NESTE

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COMPANY REPORT

Margin party keeps on running

Neste will publish its Q2'26 results on Friday, July 24, at around 9:00 am EEST. The market situation in the company's main markets has been quite favorable, which is reflected in our margin-driven upward revisions to forecasts in both key businesses, especially for the short term. Reflecting the upgraded estimates, we raise our target price to EUR 34.0 (from EUR 33.0) and reiterate our Accumulate recommendation for the stock, which we believe is attractively priced.

Margins have remained high and even increased

Due to the ongoing Middle East conflict and the tightening fuel supply/demand situation, diesel prices remained high in Q2, although they have decreased from the elevated levels seen at the beginning of the quarter. Reflecting this and the lower oil price, the refining margin for fossil fuels, especially diesel, has recently been exceptionally high and has recently started to rise again. In addition to the Middle East conflict, we estimate that Ukrainian attacks have reduced Russia's refining capacity, further tightening the fuel market. The price of fossil diesel is reflected in the price of renewable diesel. In addition, renewable diesel, especially for road transport, has benefited from supply constraints in Europe. Reflecting this, renewable diesel reference margins have recently been well over USD 1000/ton, which is an exceptionally high level.

Significant increase in Q2 earnings expectations

We have raised our short-term forecasts and expect Neste to achieve a comparable EBITDA of 1,161 MEUR in Q2 (was 909 MEUR). Thus, we expect the comparable EBITDA to more than triple from the subdued comparison period, which was characterized by a market situation completely opposite to the current strong market. The earnings improvement is driven by both main segments, Oil Products and Renewable Products, supported by their significant refining and sales margins.

Neste has guided that it expects sales volumes for Renewables to be approximately at the same level in 2026 and sales volumes for Oil Products to be lower than in 2025. We believe this guidance will remain unchanged, as it is difficult to extract more volumes from Renewable Products, and the major maintenance turnaround in Porvoo at the end of the year will specifically reduce sales volumes of Oil Products. Instead of volumes, the main focus of the results will be on the margin outlook, which is subject to considerably more uncertainty in a volatile market.

We also raised our longer-term estimates

In connection with this report, we have also raised our longer-term estimates. Our H2'26 estimates were raised due to sustained high margins. Additionally, we have incorporated assumptions of a tighter market situation and thus a higher sales margin in Renewables into our medium-term forecasts. Our current year forecasts for comparable EBITDA increased significantly (17%), while forecast changes for the coming years were in the 3-5% range.

Risk/reward is attractive

Following the upward revision of our estimates, the stock's 2026-2027 valuation multiples (P/E ratio of 11-15x and EV/EBIT multiple of 10-13x) are, on the whole, quite neutral. With the earnings growth of renewable products, the segment is valued at less than 9x EV/EBIT for 2028 based on our sum-of-parts calculation. In our view, this is an attractive level, and the potential for valuation upside in the medium term offers an attractive expected return.

Recommendation
Accumulate
(was Accumulate)

Target price:
EUR 34.00
(was EUR 33.00)

Share price:
EUR 29.10

Business risk

Valuation risk

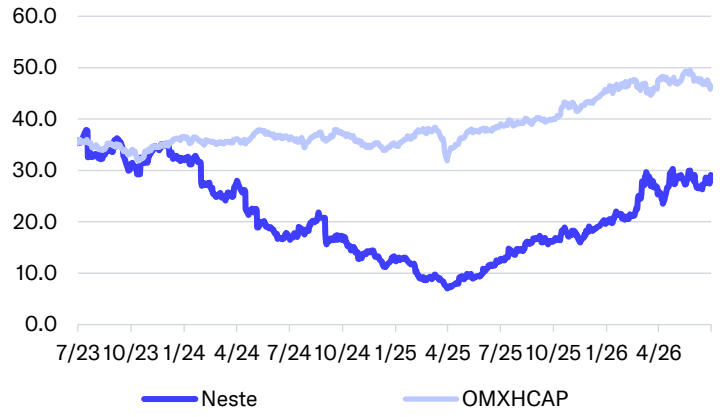
	2025	2026e	2027e	2028e
Revenue	19016	21026	23930	27457
growth-%	-8%	11%	14%	15%
EBIT adj.	748	2579	1823	2562
EBIT-% adj.	3.9 %	12.3 %	7.6 %	9.3 %
Net income	144	2064	1446	2076
EPS (adj.)	0.47	2.63	1.88	2.70
P/E (adj.)	41.0	11.1	15.5	10.8
P/B	2.0	2.4	2.2	1.9
Dividend yield-%	1.0 %	1.7 %	2.2 %	2.9 %
EV/EBIT (adj.)	25.0	9.7	13.2	8.8
EV/EBITDA	13.0	7.2	8.6	6.4
EV/S	1.0	1.2	1.0	0.8

Source: Inderes

Guidance (Unchanged)

