the execution of its strategy with four priorities: customer centricity, simplification of operations, targeted expansion and a competitive cost base. The company aims for market leadership in the Nordics and seeks to expand internationally with selected software products, as detailed in the previous paragraphs. Regarding the cost program, the company previously announced a cost savings target of 115 MEUR by the end of 2026. This has progressed faster than expected this year, which is why the company issued a positive earnings revision last week.

It was also interesting to hear about business synergies, and the company now sees synergies between consulting and software businesses. A few years ago, the company did not see synergies and attempted to separate businesses (Tech Services was sold, but the separation of Banktech was canceled at the last minute). Thus, in recent years, the company's views have changed on a couple of occasions. However, the company now wants to further simplify its business. In our view, this is particularly related to Tieto Indtech products, of which there are eight, and only three are expected to grow. The principle of potential divestments is also to maximize shareholder value, which the company itself admits it has not succeeded in doing in recent years.

To clarify its strategy, the company is also renewing its brand and will operate under the name Tieto, meaning the name of Evry, which merged in 2019, will be removed. The names of the business units were also renewed to reflect the new focus.

Capital allocation supports growth more strongly

The company also updated its capital allocation principles. According to the new dividend policy, the company targets a dividend payout of 60-80% of net profit. The company aims to be close to the 2x net debt/EBITDA target, and surplus capital will be used for share buybacks or extraordinary dividends. The company estimates that the 2025 dividend proposal will be 80% of the adjusted net profit, which is adjusted for non-cash flow-affecting impairments and the cost burden related to IFRS 5. The new policy offers flexibility between growth investments and returns distributed to shareholders. The focus is shifting more towards growth from dividends. This is positive if investments generate growth. In recent years, in our view, major strategic decisions have not been very successful.

We raised our earnings forecasts slightly

Estimate revisions

- We raised our 2025 earnings estimates due to faster-than-expected cost savings.
- We slightly lowered our 2026 revenue forecast, but raised our profitability forecast due to accelerated cost savings.
- As the company shifts its focus more strongly towards organic growth, we have significantly cut the company's dividend forecasts. According to the new dividend policy, the company aims for a dividend payout of 60–80% of net profit, adjusted for non-cash flow items. The company aims to be close to a 2x net debt/EBITDA target, and surplus capital will be used for share buybacks or extraordinary dividends, which are not currently in our forecasts. The company will likely achieve its indebtedness target by the end of 2026, making additional dividends/share buybacks possible in 2027 at the earliest. The company estimates that the 2025 dividend proposal will be 80% of the adjusted net profit, which is adjusted for non-cash flow-affecting impairments and the cost burden related to IFRS 5. The new policy offers flexibility between growth investments and returns distributed to shareholders.

Change in revenue	2025e	Target 2027-28
Tieto Tech Consulting	-4.9%	>3%
Tieto Banktech	1.8%	>6%
Tieto Caretech	-0.4%	>7%
Tieto Indtech	0.7%	>6%
Segments in total	-1.6%	>5%

Adjusted EBIT by segment	2025e	Target 2027-28
Tieto Tech Consulting	11.7%	>12%
Tieto Banktech	16.7%	>18%
Tieto Caretech	27.9%	>28%
Tieto Indtech	14.2%	>17%
Segments in total	13.6%	>16%

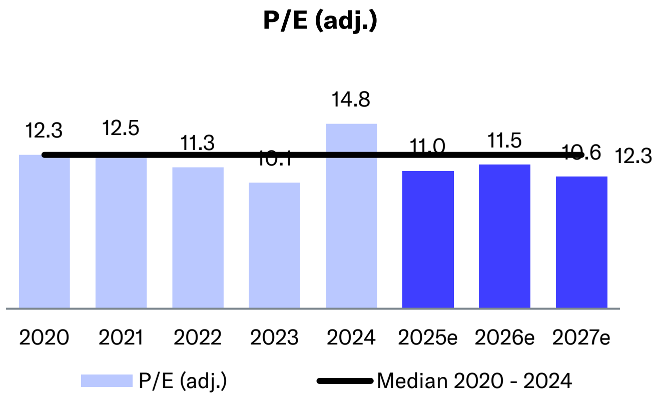
Estimate revisions MEUR / EUR	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	1863	1857	0%	1876	1849	-1%	1920	1892	-1%
EBITDA	162	164	2%	290	296	2%	310	296	-5%
EBIT (exc. NRIs)	249	252	1%	251	257	2%	271	266	-2%
EBIT	66.7	69.4	4%	191	208	9%	210	206	-2%
PTP	32.3	35.0	9%	164	181	10%	186	186	0%
EPS (excl. NRIs)	1.60	1.62	1%	1.53	1.55	1%	1.70	1.69	0%
DPS	1.30	0.70	-46%	1.32	0.90	-32%	1.34	1.00	-25%

