

NESTE

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COMPANY REPORT



Volumes of Renewable Products are tight

Neste's Q4 earnings beat expectations by a wide margin while the sales volume guidance for Renewable Products in 2026 was weak compared to expectations. Reflecting this, we have made minor negative adjustments to our current-year estimates. Therefore, we reiterate our EUR 22.0 target price and Reduce recommendation.

Margins exceeded expectations in Q4

Neste achieved a comparable EBITDA of 601 MEUR in Q4, which clearly beat both our and consensus estimates. Earnings growth, relative to the weak level of the comparison period, was particularly driven by Renewable Products. Despite maintenance turnarounds, the segment achieved a higher-than-expected sales volume of 1.1 Mt. In line with this, and a higher-than-anticipated sales margin, Renewable Products' earnings significantly exceeded expectations. This was further supported by Oil Products, where the refining margin rose to a rather high level due to very high product margins at the end of the year. Thanks to good earnings development and, above all, working capital management, Q4 cash flow rose to a strong level. This increased full-year cash flow to over 1.7 BEUR, also allowing full-year free cash flow to climb significantly into positive territory (550 MEUR) after a challenging 2024. This is of paramount importance, as the company's debt is elevated, and the Rotterdam investment project continues to consume significant capital. Neste will pay an expected dividend of EUR 0.20 per share.

Sales volumes of Renewable Products are tight

Neste provided guidance for the current year, estimating that sales volumes for Renewable Products would remain at the same level as in 2025, while sales volumes for Oil Products would decrease. The latter guidance was expected, as the maintenance turnaround in Porvoo, likely scheduled for the end of the year, will reduce the segment's volumes. At the same time, guidance for Renewable

Products fell short of expectations as maintenance activities are also eroding this segment's volume development. Regarding the margin outlook, the company remained tight-lipped, as expected, but we understand that strong market conditions at the end of 2025 helped increase the pricing of annual contracts (~60% of Renewables sales volumes) for this year.

Forecasts declined in line with outlook for Renewable Products

We have lowered our forecast for this year's operating result by 4% following the guidance on sales volumes for Renewable Products. While our updated forecast projects a sales volume growth of just over 1% for the segment to 4.2 Mt, the segment's earnings growth will be supported by the higher sales margin we are forecasting (USD 570/ton vs. USD 479/ton in 2025). Our projections for the coming years remain largely unchanged, and we expect Renewable Products to drive earnings growth over the next few years, with the completion of the Rotterdam expansion keeping the segment's sales volumes on an upward trajectory in 2027–2028.

Earnings growth expectations reflected in the price

We estimate the valuation level of Neste's largest value driver, the Renewable Products segment, in a sum-of-the-parts calculation, according to which Renewable Products trades at an EV/EBIT multiple of around 10x relative to our estimated 2028 earnings level. This earnings potential is based on the assumption of a healthy market situation and a higher gross margin than in the recent past. Thus, we believe the current valuation contains expectations of a sustainably better supply and demand balance in the renewable products market than in the recent past. We believe this is warranted, but at the same time, an attractive expected return from the current level would necessitate stretching margin expectations to a level that we consider too high, resulting in a weak risk-reward ratio.

Recommendation

Reduce

(was Reduce)

Target price:

EUR 22.00

(was EUR 22.00)

Share price:

EUR 20.63

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	19016	19370	23878	27646
growth-%	-8%	2%	23%	16%
EBIT adj.	748	1089	1485	2088
EBIT-% adj.	3.9 %	5.6 %	6.2 %	7.6 %
Net Income	144	772	1136	1665
EPS (adj.)	0.47	1.01	1.48	2.17
P/E (adj.)	41.0	20.5	13.9	9.5
P/B	2.0	2.0	1.8	1.5
Dividend yield-%	1.0 %	1.0 %	1.2 %	1.5 %
EV/EBIT (adj.)	25.0	18.0	12.7	8.4
EV/EBITDA	13.0	9.8	7.7	5.6
EV/S	1.0	1.0	0.8	0.6