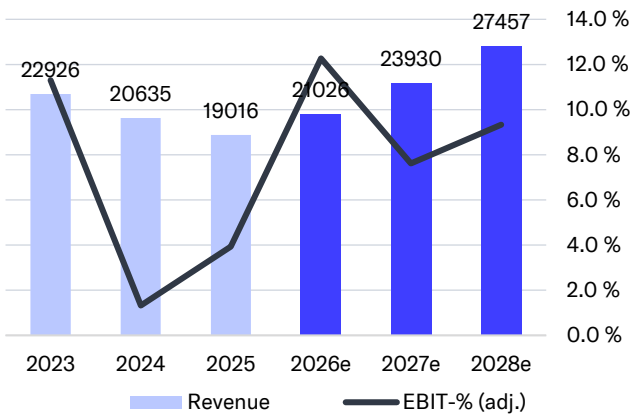
Renewable Products' sales volumes in 2026 are expected to be approximately at the same level and Oil Products' sales volumes in 2026 are expected to be lower than in 2025

Share price



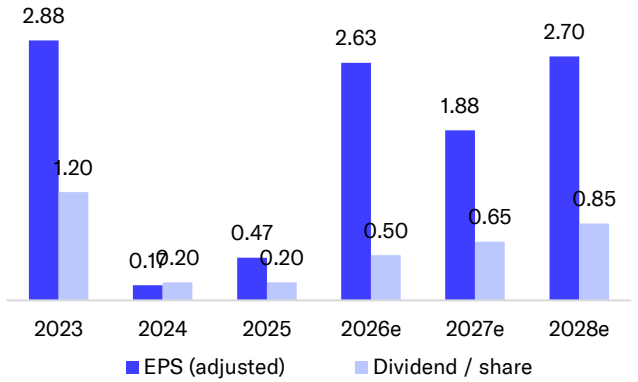
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

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	29.10	29.10	29.10
Number of shares, millions	768.3	768.3	768.3
Market cap	22357	22357	22357
EV	25037	24062	22473
P/E (adj.)	11.1	15.5	10.8
P/E	10.8	15.5	10.8
P/B	2.4	2.2	1.9
P/S	1.1	0.9	0.8
EV/Sales	1.2	1.0	0.8
EV/EBITDA	7.2	8.6	6.4
EV/EBIT (adj.)	9.7	13.2	8.8
Payout ratio (%)	18.6 %	34.5 %	31.5 %
Dividend yield-%	1.7 %	2.2 %	2.9 %

Source: Inderes

Margin-driven earnings celebration

The comparison period figures are negligible in Q2

We forecast Neste's Q2'26 comparable EBITDA to have risen to 1,161 MEUR, representing more than a threefold increase from the weak comparison period. Our estimate is slightly above the consensus estimate.

The margin situation has turned upside down in a year

We estimate that sales volumes for Renewable Products settled at just over one million tons in Q2'26, representing a slight 6% year-on-year decrease. The key driver for the improvement in Renewable Products' earnings in our forecasts is the sales margin, which is expected to rise to USD 1100/ton (consensus USD 722/ton). We anticipate this to triple from the exceptionally weak USD 361/ton in the comparison period. The sharp change in sales margin reflects the correction of the supply and demand imbalance in the market compared to the reference period, as well as the impacts of the Middle East conflict. A key driver is the significantly increased demand for renewable diesel in European road transport. In addition, the rising price of fossil diesel has increased the price of renewable diesel, as it is used as a basis for pricing. Recently, reference prices for renewable diesel in the market have been clearly above the USD 1000/ton level, and it will be interesting to see what level Neste achieved in Q2, considering that its annual contracts somewhat limit its ability to benefit from spot margins. In general, reference margins do not reflect the realized margins of individual deliveries and are, in our understanding, more indicative.

In Oil Products, the margin situation has developed similarly, as the reduction in refining capacity due to wars has further tightened fuel markets. This is reflected in the sustained high diesel refining margin, which, in our assessment, has recently received additional support from Ukrainian attacks on Russian refining capacity. We forecast the refining margin for Oil Products to rise to USD 24/bbl (USD 10/bbl), even though company management indicated that Q1 was the peak margin.

	Q2'25	Q2'26	Q2'26e	Q2'26e	Consensus			2026e
MEUR / EUR	**Comparison**	**Actualized**	**Inderes**	**Consensus**	**Low**		**High**	**Inderes**
Revenue	4511		6053	6209	5376	-	7689	21026
EBITDA (adj.)	341		1161	1118	832	-	1313	3448
PTP	-52		899	-	-	-	-	2467
EPS (reported)	-0.05		0.99	0.90	0.53	-	1.12	2.69
Revenue growth-%	-2.8 %		34.2 %	37.7 %	19.2 %	-	70.5 %	10.6 %
EBITDA-% (adj.)	7.6 %		19.2 %	18.0 %	15.5 %	-	17.1 %	16.4 %

Source: Inderes & Vara Research
(consensus, 12 forecasts)

Upgrades to short and medium-term forecasts

Conflict is shaking the market

The conflict in the Middle East has recently fluctuated between escalation and peace negotiations, and the situation regarding traffic in the Strait of Hormuz remains volatile. During Q2, the price of fossil diesel trended downwards following the opening of the strait, but has recently turned upwards again. At the same time, the fossil diesel margin has remained at a high level and has recently even turned upwards. In our view, this reflects the already tight supply and demand situation in diesel refining capacity, which has been further constrained by military actions and attacks on refineries. In our view, drone attacks by Ukraine in Russia have also contributed to this, as the destruction of local refining capacity impacts global diesel supply despite sanctions.

