

# POSTI GROUP

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Arttu Heikura  
358400828098  
arttu.heikura@inderes.fi

## INDERES CORPORATE CUSTOMER COMPANY REPORT



# Parcels filled with dividend and growth potential

We initiate coverage of Posti with an Accumulate recommendation and a target price of EUR 10.0. The company's earnings have been growing due to efficiency improvements in Postal Services, but increasing support is needed from growing businesses as digitalization reshapes sales distribution. Supported by slight earnings growth and a high dividend yield, the stock's total expected return exceeds the required return, which is why we consider the stock's risk/reward ratio attractive.

## Posti's portfolio focuses on comprehensive logistics

Posti is a company focused on transport and logistics, operating in Finland, Sweden, and the Baltic countries. Posti's portfolio consists of growing parcel delivery (eCommerce and Delivery Services) and warehousing services (Warehousing and Logistics Services) businesses, as well as traditional postal delivery (Postal Services). A significant portion of Postal Services' revenue is structurally declining, which the company aims to offset with new digital initiatives and growth in other businesses. Posti's sales have decreased by around 2% annually (2013-2025) due to declining postal delivery volumes and divestments. However, earnings development in recent years has been very positive, particularly due to efficiency improvements in Postal Services, which has enabled good returns on capital (2022-25 ROCE ~13%).

## The investor story relies on earnings improvement and a high dividend

Central to the investor story is protecting the strong earnings of Postal Services amidst a market disruption where letter volumes decrease due to digitalization and changing customer behavior. Posti has a strong track record of adjusting its cost structure, but in our view, for risk management reasons, earnings support is also needed from other growing businesses in the future. A significant portion of the Group's earnings currently comes from Postal Services, and with digitalization shaping the industry, we consider it possible that the segment's earnings will be smaller in 5-10 years than they are today. If the company fails to capitalize on the

commercialization of digital mail, we estimate that the segment's earnings will decline sharply in the long run. We identify significant earnings growth potential in eCommerce and Delivery Services, and particularly in Warehousing and Logistics Services, arising from a combination of trend-supported revenue growth and operational efficiency/integration. Our starting point is that the earnings of Postal Services will gradually decrease, while the earnings growth of other businesses will increasingly compensate for the digital transition of Postal Services. Overall, we expect the EBIT to increase by 4% annually in the medium term (the company's target is 5% annually). Another important element in Posti's investor story is the company's generous dividend policy (>60% of net profit). Historically, profit distribution (excl. the additional dividend raised by the State, which was debt-financed before the IPO) has been funded by increasing earnings and sales of balance sheet assets (securities). This will also continue, as the liquidation of the 100 MEUR real estate portfolio will significantly support the growth of Posti's profit distribution over the next few years. We also consider it possible that the divested funds will be used to pay off debts and/or for acquisitions, which we view positively.

## In our view, the stock's risk/reward ratio is attractive

In our view, Posti trades at a neutral valuation based on its past earnings. We feel the valuation multiples for the coming years (2027e P/E 8x and IFRS 16 adj. EV/EBIT 9x) will decrease to attractive levels for a company that generates a good return on capital. The moderate valuation picture is supported by Posti's significant discount relative to its key peers. In our view, the expected return on the share consists of approximately 5% earnings growth and a 10% dividend yield. Thus, the total expected return (~15% p.a.) exceeds our required return, which means we consider the share's risk/reward ratio attractive. Our sum-of-the-parts and DCF calculations show that the stock's fair value (EUR 10-11) is above the current share price, which suggests upside and warrants our positive view.

## Recommendation

**Accumulate**

(was -)

## Target price:

**EUR 10.00**

(was -)

## Share price:

EUR 8.68

## Business risk



## Valuation risk



	2025	2026e	2027e	2028e
<b>Revenue</b>	1447.5	1430.9	1466.1	1491.0
<b>growth-%</b>	-5%	-1%	2%	2%
<b>EBIT adj.</b>	69.4	67.3	73.8	78.1
<b>EBIT-% adj.</b>	4.8 %	4.7 %	5.0 %	5.2 %
<b>Net Income</b>	23.5	38.8	45.1	48.9
<b>EPS (adj.)</b>	1.00	0.96	1.11	1.21
<b>P/E (adj.)</b>	8.6	8.9	7.6	7.0
<b>P/B</b>	1.3	1.2	1.2	1.1
<b>Dividend yield-%</b>	9.8 %	10.0 %	11.2 %	11.8 %
<b>EV/EBIT (adj.)</b>	12.4	12.8	11.3	10.5
<b>EV/EBITDA</b>	4.8	4.4	4.1	3.9
<b>EV/S</b>	0.6	0.6	0.6	0.5

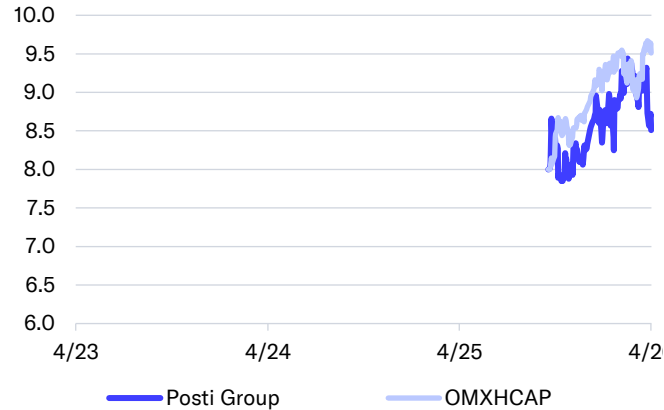
Source: Inderes

## Guidance

(Unchanged)

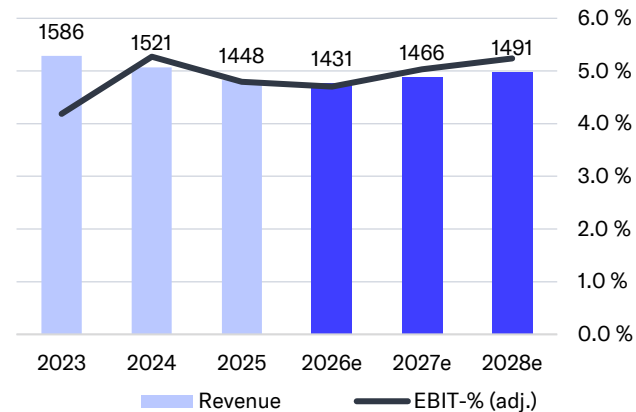
Posti estimates its revenue to be 1,400-1,500 MEUR (2025: 1,448 MEUR) and adjusted EBIT 63-79 MEUR (2025: 69.3 MEUR) in 2026.

## Share price



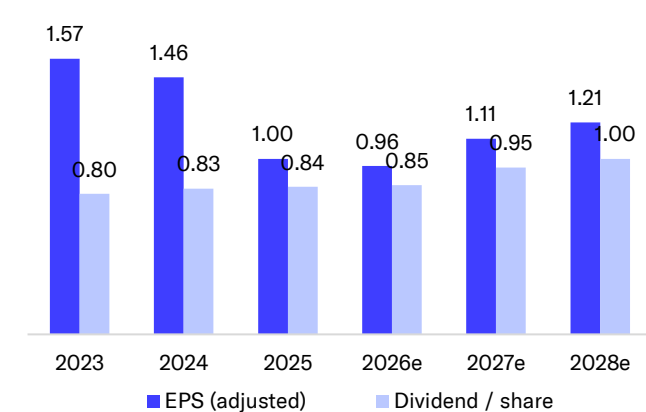
Source: Millstream Market Data AB

## Revenue and EBIT % (adj.)



Source: Inderes

## EPS and dividend



Source: Inderes

## Value drivers

- Digital services are replacing the declining demand for postal delivery
- Earnings improvement in warehousing services
- Strong growth in target markets in the Baltics
- Well-positioned for industry growth trends
- Increased efficiency through automation in all businesses
- Divestment of the real estate portfolio releases significant capital
- Acquisitions

## Risk factors

- Demand for traditional postal services is declining, which may weigh on utilization rates
- Digital transition of official communications
- Failure in the commercialization of OmaPosti
- Continued weak economic development in Finland
- Prolonged earnings problems in warehousing services
- Tightening price competition in parcel delivery services
- Failure in acquisitions

Valuation	2026e	2027e	2028e
<b>Share price</b>	8.51	8.51	8.51
<b>Number of shares, millions</b>	40.5	40.5	40.5
<b>Market cap</b>	345	345	345
<b>EV</b>	862	836	817
<b>P/E (adj.)</b>	8.9	7.6	7.0
<b>P/E</b>	8.9	7.6	7.0
<b>P/B</b>	1.2	1.2	1.1
<b>P/S</b>	0.2	0.2	0.2
<b>EV/Sales</b>	0.6	0.6	0.5
<b>EV/EBITDA</b>	4.4	4.1	3.9
<b>EV/EBIT (adj.)</b>	12.8	11.3	10.5
<b>Payout ratio (%)</b>	88.7 %	85.2 %	82.8 %
<b>Dividend yield-%</b>	10.0 %	11.2 %	11.8 %

Source: Inderes

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# Posti Group in brief

Posti is one of the largest logistics-focused operators in Northern Europe, offering delivery and logistics outsourcing services.

**1638**

Year of establishment

**2025**

IPO

**1,448 MEUR**

Revenue 2025

**69 MEUR (4.8%)**

Adj. EBIT 2025 (EBIT margin)

**11,845**

Average number of personnel 2025

**7.8%**

Return on capital employed (ROCE %) 2025

## SEARCHING FOR DIRECTION

Opportunistic acquisitions and expansion outside core businesses

Weak parcel business earnings weigh on the Group's profitability

## FOCUS ON THE CORE BUSINESS

Strategic decision to focus on the Finnish, Baltic, and Swedish logistics value chain

Divestments of non-core businesses

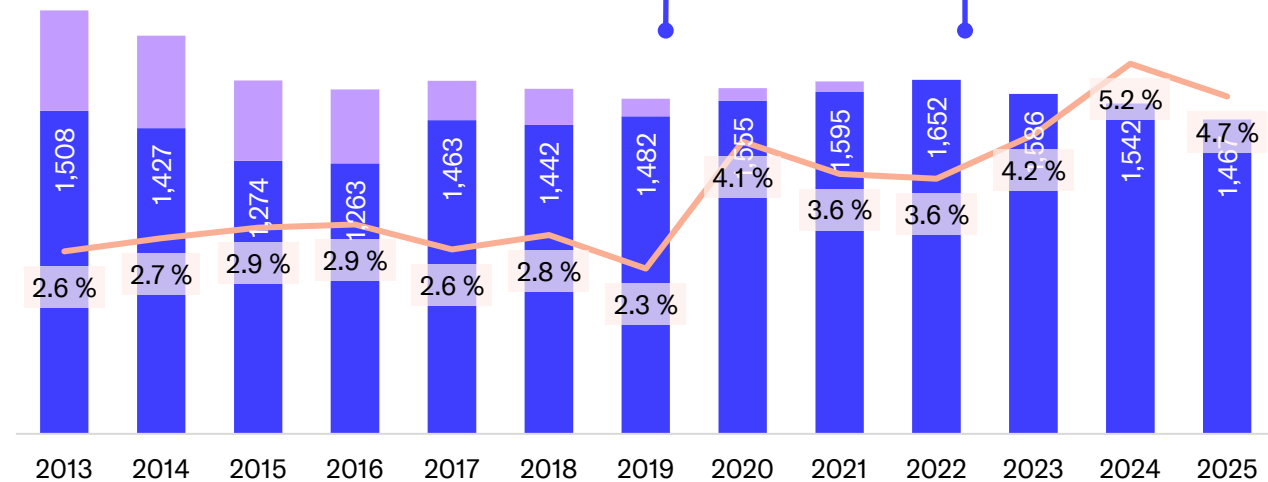
Expansion into outsourced warehousing services through the acquisition of Transval

Expansion to the Swedish market

## CHALLENGING OPERATING ENVIRONMENT

A challenging operating environment weighs on the demand for parcels and outsourced warehousing services

Excellent efficiency improvement in Postal Services, which raises the Group's profitability to record levels



Continuing operations

Discontinued operations\*

Adj. EBIT %

# Company description and business model

## Posti Group in brief

Posti is one of the largest logistics companies in Northern Europe. The company's expertise focuses on letter and parcel delivery and logistics outsourcing services. Posti's revenue decreased at an annual rate of around 2% between 2013 and 2025 due to divestments and a structurally declining postal market. However, earnings development has been positive despite the decline in volumes, with Posti's adjusted EBIT growing by around 3% per year during the same period. For reporting purposes, the company is divided into three different segments: 1) Postal Services, 2) eCommerce and Delivery Services, and 3) Warehousing and Logistics Services. We discuss each business area separately, starting from page 11.

## History of Posti

The history of Posti dates back to 1638, when Governor-General Per Brahe established the Finnish postal service. In the 19th century, operations expanded significantly: stamps were introduced in 1856, home delivery services began in 1858, and postcards came into use in 1871. Posti's (then Itella) internationalization truly began in the late 2000s when it expanded its presence both organically and through acquisitions across Europe. At the same time, the Group's offerings expanded beyond the current strategy's logistics operations to include, e.g., banking and financial management outsourcing solutions. The key idea at that time was to replace the decline of physical delivery with electronic information logistics services. In the late 2010s, Posti strengthened its position in the logistics value chain by acquiring businesses focused on freight and outsourced logistics. At the same time, it sharpened its strategy and

divested underperforming businesses that offered few synergies. Thus, the current Posti was formed, which was listed on Nasdaq Helsinki in October 2025.

## The business focuses on Finland

By the end of 2025, 80% of Posti's revenue\* came from Finland and 20% from abroad. Sweden's share was around 10% and the Baltics' share was 4%. Posti has a strong market position in Finland in each of its business areas. The company's market shares are lower abroad, which, on the other hand, opens up more growth opportunities for the company. Growth opportunities abroad are also enhanced by the more dynamic economies of Sweden and the Baltics, which is reflected in higher GDP growth than in Finland.

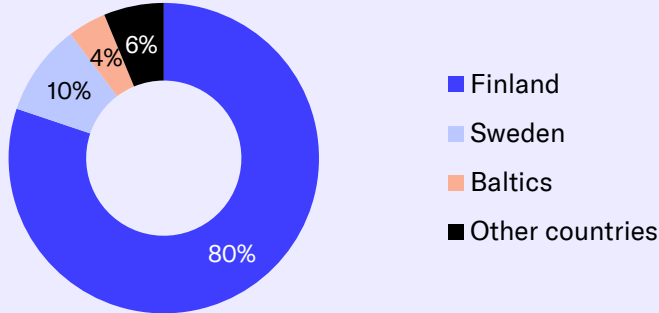
## The company's development is driven by divergent structural drivers of different magnitudes

The demand for traditional postal delivery decreases annually due to structural factors (digitalization and the media landscape revolution) and changes in customer behavior. We believe the company has limited means to influence the development of structural drivers. For this reason, the company has expanded its service offering to other business areas where growth opportunities are more substantial. A key growth driver for Posti is the shift to e-commerce, which we estimate will increase parcel deliveries. At the same time, the increasing trends of outsourcing and focusing on core business provide preconditions for increased demand for logistics outsourcing services. We have discussed each trend and its effects on Posti's business in the segment-specific chapters starting from page 11.



	eCommerce and Delivery Services	Warehousing and Logistics Services	Postal Services
<b>Revenue</b>	<b>641 MEUR</b>	<b>302 MEUR</b>	<b>530 MEUR</b>
<b>Adj. EBIT</b>	<b>22 MEUR</b>	<b>-5 MEUR</b>	<b>66 MEUR</b>
<b>Share of profit or loss</b>	<b>27%</b>	<b>-7%</b>	<b>80%</b>
<b>ROCE</b>	<b>8.5%</b>	<b>-1.8%</b>	<b>42%</b>

Geographical distribution of revenue\*



\* Based on the location of Posti's external customers

Source: Posti  
\* Based on the location of Posti's external customers

# Company description and business model

## History is full of M&A transactions

Over the years, Posti has acquired businesses that support its core operations, as well as entirely new business opportunities. At the same time, it has divested some non-core businesses. According to our calculations, Posti has carried out over 50 M&A of varying sizes since 2008. Direction has been sought from new markets (Russia and Central Europe) and from several different service areas (e.g., financial administration and care services).