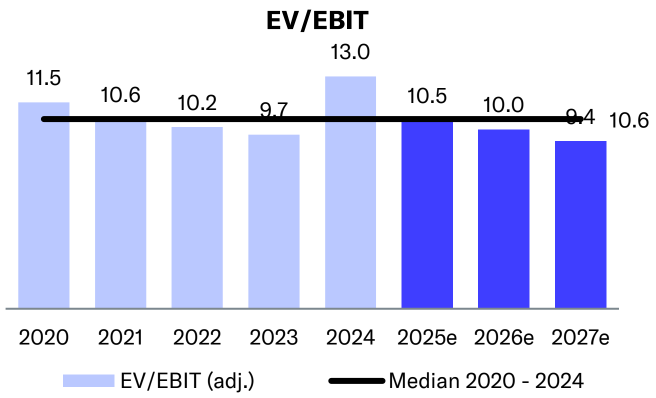
Source: Inderes

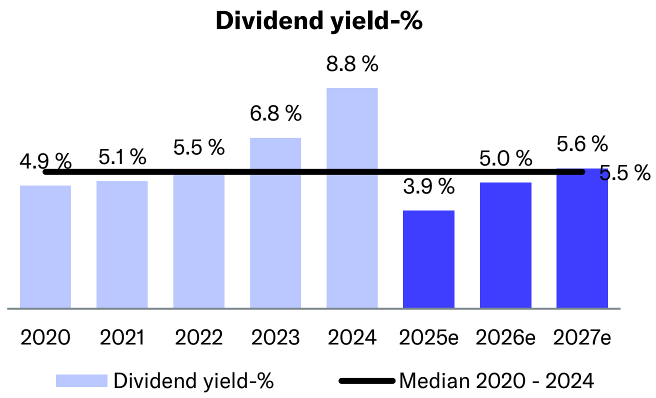
Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	26.9	27.5	26.5	21.5	17.0	**17.8**	**17.8**	**17.8**	**17.8**
Number of shares, millions	118.4	118.4	118.4	118.4	118.6	**118.6**	**118.6**	**118.6**	**118.6**
Market cap	3181	3254	3140	2551	2019	**2117**	**2117**	**2117**	**2117**
EV	4097	3900	3851	3494	2929	**2653**	**2574**	**2495**	**2417**
P/E (adj.)	12.3	12.5	11.3	10.1	14.8	**11.0**	**11.5**	**10.6**	**10.0**
P/E	33.7	11.2	16.7	14.8	28.8	**97.2**	**14.8**	**14.3**	**13.3**
P/B	2.0	1.8	1.8	1.6	1.6	**2.0**	**1.9**	**1.9**	**1.8**
P/S	1.1	1.2	1.1	0.9	1.1	**1.1**	**1.1**	**1.1**	**1.1**
EV/Sales	1.5	1.4	1.3	1.2	1.6	**1.4**	**1.4**	**1.3**	**1.2**
EV/EBITDA	12.7	7.1	9.0	8.6	12.3	**16.1**	**8.7**	**8.4**	**7.9**
EV/EBIT (adj.)	11.5	10.6	10.2	9.7	13.0	**10.5**	**10.0**	**9.4**	**8.7**
Payout ratio (%)	165.4 %	56.9 %	91.1 %	101.1 %	253.5 %	**381.5 %**	**74.8 %**	**79.9 %**	**82.2 %**
Dividend yield-%	4.9 %	5.1 %	5.5 %	6.8 %	8.8 %	**3.9 %**	**5.0 %**	**5.6 %**	**6.2 %**