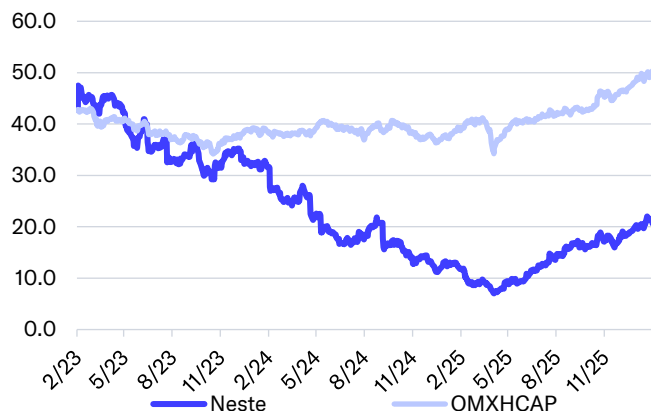
Source: Inderes

Guidance

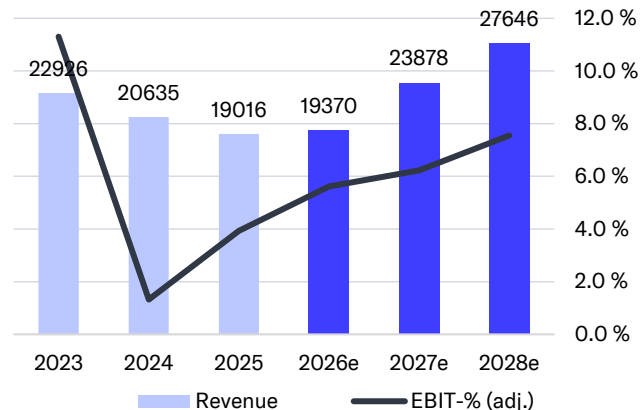
(New guidance)

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

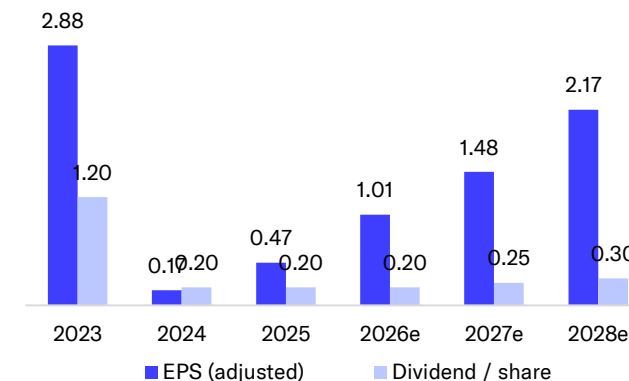
Share price



Revenue and EBIT %



EPS and dividend



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, which we expect will restore a healthy margin for the segment
- Efficiency in Oil Products, which supports its margin

Risk factors

- Risks related to oversupply in Renewable Products
- Long-term sales margin level for Renewable Products
- Weak long-term demand picture for oil-based fuels
- Regulatory risks (+/-)
- Increased indebtedness

Valuation	2026e	2027e	2028e
Share price	20.63	20.63	20.63
Number of shares, millions	768.3	768.3	768.3
Market cap	15849	15849	15849
EV	19625	18872	17471
P/E (adj.)	20.5	13.9	9.5
P/E	20.5	13.9	9.5
P/B	2.0	1.8	1.5
P/S	0.8	0.7	0.6
EV/Sales	1.0	0.8	0.6
EV/EBITDA	9.8	7.7	5.6
EV/EBIT (adj.)	18.0	12.7	8.4
Payout ratio (%)	19.9 %	16.9 %	13.8 %
Dividend yield-%	1.0 %	1.2 %	1.5 %

Source: Inderes

Margins exceeded expectations in Q4

Renewable Products as engine for earnings beat

Despite production constraints caused by maintenance turnarounds, sales volumes of Renewable Products grew by as much as 19% in Q4 from the comparison period to 1.1 ktons. This exceeded our forecast, and together with a higher-than-expected sales margin, it boosted the segment to a clear earnings beat (Q4'25 comparable EBITDA 252 MEUR vs. 189 MEUR forecast).

The segment's sales margin settled at USD 479/ton, which is a significant improvement from the low comparison period. However, due to annual contracts, Neste could not fully benefit from the strong market situation in Q4 (cf. reference margin of USD 678/ton in Q4'25).

Refining margin for Oil Products continued to rise in Q4

The earnings beat was further supported by a fairly strong overall refining margin for Oil Products. Thanks to strong gasoline and diesel product margins and generally good

refinery efficiency, the segment's refining margin climbed to an impressive USD 20.7/bbl in Q4 (cf. Q4'24: USD 11.8/bbl). This pushed the segment's EBITDA to a high 321 MEUR, exceeding our forecast of 294 MEUR.

Normal changes in the value of inventories and derivatives had a negative impact on the reported result, and net financial expenses were also significantly higher than normal (partly driven by changes in fair value). Consequently, Q4 earnings per share decreased to EUR 0.15, falling well short of expectations.

Free cash flow turned significantly positive

Due to favorable earnings development and a substantial release of working capital, cash flow from operating activities for the full year of 2025 rose to just over 1.7 BEUR. However, investments increased to as much as 922 MEUR due to the Rotterdam expansion project. After accounting for these investments and lease payments, free cash flow for 2025 settled at 550 MEUR.

Reaching a turning point in free cash flow was critical in 2025 because the company's net debt at the end of the year was 3.8 BEUR, or 2.7x EBITDA for the previous 12 months. The level of investment will remain high in the current year as well due to the ongoing Rotterdam expansion project and the major turnaround in Porvoo, among other things. Based on the current earnings outlook, these factors will not pose a problem, nor will the EUR 0.20 dividend (154 MEUR), which is payable for last year, excessively increase the risk level in terms of the financial position. According to our estimates, however, there is still some way to go to reach a comfortable level of indebtedness, though the situation will benefit from the clear downward trend in investment levels after the current year.