Revisions to short-term forecasts

We have made margin-driven forecast changes for 2026 in both main segments, i.e., Oil Products and Renewable Products. The largest forecast upgrades were for Q2, for which we significantly raised the refining/sales margin forecast for both segments. Based on the development at the beginning of Q3, we have also raised our H2'26 margin estimates for both segments, but in the current scenario, we expect the margin peak to occur in Q2. The situation can naturally change rapidly, as has been seen recently, and this keeps short-term forecast risks high.

We also slightly raised our margin estimates for the coming years

In addition to the short-term forecast changes, we have also made positive adjustments to our medium-term forecasts for Renewables. These reflect the strong market situation in Europe and the United States, which, in our view, has strengthened the margin outlook for the longer term as well. Due to the forecast changes, the average sales margin forecast for Renewable Products for 2027-2028 rose to USD 645/ton (was USD 620/ton). USD 620/ton). This is clearly lower than the current level and reflects a scenario where the price of fossil diesel returns to a significantly lower level and the supply and demand situation for renewable diesel is somewhat balanced. Thus, the forecast scenario is not particularly aggressive given the current market situation.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	**Old**	**New**	**%**	**Old**	**New**	**%**	**Old**	**New**	**%**
Revenue	20304	21026	4%	23571	23930	2%	27008	27457	2%
EBITDA	2974	3490	17%	2680	2805	5%	3413	3517	3%
EBIT (exc. NRIs)	2063	2579	25%	1698	1823	7%	2458	2562	4%
EBIT	2105	2621	25%	1698	1823	7%	2458	2562	4%
PTP	1951	2467	26%	1570	1701	8%	2338	2442	4%
EPS (excl. NRIs)	2.06	2.63	28%	1.74	1.88	8%	2.59	2.70	4%
DPS	0.50	0.50	0%	0.65	0.65	0%	0.85	0.85	0%

Source: Inderes

Expected return is attractive

Earnings-based valuation is high for the coming years

With the significant rise in forecasts, the P/E ratios for 2026-2027 are 11x and 15x, while the corresponding EV/EBIT ratios are 10x and 13x. In our view, the short-term valuation is reasonable, although we expect earnings to decline in both main segments next year as the market stabilizes.

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.

Value of Renewables moderately reflects earnings growth expectations

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 (4.4 BEUR), the value of Marketing & Services (1.5 BEUR), and the value of the Other reporting segment (which includes group costs, ~-550 MEUR) from the company's current enterprise value (~24.6 BEUR), the total enterprise value remains at around 18.1 BEUR. This gives a rough idea of how the market currently values the Renewable Products segment.

An enterprise value of 18.1 BEUR corresponds to an EV/EBIT multiple of just under 9x, based on our 2028 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 2028 will naturally have a significant impact on the earnings potential for that year. However, recent regulatory developments have been positive for the longer-term market balance, ensuring significant demand growth in the United States (RVO) and also the growth outlook brought by the REDIII directive in Europe. In light of these and other factors, we have slightly raised our medium-term margin forecasts. Nevertheless, we would like to note that the margin is highly susceptible to fluctuations, which, if they occur, will significantly alter the earnings growth outlook.

In our view, an EV/EBIT multiple of under 9x is a 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 an attractive medium-term return expectation, which, in our view, makes the risk/reward ratio appealing despite the high volatility in margins and the associated risk level.

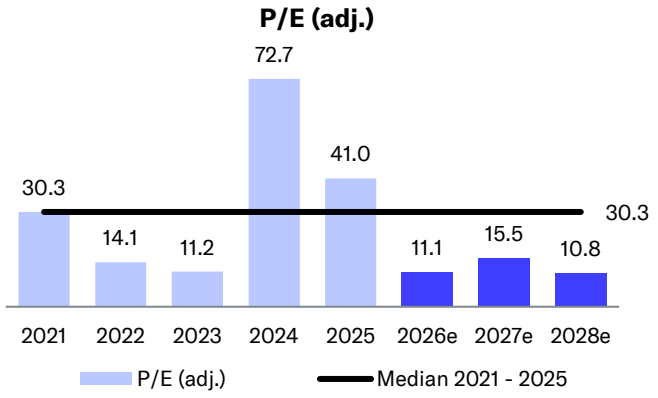
Valuation	2026e	2027e	2028e
Share price	29.10	29.10	29.10
Number of shares, millions	768.3	768.3	768.3
Market cap	22357	22357	22357
EV	25037	24062	22473
P/E (adj.)	11.1	15.5	10.8
P/E	10.8	15.5	10.8
P/B	2.4	2.2	1.9
P/S	1.1	0.9	0.8
EV/Sales	1.2	1.0	0.8
EV/EBITDA	7.2	8.6	6.4
EV/EBIT (adj.)	9.7	13.2	8.8
Payout ratio (%)	18.6 %	34.5 %	31.5 %
Dividend yield-%	1.7 %	2.2 %	2.9 %