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	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%	
Company	**MEUR**	**MEUR**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**	**2025e**	**2026e**
Digia*	157	184	8.4	7.1	7.7	6.2	0.9	0.7	9.6	8.8	3.2	3.6
Digital Workforce*	33	28	25.4	9.2	65.0	8.5	1.0	0.7	31.7	11.5	1.4	3.2
Gofore*	207	226	14.8	9.4	11.0	7.7	1.2	1.0	16.7	12.0	3.8	4.0
Loihde*	68	77	18.0	13.4	7.9	5.8	0.5	0.5	23.8	16.6	4.2	5.7
Innofactor*	61	66	11.7	9.4	7.6	6.4	0.8	0.7	14.5	11.9	5.3	5.9
Netum Group*	16	22	10.0	9.9	12.7	9.1	0.6	0.6	25.3	29.7	1.6	3.2
Siili Solutions*	37	39	8.1	5.9	7.1	3.8	0.4	0.3	9.5	8.3	1.8	3.3
Solteq*	9	31	39.9	11.4	13.3	8.1	0.7	0.7				
Vincit*	22	25		11.2	10.0	3.8	0.4	0.4		14.5	3.9	5.4
Witted Megacorp*	21	16	19.4	9.0	40.7	8.7	0.3	0.2	39.1	16.0	1.4	1.4
Bouvet	531	564	13.5	12.5	11.2	10.5	1.7	1.6	16.6	15.7	6.1	6.2
CombinedX	61	68	11.6	7.3	6.2	4.7	0.8	0.7	14.7	8.3		
Knowit	262	318	21.0	14.8	7.0	6.2	0.6	0.6	29.9	18.2	1.9	3.2
Avensia AB	28	29	7.5	6.6	5.4	5.1	0.8	0.8	9.6	8.1	6.0	
Netcompany Group	1989	2429	21.5	15.2	14.2	11.6	2.3	2.0	25.4	16.7		0.1
Wipro	25167	21791	14.8	14.7	12.5	12.6	2.5	2.5	20.2	19.5	2.3	4.0
Tata Consultancy	110455	106439	17.7	16.7	16.1	15.4	4.3	4.2	23.1	22.1	3.8	3.7
Atos SE	838	2287	22.4	6.0	2.6	3.0	0.3	0.3		10.8		
Capgemini SE	22823	26383	9.9	8.9	7.7	7.0	1.2	1.1	11.4	10.5	2.6	2.7
IBM	246555	288470	24.2	23.0	17.7	16.8	5.0	4.7	26.8	24.9	2.2	2.2
Accenture	131097	126495	13.3	12.6	11.2	10.3	2.1	2.0	18.9	17.7	2.3	2.6
Tietoevry (Inderes)	**2117**	**2653**	**10.5**	**10.0**	**16.1**	**8.7**	**1.4**	**1.4**	**11.0**	**11.5**	**3.9**	**5.0**
Average			**16.2**	**11.2**	**13.7**	**8.2**	**1.4**	**1.3**	**19.8**	**14.9**	**3.2**	**3.5**
Median (all)			**14.2**	**10.8**	**11.0**	**8.1**	**0.9**	**0.7**	**17.8**	**14.2**	**2.6**	**3.3**
Diff-% to median			*-26%*	*-7%*	*47%*	*7%*	*68%*	*88%*	*-38%*	*-19%*	*52%*	*51%*
Median (Finnish companies)			**13.4**	**9.4**	**11.0**	**7.7**	**0.7**	**0.7**	**16.7**	**11.9**	**3.5**	**3.8**
Diff-% to median			*-21%*	*7%*	*47%*	*13%*	*116%*	*111%*	*-34%*	*-4%*	*12%*	*34%*
Median (international companies)			**14.2**	**12.6**	**10.2**	**9.6**	**1.8**	**1.7**	**18.9**	**16.2**	**2.3**	**2.7**
Diff-% to median			*-26%*	*-20%*	*58%*	*-10%*	*-20%*	*-17%*	*-42%*	*-29%*	*68%*	*85%*

Source: Refinitiv / *Inderes' adjusted estimate. Note: The market value used by Inderes does not take into consideration treasury shares held by the company.

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue	**2851**	**492**	**479**	**436**	**472**	**1879**	**471**	**463**	**454**	**469**	**1857**	**1849**	**1892**	**1942**
Tieto Tech Consulting	851	224	214	191	208	837	211	199	184	202	796	787	807	827
Tieto Banktech	567	149	148	138	146	580	141	145	157	147	591	581	598	613
Tieto Caretech	236	59	59	53	61	231	57	58	55	60	230	227	234	239
Tieto Indtech	263	70	67	62	65	264	68	68	64	66	266	269	276	284
Tietoevry Tech Services	1075	0.0	0.0	0.0	0.0	0	0	0	0	0	0.0	8.6	0.0	0.0
Eliminations	-141	-9	-9	-8	-8	-33	-7	-6	-6	-6	-25	-24	-23	-22
EBITDA	**408**	**66**	**55**	**59**	**58**	**237**	**50**	**-42**	**79**	**77**	**164**	**296**	**296**	**307**
Depreciation	-152.4	-24	-24	-23	-24	-95	-24	-24	-22	-24	-95	-89	-90	-91
EBIT (excl. NRI)	**359**	**60**	**51**	**56**	**59**	**226**	**50**	**44**	**88**	**71**	**252**	**257**	**266**	**277**
EBIT	**256**	**42**	**31**	**35**	**34**	**142**	**26**	**-66**	**56**	**53**	**69**	**208**	**206**	**216**
Group items and NRIs	-103.1	-18	-20	-20	-25	-83	-24	-110	-31	-18	-182	-49	-60	-61
Net financial items	-34.9	-11	-10	-12	-12	-45	-9	-10	-8	-7	-34	-27	-20	-18
PTP	**221**	**31**	**21**	**23**	**22**	**97**	**17**	**-76**	**48**	**46**	**35**	**181**	**186**	**198**
Taxes	-48.6	-9	-6	-7	-6	-27	-5	15	-13	-10	-13	-38	-37	-40
Net earnings	**172**	**23**	**15**	**17**	**16**	**70**	**12**	**-61**	**35**	**36**	**22**	**143**	**148**	**159**
EPS (adj.)	**2.14**	**0.31**	**0.26**	**0.28**	**0.30**	**1.15**	**0.28**	**0.40**	**0.50**	**0.44**	**1.62**	**1.55**	**1.69**	**1.78**
EPS (rep.)	**1.45**	**0.19**	**0.13**	**0.14**	**0.13**	**0.59**	**0.10**	**-0.51**	**0.29**	**0.31**	**0.18**	**1.20**	**1.25**	**1.34**