Posti expanded into the Russian market in the late 2000s with the aim to offer comprehensive logistics solutions. The Russian portfolio was supplemented with smaller acquisitions, but due to weak financial performance and limited synergies, Posti sold the entire business in 2021. In 2019, Posti also divested the business it had previously acquired, which focused on the digitalization of financial and procurement processes (OpusCapita), to an international private equity investor. We believe the weak earnings development and limited synergies with logistics operations led to the decision to divest the business. These divestments improved Posti's profitability, but on the other hand, one should question the logic of the acquisitions of both the Russian unit and OpusCapita, as well as the success of the transactions themselves. The most significant acquisitions for the formation of the current Posti include Transval, Aditro Logistics, and Veddestagruppen. The Baltic operations also partly originated from an acquisition. These businesses are an essential part of Posti's future earnings growth.

Only incomplete information has been published regarding Posti's acquisitions, specifically concerning their purchase prices and the key figures of the acquired targets. However, transaction price data is available for the largest transactions.

The Russian business was sold at a surprisingly good price (EV/S ~1x) given its weak earnings performance. Considering the good price and geopolitical risks, we believe the withdrawal was the right decision. It is likely that a year later, the sales price would have been minimal with the rise of full-scale sanctions against Russia. The prices paid for the Warehousing and Logistics Services segment businesses, measured by the EV/S multiple, have been at most 1x or below. Logistics outsourcing service peers have been priced on the stock exchange at multiples of around 1x (larger companies >1x and smaller companies <1x). From this perspective, we believe the pricing of Posti's transactions has been quite fair. However, the segment's result is currently unprofitable, and we believe turning it around is of paramount importance for the true success of the transactions and earnings growth. We have discussed the Group's future M&A opportunities in the strategy section on page 39.

## The IPO diversified the company's ownership base

Posti's main owner is the Finnish State. Before the listing, the State's ownership in Posti was 100%, whereas it is now 65.8%. Thus, the State's majority vote remained unchanged even after the IPO. In our view, the State's political perspective may introduce irrational volatility into Posti's business development or capital allocation decisions, depending on the political agenda and government composition. Thus, we see State ownership as one of the risk factors in Posti's investment story. However, the expansion of the ownership base as a result of the listing brings individuals to Posti's Board who advocate for the interests of return-seeking shareholders, which will likely mitigate the impact of political phenomena on Posti's capital allocation decisions.

## Key M&A transactions

Transaction	Year	Target	Business	Country	EV/S
Acquisition	2010	SmartPOST	Parcel lockers	Estonia	-
Acquisition	2019	Transval Group Oy	Logistics outsourcing services	Finland	0.3x
Sales	2019	OpusCapita Solutions Oy	Financial solutions and information logistics	Europe and the rest of the world	0.9x
Acquisition	2020	Aditro Logistics AB	Logistics outsourcing services	Sweden	0.7x
Sales	2021	Russian business (Itella Russia)	Logistics outsourcing services	Russia	1.2x
Acquisition	2022	Veddestagruppen AB	Logistics outsourcing services	Sweden	1.2x
Discontinuation of operations	2024	Discontinuation of unaddressed marketing services	Direct marketing services	Finland	-

## Largest shareholders

Owner	Share of stocks and votes, %
Prime Minister's Office	65.8
Ilmarinen Mutual Pension Insurance Company	3.5
Varma Mutual Pension Insurance Company	1.9
Elo Mutual Pension Insurance Company	1.4
Veritas Pension Insurance Company Ltd.	1.0
The State Pension Fund of Finland	0.9
Sr Aktia Capital	0.6
OP Insurance	0.5
OP Life Assurance Company Ltd	0.5
Proprius Partners Arvo Suomi (non-Ucits)	0.2

Source: Posti

# Company description and business model

Otherwise, Posti's largest owners consist of pension companies and institutional investors. The holdings of CEO Antti Jääskeläinen (0.18%) and CFO Timo Karppinen (0.07%) are significant, which we consider positive from a shareholder's perspective.

## The business ties up fixed assets...

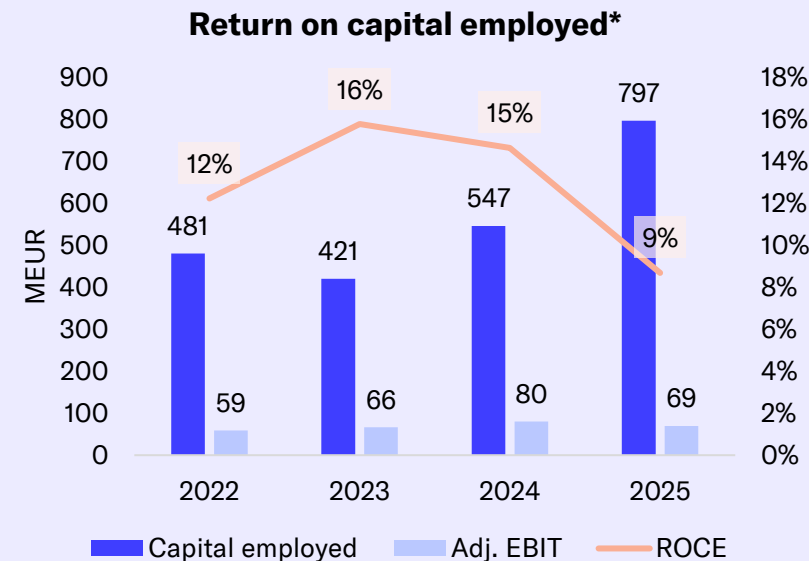
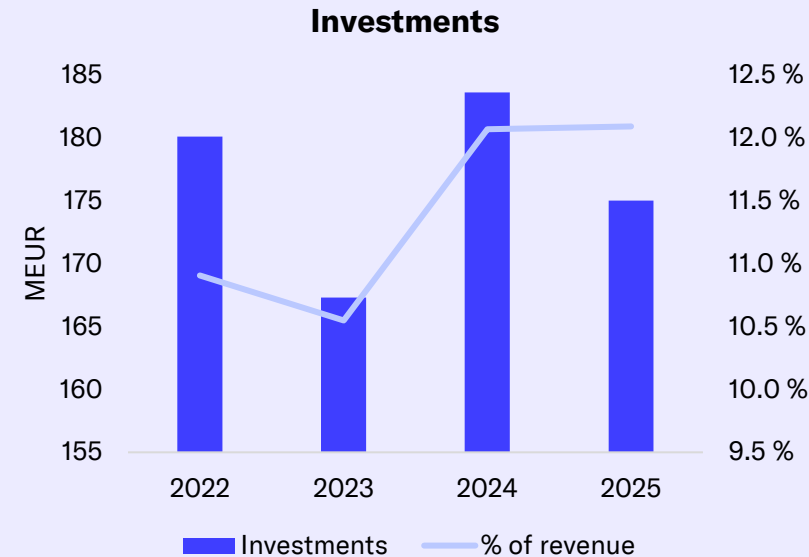
Posti's capital intensity is emphasized in Warehousing and Logistics Services, where the other half of the business requires capital-intensive logistics centers. The company also owns some non-business-related properties and land areas, which it intends to divest within a few years. Posti's current businesses's annual investment level (incl. IFRS 16 items, acquisitions, and real estate investments) has been around 150 MEUR, or about 10% of revenue. Tangible and intangible investments alone have been around 70 MEUR p.a. According to management, investment levels in previous years have been higher than usual (e.g., the Järvenpää and Tallinn logistics centers). The company sees the normalized investment level in the near future to be around 120 MEUR, including lease payments.

On the other hand, Posti's business is very working capital-light. Inventory levels are low, and accounts payable have exceeded accounts receivable. In this case, the Group's net working capital has been negative, which indicates that customers essentially finance Posti's invoices. Front-loaded cash flow is emphasized in Postal Services, where customers make payments before the service is delivered. On average, Posti's net working capital has been negative by around 70 MEUR, or -5% of revenue, during 2022-25.

In recent years, Posti has invested in investment properties in Eteläinen Postipuisto, Helsinki (near Pasila). The purpose of the investments has been to clean the soil in the area to make it marketable. The company intends to sell the land area during the next few years (2026-28), which, if successful, will generate a significant amount of free cash flow for the company (up to 100 MEUR). We have discussed the sales of land or other Posti investment properties on pages 50-51.

## ... but the return levels have been commendable

Posti measures its capital efficiency using return on capital employed (ROCE %), which is another way to calculate return on invested capital (ROIC %). In the recent past, the Group's ROCE has generally exceeded the average cost of capital (WACC determined by Inderes: 8.1%). In other words, the business has created value. Between 2022 and 2025, Posti's ROCE has averaged ~13%, only once falling below the cost of capital. This occurred over the past year, while the earnings level decreased, but the amount of capital employed increased due to higher long-term assets and committed working capital. By business segment, returns on capital have been at a fairly good level in eCommerce and Delivery Services (~10%), excellent in Postal Services (~50%), and weak in Warehousing and Logistics Services (<0%) during 2024-25.



\* Capital employed = non-current assets (excl. deferred tax assets) + net working capital

Source: Posti

\* Calculated based on segment-specific figures

# Company description and business model

## The portfolio is sensible, and the businesses are synergistic

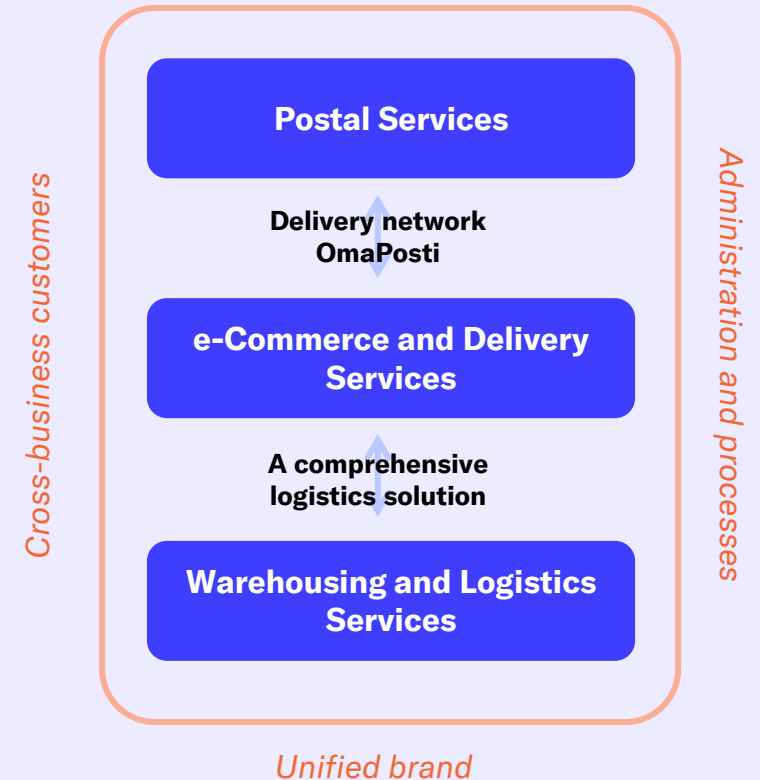
In our view, Posti's business portfolio comprises several synergistic service areas. Sales synergies are reflected in the fact that a significant portion of Posti's customers utilize two or three of the services offered by the company. Regarding costs and efficiency, synergies are created from the shared logistics network (incl. delivery and warehouses). In addition, significant efficiency has been and will be gained from delivery, e.g., by combining letter and parcel delivery. Currently, operations are managed by two separate networks, and over time, we believe they will merge into a single entity. These synergies and a high degree of automation (letter mail sorting is >90% automated) are reflected in the company's profitability, which is among the best in the industry for Postal Services. It is essential to note, however, that the Group still has untapped synergy sources. However, some of these are particularly dependent on the level of letter volumes in Postal Services. Thus, some of the synergies appear as an adjustment of the cost structure, rather than as an element improving the Group's earnings.

## The risk level varies by business

We see the risk level of Postal Services as somewhat elevated due to the pressure to adjust the cost structure caused by the structural volume decline. In our opinion, the risk level associated with the declining business is reduced by the company's strong track record of timely cost structure adjustments, which has enabled exceptionally good profitability compared to the industry. Profitability has

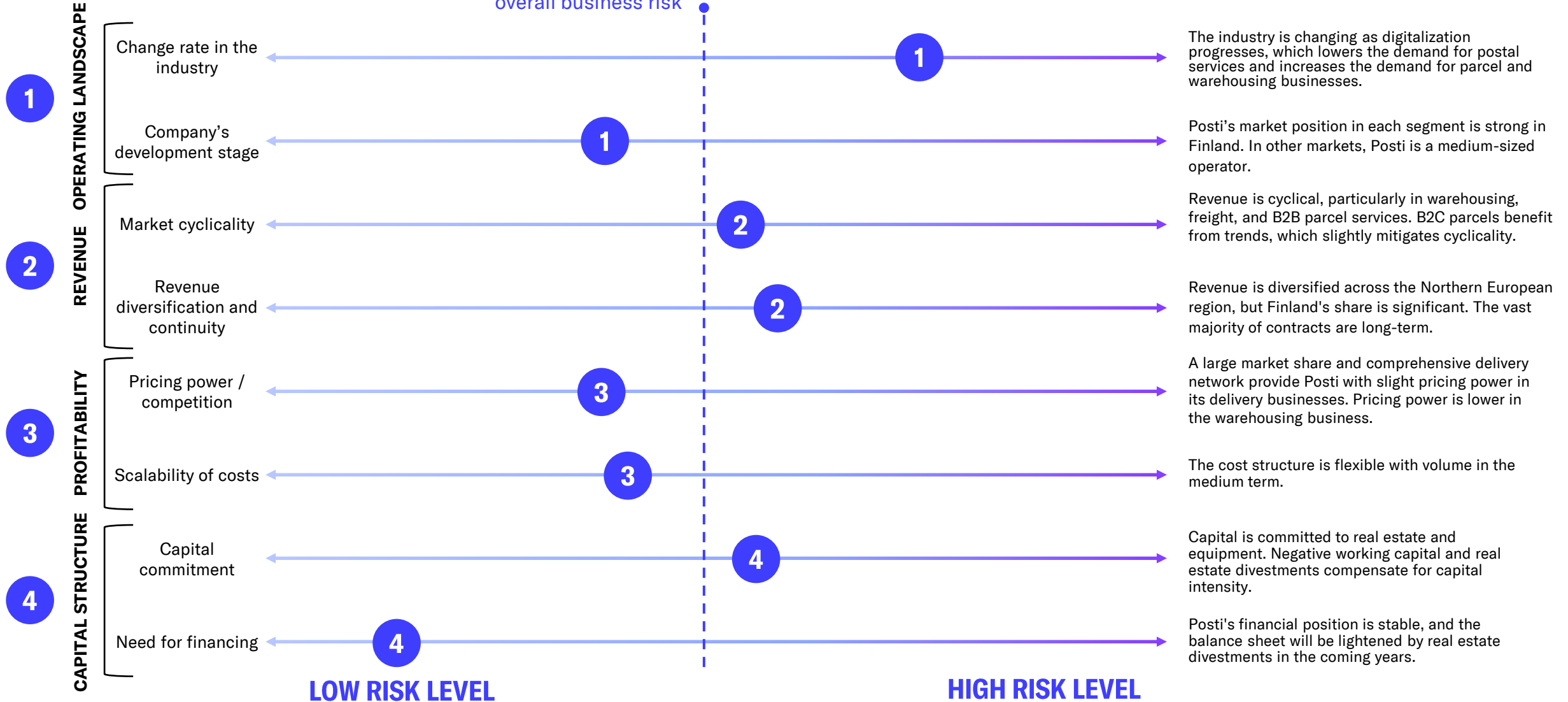
even improved under the current management. In the big picture, the risks arising from the structural drivers of other businesses are lower than those for Postal Services, as their target markets are growing in the long term. At the same time, Posti's position in these markets is strong. There is currently a slight risk associated with Warehousing and Logistics Services (from both a cash flow and goodwill impairment perspective) due to persistent earnings challenges. However, according to our calculations, the company generates approximately zero operational cash flow, which slightly mitigates the risk level. At the same time, we believe that the increasing outsourcing of logistics, which is becoming more common in the industry, will eventually correct the challenges related to the market cycle, enabling Posti to improve its operational margin. We believe the Posti Group's risk level is roughly in line with that of an average company on Nasdaq Helsinki.