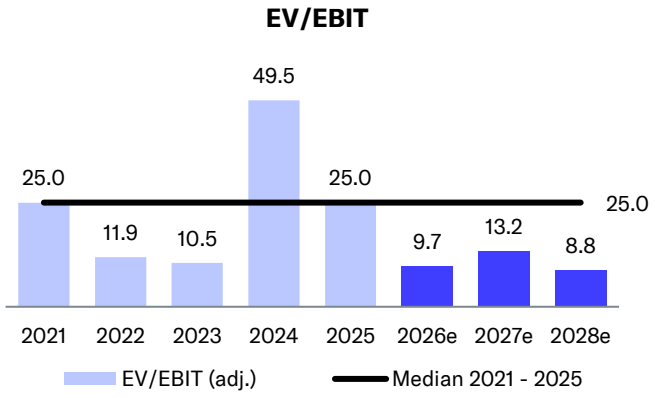
Source: Inderes

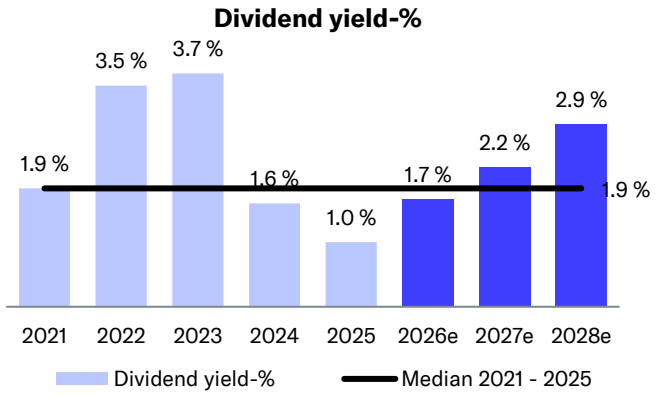
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	43.4	43.0	32.21	12.13	19.41	**29.1**	**29.1**	**29.1**	**29.1**
Number of shares, millions	768	768	768	768	768	**768**	**768**	**768**	**768**
Market cap	33299	33043	24744	9318	14912	**22357**	**22357**	**22357**	**22357**
EV	33494	34407	27237	13511	18728	**25037**	**24062**	**22473**	**20567**
P/E (adj.)	30.3	14.1	11.2	72.7	41.0	**11.1**	**15.5**	**10.8**	**10.7**
P/E	18.8	17.5	17.3	neg.	>100	**10.8**	**15.5**	**10.8**	**10.7**
P/B	4.8	4.0	2.9	1.3	2.0	**2.4**	**2.2**	**1.9**	**1.7**
P/S	2.2	1.3	1.1	0.5	0.8	**1.1**	**0.9**	**0.8**	**0.8**
EV/Sales	2.2	1.3	1.2	0.7	1.0	**1.2**	**1.0**	**0.8**	**0.8**
EV/EBITDA	12.8	11.3	10.7	13.4	13.0	**7.2**	**8.6**	**6.4**	**5.7**
EV/EBIT (adj.)	25.0	11.9	10.5	49.5	25.0	**9.7**	**13.2**	**8.8**	**8.0**
Payout ratio (%)	36%	62%	64%	neg.	107%	**19%**	**35%**	**31%**	**50%**
Dividend yield-%	1.9 %	3.5 %	3.7 %	1.6 %	1.0 %	**1.7 %**	**2.2 %**	**2.9 %**	**4.7 %**

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-%		P/B
Company	**MEUR**	**MEUR**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**
Total SA	158233	190046	5.9	7.0	4.1	4.7	0.9	1.0	7.3	8.4	5.1	5.3	1.4
ENI SPA	64360	90993	6.8	7.9	4.5	4.9	1.0	1.0	8.3	9.3	5.2	5.4	1.3
Koc Holding AS	8730	23188	8.8	6.8	5.6	4.4	0.4	0.3	9.1	6.2	4.0	5.0	0.5
TURKIYE PETROL RAFINERILERI AS	9247	7465	4.9	6.0	4.0	4.7	0.3	0.3	7.9	8.6	10.5	11.3	1.2
MOL PLC	8988	12086	7.8	7.4	4.0	3.9	0.5	0.5	8.0	7.3	7.3	7.6	0.7
EQUINOR ASA	71985	80952	2.2	2.9	1.8	2.2	0.8	0.9	6.7	9.1	4.7	4.9	1.8
VALERO ENERGY CORP	73639	81139	7.7	10.7	6.2	8.5	0.7	0.8	9	13.4	1.7	1.8	3.1
HELLENIC PETROLEUM SA	3286	6253	7.6	9.8	5.3	6.0	0.5	0.5	6.2	8.0	6.5	5.7	1.1
POLSKI KONCERN NAFTOWY ORLEN SA	37695	37869	5.0	5.8	3.5	3.7	0.6	0.6	8.0	9.0	5.0	4.6	1.0
Neste (Inderes)	**22357**	**25037**	**9.7**	**13.2**	**7.2**	**8.6**	**1.2**	**1.0**	**11.1**	**15.5**	**1.7**	**2.2**	**2.4**
Average			**6.3**	**7.1**	**4.3**	**4.8**	**0.6**	**0.7**	**7.9**	**8.8**	**5.6**	**5.7**	**1.3**
Median			**6.8**	**7.0**	**4.1**	**4.7**	**0.6**	**0.6**	**8.0**	**8.6**	**5.1**	**5.3**	**1.2**
Diff-% to median			**42%**	**89%**	**73%**	**84%**	**113%**	**70%**	**38%**	**79%**	**-66%**	**-58%**	**107%**