MEUR / EUR	Q4'24	Q4'25	Q4'25e	Q4'25e	Consensus		Difference (%)	2025
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Act.
Revenue	5568	4953	4759	4789	3812	-	4%	19016
EBITDA (adj.)	168	601	504	511	251	- 663	19%	1683
PTP	-160	156	238	-	-	- -	-34%	199
EPS (reported)	-0.18	0.15	0.26	-	-	- -	-43%	0.19
DPS	0.20	0.20	0.20	0.20	0.19	- 0.40	0%	0.20
Revenue growth-%	-11.7 %	-11.0 %	-14.5 %	-14.0 %	-31.5 %	-	3.5 pp	-7.8 %
EBITDA-% (adj.)	3.0 %	12.1 %	10.6 %	10.7 %	6.6 %	-	1.5 pp	8.9 %

Source: Inderes & Vara
Research (consensus, 22
estimates)

Forecasts declined in line with outlook for Renewable Products

Outlook for Renewable Products was weaker than expected

Neste provided guidance solely on sales volumes in both segments for the current year. Thus, the outlook did not provide the much-needed better visibility into the segments' margin outlooks, which was not surprising, given the strong volatility and consequently low predictability of margins.

Based on the provided outlook, the company expects sales volumes in Renewable Products to remain at approximately the same level as the previous year. Correspondingly, sales volumes of Oil Products are expected to decline from the previous year. The outlook for Oil Products was as expected, with the major turnaround in Porvoo, which now occurs approximately every 2.5 years, scheduled for the end of the year based on current information. This will cause a significant drop in sales volumes for Oil Products but is also reflected in the

guidance for Renewable Products. In addition, the usual catalyst changes will occur in Renewable Products in H2. According to the company, it is difficult to extract larger volumes from the current capacity, and potential bottlenecks can only be resolved during major maintenance. Therefore, no volume growth is expected from this avenue in the current year either.

We lowered our sales volume forecast for Renewable Products

Following the report, we lowered our sales volume forecasts for Renewable Products, expecting them to settle at 4.2 Mt (4.1 Mt in 2025). These forecast changes are partly offset by slight increases in the segment's sales margin forecast, which we now expect to reach approximately USD 570/ton. According to our estimates, the market's strength at the end of the year has supported the pricing level of annual contracts (approximately 60% of sales in 2026). Neste has also commented that it has

secured more annual contract sales than expected, thanks to the favorable market situation. At the EPS level, forecasts were weighed down slightly more by revisions to net financial expense forecasts.

Volume growth of Renewables in medium-term forecasts

According to the company, the Rotterdam expansion project is progressing according to plan, and the new capacity is scheduled to begin operation in 2027. In our forecasts, this will drive brisk sales growth in the segment (+14% and +25% in 2027–2028). We predict that this volume growth, together with a healthy sales margin level (2027-2028e \$585/ton), will sustain strong earnings growth in Renewable Products in the coming years. With our projection of a sales volume of around 6 Mt and a fairly stable sales margin, we anticipate that the comparable EBIT of Renewable Products will more than double in 2028 as streamlining fixed costs will also control cost growth.

Estimate revisions	2025e	2025	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Inderes	Actualized	%	Old	New	%	Old	New	%
Revenue	18821	19016	1%	19867	19370	-3%	23694	23878	1%
EBITDA	1397	1438	3%	2098	2013	-4%	2472	2461	0%
EBIT (exc. NRIs)	672	748	11%	1131	1089	-4%	1485	1485	0%
EBIT	482	503	4%	1131	1089	-4%	1485	1485	0%
PTP	281	199	-29%	987	909	-8%	1357	1337	-2%
EPS (excl. NRIs)	0.52	0.47	-8%	1.09	1.01	-8%	1.50	1.48	-2%
DPS	0.20	0.20	0%	0.20	0.20	0%	0.25	0.25	0%

Source: Inderes

Neste Financial statements for fiscal 2025



Earnings growth expectations reflected in the price

Earnings-based valuation is high for the coming years

Based on our estimates, P/E ratios for 2026-2027 are 21x and 14x, while the corresponding EV/EBITDA ratios are 18x and 13x. Therefore, the short-term valuation outlook is high, while next year's valuation is somewhat neutral in our view.

All in all, when looking at the absolute earnings-based valuation multiples, we do not see the current valuation as attractive in terms of its risk/reward ratio. However, due to the different long-term outlooks of Neste's businesses, we do not find Group-level valuation multiples to be the best yardstick for valuation.

The value of Renewables reflects expectations of earnings growth

We have estimated the market's valuation of Renewable Products using a sum-of-the-parts calculation, where we have valued Oil Products based on its peer group and the Marketing & Services business using retail sector multiples. When we deduct the value of Oil Products (2.6 BEUR), the value of Marketing & Services (1.4 BEUR), and the value of the Other reporting segment (which includes group costs, ~550 MEUR) from the company's current enterprise value (20.6 BEUR), the total enterprise value remains at around 16 BEUR. This gives a rough idea of how the market currently values the Renewable Products segment.

