

WARTSILA

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COMPANY REPORT



A strong quarter loaded expectations to the share price

The second quarter offered better-than-expected order growth and strong earnings development, particularly driven by the Energy division. On the other hand, the company warned in its guidance that it will be difficult for the division to further increase order intake in the near future compared to the realized 12-month level. Near-term earnings-based valuation multiples have risen sharply; therefore, we lower the recommendation to Reduce (was Accumulate). We raise the target price to EUR 21.0 (was 18.5), supported by the easing of market uncertainties and the strengthening of Energy's long-term growth prospects.

New equipment sales orders and Q2 earnings exceeded expectations

Wärtsilä's Q2 report was very strong. Order intake grew by as much as 18% y/y, driven by new equipment sales (18% above consensus), especially in Energy. Energy's large power plant order related to a US data center was announced earlier in the same week, which had not been updated to our or consensus forecasts, but even adjusted for this single order, order intake exceeded expectations. Service orders decreased by 6% due to project timing, but steadily growing contract-based services showed positive development. Revenue grew by 11% and adjusted EBIT was 207 MEUR, improving by 18% year-on-year and exceeding the consensus by 8%. Growth and earnings improvement were particularly evident in Energy, where order growth has been impressive (37%) over the past year. However, the order intake and revenue figures for the volatile and low-margin Energy Storage fell short of expectations.

The market is still favorable, but growing Energy's orders is becoming increasingly difficult

Like in Q1, Wärtsilä provided an upbeat demand outlook for Marine, where the company still sees good activity in its key segments and expects emission-related regulation to support

demand for its solutions. The demand guidance for Energy was lowered. The company expects the demand environment for Energy to remain at the level of the comparison period over the next 12 months, which in our view reflects the challenging figures of the comparison period, especially considering the strong Q2. The demand guidance for Energy Storage is positive, which is partly explained by the rather weak order intake figures for the comparison period, in addition to the favorable market outlook (outside the US). The company mentions that global geopolitics and the threat of tariffs continue to cause uncertainty in forecasting, but so far, the key Marine and Energy segments have performed well and managed to pass on the 10% tariffs to prices for US customers. We made moderate 2-3% cuts to our adjusted EBIT forecasts (2025-27e) due to slightly weaker-than-expected service demand and recent small divestments. However, we see the company's long-term earnings growth profile as even slightly stronger, as the company has increased the footprint of engine power plants in the US market. Winning new equipment orders will also support the growth of service sales in the longer term.

Valuation has tightened clearly

Wärtsilä's investment profile is that of a value-creating company, thanks to its technological leadership, high return on capital (ROI 2024: 24%) and growth outlook supported by megatrends. On the other hand, the company's industries are cyclical, and the group's complex structure may partly depress the valuation level accepted by the market. Wärtsilä's share price has been on the rise in recent months, supported by factors such as the market attaching less importance to the uncertainties caused by US tariff policies and, on the other hand, the company's strong order intake. The current earnings-based valuation of the share, EV/EBIT of 15x and 13x with 2025 and 2026 estimates, is near the upper end of our fair value range (12-14x) and therefore does not offer upside to the valuation.

Recommendation

Reduce
(was Accumulate)

Target price:

EUR 21.00
(was EUR 18.50)

Share price:
EUR 22.30

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	6449	7224	7511	7910
growth-%	7%	12%	4%	5%
EBIT adj.	714	811	890	952
EBIT-% adj.	11.1 %	11.2 %	11.8 %	12.0 %
Net Income	504	579	625	675
EPS (adj.)	0.86	1.00	1.10	1.18
P/E (adj.)	20.0	22.4	20.3	18.8
P/B	4.0	4.6	4.1	3.7
Dividend yield-%	2.6 %	2.2 %	2.6 %	2.9 %
EV/EBIT (adj.)	13.0	14.6	13.0	11.8
EV/EBITDA	10.9	12.3	11.1	10.0
EV/S	1.4	1.6	1.5	1.4

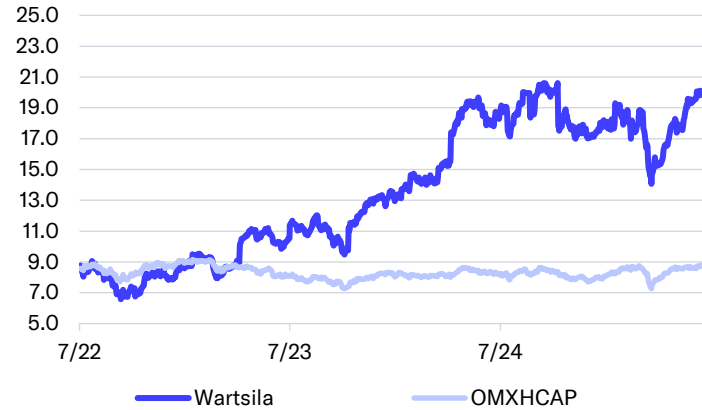
Source: Inderes

Guidance

(New guidance)

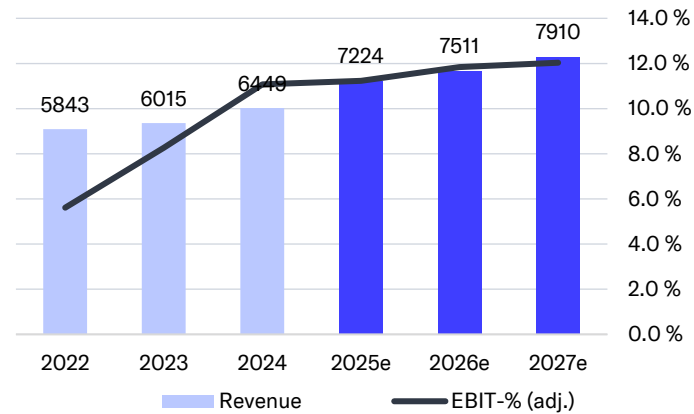
Wärtsilä expects that the demand environment for Marine and Energy Storage for the next 12 months will be better than in the comparison period. Energy's demand environment is estimated to be similar to that of the comparison period.