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	**20635**	**5017**	**4511**	**4534**	**4953**	**19016**	**5164**	**6053**	**5250**	**4559**	**21026**	**23930**	**27457**	**26920**
Oil Products	11829	2936	2198	2167	2021	9322	2364	2700	2166	1392	8622	11070	11475	10260
Renewable Products	7321	1746	1915	1965	2470	8095	2317	2888	2630	2527	10361	11245	14212	14688
Marketing & Services	4687	1054	1042	1068	1147	4310	1358	1150	1075	1095	4678	4300	4450	4500
Other	125	47	41	37	41	166	41	40	40	45	166	165	170	172
Eliminations	-3326	-765	-686	-702	-725	-2878	-916	-725	-660	-500	-2801	-2850	-2850	-2700
EBITDA	**1005**	**200**	**246**	**447**	**545**	**1438**	**903**	**1161**	**852**	**574**	**3490**	**2805**	**3517**	**3583**
Depreciation	-980	-224	-229	-231	-250	-934	-217	-217	-217	-217	-868	-982	-955	-996
EBIT (excl. NRI)	**273**	**-15**	**113**	**301**	**349**	**748**	**643**	**944**	**635**	**357**	**2579**	**1823**	**2562**	**2587**
EBIT	**25**	**-25**	**18**	**216**	**294**	**503**	**685**	**944**	**635**	**357**	**2621**	**1823**	**2562**	**2587**
Oil Products	311	8	-27	167	176	325	293	270	206	7	777	432	467	362
Renewable Products	-75	-19	30	31	109	151	310	660	413	342	1725	1363	2067	2197
Marketing & Services	73	10	26	27	19	82	41	25	27	19	112	76	78	78
Other	-42	-24	-16	-10	-12	-62	4	-11	-11	-11	-29	-48	-50	-50
Eliminations	6	0	5	0	1	6	-5	0	0	0	-5	0	0	0
Changes in fair value	-248	0	0	0	0	0	42	0	0	0	42	0	0	0
Net financial items	-138	-32	-70	-64	-138	-304	-19	-45	-45	-45	-154	-122	-120	-118
PTP	**-113**	**-57**	**-52**	**152**	**156**	**199**	**666**	**899**	**590**	**312**	**2467**	**1701**	**2442**	**2469**
Taxes	19	17	16	-46	-42	-55	-133	-135	-89	-47	-403	-255	-366	-370
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**	**764**	**502**	**265**	**2064**	**1446**	**2076**	**2098**
EPS (adj.)	**0.17**	**-0.04**	**0.06**	**0.23**	**0.22**	**0.47**	**0.64**	**0.99**	**0.65**	**0.35**	**2.63**	**1.88**	**2.70**	**2.73**
EPS (rep.)	**-0.12**	**-0.05**	**-0.05**	**0.14**	**0.15**	**0.19**	**0.69**	**0.99**	**0.65**	**0.35**	**2.69**	**1.88**	**2.70**	**2.73**

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-10.0 %	4.5 %	-2.8 %	-19.4 %	-11.0 %	-7.8 %	2.9 %	34.2 %	15.8 %	-8.0 %	10.6 %	13.8 %	14.7 %	-2.0 %
Adjusted EBIT growth-%	-89.5 %	-104.8 %	4412.0 %	545.7 %	510.2 %	174.0 %	4476.2 %	736.8 %	111.1 %	2.3 %	244.8 %	-29.3 %	40.6 %	1.0 %
EBITDA-%	4.9 %	4.0 %	5.5 %	9.9 %	11.0 %	7.6 %	17.5 %	19.2 %	16.2 %	12.6 %	16.6 %	11.7 %	12.8 %	13.3 %
Adjusted EBIT-%	1.3 %	-0.3 %	2.5 %	6.6 %	7.0 %	3.9 %	12.5 %	15.6 %	12.1 %	7.8 %	12.3 %	7.6 %	9.3 %	9.6 %
Net earnings-%	-0.5 %	-0.8 %	-0.8 %	2.3 %	2.3 %	0.8 %	10.3 %	12.6 %	9.6 %	5.8 %	9.8 %	6.0 %	7.6 %	7.8 %