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-2.6 %	-33.8 %	-31.1 %	-33.9 %	-37.3 %	-34.1 %	-4.4 %	-3.3 %	4.1 %	-0.6 %	-1.2 %	-0.4 %	2.3 %	2.7 %
Adjusted EBIT growth-%	-5.4 %	-34.6 %	-30.0 %	-34.9 %	-45.8 %	-37.1 %	-17.0 %	-14.5 %	57.5 %	20.2 %	11.6 %	1.9 %	3.7 %	4.0 %
EBITDA-%	14.3 %	13.4 %	11.4 %	13.4 %	12.3 %	12.6 %	10.7 %	-9.1 %	17.3 %	16.5 %	8.8 %	16.0 %	15.6 %	15.8 %
Adjusted EBIT-%	12.6 %	12.2 %	10.7 %	12.8 %	12.4 %	12.0 %	10.6 %	9.4 %	19.3 %	15.0 %	13.6 %	13.9 %	14.1 %	14.2 %
Net earnings-%	6.0 %	4.6 %	3.1 %	3.9 %	3.3 %	3.7 %	2.5 %	-13.2 %	7.6 %	7.8 %	1.2 %	7.7 %	7.8 %	8.2 %

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Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	**2619**	**2288**	**1806**	**1772**	**1738**
Goodwill	1907	1648	1418	1418	1418
Intangible assets	340	314	222	189	157
Tangible assets	285	258	89.9	89.1	87.6
Associated companies	11.6	0.0	0.0	0.0	0.0
Other investments	16.7	15.5	10.0	10.0	10.0
Other non-current assets	34.7	37.4	41.0	41.0	41.0
Deferred tax assets	24.5	14.7	25.0	25.0	25.0
Current assets	**899**	**767**	**515**	**513**	**525**
Inventories	8.6	7.1	0.0	0.0	0.0
Other current assets	17.5	13.7	13.7	13.7	13.7
Receivables	654	551	316	314	322
Cash and equivalents	220	195	186	185	189
Balance sheet total	**3518**	**3054**	**2321**	**2285**	**2263**

Source: Inderes

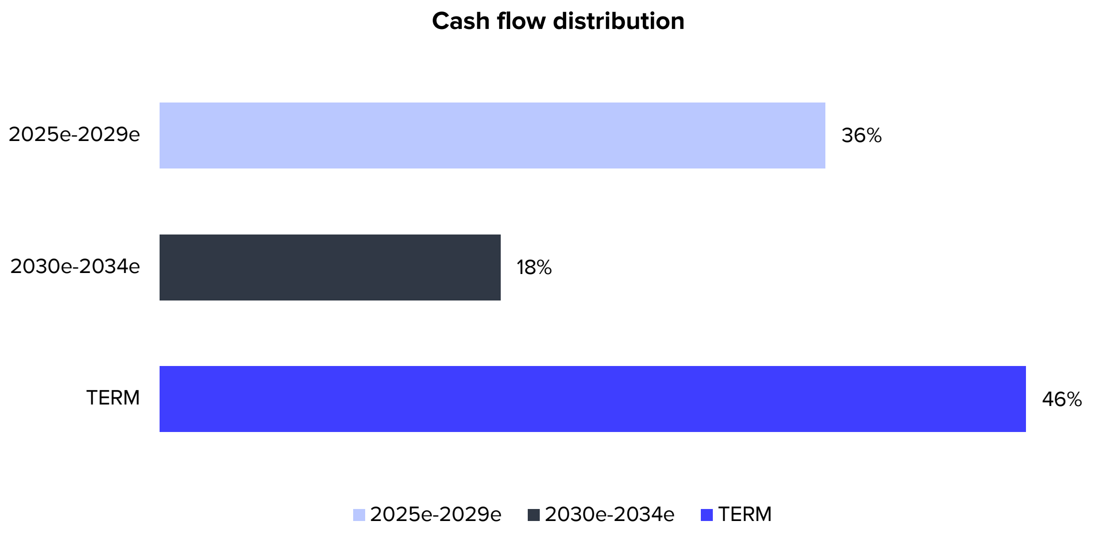
Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	**1612**	**1298**	**1048**	**1093**	**1135**
Share capital	116	115	90.0	75.8	75.8
Retained earnings	293	-20.5	-346.4	-286.6	-244.9
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	1204	1204	1304	1304	1304
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**803**	**818**	**754**	**572**	**504**
Deferred tax liabilities	47.5	34.2	34.2	34.2	34.2
Provisions	17.1	23.3	23.3	23.3	23.3
Interest bearing debt	701	712	647	466	397
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	37.3	48.7	48.7	48.7	48.7
Current liabilities	**1103**	**938**	**520**	**620**	**624**
Interest bearing debt	462	393	74.3	176	170
Payables	641	545	446	444	454
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**3518**	**3054**	**2321**	**2285**	**2263**