Share price



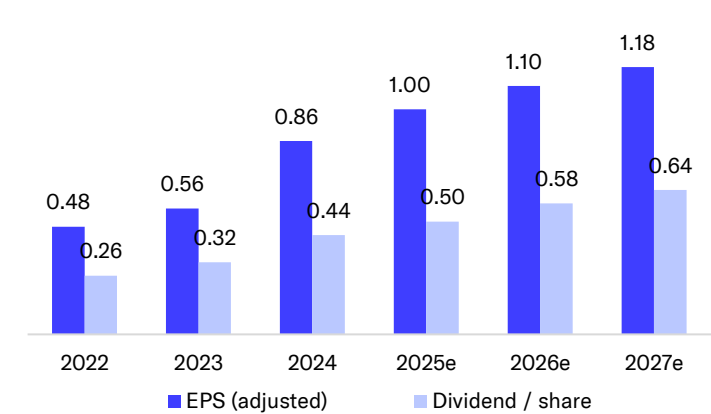
Source: Millstream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Strong position in the selected segments
- Extensive installed equipment portfolio and significant share of services business
- Progress in high value-added services
- Divestments of smaller business units

Risk factors

- Cyclicalities of shipbuilding
- Uncertainty about the winning renewable energy production forms
- Energy Storage dependent on individual large orders and variable investment activity

Valuation	2025e	2026e	2027e
Share price	22.3	22.3	22.3
Number of shares, millions	586.4	586.4	586.4
Market cap	13078	13078	13078
EV	11879	11551	11206
P/E (adj.)	22.4	20.3	18.8
P/E	22.6	20.9	19.4
P/B	4.6	4.1	3.7
P/S	1.8	1.7	1.7
EV/Sales	1.6	1.5	1.4
EV/EBITDA	12.3	11.1	10.0
EV/EBIT (adj.)	14.6	13.0	11.8
Payout ratio (%)	50.7 %	54.4 %	55.6 %
Dividend yield-%	2.2 %	2.6 %	2.9 %

Source: Inderes

Q2 was strong relative to expectations

New equipment sales orders surprised positively

Wärtsilä reported Q2 orders of 2,190 MEUR, up 18% y/y (20% organically). The order intake exceeded our and consensus estimates by 16-18%, which is a positive sign for the company's continued revenue growth. The company announced last week that it had received a large order from a data center customer in the US (estimated at approximately 200 MEUR), which impacted Q2 order intake, but was not included in our or consensus forecasts. Even adjusted for this, orders exceeded expectations.

Order intake growth was strong in the highly profitable Marine (11% above consensus) and Energy (59% above consensus) divisions. On the other hand, order intake was heavily weighted towards new equipment sales (45% growth, 54% above consensus), whereas services order intake decreased by 6% (10% below consensus). Service sales are clearly more profitable, which is why service orders play a key role in near-term earnings growth. On the

other hand, new equipment orders support winning service orders in the long term.

Earnings improved on a broad front

Wärtsilä's revenue grew to 1,719 MEUR in Q2 (+11% y/y), being fairly close to the consensus forecast (+10%). Revenue and adjusted EBIT increased in all divisions except for Energy Storage, where revenue clearly fell short of our estimate. Particularly, Energy's revenue and earnings development were strong, supported by recent strong order growth. Energy accounted for 61% of the group's earnings growth and its adj. EBIT exceeded the consensus forecast by 11%. Marine's adj. EBIT was 3% above the consensus. The revenue and earnings of the Portfolio Business unit were also slightly stronger than expected, but its significance at group level is minor. The group's adjusted EBIT was 207 MEUR and exceeded our forecast by 3% and the consensus by 8%. Reported EBIT included 20 MEUR of items affecting comparability, the majority of

which was due to the classification of the small Marine Electrical Systems business as an asset held for sale (value was written down).

Cash flow grew strongly

Cash flow from operating activities was 416 MEUR and almost doubled year-on-year. The company reiterated that its working capital situation is still exceptionally strong. The ratio of working capital to revenue is already a negative -10%, which has been supported by strong order development and advance payments from contracts. Working capital could start to be tied up again, and cash flow could weaken, as the order backlog is fulfilled and if new advance payments are not received at the same rate (slowdown in order intake). So far, however, there are no signs of this.

Estimates MEUR / EUR	Q2'24 Comparison	Q2'25 Actualized	Q2'25e Inderes	Q2'25e Consensus	Consensus Low High	Difference (%) Act. vs. inderes
Revenue	1556	1719	1796	1704	1560-1808	-4%
Tilaukset	1854	2190	1888	1862	1746-2050	16%
EBIT (adj.)	176	207	201	191	170-206	3%
EBIT	168	186	196	189	165-203	-5%
PTP	160	186	192	184	164-199	-3%
EPS (reported)	0.20	0.23	0.24	0.23	0.20-0.24	-3%
Revenue growth-%	6.9 %	10.5 %	15.4 %	9.5 %	0.3 %-16.2 %	4.9 pp
EBIT-% (adj.)	11.3 %	12.0 %	11.2 %	11.2 %		0.9 pp

Source: Inderes & Vara Research
(consensus)

Wärtsilä, Webcast, Q2'25



Earnings growth is also expected next year

Achieving order growth is more difficult than before

- Like in Q1, Wärtsilä provided an upbeat demand outlook for Marine, where the company still sees good activity in its key segments and expects emission-related regulation to support demand for the company's solutions.
- The demand guidance for Energy was lowered. The company expects the demand environment for Energy to remain at the comparison period level over the next 12 months, which in our view indicates that it will be difficult for the company, at least temporarily, to improve Energy orders compared to the tremendous Q2.
- The company mentions that global geopolitics and the threat of tariffs continue to cause uncertainty in forecasting, but at least for the time being, the key Marine and Energy segments have performed well and have managed to pass on the 10% tariffs to US customers in prices.
- The increased emphasis on new equipment sales in revenue typically weakens profitability, but we currently forecast a stable EBIT margin for 2026, which is affected by, e.g., the strengthening of new equipment sales' profitability, aided by a good demand environment and the company's efficiency-supporting measures.
- We lowered our adjusted EBIT forecasts by 2-3%, which includes the cuts (2%) made in connection with the preview. The decrease in earnings estimates is related to, e.g., slightly weaker-than-expected service demand and recent small divestments. However, we see the company's long-term earnings growth profile as even stronger, as the company can increase the footprint of power plants in the US market, where the technology is less well known.
- The Q3 result is estimated to include an approximately 30 MEUR positive one-off item related to the divestment of the ANCS unit (reported in the Portfolio Business unit).