The enterprise value of 16 BEUR is very high given the weak earnings level in 2025 (EBIT 293 MEUR), corresponding to a 10x EV/EBIT multiple based on our 2028 Renewable Products estimate. This illustrates our estimated earnings potential when the Rotterdam expansion is at full operational capacity and the company is

able to realize 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. As the market continues to suffer from oversupply, estimating the long-term margin level is very challenging. Our forecast is based on a sales margin of USD 585/ton in 2028, which we estimate to be a healthy level, but far from the peak years (2023: USD 813/ton).

In our view, a 10x EV/EBIT multiple 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 15-18x) 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 12-15x EV/EBIT. However, the correction of the valuation's upside to this level does not, in our opinion, offer a sufficiently attractive annual expected return from the current starting point. Thus, in our view, an attractive expected return at the current share price requires the long-term margin level to be higher than we forecast. Considering the continued global oversupply and the potential for supply growth, we do not believe that relying on a significantly higher long-term margin level is an attractive strategy. Against this backdrop, we consider the share's current risk/reward ratio to be weak.

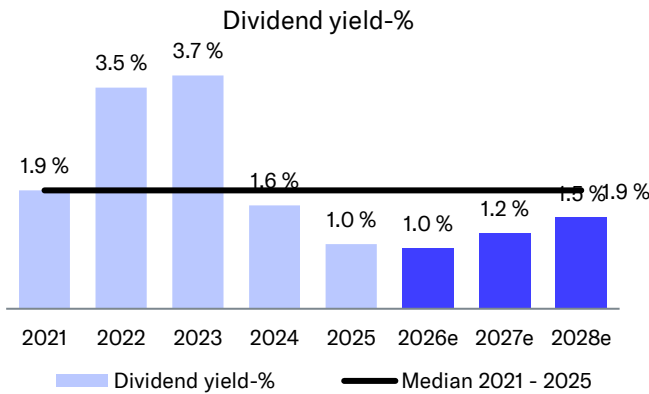
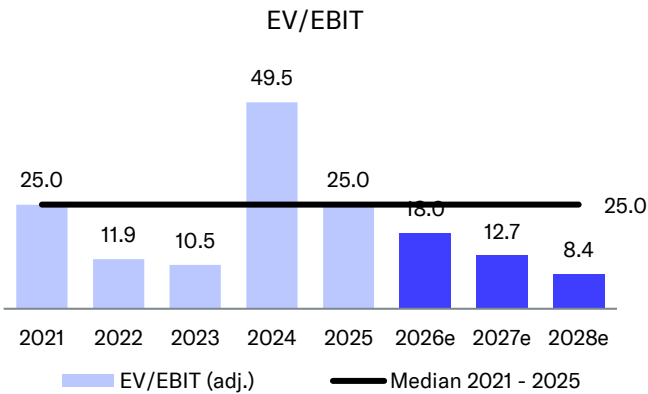
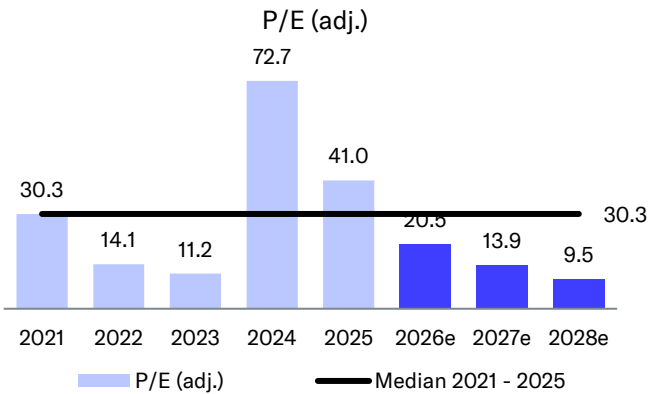
Valuation	2026e	2027e	2028e
Share price	20.63	20.63	20.63
Number of shares, millions	768.3	768.3	768.3
Market cap	15849	15849	15849
EV	19625	18872	17471
P/E (adj.)	20.5	13.9	9.5
P/E	20.5	13.9	9.5
P/B	2.0	1.8	1.5
P/S	0.8	0.7	0.6
EV/Sales	1.0	0.8	0.6
EV/EBITDA	9.8	7.7	5.6
EV/EBIT (adj.)	18.0	12.7	8.4
Payout ratio (%)	19.9 %	16.9 %	13.8 %
Dividend yield-%	1.0 %	1.2 %	1.5 %