DCF calculation

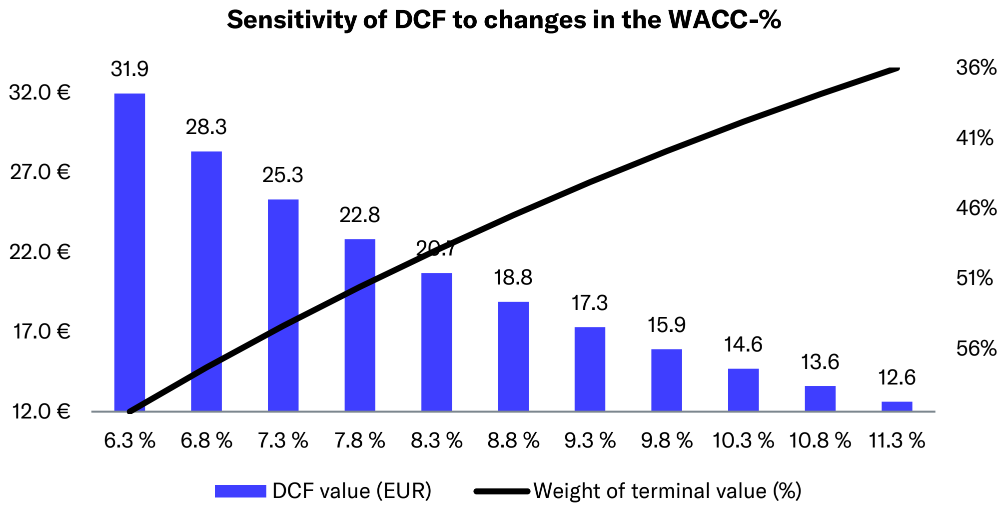
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-34.1 %	-1.2 %	-0.4 %	2.3 %	2.7 %	3.0 %	2.5 %	2.5 %	2.5 %	2.5 %	1.7 %	1.7 %
EBIT-%	7.6 %	3.7 %	11.2 %	10.9 %	11.1 %	12.5 %	12.5 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %
EBIT (operating profit)	**142**	**69.4**	**208**	**206**	**216**	**250**	**256**	**273**	**280**	**287**	**292**	
+ Depreciation	95.1	94.9	88.8	90.0	91.0	93.0	50.6	52.5	54.1	55.6	56.9	
- Paid taxes	-31	-24	-38	-37	-40	-47	-49	-53	-54	-56	-57	
- Tax, financial expenses	-13	-7	-6	-4	-4	-3	-3	-2	-2	-2	-1	
+ Tax, financial income	0	0	0	0	0	0	0	0	0	0	0	
- Change in working capital	13	142	-1	3	4	4	4	4	4	4	3	
Operating cash flow	**207**	**276**	**252**	**258**	**267**	**297**	**259**	**275**	**282**	**289**	**293**	
+ Change in other long-term liabilities	18	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	215	397	-55	-56	-57	-58	-58	-59	-60	-61	-64	
Free operating cash flow	**440**	**673**	**197**	**202**	**211**	**240**	**201**	**215**	**222**	**228**	**229**	
+/- Other	-133	-170	0	0	0	0	0	0	0	0	0	
FCFF	307	503	197	202	211	240	201	215	222	228	229	3300
Discounted FCFF		**499**	**180**	**169**	**162**	**170**	**131**	**129**	**122**	**116**	**107**	**1536**
Sum of FCFF present value		3322	2822	2642	2473	2311	2141	2010	1881	1759	1643	1536
Enterprise value DCF		**3322**										
- Interest bearing debt		-1105										
+ Cash and cash equivalents		195										
-Minorities		0										
-Dividend/capital return		-178										
Equity value DCF		**2234**										
Equity value DCF per share		**18.8**										