## Key business synergies



# Risk profile of the business

Assessment of the company's overall business risk



# Segments - Postal Services

## Postal Services - 37% of the Group

The Postal Services segment is the company's most traditional business, which it has run since the 17th century. The company provides postal services only in Finland, but the segment acts as a partner to international postal service companies in Finland for international deliveries. The Postal Services segment consists of delivery services, multichannel services, and digital services. Postal Services' revenue for 2025 was 530 MEUR and adjusted EBIT was 66 MEUR. Adjusted EBIT was about 80% of the entire Group's realized figure, and we estimate that Postal Services generates very strong cash flow, which reflects the business's important role as a funding source for other growing businesses.

### Delivery services

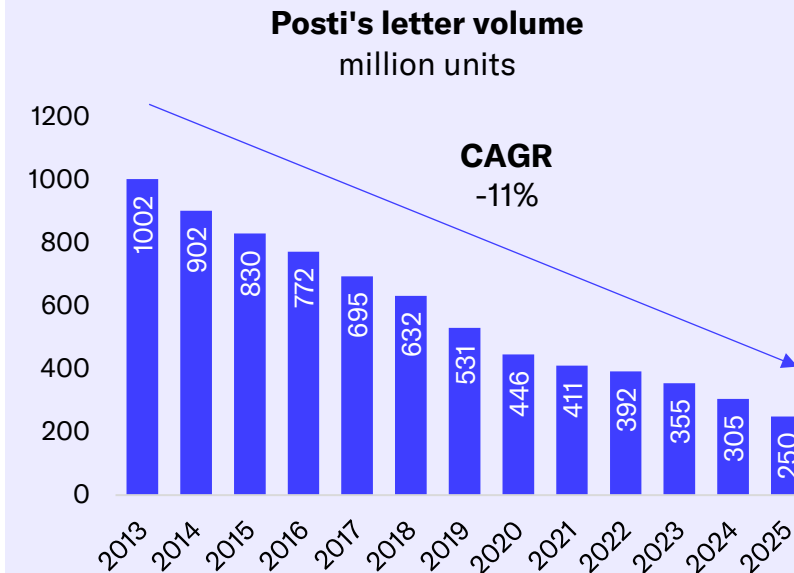
Delivery services include the delivery of letters, newspapers, and addressed direct mail. These services are offered to both businesses and consumers. In addition, Posti offers certain value-added services, ranging from faster delivery schedules available to all to customized postal services for businesses. We suspect corporate mail is significantly larger than consumer mail, as digitalization has shifted the majority of C2C communication to digital formats. Key customer groups for delivery services include printing houses, financial administration, outsourcing companies, the public sector, and large corporations. We estimate that delivery services account for the majority of the segment's revenue.

### Multichannel services

Multichannel services cover document reception and digitization, sending customer letters and invoices, printing services, and electronic document management. The main customer base for multichannel services consists of public and private sector customers. With its multichannel services, Posti offers outsourcing assistance to customers whose business requires sending and receiving large volumes of invoices and documents. As part of its value proposition, Posti offers its customers the opportunity to focus on their core business. At the same time, Posti aims to extend the lifecycle of letter mail by adding digitalization alongside physical message delivery. In our view, this could accelerate the digital transition of letter mail, but it would be crucial for Posti that digital mail delivery occurs through their platform (OmaPosti) and not through customers' own systems or competitors.

### Digital services

Digital services consist of Posti's digital mailbox (OmaPosti) and other digital services, such as digital marketing, data services, target group selection services, and register updates for customer systems. The services are mainly aimed at corporate and public customers. The core idea behind digital services is to create an alternative revenue stream alongside the structurally declining traditional postal delivery, while also commercializing Posti's proprietary data and expertise. We estimate that the share of digital services in Postal Services is low.



# Segments - Postal Services

## Economic cycles do not significantly impact the demand for letters

We believe the demand for Postal Services is relatively independent of economic cycles. However, digital services aimed at businesses (e.g., data and marketing services) correlate positively with economic development. A greater driver than business cycles is the continued decline in demand for postal services, which follows structural trends.

## Posti's delivery network is the most comprehensive in the country

Postal Services' delivery network is nationwide and the largest in the country, practically reaching every resident in mainland Finland. Delivery takes place through both physical and digital channels. Posti has increasingly integrated its delivery networks, allowing parcels to be delivered through the existing postal delivery network. Around 26% of parcels were transported through Postal Services' network in H1'25.

Delivery efficiency varies significantly by region, as we suspect unit costs for delivery in very sparsely populated areas can be very high. This is purely because the distances can be long, and the delivery utilization rate can be very low, meaning the compensation received from delivery does not cover the direct costs incurred. Similarly, we estimate that delivery in large urban areas, such as the Helsinki Metropolitan Area, is a very profitable business due to high utilization rates. Despite this, Posti aims to further improve delivery efficiency. For example, in Vuosaari, Helsinki, Posti piloted dynamic route planning for

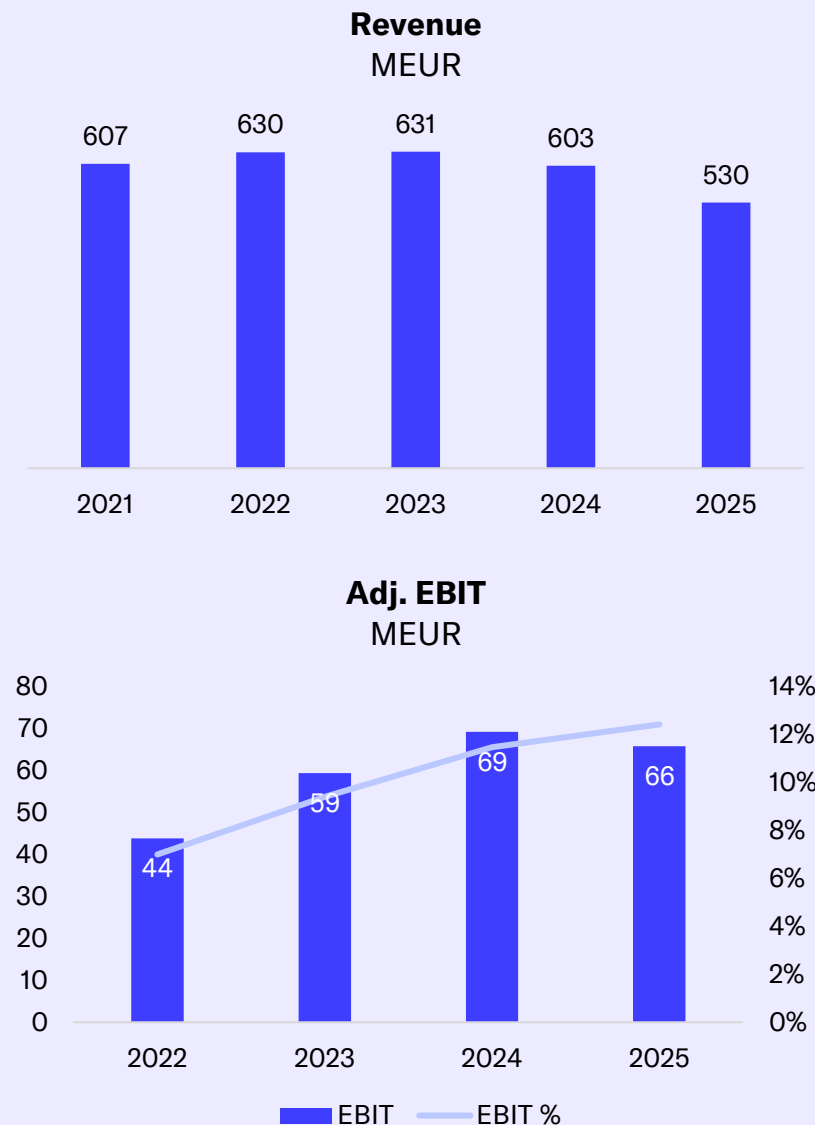
deliveries, which led to a decrease of around 5% in working hours required for outdoor delivery. Based on the recently announced reform program, this model is also intended to be replicated more broadly.

## Cost efficiency has been a key strength of Posti

A key strength of Postal Services in the past has been the proactive adjustment of the cost structure. In general, in industries where volumes are structurally decreasing, it is very challenging to maintain or even improve relative margins. The EBIT margin for Postal Services has improved over the past 3 years from around 7% to over 12%.

We believe a significant portion of the efficiency improvement has come from increased automation. Posti's sorting automation rate has risen from around 60% in 2022 to over 90% in 2025. This has enabled more resource-efficient operations, leading to a significant decrease in headcount and personnel costs. Changes in delivery models, such as alternate-day delivery, have also improved the segment's cost efficiency.

The company's goal is to raise the automation rate of sorting close to 100%. However, cost efficiency does not end with automation; the company also has ways to adjust its cost structure even after reaching the peak of automation. In the future, the cost structure can be adjusted by, e.g., optimizing (combining or decreasing) delivery routes when the volume falls below a certain level. At the same time, the delivery network will be combined with parcel delivery, which should help alleviate cost pressures in Postal Services.



Source: Posti

# Segments - Postal Services

## Price increases are also part of the toolkit

Price increases have been an essential tool in maintaining or improving Posti's profitability. According to the Postal Museum, the price of Posti's letter delivery to consumers, i.e., the price of a stamp, has increased by around 10% p.a. in 2012-2024. We estimate that price increases have been higher on the corporate side.

In our assessment, Posti's pricing power across its customer groups is strong, with historical evidence to support this. We believe Posti's strong pricing power is explained by its nationwide delivery network and strong market position. Pricing power is particularly emphasized among corporate customers, where there may not be an equally relevant alternative to letters. Although companies strive to shift the sending of official communications to digital format, in the big picture, the message format has so far been at the discretion of the recipient, with certain exceptions.

## Legislation concerning postal services and the universal service obligation

The Postal Act, which is based on an EU directive, stipulates that affordable and equitable basic postal services (so-called universal services) must be permanently available in Finland. In practice, this means that every consumer and business can send and receive letters and parcels regardless of their location. The universal service obligation (USO) applies only to cash-paid shipments, i.e., those paid with stamps, not to corporate contract-based mail delivery. According to the

Postal Act, the supervisory authority (Traficom) imposes a USO on the postal operator best equipped to provide basic services. Traficom has designated Posti as a universal service provider in Finland for stamped letter services and international outbound parcel services. International mail is also subject to UPU regulations.

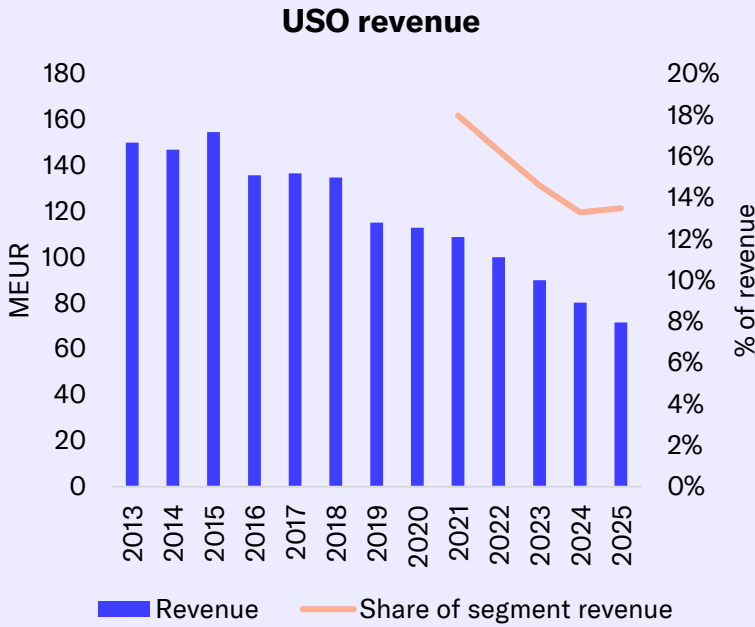
Regarding delivery frequency, the law necessitates at least three business days per week. The previous five-day obligation was eased in 2023 due to decreasing letter volumes and rising costs. Letters also have delivery speed requirements, meaning that at least 50% of letters must be delivered by the fourth business day and 97% by the fifth business day after the drop-off date.

According to the law, pricing must be moderate, transparent, and non-discriminatory, and changes must be announced at least one month in advance. Regarding the service point network, each municipality must have at least one service point within a moderate distance, and services must be available in both Finnish and Swedish. The postal company also has a statutory obligation to ensure the confidentiality of shipments and to deliver shipments to the address or return them to the sender if delivery is not possible.

Posti fully finances its USO operations from services paid by customers, without government support. However, Posti has received State aid for newspaper delivery for the two weekdays when letters covered by the USO are not delivered in eligible areas.

## Posti's universal service obligations

- Delivery of stamped letters at least three business days a week
- Pricing must be moderate, transparent, and non-discriminatory
- Every municipality must have at least one office
- Service must be provided in Finnish and Swedish



Source: Posti, Finlex

# Segments - Postal Services

Posti's revenue from USO was 72 MEUR in 2025, a clear minority of the Group's (5%) and Postal Services segment's (14%) revenue. Revenue under the USI decreased by around 6% p.a. in 2013-2025. Despite its small share, the USO generates high costs for Posti relative to its volume. Therefore, Posti actively seeks to influence legislation. Historically, the Postal Act in Finland has been relaxed more favorably than in other comparable countries, which has been positive for Posti's profitability.