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	20.6	20.6	20.6	20.6
Number of shares, millions	768	768	768	768	768	768	768	768	768
Market cap	33299	33043	24744	9318	14912	15849	15849	15849	15849
EV	33494	34407	27237	13511	18728	19625	18872	17471	15500
P/E (adj.)	30.3	14.1	11.2	72.7	41.0	20.5	13.9	9.5	9.6
P/E	18.8	17.5	17.3	neg.	>100	20.5	13.9	9.5	9.6
P/B	4.8	4.0	2.9	1.3	2.0	2.0	1.8	1.5	1.3
P/S	2.2	1.3	1.1	0.5	0.8	0.8	0.7	0.6	0.6
EV/Sales	2.2	1.3	1.2	0.7	1.0	1.0	0.8	0.6	0.6
EV/EBITDA	12.8	11.3	10.7	13.4	13.0	9.8	7.7	5.6	5.0
EV/EBIT (adj.)	25.0	11.9	10.5	49.5	25.0	18.0	12.7	8.4	7.5
Payout ratio (%)	36%	62%	64%	neg.	107%	20%	17%	14%	60%
Dividend yield-%	1.9 %	3.5 %	3.7 %	1.6 %	1.0 %	1.0 %	1.2 %	1.5 %	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-%		P/B
Company	MEUR	MEUR	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
Total SA	138044	167961	8.5	7.9	5.4	4.9	1.0	0.9	11.0	9.6	5.4	5.7	1.3
ENI SPA	55282	74209	8.6	7.6	4.6	4.2	0.9	0.9	11.5	9.8	6.2	6.4	1.1
Koc Holding AS	10277	15646	5.0	4.3	3.9	2.8	0.3	0.2	9.0	5.7	3.0	4.4	0.6
TURKIYE PETROL RAFINERILERI AS	8604	7125	7.0	6.2	5.3	4.7	0.4	0.4	9.4	8.4	8.6	9.7	1.1
MOL PLC	8869	10032	6.4	6.7	3.4	3.4	0.5	0.4	7.9	8.0	6.7	6.5	0.7
EQUINOR ASA	56572	66524	3.3	3.3	2.3	2.3	0.8	0.8	9.8	9.1	6.1	6.3	1.5
VALERO ENERGY CORP	51045	56073	13.0	12.5	8.1	8.3	0.6	0.6	16	16.0	2.4	2.5	2.4
HELLENIC PETROLEUM SA	2864	5452	10.1	12.2	6.0	6.6	0.5	0.5	8.9	10.9	6.1	4.9	1.0
POLSKI KONCERN NAFTOWY ORLEN SA	30434	32838	6.3	6.9	3.7	3.8	0.6	0.5	9.2	10.4	5.4	4.9	0.8
Neste (Inderes)	15849	19625	18.0	12.7	9.8	7.7	1.0	0.8	20.5	13.9	1.0	1.2	2.0
Average			7.6	7.5	4.7	4.6	0.6	0.6	10.3	9.8	5.5	5.7	1.2
Median			7.0	6.9	4.6	4.2	0.6	0.5	9.4	9.6	6.1	5.7	1.1
Diff-% to median			157%	84%	113%	83%	81%	46%	119%	45%	-84%	-79%	85%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	20635	5017	4511	4534	4953	19016	5000	5193	4847	4329	19370	23878	27646	26878
Oil Products	11829	2936	2198	2167	2021	9322	2100	2400	1969	1266	7734	11378	12113	10830
Renewable Products	7321	1746	1915	1965	2470	8095	2530	2423	2423	2423	9800	10886	13763	14076
Marketing & Services	4687	1054	1042	1068	1147	4310	1050	1055	1075	1095	4275	4300	4450	4500
Other	125	47	41	37	41	166	45	40	40	45	170	165	170	172
Eliminations	-3326	-765	-686	-702	-725	-2878	-725	-725	-660	-500	-2610	-2850	-2850	-2700
EBITDA	1005	200	246	447	545	1438	602	533	465	414	2013	2461	3124	3121
Depreciation	-980	-224	-229	-231	-250	-934	-231	-231	-231	-231	-924	-976	-1036	-1062
EBIT (excl. NRI)	273	-15	113	301	349	748	371	302	234	183	1089	1485	2088	2059
EBIT	25	-25	18	216	294	503	371	302	234	183	1089	1485	2088	2059
Oil Products	311	8	-27	167	176	325	129	90	51	17	287	373	406	308
Renewable Products	-75	-19	30	31	109	151	237	197	167	158	759	1084	1654	1723
Marketing & Services	73	10	26	27	19	82	15	25	27	19	86	76	78	78
Other	-42	-24	-16	-10	-12	-62	-11	-11	-11	-11	-44	-48	-50	-50
Eliminations	6	0	5	0	1	6	0	0	0	0	0	0	0	0
Changes in fair value	-248	0	0	0	0	0	0	0	0	0	0	0	0	0
Net financial items	-138	-32	-70	-64	-138	-304	-45	-45	-45	-45	-180	-148	-129	-120
PTP	-113	-57	-52	152	156	199	326	257	189	138	909	1337	1958	1939
Taxes	19	17	16	-46	-42	-55	-49	-38	-28	-21	-136	-201	-294	-291
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	277	218	160	117	772	1136	1665	1649
EPS (adj.)	0.17	-0.04	0.06	0.23	0.22	0.47	0.36	0.28	0.21	0.15	1.01	1.48	2.17	2.15
EPS (rep.)	-0.12	-0.05	-0.05	0.14	0.15	0.19	0.36	0.28	0.21	0.15	1.01	1.48	2.17	2.15