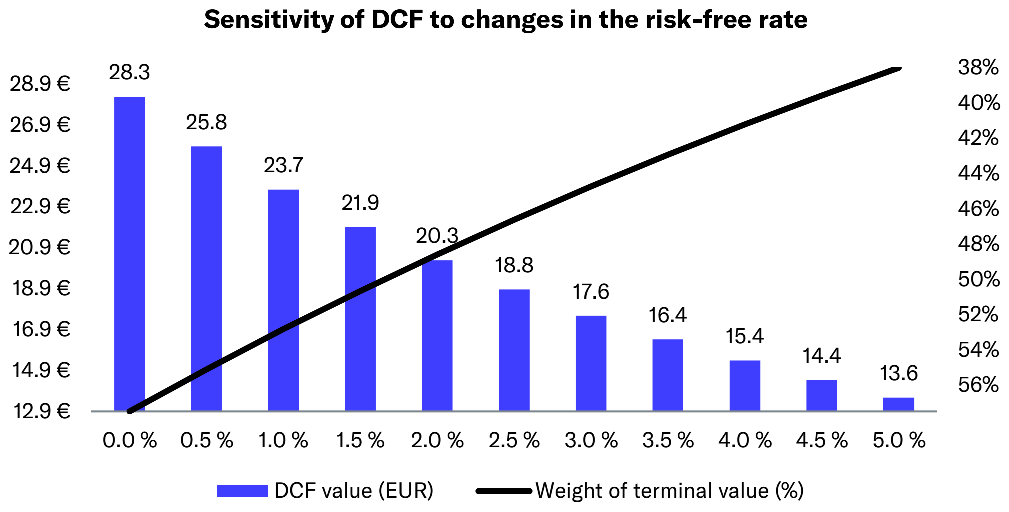
WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	5.5 %
Equity Beta	1.55
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**9.9 %**
Weighted average cost of capital (WACC)	**8.8 %**

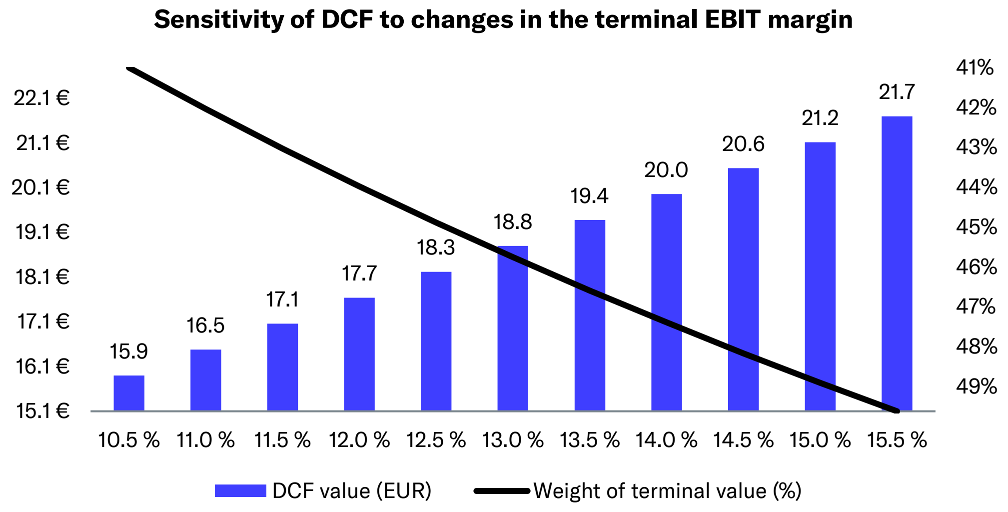
Source: Inderes

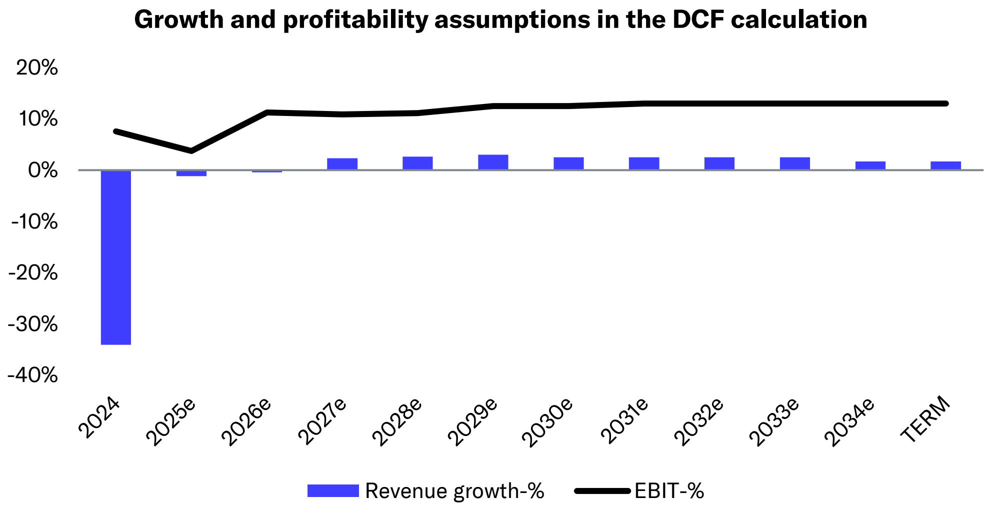


DCF sensitivity calculations and key assumptions in graphs









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
Revenue	2928	2851	1879	**1857**	**1849**
EBITDA	429	408	237	**164**	**296**
EBIT	266	256	142	**69**	**208**
PTP	243	221	97	**35**	**181**
Net Income	188	172	-63	**-148**	**143**
Extraordinary items	-113	-103	-83	**-182**	**-49**