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	7574	7224	-5%	7927	7511	-5%	8287	7910	-5%
EBITDA	980	966	-1%	1057	1036	-2%	1121	1117	0%
EBIT (excl. NRIs)	838	811	-3%	912	890	-2%	974	952	-2%
EBIT	818	805	-2%	892	870	-3%	954	933	-2%
PTP	803	796	-1%	886	862	-3%	954	931	-2%
EPS (excl. NRIs)	1.03	1.00	-3%	1.13	1.10	-2%	1.21	1.18	-2%
DPS	0.50	0.50	0%	0.58	0.58	0%	0.64	0.64	0%

Source: Inderes

Wärtsilä Q2'25: A strong quarter



Fully priced

Strong value creation in a growing market

We see Wärtsilä as having a strong market position in four-stroke engines, both in the marine business (Marine) and in the power plant business (Energy). The company's service operations, based on a large installed base, are very profitable, and the service business is being developed in line with the strategy by deepening cooperation with customers and thus increasing the share of high value-added services. Key long-term growth drivers for the market are the decarbonization of maritime transport and the transformation of the energy system, where weather-dependent power generation will need to be complemented by balancing power solutions. In addition, the growth in electricity demand and, e.g., data center investments support Energy's growth outlook. Return on capital employed is high (2024: 23.7%), which, combined with a positive growth outlook, allows for significant value creation.

Earnings-based valuation level is more challenging than before

Wärtsilä's share price has been on the rise in recent months, supported by factors such as the market attaching less importance to the uncertainties caused by US tariff policies and, on the other hand, the company's strong order intake. The stock's current earnings-based valuation of EV/EBIT 15x and 13x with 2025 and 2026 estimates is near the upper end of our fair value range (12-14x), but does not offer upside to the valuation. The company's peer group is still valued at higher multiples (median 20x), which makes Wärtsilä about 30% cheaper. There is strong variation in valuation multiples within the peer group, and we consider the group's median level to be high. For a long time, the market has priced Wärtsilä below the peer group.

Our DCF assumptions do not allow for upside potential

The fair value of Wärtsilä's share in our cash flow model is EUR 21.5, which is supported by the company's capital-light business model in addition to its strong profitability and good growth. The calculation assumes a growth rate of 4.9% in 2026-30 and 2.5% in the long term. For the terminal period, we assume a more moderate EBIT margin of 10% than the current level and a weighted average cost of capital (WACC) of 7.8%. We cut the WACC in the calculation to 7.8% (was 8.0%), as we believe the risk level in the markets has decreased since April, and Wärtsilä's demand outlook has also developed resiliently. The calculation is naturally sensitive to changes in the applied WACC. Finding additional upside for the stock would require raising the EBIT margin assumption to 12% (value EUR 24), but this would also mean a long-term ROI of as much as 18% (current assumption 15%), which we consider challenging to achieve.

Strategic focus would strengthen the investment profile

In addition to the profitable core businesses (Marine and Energy), the group includes the low-margin and more difficult-to-predict Energy Storage, as well as businesses to be divested (Portfolio Business). Although the company decided in its spring strategy update to keep Energy Storage in the group instead of divesting it, we believe that the divestment will become relevant in the long term (e.g. within 5 years). For the time being, however, the complex structure of the group may weigh on the valuation level accepted by the market, e.g. relative to DCF potential or a peer group. Divestments of the Energy Storage or Portfolio Business reporting unit businesses could serve as valuation drivers in the medium term. Indeed, the company's balance sheet is already over-capitalized and there is no visibility on how the excess cash can be used effectively.