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-10.0 %	4.5 %	-2.8 %	-19.4 %	-11.0 %	-7.8 %	-0.3 %	15.1 %	6.9 %	-12.6 %	1.9 %	23.3 %	15.8 %	-2.8 %
Adjusted EBIT growth-%	-89.5 %	-104.8 %	4412.0 %	545.7 %	-510.2 %	174.0 %	-2621.9 %	167.3 %	-22.4 %	-47.6 %	45.5 %	36.5 %	40.6 %	-1.4 %
EBITDA-%	4.9 %	4.0 %	5.5 %	9.9 %	11.0 %	7.6 %	12.0 %	10.3 %	9.6 %	9.6 %	10.4 %	10.3 %	11.3 %	11.6 %
Adjusted EBIT-%	1.3 %	-0.3 %	2.5 %	6.6 %	7.0 %	3.9 %	7.4 %	5.8 %	4.8 %	4.2 %	5.6 %	6.2 %	7.6 %	7.7 %
Net earnings-%	-0.5 %	-0.8 %	-0.8 %	2.3 %	2.3 %	0.8 %	5.5 %	4.2 %	3.3 %	2.7 %	4.0 %	4.8 %	6.0 %	6.1 %

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	10026	9931	10067	9676	9225
Goodwill	514	478	478	478	478
Intangible assets	164	130	140	150	160
Tangible assets	8872	8908	9034	8633	8172
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	5263	6641	8515
Inventories	2898	2895	2702	3516	4147
Other current assets	163	140	140	140	140
Receivables	1539	1416	1646	2030	2350
Cash and equivalents	955	1367	775	955	1878
Balance sheet total	15581	15749	15330	16317	17740

Source: Inderes

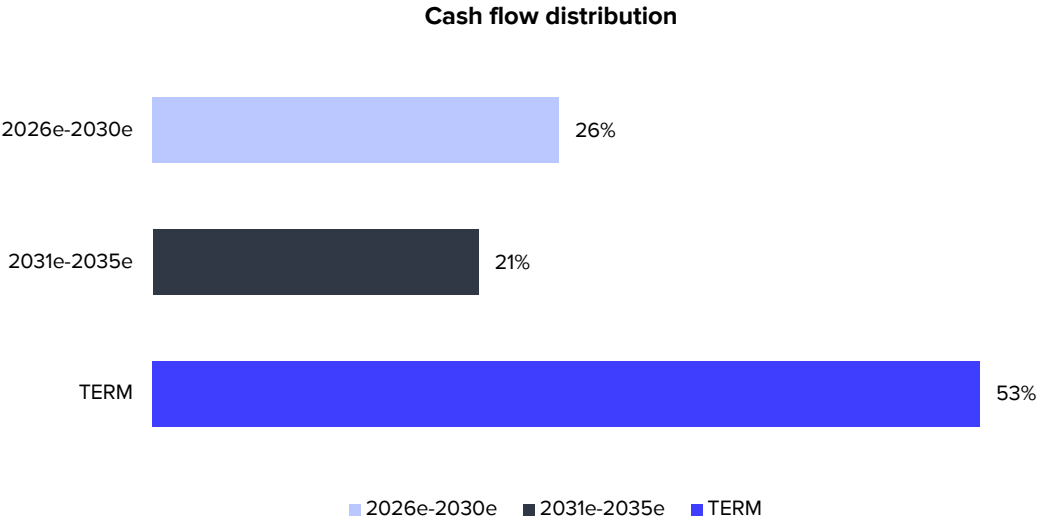
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	7417	7314	7933	8915	10388
Share capital	40	40	40	40	40
Retained earnings	7377	7274	7893	8875	10348
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	0	0	0	0	0
Minorities	0	0	0	0	0
Non-current liabilities	4954	5350	4688	4114	3637
Deferred tax liabilities	335	370	370	370	370
Provisions	144	165	165	165	165
Interest bearing debt	4362	4713	4051	3477	3000
Convertibles	0	0	0	0	0
Other long term liabilities	113	102	102	102	102
Current liabilities	3211	3085	2710	3288	3715
Interest bearing debt	786	470	500	500	500
Payables	2185	2440	2036	2613	3041
Other current liabilities	241	174	174	174	174
Balance sheet total	15581	15749	15330	16317	17740