## OmaPosti and the digital transition

OmaPosti, a digital mailbox and communication channel, is a key project for the Postal Services segment's digital services. In March 2025, a total of 2.6 million users were registered with OmaPosti, representing a significant portion of Finland's residents. The service is aimed at both consumer and corporate customers. The idea behind OmaPosti is to extend the life cycle of postal services, act as a digital interface, and enable the upselling of value-added services. Through OmaPosti, Posti's consumer customers can receive digital letters and invoices, track parcel deliveries, and purchase value-added services offered in connection with transportation. Corporate customers can send and receive digital letters and invoices, monitor the transport of parcels and freight, and receive volume and quality reports and customer service through the chat function. OmaPosti also serves as a communication channel between consumer users and companies. We estimate that OmaPosti does not yet generate significant revenue for the Group.

We suspect that companies in the private sector that send letters will, in the initial stages of digitalization, primarily aim to deliver their digital mail to customers through their own channels. This is already happening. However, according to legislation, letters containing confidential information must be distributed through secure channels (e.g., OmaPosti and not e-mail). Even if letter delivery becomes fully digitalized, there will still be a need for a reliable digital letter delivery channel in the future.

According to Posti's own thesis, consumers appreciate the availability of letters (including non-confidential ones) collected in a specific channel, which in this case could be OmaPosti. Thus, a significant component in growing Posti's digital mailbox is the added value offered to corporate customers' clients (i.e., an easy way to receive digital letters in one place). Communicating this to corporate customers who send letters is likely not easy, as we believe their interests primarily lie in a cost-effective way to distribute letters, rather than pleasing consumer customers with letter delivery channels. Posti's ability to offer value-added services to corporate customers (e.g., multichannel services) is also a contributing factor to success, as digital letters would primarily be distributed through OmaPosti. Positive news has emerged from Denmark regarding the digital transition, which also creates the conditions for the commercialization of OmaPosti's digital mailbox. We have discussed the Danish model on page 24.

## Development of the number of users of OmaPosti

### Launch 2018

- 0.8 million registered users
- 0.1 million active users

### COVID accelerates parcel volume growth 10/2021

- 1.6 million registered users
- 1 million active users

### Latest information 3/2025

- 2.6 million registered users

# Segments - eCommerce and Delivery Services

## eCommerce and Delivery Services – 44% of the Group

The eCommerce and Delivery Services segment is a separate parcel delivery service area that has grown alongside Postal Services. Currently, the segment operates in Finland and the Baltic countries, but it has also conducted business in Sweden and Russia. The segment consists of parcel delivery operations and LTL freight services. The segment's revenue in 2025 was 641 MEUR and adjusted EBIT 22 MEUR (3.4% of revenue). Roughly 10% of sales came from the Baltics and the rest from Finland, so Posti's home country is still in a very dominant position.

### Parcel services

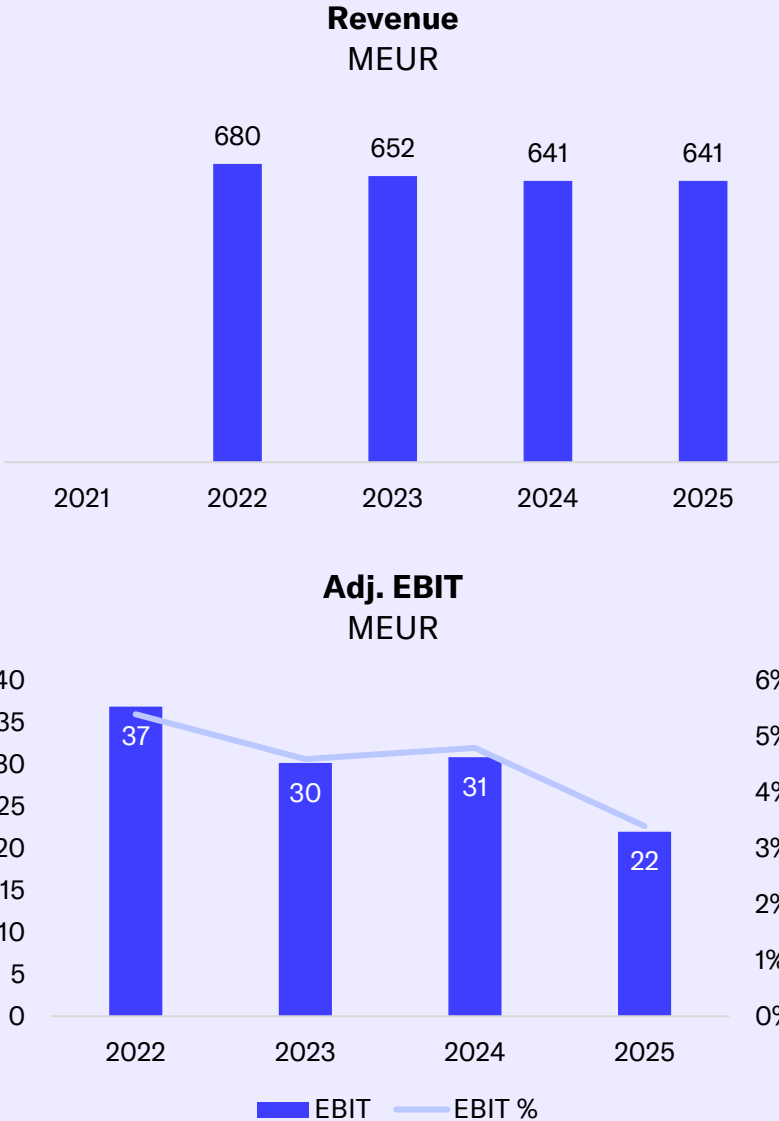
Key parcel services offered by Posti include the reception, sorting, and delivery of parcels sent by businesses and consumers to their recipients. In addition, Posti offers certain value-added services based on visibility and digital capabilities (for parcel senders) and delivered in connection with parcels (for parcel recipients). The OmaPosti application developed by Posti is also part of Posti's value proposition, and it allows each party to monitor and manage the journey of parcels throughout Posti's logistics chain. Posti also offers a logistics chain for parcel returns, which plays a big role in e-commerce and consumer customer services. For international parcels, both inbound and outbound, Posti handles the logistics chain within Finland, while Posti's international partners manage the logistics outside of Finland for parcels sent via Posti.

Parcel services can be divided into three different sub-segments depending on the type of parcel: 1) B2C parcel services, i.e., the delivery of parcels from businesses to consumers, 2) B2B parcel services, i.e., the delivery of parcels from businesses to businesses, and 3) C2C parcel services, i.e., the delivery of parcels from consumers to consumers. In our opinion, B2C and C2C parcel services have genuine growth drivers, while the development of B2B parcels largely follows GDP development. According to Posti, C2C parcel services are one of the fastest-growing parcel categories, driven particularly by the growth of the online market for used goods. The share of C2C parcels of all Posti's B2C parcels (C2C parcels are included in B2C parcels) has risen from zero to 25% in the last ten years. The company offers B2C and C2C parcel services in Finland and the Baltic countries, while B2B parcel services are primarily offered only in Finland (with minor operations also in the Baltics).

In 2025, Posti handled around 72 million parcels, and historically, parcel volumes have grown by just over 7% per year (2014-2025). Around two-thirds of the eCommerce and Delivery Services segment's revenue comes from parcel services, which roughly corresponds to 430 MEUR in revenue.

### Freight services

Posti's freight services consist of domestic LTL freight and do not include, e.g., full truckload freight or air or sea freight. Freight itself differs from parcel delivery in that the cargo transported is often larger in size and usually transported on pallets or roll cages. Posti offers freight



Source: Posti

# Segments - eCommerce and Delivery Services

services throughout Finland with its network of 23 terminals. In the Baltic countries, LTL freight is delivered periodically. In addition to express freight, Posti's service offering includes regional transport solutions. With express freight, Posti reaches over 90% of Finnish companies on the next business day, which is a fast delivery capability compared to the industry.

According to Posti, the freight business is very synergistic with traditional parcel delivery. The synergies are sales-related, as about 90% of Posti's key customers use Posti's parcel services in addition to freight services. In addition, Posti has increasingly utilized freight trunk routes for domestic parcel transport, which helps improve the utilization rates of freight trucks. Around one-third of the eCommerce and Delivery Services segment's revenue comes from freight services. In absolute terms, this corresponds to revenue of just over 200 MEUR.

### We recognize cyclical elements in the company's business

We estimate that the volume development of the freight business is cyclical, as the majority of the company's customers in these segments are dependent on general economic development, as well as imports and exports. B2C services also have factors correlating with GDP growth (e.g., consumer confidence can drive non-grocery consumption), but at the same time, the structural increase in online shopping is a contributing factor. In our view, this more than compensates for demand volatility with growth metrics that look over the cycle. The C2C business can even be counter-cyclical or at least

defensive, as demand for used products often increases during periods of weak economic development due to their lower price point.

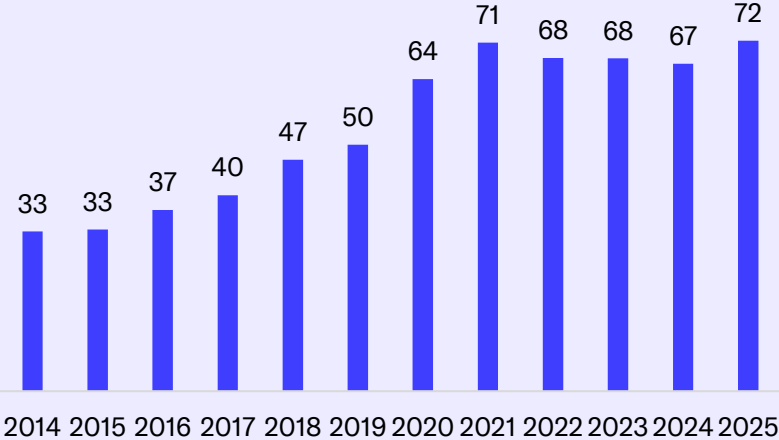
### The customer base is well-diversified

According to Posti, 21% of the eCommerce and Delivery Services revenue in 2024 came from its twenty largest customers. None of the customers accounted for more than 2% of the segment's revenue. Although Posti states that its customer portfolio is diverse, certain industries may stand out. For example, we estimate that trade accounts for a significant share of the parcel business, while industry accounts for a substantial share of freight services. Wholesalers and electronics manufacturers are also essential customer groups for freight services. We estimate that the public sector's share is significant, but by no means dominant. According to Posti, its dependency on e-commerce parcels from the US and China is low. We believe the delivery of China parcels is subject to intense price competition, making it a lower-margin business for Posti. This may affect the small share of Posti's China parcels. Overall, we consider the segment's customer portfolio to be well-diversified.

### Deliveries to the door, store, or parcel lockers

Posti offers several options to receive parcels. Clearly, the most popular and used model is delivery to a pickup locker. This is positive for Posti, as the unit costs of parcel lockers are significantly lower for the company than other delivery options.

Posti's parcel volume million units



Source: Posti

# Segments - eCommerce and Delivery Services

Low unit costs are explained by lower mileage costs and faster, centralized delivery, as parcel lockers decrease the number of last-mile delivery points compared to home deliveries. In addition to parcel lockers and home deliveries, Posti utilizes pick-up points.

Overall, Posti's delivery network is designed to be flexible, meaning that fixed costs directly attributable to delivery operations are relatively low. The company has no pick-up points of its own, and deliveries are mostly handled using subcontractors. Thus, seasonal fluctuations do not become too great a burden for Posti, which reduces the risk associated with its operations. This, on the other hand, reduces the scalability of growth. We estimate that the increasing relative share of parcel lockers and improved utilization rates could act as drivers supporting profitability.

## Posti is an attractive delivery partner

Most online retailers use external delivery companies for parcel transport. There are exceptions, such as the largest players in the daily-goods trade (S Group and K Group). As a rule, online retailers choose the delivery partner whose services they want to use for parcel transportation. In our view, e-commerce merchants value the breadth of the delivery network, delivery speed, reliability, and ease of doing business. We feel Posti's strong position in the aforementioned factors provides the company with slight pricing power relative to smaller players. However, it must be stated that the industry has experienced fierce price competition, particularly in recent years.

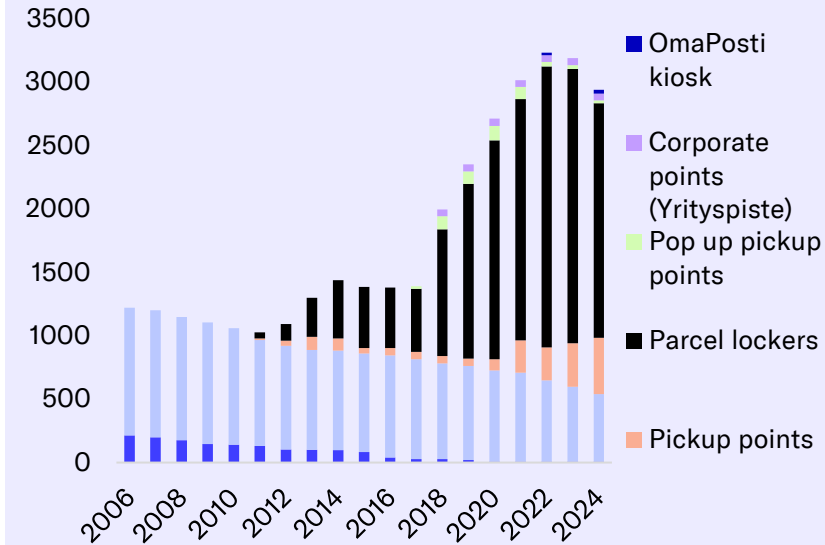
According to an external study commissioned by Posti

(September 2024), it was the most commonly offered delivery option in Finland. Considering Posti's national network and various delivery methods, we estimate that Posti's competitiveness as an e-commerce provider in Finland is strong. In the Baltics, the company is still in a challenger's position, but measured by the number of pick-up points, it is the third-largest player in the market, which also makes it competitive in the Baltics, particularly in Estonia.

## Sales distribution is changing

Posti's share of B2C parcels has increased significantly in recent years, particularly driven by C2C parcel traffic. At the same time, the shares of B2B parcels and freight have decreased due to Finland's weak economic development. This trend is expected to continue at least for the rest of this year. It is important to note that the price point for C2C parcels is significantly lower than for B2B parcels and freight. We also estimate that margins differ in favor of B2B parcels and freight. This requires action from the company to prevent changes in the sales mix from diluting profitability. On the one hand, the company must advance its C2C parcel handling capacity while simultaneously improving the related cost structure. The company is implementing these measures together with Postal Services' delivery network, from which it expects to achieve efficiency improvements in the coming years.

Posti's pickup network



# Segments - Warehousing and Logistics Services

## Warehousing and Logistics services – 21% of the Group

Warehousing and Logistics Services consist of Posti's in-house and contract logistics services. The company currently operates in Finland and Sweden\*, but Posti has historical experience in outsourcing from its time in Russia. In practice, Posti leases warehouse space and personnel, as well as process expertise, to its customers, utilizing various technologies. The service areas are inherently growing due to the increasing outsourcing trend and the shift to online services. Although the segment's business differs somewhat from Posti's other delivery-focused businesses, together they enable the provision of a comprehensive, value-added logistics solution to Posti's customers (p. 22). The segment's businesses have country-specific operations and strategies, but cooperation between the segments has increased from time to time to achieve synergies (joint sales projects and integration of operational management). Warehousing and Logistics Services' revenue was 302 MEUR at the end of 2025, of which Finland's share was 64%. The segment's adjusted EBIT was 5 MEUR negative.