Per share data	2022	2023	2024	2025e	2026e
EPS (reported)	1.59	1.45	0.59	**0.18**	**1.20**
EPS (adj.)	2.35	2.14	1.15	**1.62**	**1.55**
OCF / share	2.37	2.56	1.75	**2.33**	**2.13**
OFCF / share	2.04	0.60	2.58	**4.24**	**1.66**
Book value / share	14.52	13.62	10.94	**8.83**	**9.21**
Dividend / share	1.45	1.47	1.50	**0.70**	**0.90**

Balance sheet	2022	2023	2024	2025e	2026e
Balance sheet total	3394	3518	3054	**2321**	**2285**
Equity capital	1719	1612	1298	**1048**	**1093**
Goodwill	1847	1907	1648	**1418**	**1418**
Net debt	710	944	910	**536**	**457**

Growth and profitability	2022	2023	2024	2025e	2026e
Revenue growth-%	4%	-3%	-34%	**-1%**	**0%**
EBITDA growth-%	-22%	-5%	-42%	**-31%**	**80%**
EBIT (adj.) growth-%	3%	-5%	-37%	**12%**	**2%**
EPS (adj.) growth-%	7%	-9%	-46%	**41%**	**-4%**
EBITDA-%	14.6 %	14.3 %	12.6 %	**8.8 %**	**16.0 %**
EBIT (adj.)-%	12.9 %	12.6 %	12.0 %	**13.6 %**	**13.9 %**
EBIT-%	9.1 %	9.0 %	7.6 %	**3.7 %**	**11.2 %**
ROE-%	10.6 %	10.3 %	4.8 %	**1.9 %**	**13.3 %**
ROI-%	9.8 %	9.4 %	5.5 %	**3.4 %**	**11.9 %**
Equity ratio	50.7 %	45.8 %	42.5 %	**45.1 %**	**47.8 %**
Gearing	41.3 %	58.5 %	70.1 %	**51.2 %**	**41.8 %**

Cash flow	2022	2023	2024	2025e	2026e
EBITDA	429	408	237	**164**	**296**
Change in working capital	-83	-78	13	**142**	**-1**
Operating cash flow	281	304	207	**276**	**252**
CAPEX	-15	-216	215	**397**	**-55**
Free cash flow	242	71	307	**503**	**197**

Valuation multiples	2022	2023	2024	2025e	2026e
EV/S	1.3	1.2	1.6	**1.4**	**1.4**
EV/EBITDA	9.0	8.6	12.3	**16.1**	**8.7**
EV/EBIT (adj.)	10.2	9.7	13.0	**10.5**	**10.0**
P/E (adj.)	11.3	10.1	14.8	**11.0**	**11.5**
P/B	1.8	1.6	1.6	**2.0**	**1.9**
Dividend-%	5.5 %	6.8 %	8.8 %	**3.9 %**	**5.0 %**

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. Per-share figures are calculated using the number of shares at year-end.