DCF-calculation

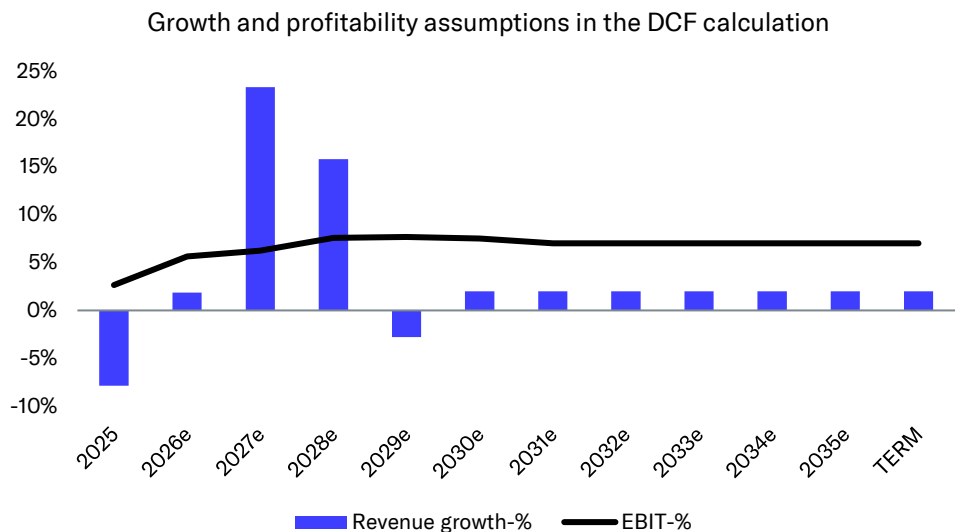
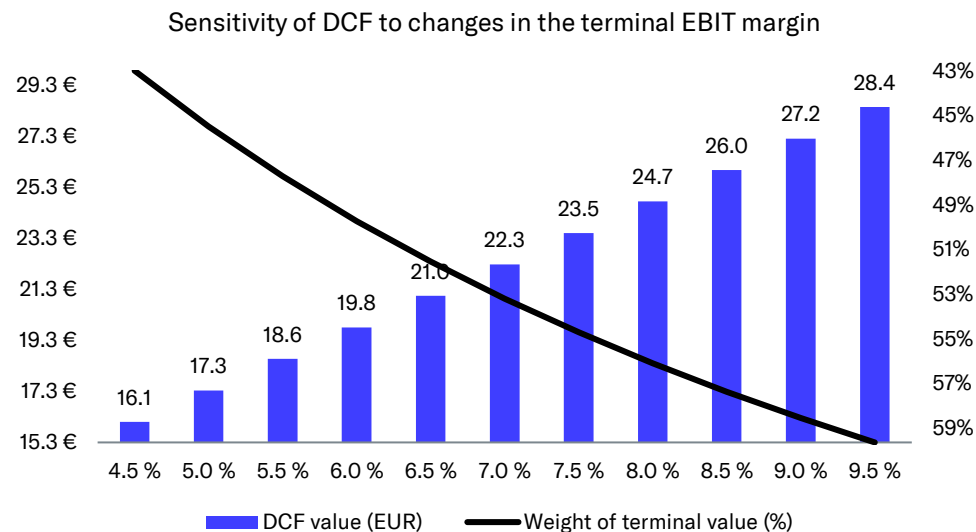
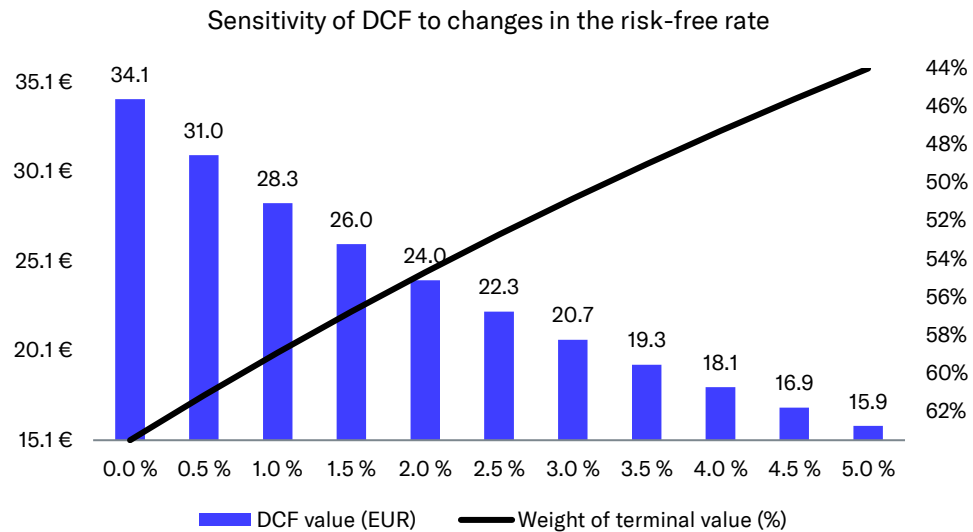
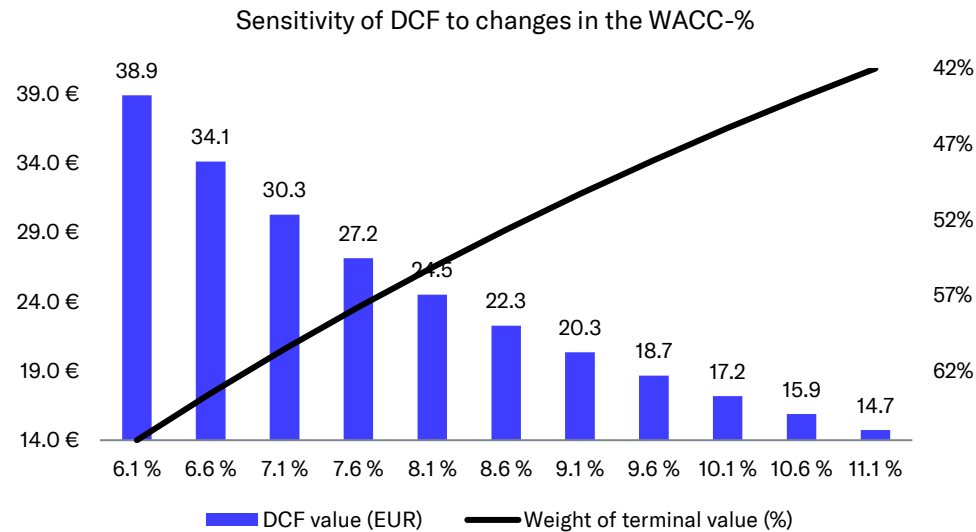
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-7.8 %	1.9 %	23.3 %	15.8 %	-2.8 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	2.6 %	5.6 %	6.2 %	7.6 %	7.7 %	7.5 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %	7.0 %
EBIT (operating profit)	503	1089	1485	2088	2059	2056	1957	1997	2037	2077	2119	
+ Depreciation	934	924	976	1036	1062	770	678	673	670	667	665	
- Paid taxes	-19	-136	-201	-294	-291	-291	-276	-282	-288	-294	-401	
- Tax, financial expenses	-46	-27	-22	-20	-18	-18	-18	-18	-18	-18	-25	
+ Tax, financial income	0	0	0	0	0	1	1	1	1	1	1	
- Change in working capital	339	-442	-620	-523	91	-67	-69	-70	-71	-73	-74	
Operating cash flow	1712	1407	1618	2288	2903	2451	2273	2300	2330	2360	2285	
+ 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	-671	
Free operating cash flow	883	347	1033	1703	2303	1846	1643	1660	1685	1715	1614	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	883	347	1033	1703	2303	1846	1643	1660	1685	1715	1614	25063
Discounted FCFF		322	884	1341	1671	1234	1012	941	880	825	715	11104
Sum of FCFF present value		20929	20607	19723	18382	16711	15477	14465	13524	12644	11819	11104
Enterprise value DCF		20929										
- Interest bearing debt		-5183										
+ Cash and cash equivalents		1367										
-Minorities		0										
-Dividend/capital return		0										
Equity value DCF		17118										
Equity value DCF per share		22.3										