### In-house logistics

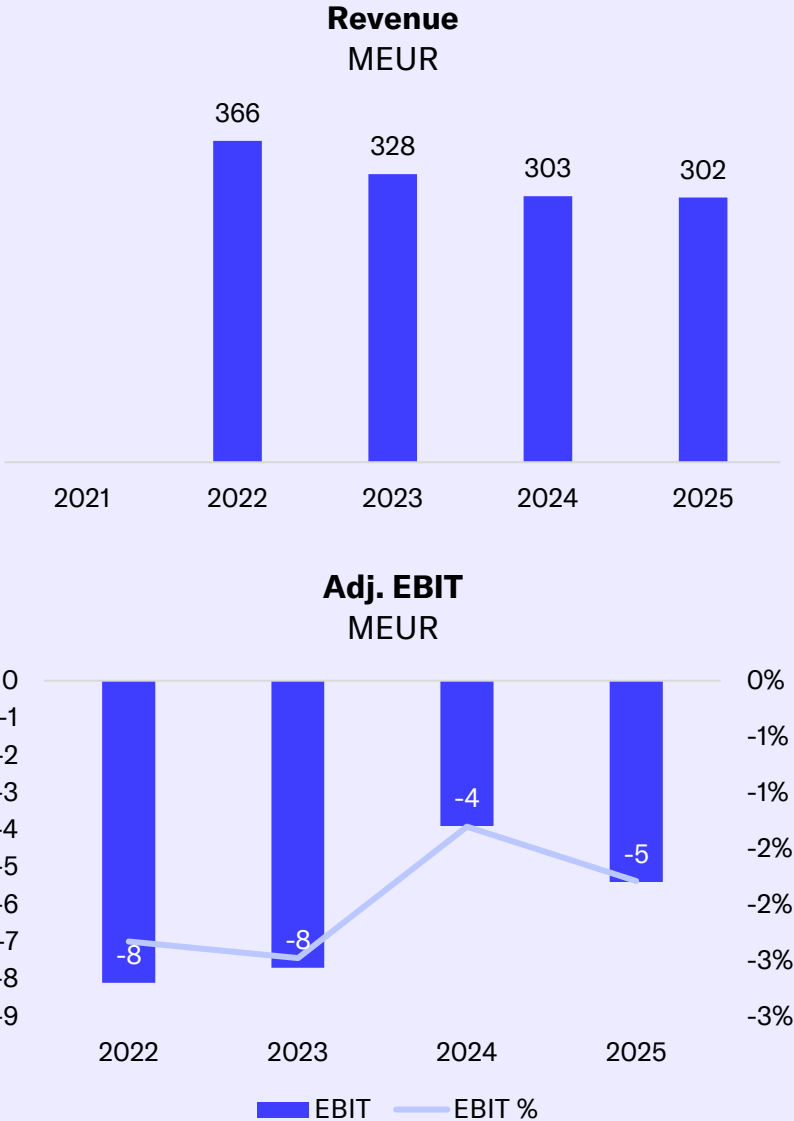
In in-house logistics, the client company outsources an agreed-upon portion of its logistics operations to Posti. Logistics operations are carried out at the customer's premises. Thus, a key driver for Posti's in-house logistics is the customer's desire to outsource and share some of the risks associated with logistics. However, risks related to inventory (working capital commitment, write-downs, etc.) remain with Posti's customer. Outsourcing allows the

customer to fully focus on their core business while reducing the risk of seasonal volatility, as in-house logistics invoicing is largely transaction-based. If volumes decrease, logistics costs will also decrease quite flexibly. In self-managed logistics, volume fluctuations would reduce efficiency (at least for a while), as labor and logistics systems are fixed costs in the short term.

We consider in-house logistics to be a viable option for customers in industries where logistics must operate close to the work performed or product manufacturing. Particularly in manufacturing industries, products are often made directly for delivery, which means there is little need for a central warehouse in contract logistics. Key customer sectors for Posti's in-house logistics business include industry, ports and terminals, and construction sites.

In-house logistics accounted for 45% of Warehousing and Logistics Services' revenue in 2024. In general, we estimate that the profitability potential of in-house logistics is more moderate than contract logistics, as the economies of scale achievable in customer warehouses are smaller and the work is more labor-intensive. On the other hand, from Posti's perspective, the capital tied up in the business is quite small, as Posti does not need to invest in new warehouse capacity as revenue grows. This makes in-house logistics a more attractive way to grow in terms of value creation (higher return on capital).

\* Includes one warehouse in Norway



Source: Posti

# Segments - Warehousing and Logistics Services

## Contract logistics

In contract logistics, the customer's entire logistics operations are transferred to Posti's own facilities (often a large logistics center), which enables Posti to achieve economies of scale. In addition to outsourcing and risk sharing, the key idea of contract logistics is to enable a capital-light business model for the customer. In practice, the customer does not need to invest in physical warehouses or logistics centers and systems. Contract logistics is a popular model in industries with a high need for central warehousing, such as SMEs in wholesale and retail.

Contract logistic represented 55% of revenue in this segment in 2024. The profitability potential of contract logistics is higher than that of in-house logistics due to the economies of scale achieved with large volumes. We believe Posti can also utilize more automation in contract logistics, which will decrease the labor intensity of operations. However, despite good profitability, the business ties up a significant amount of capital from Posti's perspective. Thus, the operation should yield good profitability.

## The key value proposition is cost savings

According to Posti's calculations, logistics services can help client companies achieve 10-40% cost savings by converting fixed logistics-related costs into variable costs. Variable costs, by definition, adjust to volume fluctuations. Especially in industries with significant seasonal variations, we believe that considerable efficiency gains

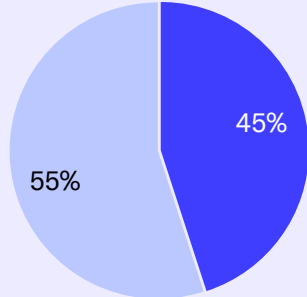
can be achieved through outsourcing. In addition, the logistics operations of many Posti customers are poorly optimized, where Posti or its competitors would be an excellent aid. Thus, increasing efficiency is the primary value proposition of the service.

## No significant customer risk

According to Posti, 38% of Warehousing and Logistics Services' revenue was attributable to its twenty largest customers in 2024. The customer base consists of companies of all sizes, and according to the company, it also has significant-sized companies as its customers. The largest customer accounted for 7% of the segment's revenue. The next largest single customer accounted for some 3% of the segment's revenue. We estimate that the segment's industry dependence is well distributed, and overall, we consider the segment's customer dependence to be moderate.

However, it should be noted that Kesko's Finnish hardware business operated in Posti's outsourced warehouse in Pennala until the end of 2025. After this, Kesko's hardware business has gradually transferred its logistics operations to its own facilities. We believe Kesko uses Posti's employees in its own warehouse, so the customer churn is not full-scale. As a result of the change, Posti laid off several dozen employees from the Pennala warehouse, which we suspect suggests that Kesko was a significant customer. We expect that the change will be reflected in Finland's revenue development starting from H1'26.

Revenue distribution 2024



■ In-house logistics ■ Contract logistics

# Segments - Warehousing and Logistics Services

## The business is cyclical

We believe that the demand for Warehousing and Logistics Services is dependent on general economic development. Particularly in in-house logistics, there are cyclical industrial and construction sector customer companies whose volume fluctuations are also reflected in Posti's development. In addition, fluctuations in exports and imports may affect the demand for Posti's warehousing services.

During economic downturns, capacity utilization rates in contract logistics, in particular, decrease, which has a direct negative impact on operational profitability (as is currently the case). The changes are not rapid, as the cyclical slowdown in demand requires a reduction in personnel and a decrease in storage capacity. We see this as a negative aspect in the segment's business model.

## In the long term, demand is supported by the outsourcing trend

The increase in e-commerce and C2C trade is an essential growth driver for the demand for contract logistics in Posti's own facilities. The more frequently transactions are made online, the more shipments are handled through Posti's or its competitors' ecosystem. As the number of online purchases increases, the need for infrastructure also grows. By this, we mainly refer to the various logistics processes. At the same time, several companies strive to focus on their core businesses, where their expertise and value creation capabilities are highest. As a result, the outsourcing rate of logistics operations has increased significantly worldwide and is estimated to continue growing in Posti's target markets.

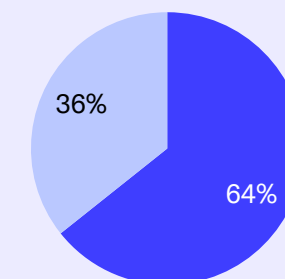
Logistics outsourcing can also be partial. For example, Verkkokauppa.com, which we cover, outsources other logistics to Posti while managing strategically important, smaller-sized products with express delivery options in its store warehouses. In point-based warehousing solutions, we estimate Posti's pricing power to be lower, as the added value offered by Posti is more moderate compared to a comprehensive solution. However, offering point solutions in contract logistics is warranted, as these also contribute to the utilization rates of Posti's warehouses.

Posti itself believes that the outsourcing rate will increase, particularly in in-house logistics, where we understand the company can offer significant cost benefits to operators who have not optimized their logistics and/or supply chain. So far, the outsourcing rate of in-house logistics has been slowed by weak economic development in recent years. In any case, the outsourcing rate of in-house logistics in peer countries is clearly higher than in Posti's target markets, which serves as a certain reference point for possible future scenarios. The outsourcing rate will not increase on its own; instead, the industry will have to actively work on sales to achieve this.

## Development in Finland has been stable in recent years

Finland's Warehousing and Logistics Services has over 200,000 square meters of warehousing area. This corresponds to over 30 football fields, making Posti the country's largest contract logistics provider. With this floor area, the segment generates annual revenue of around 200 MEUR.

Revenue distribution  
2025



■ Finland ■ Sweden

# Segments - Warehousing and Logistics Services

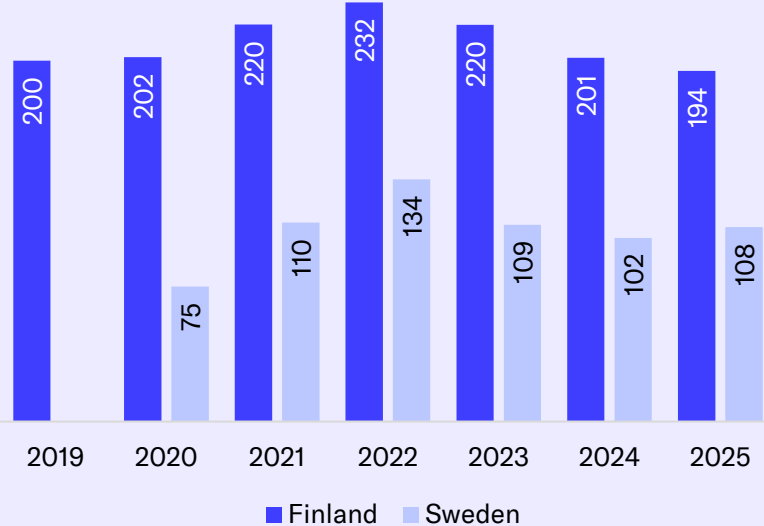
Revenue development has been stable since the company's acquisition, but it includes periods of strong growth (2020-22) and decline (2023-25). We estimate that the increase at that time was supported by strong goods consumption and economic activity, while the recession that began in 2022 eroded demand for logistics services in Finland. Unlike Sweden, Finland's logistics services revenue still decreased in 2025, but the trend leveled off in Q4'25, which could indicate a recovery in the operating environment. In the long term, we find the Finnish business to have good growth potential due to industry trends and a strong market position.

### Sweden suffers from underutilization

The warehousing area for Warehousing and Logistics Services in Sweden is around 250,000 square meters, which is roughly the same amount as in Finland. With this floor area, the segment generates annual revenue of slightly over 100 MEUR. In our opinion, the discrepancy between capacity and area compared to Finland explains Sweden's lower utilization rates. In the industry as a whole, a record amount of new warehouse space was built in 2022-24, even though economic activity in the country simultaneously contracted, which decreased demand for outsourced logistics services. This has led to significant underutilization rates and empty storage facilities, which in turn has increased price competition in the industry. As a result, players have exited the market, which could reduce the high price competition if demand for logistics services slowly recovers. Posti has also centralized its warehouses, as a result of which its warehouse area decreased from around 300,000 to the current 250,000.

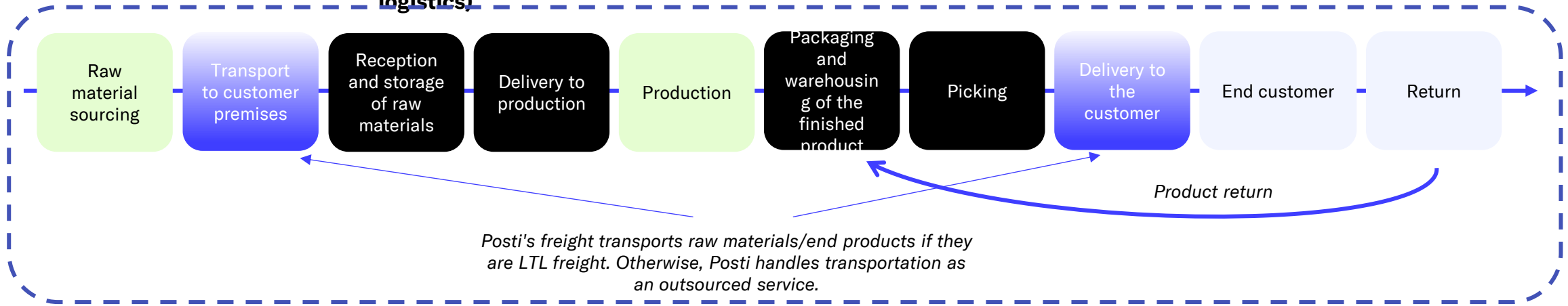
Mainly due to the market challenges mentioned above, Sweden's revenue decreased quite sharply in 2023-24. In 2025, its revenue returned to growth, partly supported by a small acquisition made in 2024. However, organic development was good in H2'25, which we believe was due to successful new sales. In addition, Posti stated in connection with its Q4'25 result that it has several contract negotiations underway, which it believes will support revenue growth in 2026.