Source: Inderes

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

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	**10026**	**9931**	**10123**	**9726**	**9356**
Goodwill	514	478	478	478	478
Intangible assets	164	130	140	150	160
Tangible assets	8872	8908	9090	8683	8303
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**	**5470**	**7486**	**9976**
Inventories	2898	2895	2702	3516	4119
Other current assets	163	140	140	140	140
Receivables	1539	1416	1787	2034	2334
Cash and equivalents	955	1367	841	1795	3384
Balance sheet total	**15581**	**15749**	**15593**	**17211**	**19332**

Source: Inderes

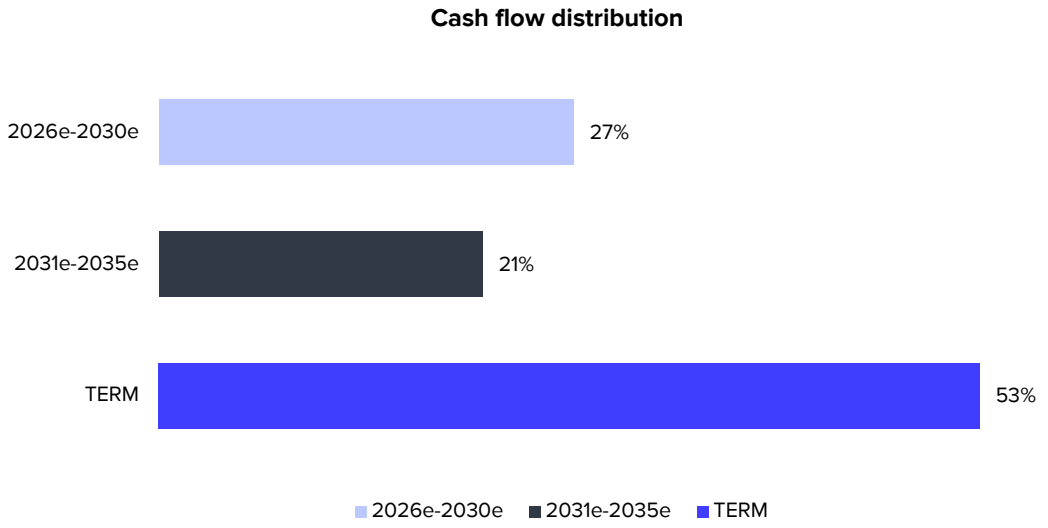
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**7417**	**7314**	**9225**	**10287**	**11863**
Share capital	40	40	40	40	40
Retained earnings	7377	7274	9185	10247	11823
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	0	0	0	0	0
Minorities	0	0	0	0	0
Non-current liabilities	**4954**	**5350**	**3658**	**3637**	**3637**
Deferred tax liabilities	335	370	370	370	370
Provisions	144	165	165	165	165
Interest bearing debt	4362	4713	3021	3000	3000
Convertibles	0	0	0	0	0
Other long-term liabilities	113	102	102	102	102
Current liabilities	**3211**	**3085**	**2710**	**3288**	**3832**
Interest bearing debt	786	470	500	500	500
Payables	2185	2440	2036	2613	3158
Other current liabilities	241	174	174	174	174
Balance sheet total	**15581**	**15749**	**15593**	**17211**	**19332**

DCF calculation

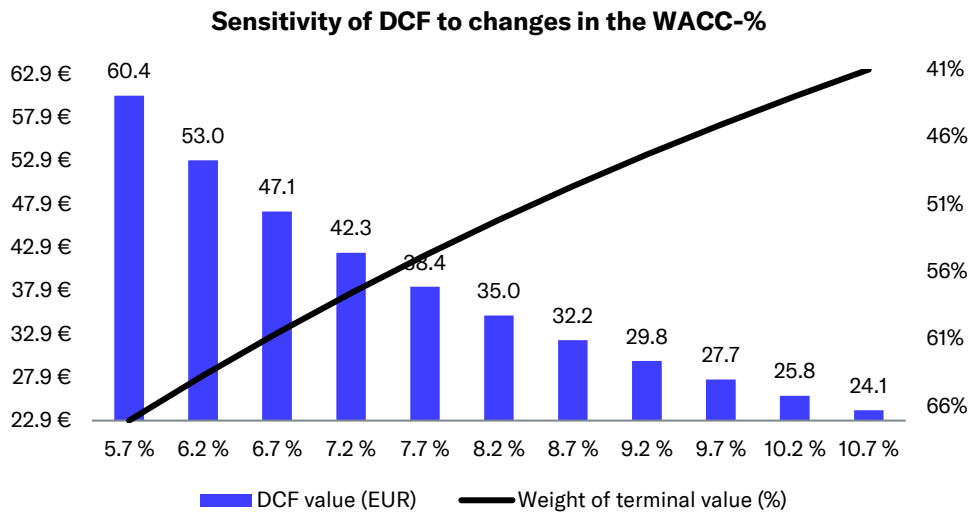
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-7.8 %	10.6 %	13.8 %	14.7 %	-2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	2.6 %	12.5 %	7.6 %	9.3 %	9.6 %	10.0 %	10.0 %	10.0 %	9.5 %	9.0 %	9.0 %	9.0 %
EBIT (operating profit)	**503**	**2621**	**1823**	**2562**	**2587**	**2746**	**2801**	**2857**	**2768**	**2675**	**2728**	
+ Depreciation	934	868	982	955	996	790	694	688	683	679	676	
- Paid taxes	-19	-403	-255	-366	-370	-394	-403	-411	-398	-384	-523	
- Tax, financial expenses	-46	-25	-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	-583	-483	-358	64	-65	-66	-67	-69	-70	-71	
Operating cash flow	**1712**	**2479**	**2048**	**2775**	**3260**	**3060**	**3009**	**3049**	**2967**	**2883**	**2787**	
+ Change in other long-term liabilities	11	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-839	-1060	-585	-585	-600	-605	-630	-640	-645	-645	-706	
Free operating cash flow	**883**	**1419**	**1463**	**2190**	**2660**	**2455**	**2379**	**2409**	**2322**	**2238**	**2081**	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	883	1419	1463	2190	2660	2455	2379	2409	2322	2238	2081	34292
Discounted FCFF		**1367**	**1302**	**1802**	**2023**	**1726**	**1546**	**1447**	**1289**	**1148**	**987**	**16264**
Sum of FCFF present value		30901	29535	28233	26430	24407	22682	21136	19689	18400	17251	16264
Enterprise value DCF		**30901**										
- Interest bearing debt		-5183										
+ Cash and cash equivalents		1367										
+ Associated companies		0										
-Minorities		0										
-Dividend/capital return		-154										
Equity value DCF		**26932**										
Equity value DCF per share		**35.1**										