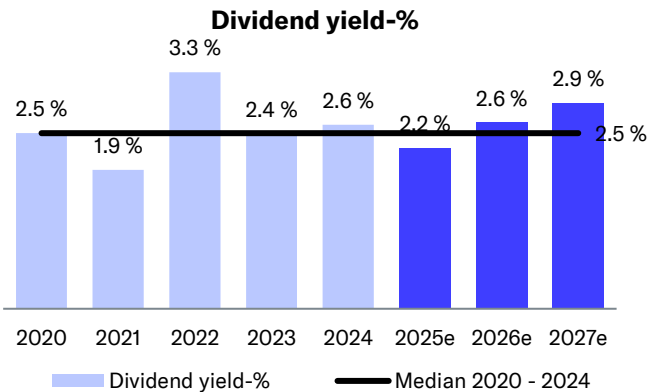
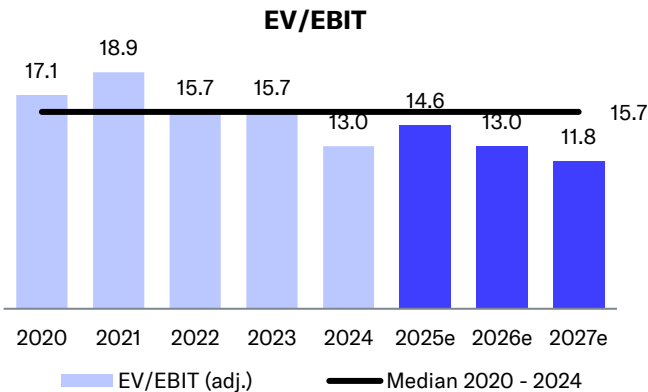
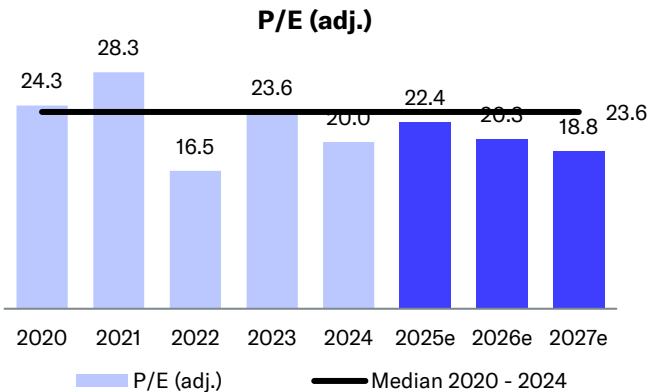
Valuation	2025e	2026e	2027e
Share price	22.3	22.3	22.3
Number of shares, millions	586.4	586.4	586.4
Market cap	13078	13078	13078
EV	11879	11551	11206
P/E (adj.)	22.4	20.3	18.8
P/E	22.6	20.9	19.4
P/B	4.6	4.1	3.7
P/S	1.8	1.7	1.7
EV/Sales	1.6	1.5	1.4
EV/EBITDA	12.3	11.1	10.0
EV/EBIT (adj.)	14.6	13.0	11.8
Payout ratio (%)	50.7 %	54.4 %	55.6 %
Dividend yield-%	2.2 %	2.6 %	2.9 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	8.15	12.4	7.87	13.1	17.1	22.3	22.3	22.3	22.3
Number of shares, millions	591.7	590.0	590.0	589.0	586.4	586.4	586.4	586.4	586.4
Market cap	4823	7293	4643	7734	10034	13078	13078	13078	13078
EV	5255	7326	5158	7804	9270	11879	11551	11206	10877
P/E (adj.)	24.3	28.3	16.5	23.6	20.0	22.4	20.3	18.8	18.0
P/E	36.0	37.8	neg.	30.0	19.9	22.6	20.9	19.4	18.0
P/B	2.2	3.2	2.2	3.5	4.0	4.6	4.1	3.7	3.4
P/S	1.0	1.5	0.8	1.3	1.6	1.8	1.7	1.7	1.6
EV/Sales	1.1	1.5	0.9	1.3	1.4	1.6	1.5	1.4	1.3
EV/EBITDA	12.1	14.4	15.3	13.1	10.9	12.3	11.1	10.0	9.4
EV/EBIT (adj.)	17.1	18.9	15.7	15.7	13.0	14.6	13.0	11.8	10.9
Payout ratio (%)	88.3 %	73.4 %	neg.	73.1 %	51.2 %	50.7 %	54.4 %	55.6 %	55.5 %
Dividend yield-%	2.5 %	1.9 %	3.3 %	2.4 %	2.6 %	2.2 %	2.6 %	2.9 %	3.1 %

Source: Inderes



The market cap and EV in the table consider the forecast 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
Metso Corp	9558	10599	14.0	12.4	11.3	10.4	2.1	2.0	17.3	15.5	3.3	3.6	3.4
Kone Oyj	28947	28514	20.8	18.9	17.0	15.5	2.5	2.4	26.8	24.5	3.4	3.6	9.5
Konecranes Abp	5478	5602	10.9	10.2	8.8	8.4	1.3	1.3	14.9	13.7	2.6	2.8	2.6
Siemens Energy AG	74703	69023	41.3	19.6	19.1	13.1	1.8	1.6	61.9	30.4	0.0	1.3	7.4
Abb Ltd	103358	105155	20.2	18.6	17.7	16.4	3.5	3.4	26.0	23.9	1.6	1.7	7.6
Alfa Laval AB	15579	15982	14.9	14.2	12.6	12.0	2.6	2.5	19.8	18.8	2.2	2.3	3.8
Alstom SA	9619	9412	11.7	8.4	6.4	5.4	0.5	0.5	14.9	13.3		0.5	0.9
Caterpillar Inc	167056	197131	20.3	18.6	17.1	16.0	3.7	3.5	22.2	19.6	1.4	1.5	10.1
GE Vernova	134648	129014	72.5	41.2	46.8	31.6	4.1	3.7	82.9	50.6	0.2	0.2	14.6
Rolls-Royce Holdings PLC	97975	97297	29.7	25.8	22.8	20.3	4.4	4.0	41.8	34.7	0.8	1.0	
Woodward Inc	13202	13672	30.3	25.7	24.7	21.4	4.6	4.2	40.6	33.9	0.4	0.5	6.6
Wartsila (Inderes)	13078	11879	14.6	13.0	12.3	11.1	1.6	1.5	22.4	20.3	2.2	2.6	4.6
Average			26.0	19.4	18.6	15.5	2.8	2.6	33.6	25.4	1.6	1.7	6.6
Median			20.3	18.6	17.1	15.5	2.6	2.5	26.0	23.9	1.5	1.5	7.0
Diff-% to median			-28%	-30%	-28%	-28%	-36%	-38%	-14%	-15%	49%	73%	-34%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	6015	1322	1555	1718	1854	6449	1560	1720	1841	2103	7224	7511	7910	8380
Marine	2800	708	759	739	847	3053	827	862	781	895	3365	3636	3786	4022
Energy	1684	390	404	543	560	1897	415	529	605	564	2113	2347	2468	2584
Energy Storage	927	62	213	261	257	793	128	125	271	389	913	867	976	1074
Portfolio Business	604	162	179	175	190	706	190	204	184	255	833	660	680	700
EBITDA	595	162	205	230	250	847	207	252	239	268	966	1036	1117	1154
Depreciation	-193	-35	-37	-38	-21	-131	-42	-66	-11	-42	-161	-167	-184	-155
EBIT (excl. NRI)	497	132	176	177	229	714	171	207	202	231	811	890	952	999
EBIT	402	127	168	192	229	716	165	186	228	226	805	870	933	999
Marine	276	77	96	91	100	364	95	115	88	109	407	447	477	509
Energy	206	49	49	83	85	266	63	75	83	86	307	349	370	394
Energy Storage	3	1	15	2	15	33	-5	3	12	21	31	33	42	48
Portfolio Business	-83	0	8	16	28	52	12	-6	44	10	60	41	43	48
Net financial items	-37	-9	-7	-2	-10	-28	-2	0	-3	-4	-9	-7	-1	6
PTP	365	118	161	190	219	688	163	186	225	222	796	862	931	1005
Taxes	-95	-32	-44	-46	-58	-180	-41	-49	-60	-59	-209	-229	-247	-266
Minority interest	-12	-1	-1	-1	-1	-4	-1	-1	-3	-3	-8	-9	-9	-10
Net earnings	258	85	116	142	160	504	120	136	162	160	579	625	675	728
EPS (adj.)	0.56	0.15	0.21	0.22	0.27	0.86	0.22	0.27	0.23	0.28	1.00	1.10	1.18	1.24
EPS (rep.)	0.44	0.14	0.20	0.24	0.27	0.86	0.20	0.23	0.28	0.27	0.99	1.07	1.15	1.24