Revenue development

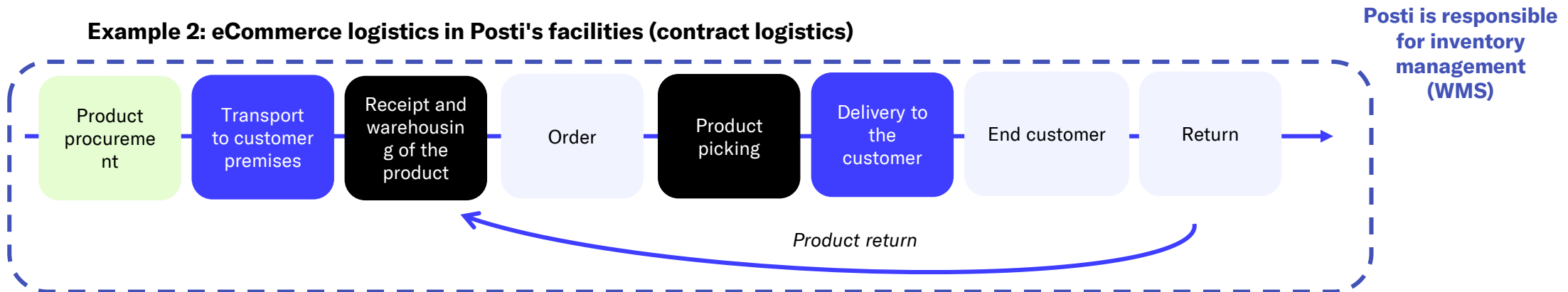


# Posti's role in the customer's value chain with a comprehensive logistics solution\*

## Example 1: Logistics at the industrial customer's own premises (in-house logistics)



## Example 2: eCommerce logistics in Posti's facilities (contract logistics)



- Posti's eCommerce and Delivery Services
- Posti's customer
- Posti's Warehousing and Logistics Services
- End customer

# Industry - Postal Services

**Posti's Postal Services segment** operates in the Finnish postal market, which includes the delivery of addressed letters, newspapers, and magazines. Posti's Postal Services segment also offers other services, but we have not included them in defining the market size, as their share of Posti's business is currently small.

## The postal market is suffering from a structural decline

Based on Traficom's volume statistics, Posti's estimate for the size of the Finnish postal market is around 700 MEUR (2024). According to the same estimate, the market size has contracted by around 3% annually over the past five years. According to Traficom's statistics, around 360 million addressed letters were delivered in Finland in 2024. The volume of early morning newspaper delivery was 0.6 million copies in 2024. The key aspect of these metrics is that volumes have been decreasing for over a decade, driven by digitalization. The volume of letters has decreased by around 8% p.a. since 2010, while the volume of early morning newspaper delivery has declined at an annual rate of around 6%. The discrepancy between the euro-denominated market and volume development is explained by price increases in the industry, which have slowed the overall market decline.

## The key driver of the decrease is digitalization

Demand for postal services is expected to continue to decline. The decrease is driven by ongoing digitalization, which reduces the delivery of letters and newspapers. For example, invoices will transition to digital format, and the delivery channel for official letters will increasingly shift to electronic delivery services (e.g., OmaPosti, Suomi.fi). In Finland's current model, consumers can generally decide in what format they wish to receive their invoices or letters, but

companies are trying to promote digital transition with various incentives (e.g., an additional charge for paper invoices). At the same time, demand for print media has declined significantly and is expected to continue to do so, which reduces the need for newspaper delivery. We estimate that C2C letter mail today largely consists of seasonal greetings, the volumes of which, according to statistics we have gathered from various media, have decreased by roughly 10% p.a.

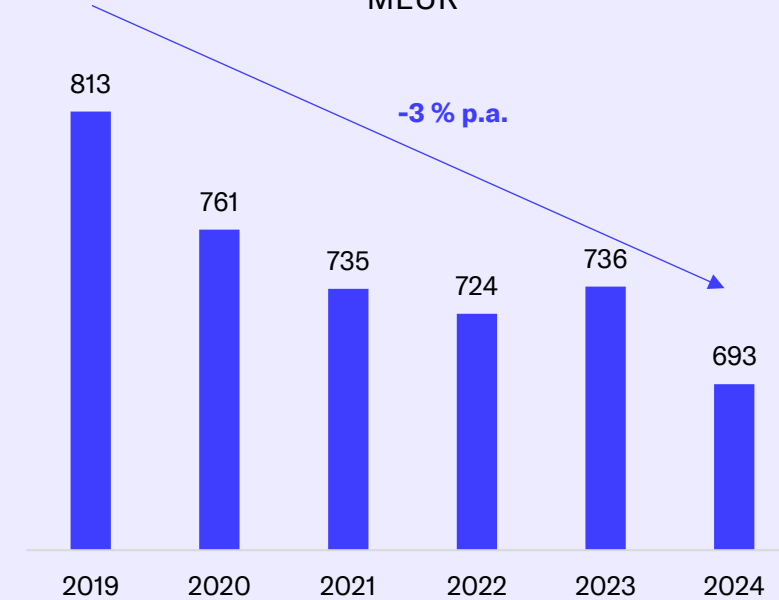
## Finland is among the most advanced in digital transformation

In certain Nordic countries, the volume of postal deliveries per capita is clearly lower than in the key peer countries. In Finland, 63 pieces of mail is delivered per inhabitant per year, while in Sweden, the corresponding figure is slightly higher (79). In Denmark, the figure is clearly lower (27), which we believe indicates the country's high digital penetration and the State's aggressive digital transition. In the Netherlands, the corresponding figure is 100, in Norway 209, and in Austria 457 deliveries per capita. Compared to these Central European countries, we believe the digital transformation of postal services in the Nordics and Finland is more advanced.

## The Government's Digital First project accelerates the digital transition

'Digital First' is a Finnish Government project aimed at transforming official communications into a digital format. With the reform, the State aims to achieve cost savings. The change applies to all adults who have logged into the public administration's e-services (Suomi.fi). Suomi.fi has 2.4 million registered users, which represents a significant portion

Postal market - Addressed delivery  
MEUR



Source: Posti, Traficom

# Industry - Postal Services

(~52%) of Finland's adult population. Those who do not use the authorities' digital services will still receive their letters in paper format. We believe that the law is expected to enter into force in Q2'26, but we suspect preparations for the change have already decreased demand for paper letter delivery in Q1. By the end of 2026, the State aims for consumers to be able to read official mail through private digital mail services if they wish, so this change may increase customer traffic and electronic messages on the OmaPosti platform. The commercialization model for OmaPosti's official letters is still unclear to us, but if consumers increasingly choose Posti instead of Suomi.fi, we believe it is a positive step forward in the digital transformation of Postal Services.

## The role of digital solutions will be emphasized in the future

Due to historical developments and value chain trends, we estimate that the decline in letter delivery volumes will continue to be more significant than the decline in newspaper delivery volumes. In addition, we see a likely scenario where letter delivery fully transitions to a digital format. The situation is accelerated by the increasing share of digital-native residents as the baby boomer generation declines, as well as by the Government's digital projects. We also consider a scenario possible where newspaper delivery does not decrease to zero, as physical newspapers seem to find their readership even among young people. However, with the decrease in volume, the form of delivery will change over time (e.g., with technological development, delivery will become robotized), the number of delivery days will further decrease, and/or instead of home deliveries, newspapers will be picked up from a specific point outside the home.

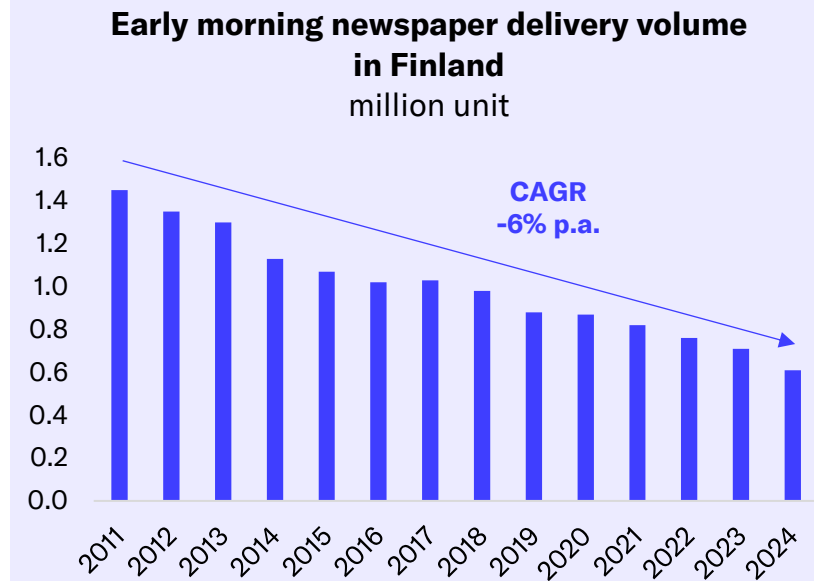
The price of delivery will also continue to rise, as delivery companies aim to compensate for the efficiency loss caused by the decrease in volume. Against this background, the role of Posti's digital postal services and parcel business in traditional delivery operations will be further emphasized.

However, it is crucial for Posti to understand that even if physical delivery can be replaced by digital mailboxes, the segment's revenue will continue to decrease. This is because the price point of digital substitute delivery solutions is clearly lower than that of physical delivery. From a profitability perspective, the impact of a successful digital transformation for an operator like Posti is positive. However, improving absolute earnings in the long term may be challenging, as we do not believe that digital business or official communications will grow faster than GDP.

## Denmark is an example of the digital transition

In Denmark, the volume of physical mail delivery has decreased significantly more than in other comparable countries. This is influenced by the government-mandated digital transition of official mail, which, in our view, has simultaneously promoted the digital delivery of private sector letters through third-party digital mailboxes. In Denmark, only about 5% of residents receive letters in a physical mailbox, and these residents have been granted special permission for physical delivery.

Finland's digital transition model partly mimics Denmark's, although it leaves the consumer with the final decision-making power regarding the letter reception method. Thus, the change in Finland is likely to occur more slowly than in



# Industry - Postal Services

Denmark. Key to the development in Denmark is that, in our view, two private digital mailbox providers have emerged alongside the State's digital mail service, through which official mail can be read, much like what has been planned for the Finnish model. Our understanding is that the Danish State pays private platforms for message relaying. In our opinion, this indicates that a commercial market can also be created for the OmaPosti digital mailbox, even though official communications will initially move to the publicly funded Suomi.fi platform. Posti's task remains to prove to consumers that OmaPosti is a more meaningful platform for reading official mail, in order to increase the number of digital letter subscribers and thus digital revenue.

## Parcel delivery services also compensate for the decline in postal services

Several national postal companies have expanded into parcel delivery services alongside their traditional postal business. In our view, this is a way to compensate for and enhance declining postal delivery volumes. Considering the trends in both parcel and postal volumes, polarization will continue, and the increasing delivery of parcels will compensate for the declining delivery of newspapers and letters to a greater extent.

The key business question is whether Posti or its peers can deliver parcels as efficiently as traditional postal delivery. At least for Posti, traditional mail has so far been more efficient purely from an earnings perspective. Parcels take up more space, and their sorting likely involves more manual work compared to letter and newspaper sorting. As volumes, automation, and alternative delivery methods increase,

efficiency improvements in parcel delivery services are also warranted. In any case, it is important that multiple credible replacement revenue sources are found for postal services.

## Posti has a dominant market position

Posti's market share in addressed paper mail delivery is of around 80% (83% in letters, 72% in newspapers and 88% in magazines). We believe the dominant market position stems from the monopoly position in USO delivery services (historically, the share was significant) and the resulting nationwide delivery network. According to our calculations, Posti's market share in terms of volume has remained roughly unchanged over the past 10-year period.

## In our opinion, the competitive threat to physical delivery is low

In the postal market, competition was limited (Posti operated as a monopoly in letter delivery) until 1994. After this, postal operations have been gradually opened to competition, though initially only formally. The license requirement, removed by a parliamentary decision, opened the market to wider competition in 2016. Today, postal operations only require notification to the supervisory authority (Traficom). It is worth noting, however, that newspaper delivery has always been open to competition.

Key, but smaller and local, competitors in the delivery market include Jakeluyhtiö Suomi (a delivery company owned by media companies), PPP Finland, and Lounais-Suomen Tietojakelu. In addition, the market includes media companies' own delivery companies (e.g., Suomen Suoramainonta), although these do not participate in

## The market is shaped by trends



### Digital transformation of communication and media



### Automation and AI

# Industry - Postal Services

addressed letter delivery. In our opinion, the competitive threat to Posti in the physical delivery market is minor (particularly in letter delivery) due to Posti's nationwide network and the economies of scale created by its size.

In multichannel delivery markets (combining physical and digital mail delivery), Posti's competitor is, e.g., PostNord Stålfors (a PostNord subsidiary). For pure digital services, the alternatives to OmaPosti are the publicly funded Suomi.fi (mail sent by public entities) and the privately funded Kivra (corporate mail). In value-added services (such as document management, data, and marketing services), the competitive landscape is expanding and, in our assessment, very fragmented. We estimate that competition here is intense, where the importance of specialized expertise and industry know-how is emphasized.

## Competitive factors rely on scale and brand recognition

We do not identify any sustainable competitive advantages in the traditional postal markets that would enable a high return on capital. We estimate the barrier to entry to be quite low, as starting operations does not require specific technical expertise (patent); a notification to the authorities is sufficient for a delivery license. Initial costs are also moderate, but to achieve profitability, a market entrant must invest in automation, customer acquisition, and delivery equipment. We estimate that the barrier to market entry is raised by Finland's somewhat challenging geography (long distances), which makes delivery in

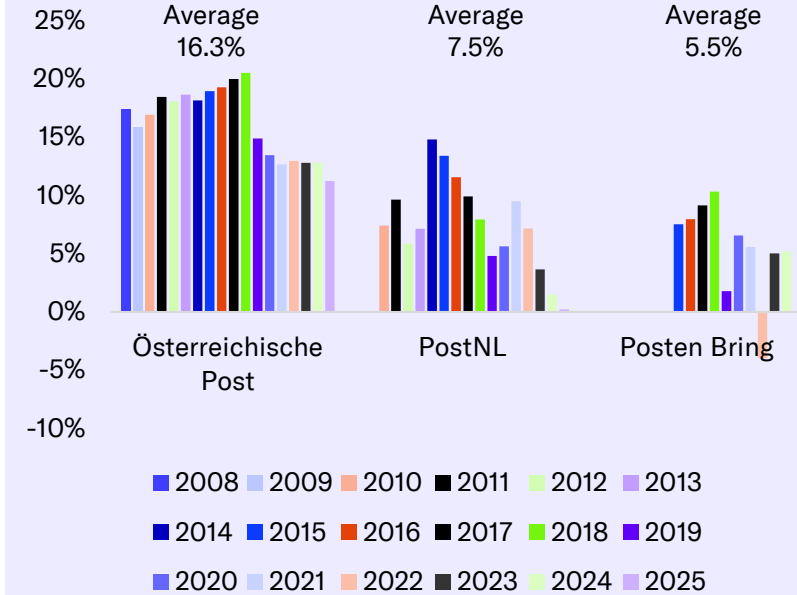
sparsely populated areas marginally profitable. At the same time, the declining industry keeps new entrants to traditional postal delivery to a minimum.

Posti has a very strong and recognizable brand, which helps it acquire customers outside of the USO (e.g., corporate mail). In our view, the most significant factor contributing to Posti's competitiveness is the company's nationwide delivery network and highly automated background processes. These help Posti generate profit while keeping prices tolerable for customers, even though the company has systematically had to raise its prices.

## Posti is a profitable player compared to the peers

Posti's Postal Services achieve very good profitability compared to key European peers. The EBIT margin of the key peers has been 5-16% on average over the past few years. The development has been downward for all peers, while Posti has systematically improved its profitability. Posti's Postal Services' EBIT margin rose to above 12% at the end of 2025, and the segment's development has been positive. Although legislation has some impact on operators' cost structures (e.g., in Finland, the universal service delivery obligation has been reduced to three days, while in comparable countries it may be higher), we estimate that Posti generally has very efficient operations due to automation and optimized delivery networks.