WACC	
Tax-% (WACC)	15.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.0 %
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)	8.6 %

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	Per share data	2023	2024	2025	2026e	2027e
Revenue	22926	20635	19016	19370	23878	EPS (reported)	1.86	-0.12	0.19	1.01	1.48
EBITDA	2548	1005	1438	2013	2461	EPS (adj.)	2.88	0.17	0.47	1.01	1.48
EBIT	1682	25	503	1089	1485	OCF / share	3.28	1.94	2.23	1.83	2.11
PTP	1596	-113	199	909	1337	OFCF / share	0.29	-0.83	1.15	0.45	1.35
Net Income	1433	-95	144	772	1136	Book value / share	11.02	9.65	9.52	10.33	11.60
Extraordinary items	-910	-248	-245	0	0	Dividend / share	1.20	0.20	0.20	0.20	0.25
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	15983	15581	15749	15330	16317	Revenue growth-%	-11%	-10%	-8%	2%	23%
Equity capital	8463	7417	7314	7933	8915	EBITDA growth-%	-16%	-61%	43%	40%	22%
Goodwill	496	514	478	478	478	EBIT (adj.) growth-%	-11%	-89%	174%	46%	36%
Net debt	2493	4193	3816	3776	3022	EPS (adj.) growth-%	-5%	-94%	184%	112%	47%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	11.1 %	4.9 %	7.6 %	10.4 %	10.3 %
EBITDA	2548	1005	1438	2013	2461	EBIT (adj.)-%	11.3 %	1.3 %	3.9 %	5.6 %	6.2 %
Change in working capital	224	568	339	-442	-620	EBIT-%	7.3 %	0.1 %	2.6 %	5.6 %	6.2 %
Operating cash flow	2516	1492	1712	1407	1618	ROE-%	17.1 %	-1.2 %	2.0 %	10.1 %	13.5 %
CAPEX	-2247	-2058	-839	-1060	-585	ROI-%	14.3 %	0.2 %	4.0 %	8.7 %	11.7 %
Free cash flow	223	-638	883	347	1033	Equity ratio	53.0 %	47.6 %	46.4 %	51.8 %	54.6 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	29.5 %	56.5 %	52.2 %	47.6 %	33.9 %
EV/S	1.2	0.7	1.0	1.0	0.8						
EV/EBITDA	10.7	13.4	13.0	9.8	7.7						
EV/EBIT (adj.)	10.5	49.5	25.0	18.0	12.7						
P/E (adj.)	11.2	72.7	41.0	20.5	13.9						
P/B	2.9	1.3	2.0	2.0	1.8						
Dividend-%	3.7 %	1.6 %	1.0 %	1.0 %	1.2 %						

Source: Inderes

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

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Recommendation history (>12 mo)

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



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