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	2.9 %	-9.8 %	6.9 %	18.3 %	12.8 %	7.2 %	18.0 %	10.6 %	7.2 %	13.4 %	12.0 %	4.0 %	5.3 %	5.9 %
Adjusted EBIT growth-%	51.5 %	49.1 %	63.3 %	43.1 %	29.4 %	43.7 %	29.5 %	17.8 %	14.0 %	0.9 %	13.6 %	9.6 %	7.0 %	5.0 %
EBITDA-%	9.9 %	12.3 %	13.2 %	13.4 %	13.5 %	13.1 %	13.3 %	14.7 %	13.0 %	12.7 %	13.4 %	13.8 %	14.1 %	13.8 %
Adjusted EBIT-%	8.3 %	10.0 %	11.3 %	10.3 %	12.3 %	11.1 %	11.0 %	12.1 %	11.0 %	11.0 %	11.2 %	11.8 %	12.0 %	11.9 %
Net earnings-%	4.3 %	6.4 %	7.5 %	8.3 %	8.6 %	7.8 %	7.7 %	7.9 %	8.8 %	7.6 %	8.0 %	8.3 %	8.5 %	8.7 %

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	2553	2580	2539	2546	2541
Goodwill	1273	1299	1299	1299	1299
Intangible assets	402	446	463	464	451
Tangible assets	562	557	499	505	513
Associated companies	33	41	41	41	41
Other investments	19	17	17	17	17
Other non-current assets	52	45	45	45	45
Deferred tax assets	212	175	175	175	175
Current assets	4250	5114	5497	5723	6043
Inventories	1485	1483	1662	1727	1819
Other current assets	5	187	0	0	0
Receivables	1943	1890	2095	2186	2311
Cash and equivalents	817	1554	1741	1810	1912
Balance sheet total	6803	7694	8036	8269	8583

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	2233	2532	2853	3185	3520
Share capital	336	336	336	336	336
Retained earnings	1989	2337	2658	2990	3325
Hybrid bonds	0	0	0	0	0
Revaluation reserve	61	61	61	61	61
Other equity	-161	-208	-208	-208	-208
Minorities	8	6	6	6	6
Non-current liabilities	1405	1319	1107	902	710
Deferred tax liabilities	69.0	141	141	141	141
Provisions	372	433	433	433	433
Interest bearing debt	739	624	412	207	15
Convertibles	0	0	0	0	0
Other long term liabilities	225	121	121	121	121
Current liabilities	3165	3843	4076	4182	4354
Interest bearing debt	120	142	103	51	3
Payables	3045	3556	3973	4131	4351
Other current liabilities	0	145	0	0	0
Balance sheet total	6803	7694	8036	8269	8583

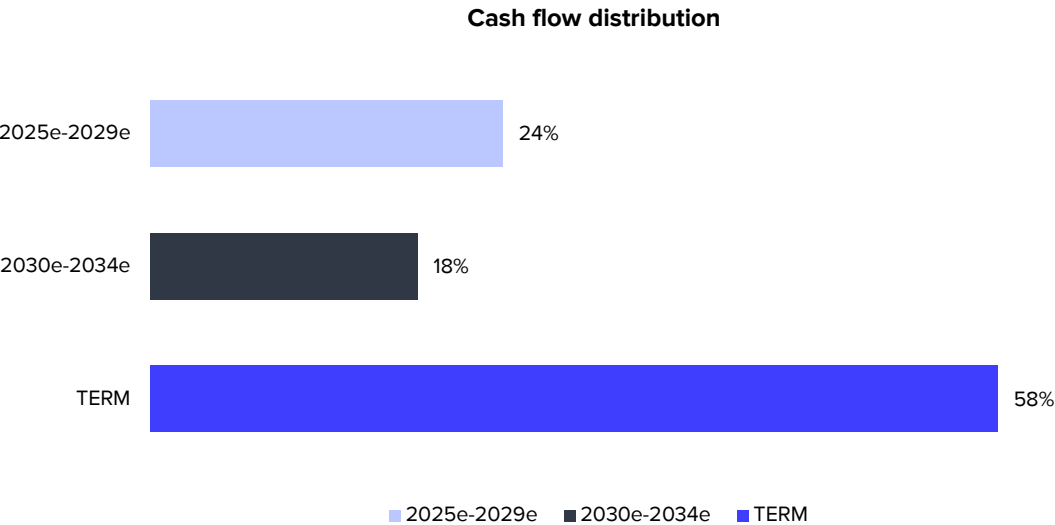
DCF-calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	7.2 %	12.0 %	4.0 %	5.3 %	5.9 %	5.0 %	4.1 %	4.1 %	2.8 %	2.8 %	2.5 %	2.5 %
EBIT-%	11.1 %	11.1 %	11.6 %	11.8 %	11.9 %	11.9 %	11.9 %	11.9 %	11.9 %	10.0 %	10.0 %	10.0 %
EBIT (operating profit)	716	805	870	933	999	1049	1092	1137	1169	1008	1033	
+ Depreciation	131	161	167	184	155	159	163	168	172	177	184	
- Paid taxes	-71	-209	-229	-247	-266	-284	-296	-309	-319	-279	-287	
- Tax, financial expenses	-10	-7	-7	-5	-4	0	0	0	0	-1	-1	
+ Tax, financial income	2	4	5	5	6	6	7	8	10	12	14	
- Change in working capital	529	76	1	2	3	1	-2	-2	-6	-6	5	
Operating cash flow	1298	831	807	872	892	931	964	1001	1026	912	948	
+ Change in other long-term liabilities	-43	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-187	-120	-174	-179	-184	-188	-193	-198	-203	-217	-210	
Free operating cash flow	1068	711	633	693	708	742	771	803	822	695	738	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	1068	711	633	693	708	742	771	803	822	695	738	14236
Discounted FCFF		687	567	577	547	531	512	494	470	368	363	6993
Sum of FCFF present value		12109	11421	10854	10277	9731	9200	8688	8194	7724	7356	6993
Enterprise value DCF		12109										
- Interest bearing debt		-766										
+ Cash and cash equivalents		1554										
-Minorities		-28										
-Dividend/capital return		-258										
Equity value DCF		12611										
Equity value DCF per share		21.5										