**EBIT margin of European peers**



# Industry - eCommerce and Delivery Services

## Posti's eCommerce and Delivery Services segment

operates in the parcel and LTL freight delivery market in Finland and the Baltic countries. The market contains several growth drivers of varying sizes, which is why it can be divided into a few different segments (B2C, B2B, and LTL freight).

## Growing segments dominate market development

According to estimates from certain institutions\* and Posti, the parcel delivery market in Finland was around 600 MEUR and in the Baltic countries 400 MEUR in 2024. The share of B2C parcels in the Finnish market was around two-thirds, while in the Baltic countries it was around one-half. Posti itself estimates the Finnish LTL freight market to be around 800 MEUR. We did not find an estimate for the size of the C2C market from official data sources, but we estimate it to still be moderate relative to the entire B2C market. C2C parcels account for around 25% of B2C parcels at Posti, but we estimate that Posti's market share of C2C parcels is significant.

The Finnish parcel delivery market is expected to grow by 5% annually in 2024-2029. In the Baltic countries, growth is estimated at 6% annually during the same period. Growth will largely come from an increase in B2C and C2C parcel volumes (6% p.a. in Finland and 8% p.a. in the Baltic countries), while the B2B parcel market is expected to see moderate growth (2% p.a. in Finland and 3% p.a. in the Baltic countries). Freight is also expected to grow by around 2% p.a. over the same period. However, we would not be surprised if the B2B and freight markets in Finland

did not grow at all, given the country's faltering economic growth. Considering these market drivers, the B2C market will be significantly larger than the B2B parcel market by the end of the decade.

## e-commerce at the core of growth

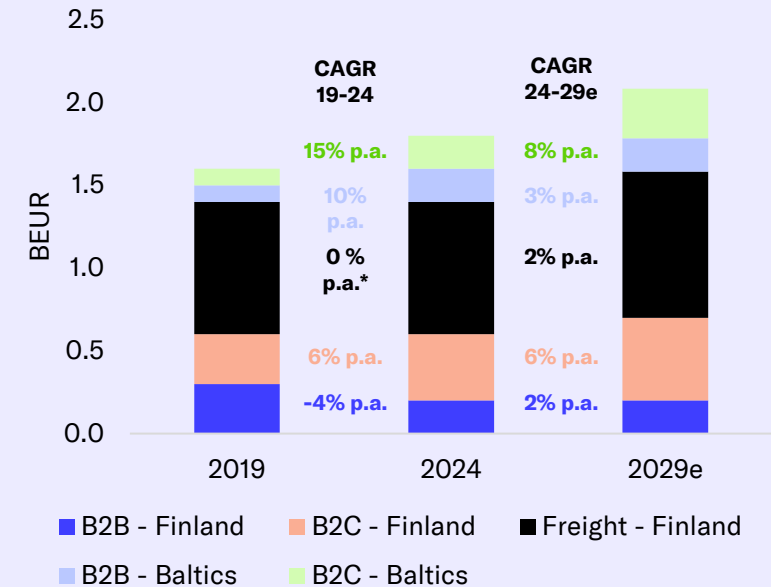
In Finland, the share of online sales in total retail is still low compared to key peer countries. In the UK, for example, according to some statistics, online sales account for almost 30%\*\*. In Finland, the share is between 10 and 15%, depending on the data source\*\*\*. We estimate the shares of the Baltic countries to be slightly lower than Finland's. The low e-commerce penetration in Posti's target markets is indicated by the number of parcels per inhabitant per year. In Finland, this is about 20 and in the Baltic countries about 15 parcels. In other Nordic countries, the figure is over 30, and in countries where the retail online transition (US and Great Britain) is most advanced, the figure is in the ballpark of 60. In particular, the levels in other Nordic countries provide a reference point for the potential upside in online shopping in Posti's target markets, which would support the growth of parcel delivery services. However, it must be stated that the online penetration of Posti's target markets may not reach the levels of peer countries (e.g., UK) for a long time, due to challenging geography and cultural reasons, among others. However, the trend has been upward in each country (as in Finland), and we see no reason why this growth would not continue, as digital-native consumers favor online shopping and stores increasingly invest in online sales.

\* Effigy Consulting, Sabiedrisko pakalpojumu regulēšanas komisija, Lietuvos Respublikos ryšių reguliavimo tarnyba

\*\* Office for national statistics

\*\*\* Statistics Finland, Finnish Council of Shopping Centers

## Target markets



Source: Effigy Consulting, Maailmanpankki, Sabiedrisko pakalpojumu regulēšanas komisija, Lietuvos Respublikos ryšių reguliavimo tarnyba, Eurostat, Posti  
\*Inderes' estimate

# Industry - eCommerce and Delivery Services

## C2C trade is also an essential growth driver

The growth of the target market has been driven by the rapid increase in online marketplaces (such as Vinted, Tori.fi, Amazon), which has facilitated C2C trade, particularly online. Traditionally, second-hand goods have been traded at flea markets, but today, digital-native young consumers increasingly prefer online platforms such as Tori.fi, Vinted, and Tise. We estimate that ease of purchase, increased supply, environmental awareness, and weakened consumer purchasing power/consumer confidence have contributed to the growth of the used goods market. Particularly, environmental awareness and the circular economy are drivers that we believe will continue to grow the target market in the future.

According to the Finnish Commerce Federation, the value of the C2C e-commerce market in Finland has increased by about 15% annually. At the same time, according to information announced in spring 2024, the number of Posti's C2C parcels has increased fivefold. Thus, there is a visible positive correlation and a cause-and-effect relationship between retail growth and parcel delivery.

## Picking and delivery are robotizing

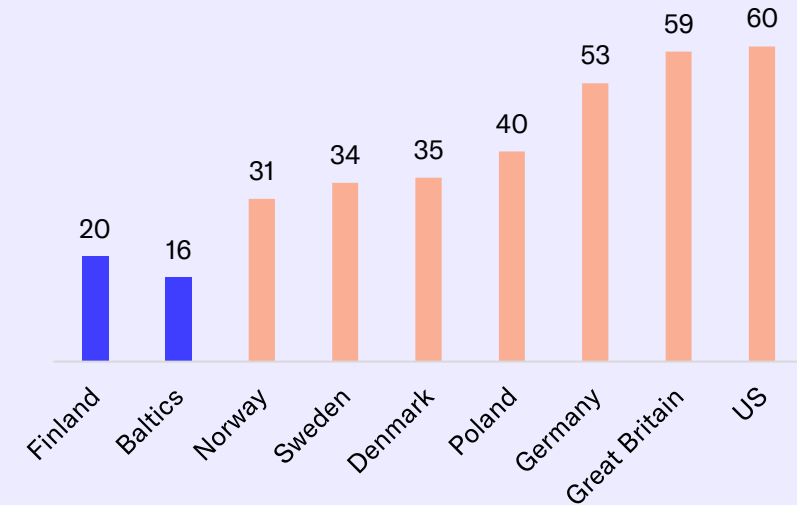
The automation of parcel business processes offers and has offered clear efficiency-enhancing elements to the logistics industry. For example, the processes related to handling and picking e-commerce parcels for e-commerce platform companies like Amazon and Zalando are almost fully automated, which contributes to their cost-efficiency. We believe that Posti's parcel delivery center's various

processes are also highly automated, but certain stages still require human labor. High automation enables higher growth scalability, which, with high utilization rates, should lead to earnings growth.

At the same time, last-mile parcel delivery will be partly automated in the long term. Globally (e.g., Uber) and also in Finland (e.g., S Group and Wolt), operators have started using delivery robots for delivery. According to a global study by PwC, 5 million B2C drone deliveries took place in 2024. PwC expects the number to multiply, as it estimates drone deliveries to exceed 800 million, which would be worth 65 BUSD, or about USD 2 per delivery (currently 6-25 USD).

Even if the popularity of robot deliveries increases, we find it likely that their share of total deliveries will remain moderate in the long term. This is because transporting large parcel volumes requires centralized solutions for both efficiency and traffic flow, without which the volume of robot traffic could become unreasonably large. Efficiency can be adjusted with a higher transportation price, but we estimate that the price elasticity of transportation options is quite high for a large number of people. At the same time, the popularity or usability of robot deliveries is limited by high-priced and large deliveries in euro terms, which may require a human delivery person or larger transport capacity. Robot deliveries could bring new growth opportunities for Posti, but ultimately, the decision will be based on whether Posti has the resources to expand into this area and whether it is profitable at all.

Number of parcels per capita



# Industry - eCommerce and Delivery Services

## Express deliveries will increase

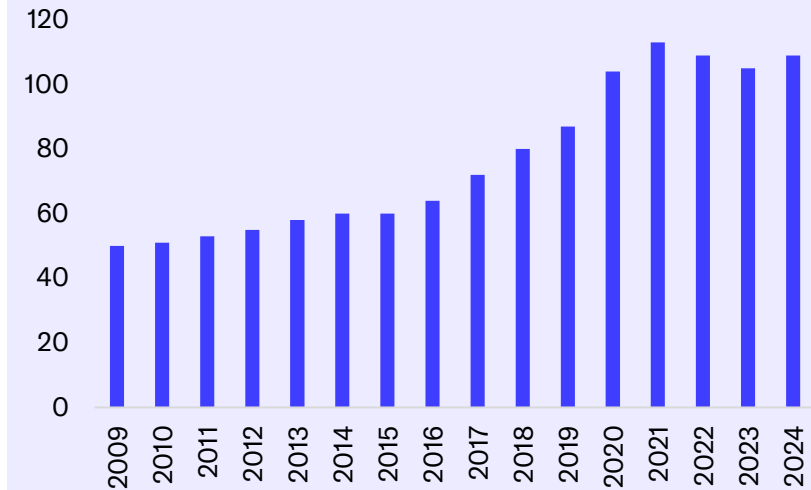
According to a survey by Posti and VTT, around 50% of e-commerce merchants believe they will offer express deliveries in a year (if not already). So far, the main driver for consumers in choosing a delivery option has been price, but trends are indicating a shift towards delivery speed. In our view, express deliveries and the platform economy pose a structural threat to traditional parcel delivery companies such as Posti. We emphasize that the threat does not concern Posti's entire parcel delivery business, but the rising popularity of platforms may erode some of the market's growth. Operators like Wolt and Uber utilize individuals operating as entrepreneurs as parcel carriers. This allows the platform operator a more flexible cost structure, and it does not have to invest in large logistics centers. According to Wolt's management, the Finnish food delivery business is profitable due to its high volumes, so we believe the model is viable.

In Finland, Wolt partners with at least Verkkokauppa.com for express deliveries, which we estimate has slightly eroded Posti's market share, as the company's one-hour deliveries have been strongly increasing. Deliveries are delivered directly to the door. The price is also comparable to Posti, as a mobile phone delivery from the Jätkäsaari warehouse to Northern Helsinki costs EUR 6.99\*. Posti's 1-3 business day delivery to a parcel locker costs the same with the same parameters in mid-March 2026. It is important to note that, so far, one-hour deliveries apply to small parcels. Considering the increasing trend of express

deliveries, the competitive threat posed by flexible platform economy companies is a viable concern for the future growth trajectory of Posti's parcel delivery services.

We believe Posti's infrastructure is currently capable of providing next-day deliveries. In addition to Wolt, there are other players in the industry that offer three-hour or same-evening deliveries. However, services are limited to either the Helsinki metropolitan area or other large cities. Companies that offer express deliveries include Fetch and Hakonen. The prices of these deliveries (around EUR 10-20) are clearly higher than Wolt's, which indicates high delivery costs with the traditional delivery model. We believe that Posti must increase its express delivery capability in the long term to remain a relevant distributor, particularly in the eyes of e-commerce partners. Currently, express deliveries are a small minority (certain electronics and grocery stores offer it as a service), and the actual ability to fulfill the value proposition of express deliveries largely depends on the speed of the e-commerce partner's internal logistics (e.g., automated picking and packing). However, we would see it as a good first move for Posti to offer certain contract logistics customers the option of express deliveries. This could also facilitate new customer acquisition in contract logistics, as the share of pure online stores (which have the actual capability to offer deliveries within a few hours) is still small in Finland. In other words, Posti could act as a growth driver for traditional brick-and-mortar stores' online sales and thus accelerate the e-commerce transition for the entire retail sector.

Parcel volume in the Finnish market  
million unit



\* Verkkokauppa.com may subsidize the price visible to consumers

# Industry - eCommerce and Delivery Services

## Pick-up deliveries are the most popular delivery method

In Posti's target markets, the clearly most popular delivery option is delivery to a parcel locker. In peer countries, the popularity of pick-up points is lower. For example, in the UK and the US, the majority of parcels are delivered directly to homes, which we estimate is enabled by high volumes and dense populations.

Typically, parcel lockers are located in places with high customer traffic, such as retail stores and shopping malls. Recently, parcel lockers have also been added to large housing companies. Pick-up points are a more cost-effective way for a delivery company to deliver parcels due to significantly lower unit costs. Measured by the number of parcel lockers, Posti is the largest player in Finland and a medium-sized player in the Baltic countries. We estimate that the extensive parcel locker network makes Posti more efficient by enabling large volumes, and improves Posti's image in the eyes of partners (e.g., a large network of parcel lockers offers delivery reliability during peak times).

## Posti is the market leader in Finland

According to Posti, it is the market leader in Finland with a share of around 50% in both B2C and B2B parcels. Other key players in the Finnish parcel delivery market include PostNord, Budbee, Matkahuolto, and DSV (which acquired DB Schenker). In addition to the aforementioned, international companies DHL, UPS, and FedEx operate in Finnish B2B customers. In the Baltics, where the company focuses particularly on B2C parcel delivery services, Posti's market share is 18%. This makes the company a challenger, but still a significant player. In the Baltic countries, similar

B2C and C2C competitors include Omniva, Latvijas Pasts, DPD, Venipak, and Lietuvos Pastas.

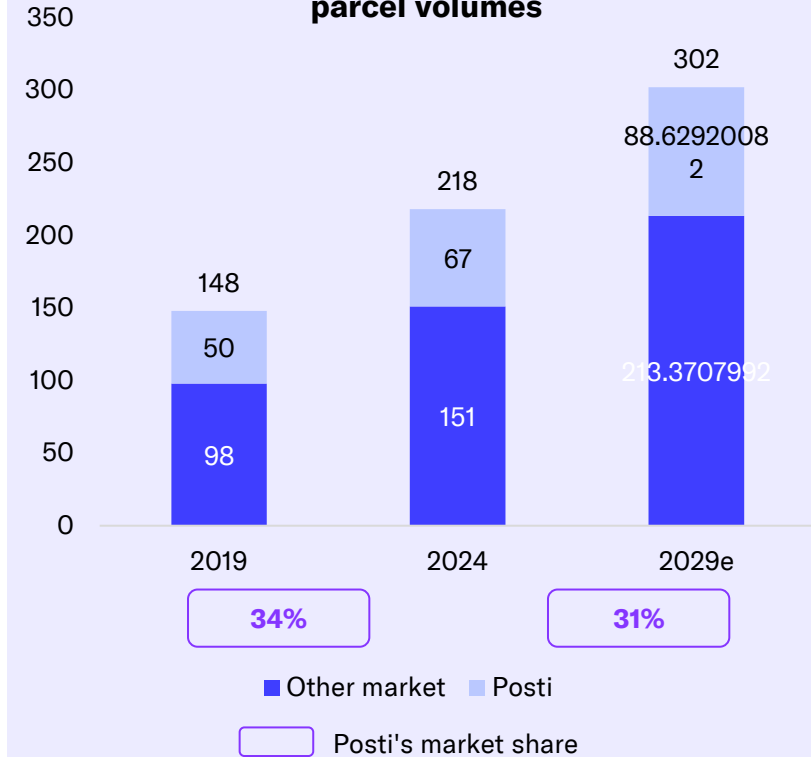
According to our calculations, Posti's combined market share in Finland and the Baltics, based on parcel volumes (B2C and B2B), decreased slightly in 2019-2024. In 2019, Posti's market share was 34%, while in 2024 it was 31%. Due to pricing power, the change in euro terms is likely to be smaller than this.