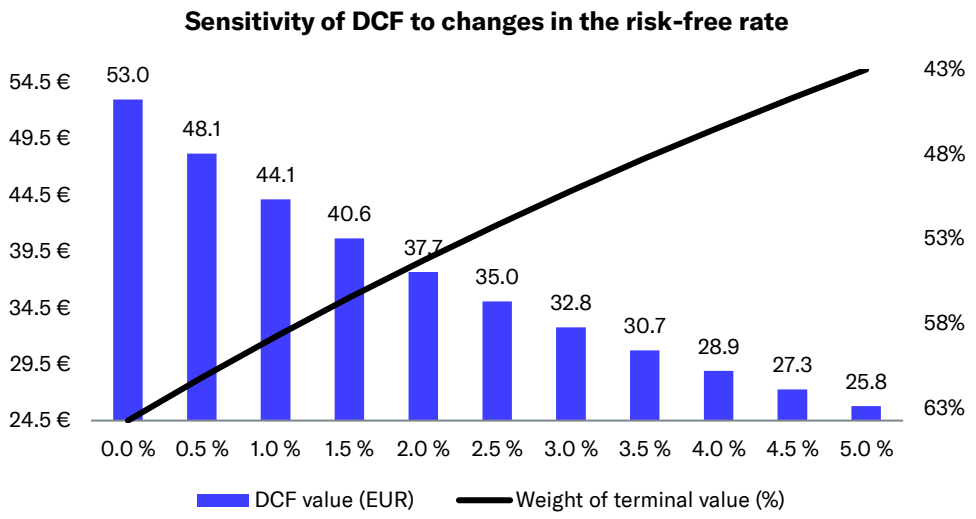
WACC	
Tax-% (WACC)	15.0 %
Target debt ratio (D/(D+E)	20.0 %
Cost of debt	4.0 %
Equity Beta	1.45
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**9.4 %**
Weighted average cost of capital (WACC)	**8.2 %**