WACC

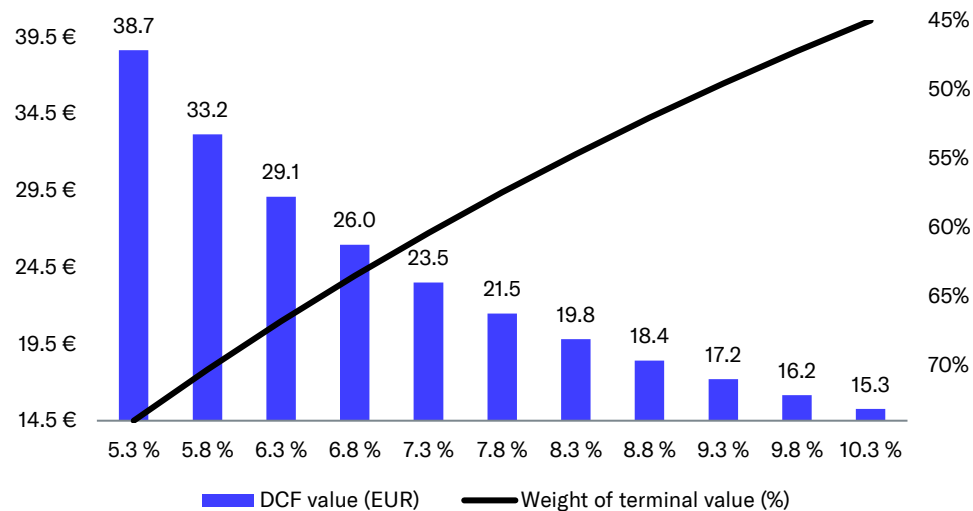
Tax-% (WACC)	26.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	3.0 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.4 %
Weighted average cost of capital (WACC)	7.8 %

Source: Inderes

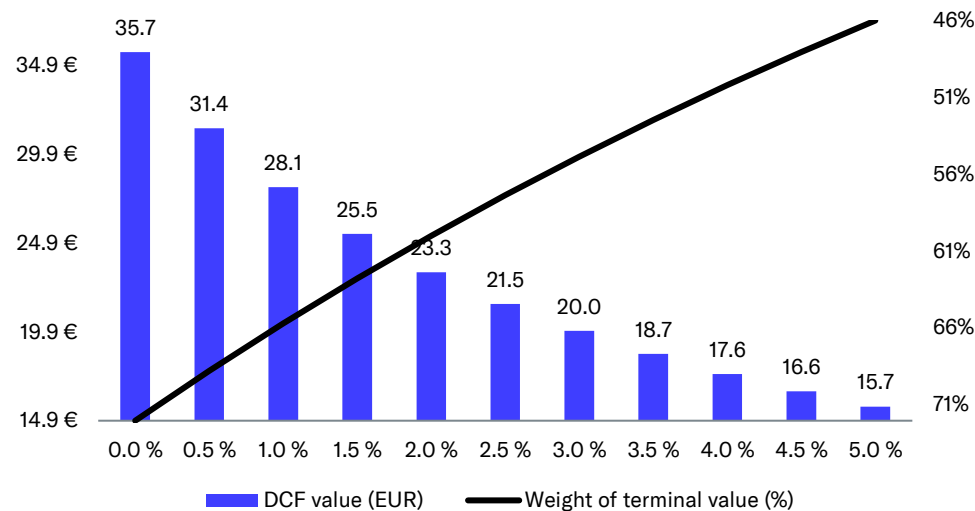


DCF sensitivity calculations and key assumptions in graphs

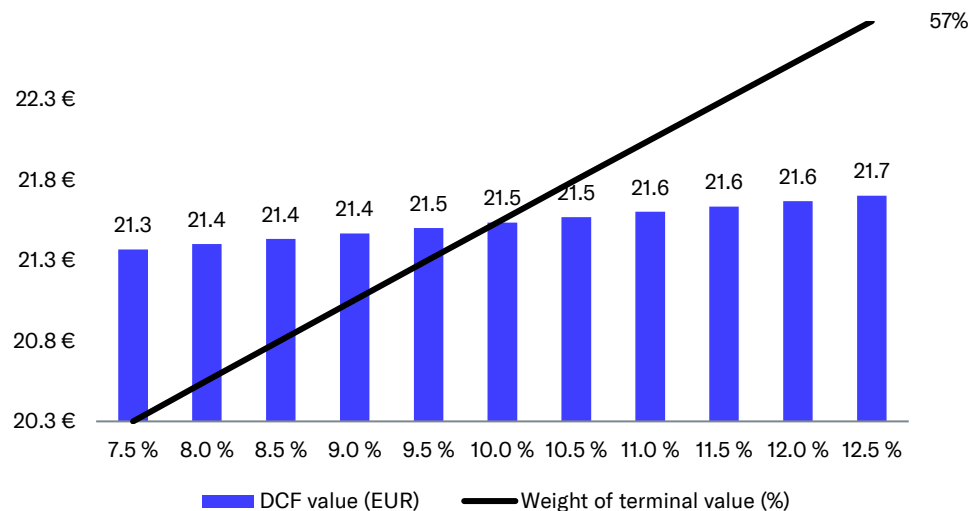
Sensitivity of DCF to changes in the WACC-%