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

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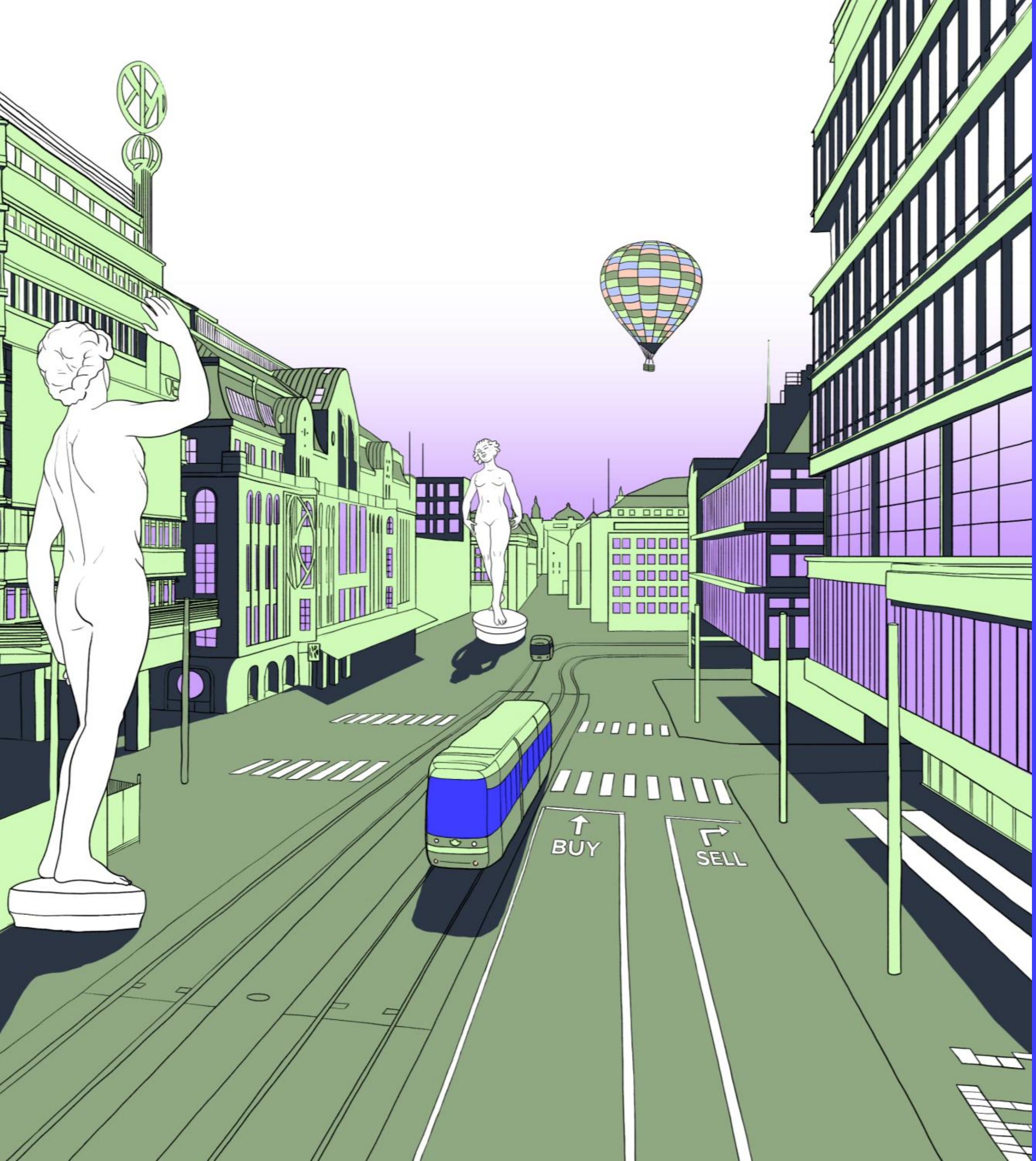
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
4/26/2018	Reduce	29.00 €	29.86 €
7/23/2018	Accumulate	28.00 €	25.96 €
10/25/2018	Reduce	27.00 €	26.30 €
11/29/2018	Reduce	27.00 €	25.70 €
2/7/2019	Reduce	27.00 €	26.70 €
4/26/2019	Reduce	27.00 €	27.50 €
7/22/2019	Accumulate	26.00 €	23.10 €
10/25/2019	Reduce	26.00 €	25.92 €
12/11/2019	Reduce	27.00 €	26.86 €
2/17/2020	Reduce	29.00 €	30.30 €
3/30/2020	Accumulate	21.00 €	18.69 €
4/29/2020	Accumulate	25.00 €	21.94 €
7/27/2020	Accumulate	28.00 €	26.24 €
10/21/2020	Buy	30.00 €	25.90 €
10/28/2020	Buy	30.00 €	22.66 €
2/18/2021	Buy	30.00 €	26.34 €
4/30/2021	Buy	34.00 €	28.98 €
7/21/2021	Buy	34.00 €	28.36 €
10/27/2021	Buy	34.00 €	26.94 €
2/18/2022	Buy	32.00 €	25.70 €
5/6/2022	Buy	31.00 €	22.72 €
7/25/2022	Buy	31.00 €	26.14 €
10/28/2022	Accumulate	28.00 €	24.34 €
12/1/2022	Accumulate	29.00 €	25.92 €
2/16/2023	Accumulate	33.00 €	29.58 €
5/5/2023	Accumulate	31.00 €	26.56 €
7/24/2023	Accumulate	26.00 €	22.34 €
9/20/2023	Accumulate	25.00 €	21.52 €
10/27/2023	Buy	25.00 €	19.51 €
1/17/2024	Accumulate	25.00 €	21.86 €
2/16/2024	Accumulate	25.00 €	22.10 €
4/26/2024	Buy	24.00 €	17.35 €
7/24/2024	Buy	24.00 €	18.81 €
10/18/2024	Buy	22.00 €	17.58 €
10/25/2024	Buy	22.00 €	18.92 €
2/17/2025	Buy	22.00 €	18.32 €
3/25/2025	Accumulate	21.00 €	18.27 €
4/25/2025	Accumulate	20.00 €	16.03 €
4/30/2025	Accumulate	19.00 €	15.74 €
7/23/2025	Accumulate	17.00 €	14.45 €
9/16/2025	Accumulate	17.00 €	15.70 €
10/23/2025	Reduce	18.00 €	18.20 €
11/26/2025	Reduce	18.00 €	17.84 €



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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