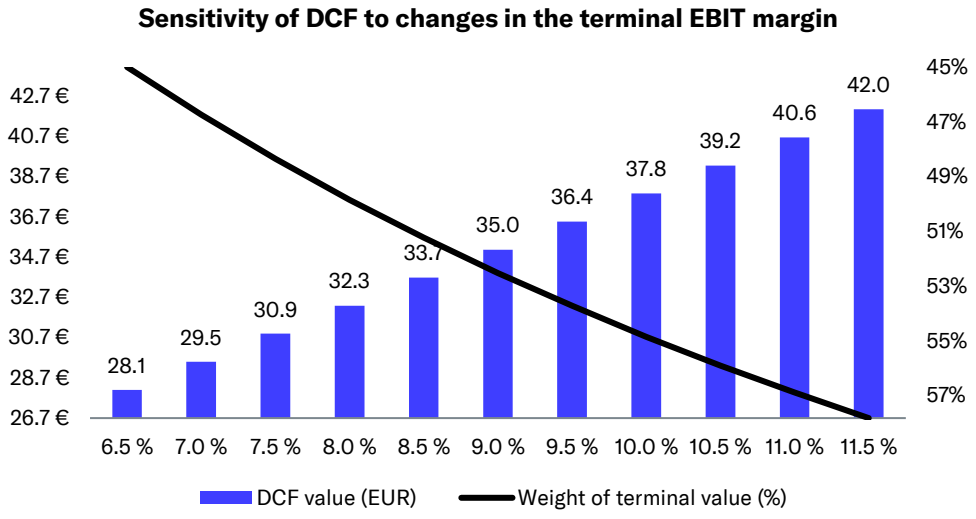
Source: Inderes

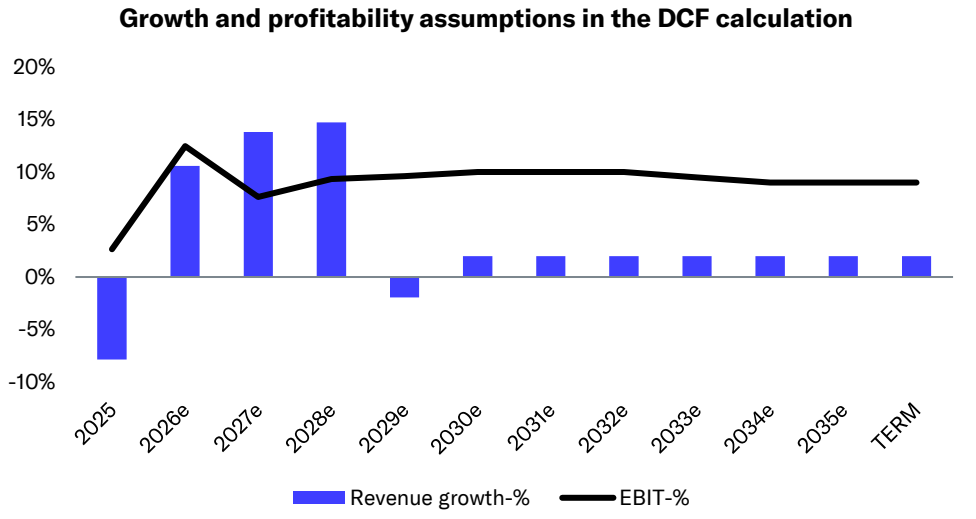


DCF sensitivity calculations and key assumptions in graphs









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

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	22926	20635	19016	**21026**	**23930**
EBITDA	2548	1005	1438	**3490**	**2805**
EBIT	1682	25	503	**2621**	**1823**
PTP	1596	-113	199	**2467**	**1701**
Net Income	1433	-95	144	**2064**	**1446**
Extraordinary items	-910	-248	-245	**42**	**0**

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	15983	15581	15749	**15593**	**17211**
Equity capital	8463	7417	7314	**9225**	**10287**
Goodwill	496	514	478	**478**	**478**
Net debt	2493	4193	3816	**2680**	**1705**

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	2548	1005	1438	**3490**	**2805**
Change in working capital	224	568	339	**-583**	**-483**
Operating cash flow	2516	1492	1712	**2479**	**2048**
CAPEX	-2247	-2058	-839	**-1060**	**-585**
Free cash flow	223	-638	883	**1419**	**1463**

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	1.2	0.7	1.0	**1.2**	**1.0**
EV/EBITDA	10.7	13.4	13.0	**7.2**	**8.6**
EV/EBIT (adj.)	10.5	49.5	25.0	**9.7**	**13.2**
P/E (adj.)	11.2	72.7	41.0	**11.1**	**15.5**
P/B	2.9	1.3	2.0	**2.4**	**2.2**
Dividend-%	3.7 %	1.6 %	1.0 %	**1.7 %**	**2.2 %**

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	1.86	-0.12	0.19	**2.69**	**1.88**
EPS (adj.)	2.88	0.17	0.47	**2.63**	**1.88**
OCF / share	3.28	1.94	2.23	**3.23**	**2.67**
OFCF / share	0.29	-0.83	1.15	**1.85**	**1.90**
Book value / share	11.02	9.65	9.52	**12.01**	**13.39**
Dividend / share	1.20	0.20	0.20	**0.50**	**0.65**

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	-11%	-10%	-8%	**11%**	**14%**
EBITDA growth-%	-16%	-61%	43%	**143%**	**-20%**
EBIT (adj.) growth-%	-11%	-89%	174%	**245%**	**-29%**
EPS (adj.) growth-%	-5%	-94%	184%	**455%**	**-28%**
EBITDA-%	11.1 %	4.9 %	7.6 %	**16.6 %**	**11.7 %**
EBIT (adj.)-%	11.3 %	1.3 %	3.9 %	**12.3 %**	**7.6 %**
EBIT-%	7.3 %	0.1 %	2.6 %	**12.5 %**	**7.6 %**
ROE-%	17.1 %	-1.2 %	2.0 %	**25.0 %**	**14.8 %**
ROI-%	14.3 %	0.2 %	4.0 %	**20.8 %**	**13.8 %**
Equity ratio	53.0 %	47.6 %	46.4 %	**59.2 %**	**59.8 %**
Gearing	29.5 %	56.5 %	52.2 %	**29.1 %**	**16.6 %**
Net debt/EBITDA	1.0	4.2	2.7	**0.8**	**0.6**
EBITDA/net financials	29.6	7.3	4.7	**22.7**	**23.1**

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
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 €

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