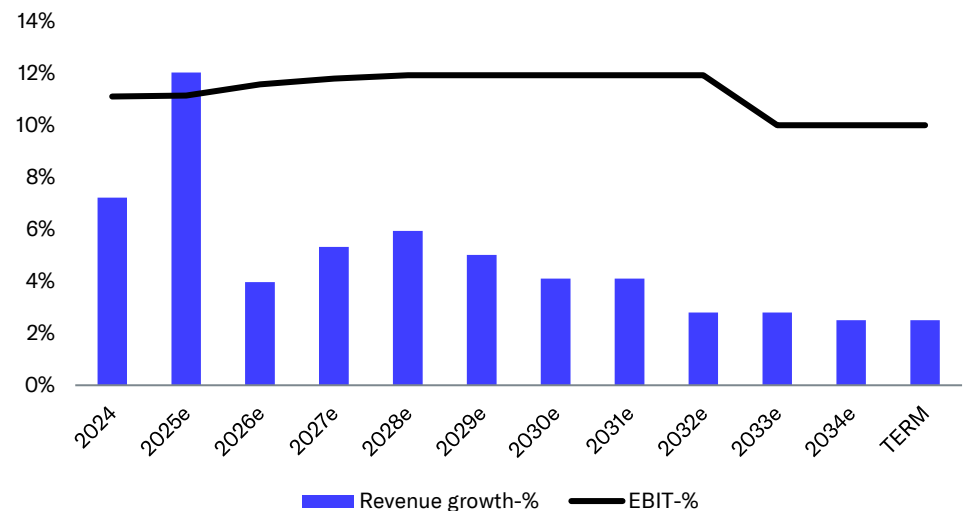
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



Source: Inderes. NB! The terminal value weight (%) is presented on a reverse scale for clarity.

Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	5843.0	6015.0	6449.0	7224.3	7510.6	EPS (reported)	-0.11	0.44	0.86	0.99	1.07
EBITDA	240.0	595.0	846.8	966.4	1036.3	EPS (adj.)	0.48	0.56	0.86	1.00	1.10
EBIT	-23.0	402.0	716.1	805.1	869.6	OCF / share	-0.30	1.33	2.21	1.42	1.38
PTP	-30.0	365.0	688.1	795.7	862.3	FCF / share	-0.60	1.12	1.82	1.21	1.08
Net Income	-63.0	258.0	503.8	578.9	625.2	Book value / share	3.62	3.78	4.31	4.85	5.42
Extraordinary items	-351.0	-95.0	2.0	-6.2	-20.0	Dividend / share	0.26	0.32	0.44	0.50	0.58
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	6608.0	6803.0	7694.0	8036.1	8269.2	Revenue growth-%	22%	3%	7%	12%	4%
Equity capital	2148.0	2233.0	2532.0	2852.8	3184.8	EBITDA growth-%	-50%	148%	42%	14%	7%
Goodwill	1288.0	1273.0	1299.0	1299.0	1299.0	EBIT (adj.) growth-%	-15%	52%	44%	14%	10%
Net debt	488.0	42.0	-788.0	-1225.9	-1551.2	EPS (adj.) growth-%	9%	17%	54%	16%	10%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	4.1 %	9.9 %	13.1 %	13.4 %	13.8 %
EBITDA	240.0	595.0	846.8	966.4	1036.3	EBIT (adj.)-%	5.6 %	8.3 %	11.1 %	11.2 %	11.8 %
Change in working capital	-357.0	304.0	529.0	75.7	1.1	EBIT-%	-0.4 %	6.7 %	11.1 %	11.1 %	11.6 %
Operating cash flow	-175.8	783.4	1297.5	830.9	806.9	ROE-%	-2.8 %	11.8 %	21.2 %	21.5 %	20.8 %
CAPEX	-251.0	-168.0	-186.7	-120.0	-174.4	ROI-%	0.2 %	13.2 %	22.7 %	24.7 %	26.1 %
Free cash flow	-354.8	662.4	1067.9	710.9	632.5	Equity ratio	35.8 %	36.2 %	36.1 %	39.2 %	42.6 %
						Gearing	22.7 %	1.9 %	-31.1 %	-43.0 %	-48.7 %
Valuation multiples	2022	2023	2024	2025e	2026e						
EV/S	0.9	1.3	1.4	1.6	1.5						
EV/EBITDA	15.3	13.1	10.9	12.3	11.1						
EV/EBIT (adj.)	15.7	15.7	13.0	14.6	13.0						
P/E (adj.)	16.5	23.6	20.0	22.4	20.3						
P/B	2.2	3.5	4.0	4.6	4.1						
Dividend-%	3.3 %	2.4 %	2.6 %	2.2 %	2.6 %						

Source: Inderes

The market cap and EV in the table consider the forecast change in the number of shares and net debt for the forecast years. Per-share figures are calculated using the year-end number of shares.

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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

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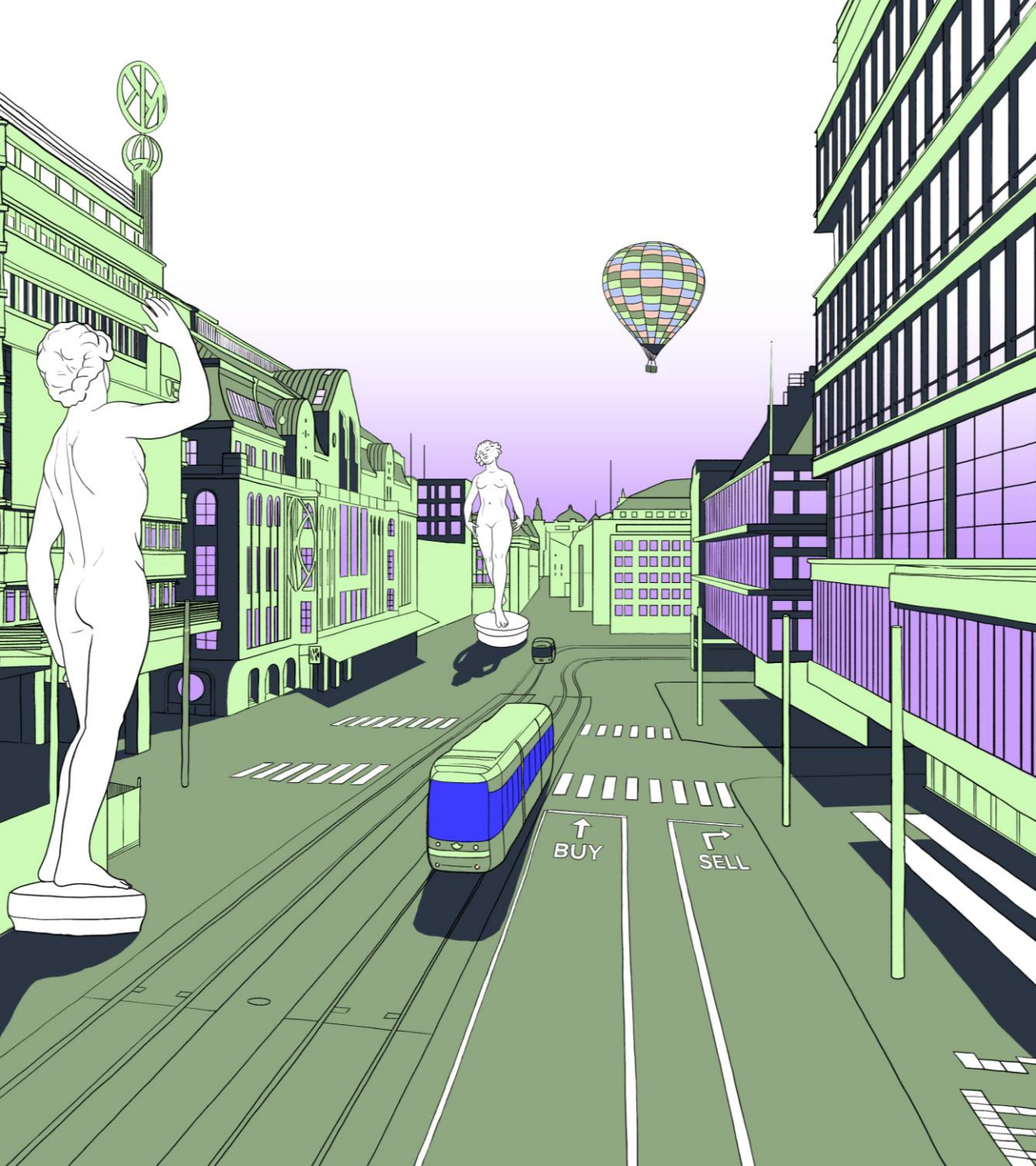
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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
10/28/2019	Reduce	9.00 €	9.27 €
11/27/2019	Accumulate	10.00 €	9.08 €
1/20/2020	Accumulate	12.00 €	10.83 €
1/31/2020	Accumulate	12.50 €	11.45 €
3/26/2020	Accumulate	7.50 €	6.78 €
4/22/2020	Accumulate	7.00 €	6.36 €
7/20/2020	Accumulate	8.00 €	7.51 €
10/26/2020	Accumulate	8.00 €	7.44 €
1/21/2021	Reduce	9.40 €	9.01 €
1/29/2021	Reduce	8.70 €	8.11 €
4/23/2021	Reduce	10.00 €	10.31 €
7/21/2021	Reduce	12.00 €	12.35 €
10/27/2021	Accumulate	12.60 €	11.88 €
11/19/2021	Accumulate	14.00 €	13.16 €
1/31/2022	Accumulate	13.00 €	10.84 €
3/30/2022	Accumulate	11.50 €	9.11 €
4/21/2022	Accumulate	10.60 €	8.41 €
4/29/2022	Accumulate	9.50 €	7.75 €
7/22/2022	Accumulate	9.50 €	8.58 €
10/3/2022	Buy	8.00 €	6.58 €
10/26/2022	Buy	8.00 €	6.76 €
11/15/2022	Accumulate	9.00 €	8.25 €
1/4/2023	Accumulate	9.00 €	8.01 €
2/1/2023	Accumulate	9.50 €	8.71 €
4/26/2023	Accumulate	11.00 €	10.10 €
7/24/2023	Accumulate	12.50 €	11.38 €
11/1/2023	Accumulate	12.50 €	11.24 €
1/5/2024	Accumulate	13.50 €	12.96 €
1/31/2024	Accumulate	15.00 €	13.70 €
4/29/2024	Reduce	16.50 €	17.40 €
7/22/2024	Reduce	17.00 €	18.49 €
10/11/2024	Reduce	18.00 €	19.98 €
10/30/2024	Accumulate	19.50 €	17.82 €
2/5/2025	Accumulate	21.00 €	19.29 €
4/17/2025	Accumulate	18.50 €	15.23 €
4/27/2025	Accumulate	18.50 €	15.36 €
7/21/2025	Reduce	21.00 €	22.30 €



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