In freight operations, Posti's market share is around 30%. Posti estimates it is the second largest player in the market. Other significant players in the Finnish LTL freight market are DSV and Kaukokiito. We cannot calculate precise freight market shares or their development based on publicly available information, as DSV's Finnish parent company, e.g., offers contract logistics and air and sea freight in addition to freight. In our estimation, the majority of the market belongs to the aforementioned players. In addition, there are smaller local players in the industry.

## The logistics market is consolidating

The logistics market, including parcel delivery services, freight, and contract logistics, has been consolidating for several years. In our view, consolidation is driven by logistics operators' desire to grow and achieve economies of scale, as well as the ambition to expand their service offerings and create more comprehensive solutions. Venture capitalists have also consolidated the market. Posti has been part of the consolidation wave for a long time. As global players have grown, the size of trades has also become significant. For example, the acquisition of DB

Market share development measured by parcel volumes



Source: Effigy Consulting, World Bank, Sabiedrisko pakalpojumu regulēšanas komisija, Lietuvos Respublikos ryšių reguliavimo tarnyba, Eurostat, Posti, Inderes

# Industry - eCommerce and Delivery Services

Schenker by Danish DSV was valued at around 14 BEUR, which is about 40 times Posti's market value. Although the markets have historically become concentrated, there are still potential small or medium-sized acquisition targets in the industry, which is why we believe consolidation will continue. In our opinion, consolidation, particularly in European parcel operations, is significantly limited by the large share of state-owned companies.

## We believe the competitive environment to be tight

In our view, competition in the industry is fierce, especially in B2C deliveries. Although the online retailer can choose the delivery company operating on the platform, the final decision on the delivery method is often made by the price-sensitive consumer, which we believe increases price competition related to deliveries. The industry is growing, and certain players have achieved good returns on capital, at least historically. These factors have brought new competitors to the industry over the last decade. We estimate that the freight business is also highly competed, where the pricing of a homogeneous product cannot largely deviate from competitors unless it is offered as part of a more comprehensive logistics solution (contract or in-house logistics). In addition, there are several road freight tendering service providers online, which suggests that the pricing of point-to-point freight service providers must be competitive.

An extensive delivery network and a well-known brand provide Posti with significant competitive advantages. However, we do not believe that the industry has the potential to achieve sustainable competitive advantages in the long term.

## The market is shaped by trends



**e-commerce transition**



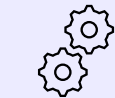
**C2C trade**



**Circular economy**



**AI and robotization**



**Consolidation**

# Industry - Warehousing and Logistics Services

## Posti's Warehousing and Logistics Services segment

operates in the logistics outsourcing market, which can be divided into in-house logistics and contract logistics services. The segment operates in Finland, Sweden and, to a limited extent, in Norway.

### This is Posti's largest target market

According to estimates by Posti and other research institutions, the size of the Finnish target market for the Warehousing and Logistics Services segment was around 1.1 BEUR in 2024. Of this, around two-thirds consisted of in-house logistics services, while the remaining third was warehousing services, i.e., contract logistics. In Sweden, the market was estimated to be worth 2.3 BEUR in 2024, of which in-house logistics also accounted for just over 60%. Thus, the total market for Posti's Warehousing and Logistics Services segment was around 3.4 BEUR, making it the largest target market among Posti's operating segments

### The business is inherently growth-oriented

Posti and other research institutions anticipate the market to return to growth in the coming years. Performance in recent years has been weighed down by the negative development of the general economy. The Finnish market is expected to grow by 6% p.a. over the next four years. The market would then be worth around 1.5 BEUR by the end of 2029. In Sweden, growth is estimated to be 7% p.a., with a market size of 3.3 BEUR. We estimate that the faster target market development in Sweden is explained by 1) a previously deeper decline than in Finland, and 2) a better economic growth outlook. Crucial for the development in both countries is that the lion's share of growth will come from in-house logistics, while the value of other

warehousing is estimated to remain roughly unchanged. I.e., the general thesis is that the outsourcing rate will increase, but we estimate that it also requires support from general economic development.

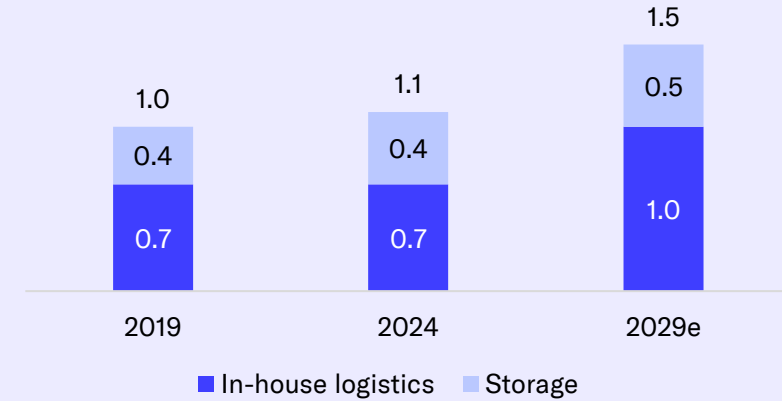
### The logistics value chain and its outsourcing opportunities

Logistics, its value chain, and ownership can be assessed using a few different outsourcing models. In practice, the model measures how many parties are involved in a company's logistics process (PL, or "party-logistics").

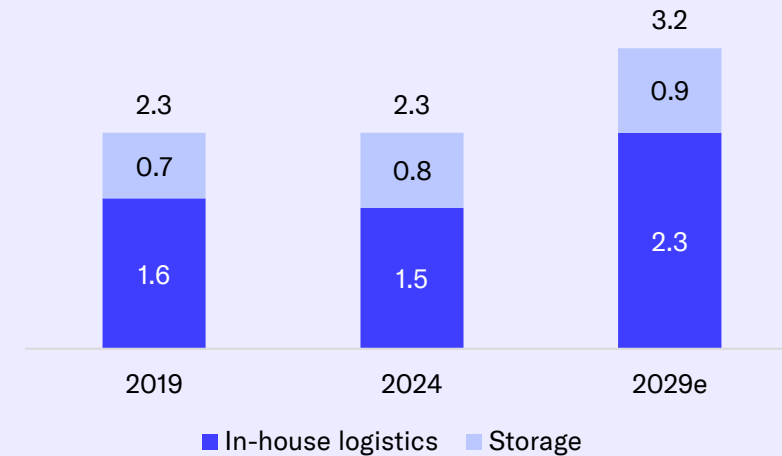
**1PL – fully own logistics:** The company is fully responsible for its own logistics, including warehouse, equipment, and operations. The 1PL model is most sensible when the company is building a competitive advantage from logistics or when its goods flows are so large that volume advantages can be gained from its own infrastructure, which improves operational efficiency (e.g., Amazon and IKEA). In this model, the company retains full control over its operations, but this often weighs on the business's margins. Large volumes and fast inventory turnover often improve capital return figures. However, a fully owned logistics value chain is inefficient for a small or medium-sized player, which warrants outsourcing at least some logistics processes.

**2PL - point outsourcing of logistics :** The company outsources its logistics to its partner by purchasing additional capacity. Logistics capacity can be outsourced for transport or warehousing. The operating model is sensible for a business with seasonality, that is small or medium-sized, and where the company still wants to be responsible for certain logistical processes, as this is seen

Finnish market  
BEUR



Swedish market  
BEUR



# Industry - Warehousing and Logistics Services

to provide a strategic benefit. A good example in Finland is Verkkokauppa.com's warehouse in Vantaa, outsourced to Posti, which it uses to balance online sales volumes, especially for large items. In this model, the company maintains good control over its logistics operations, while simultaneously reducing the risk associated with seasonal fluctuations. On the other hand, the scalability achieved by large volume peaks will not materialize for outsourced operations.

**3PL – comprehensive logistics outsourcing:** This model is seen as traditional contract logistics, where the majority of the customer's logistics operations are outsourced to a partner, such as Posti. A logistics operator takes responsibility for a larger whole by owning the necessary resources (personnel, equipment, warehouse space) and managing processes, as well as coordinating any subcontractors. However, logistics can also be carried out on the customer company's premises, even if it is otherwise outsourced. Outsourcing agreements are often long-term, offering opportunities for cost savings for customers whose logistics operations are not optimized or whose goods flows are small relative to their own warehouse space, for example. Often, companies providing 3PL logistics are large logistics companies that, in addition to contract logistics, offer transportation services and other logistics-related activities (e.g., software, freight, sorting centers), which they utilize with the volumes of their contract logistics customers. Value-added-based pricing allows for efficiency gains for both the customer and the supplier. In principle, the operations should be more profitable for a logistics partner

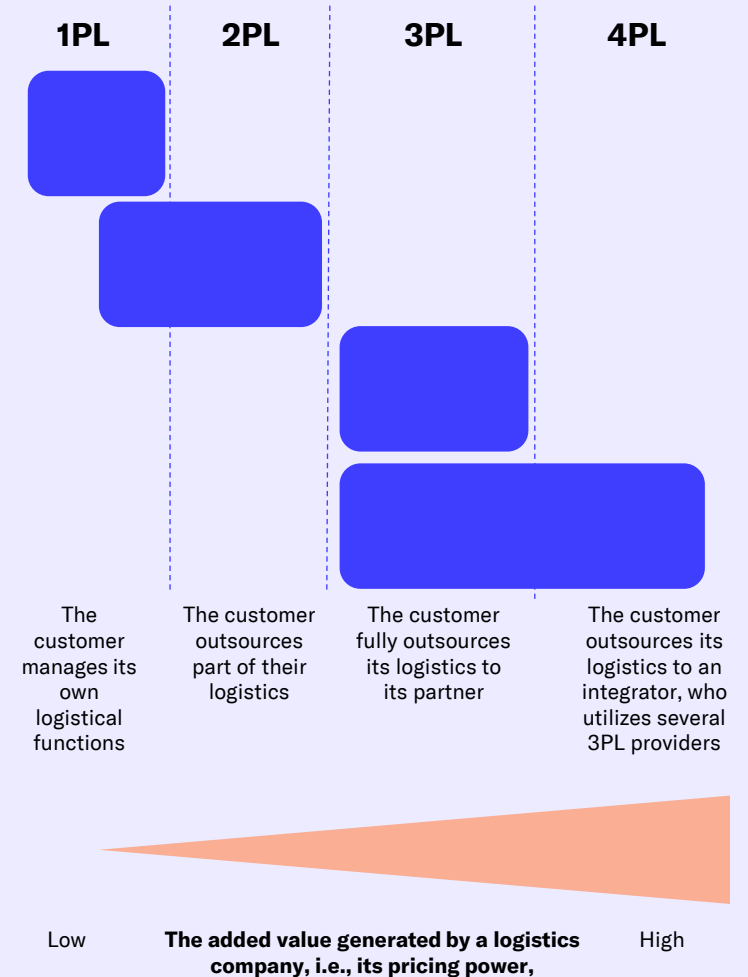
than 2PL logistics services. In our view, Posti's comfort zone lies in 3PL services.

**4PL - comprehensive logistics integrator:** In this model, logistics outsourcing has been taken a step further than the 3PL model and diversified more broadly. The role of 4PL is emphasized in large international customer accounts that operate in several different countries. In this case, a single 3PL partner may not necessarily be found in all of the customer's operating countries. In this case, the customer can outsource their global logistics to an integrator, who then tenders its own local 3PL contract logistics providers for each country of operation. A 4PL provider thus acts as a platform where, with the help of its technology, it integrates information from several different warehousing service providers for the customer onto one interface. 4PL services are offered by both pure technology companies and traditional 3PL companies, such as Posti. The business is capital-light for the supplier (if it does not operate under a 2PL or 3PL model itself), which offers opportunities for good margins and excellent returns on capital.

## The outsourcing rates for in-house logistics are still at a low level in Posti's target markets

According to some studies\*, logistics outsourcing rates in the Nordic countries are clearly lower than in other key European peers. The outsourcing rate was around 20% in Germany and as high as 37% in the UK in 2023. The average outsourcing rate in Europe was around 19%. In Finland and Sweden, logistics outsourcing rates were below 10%, indicating a significant difference. Trends that start globally

## Outsourced logistics value chain



\* 2024 29<sup>th</sup> Annual Third-Party Logistics Study: The State of Logistics Outsourcing, Top 100 in European Transport and Logistics Services 2024/25, Posti

# Industry - Warehousing and Logistics Services

globally often arrive in the Nordics with a slight delay, but we estimate that the e-commerce transition, which is further along in peer countries, is at least partly responsible for this. Cultural differences may also play a role, e.g., from the perspective of the general popularity of outsourcing, which would require additional measures from market players (sales and marketing) to accelerate.

In our view, online shopping and the outsourcing rate of logistics are particularly linked in countries where Amazon or another similar online marketplace (e.g., Otto and Bol) operates extensively. Amazon offers logistics services to small businesses operating on its online platform, which, in our view, has increased outsourcing rates in the countries where it operates. Amazon also operates in Sweden (utilizing Kuehne+Nagel's 3PL warehouse), but has only recently arrived there, and according to some statistics, its revenue is still very small relative to comparable countries. Therefore, we estimate that Amazon's warehousing services in Sweden are still on a small scale, but Amazon's growth may accelerate the increase in the outsourcing rate in the coming years.

## Customers are ready to increase logistics outsourcing

According to a third-party study\*, logistics customers have shown an increasing willingness to outsource their logistics functions. Approximately 70% of interviewed customers are prepared to increase outsourcing over the next five years in Posti's target markets. We believe this makes the increasing outsourcing rate a key market growth driver. If the outsourcing rate of Posti's target markets were to rise to the European average of 20%, the value of the target market

would increase to over 6 BEUR, almost doubling from the current market size estimate

In our view, the key drivers for the growing demand for outsourcing are the flexibility it enables, the focus on core business, and the opportunity to test new markets and operations without significant investments. Outsourced logistics can thus contribute to the customer's growth and capital return levels.

## Posti is one of the largest players in the market

Posti's target market is rather fragmented. The industry in Finland and Sweden consists of several hundred players, but a few local national players and some global logistics companies are at the top. Smaller local players often focus on a specific area of expertise (e.g., cold products), while global companies provide expertise across the logistics value chain to several industries.

In Finland, Posti is the market leader with a share of approximately 18%. Other key players in the Finnish market include Barona, DHL, DSV, Alfaroc, Logent, and Kaukokiito. In Sweden, Posti's market share is around 5%, but due to the fragmented nature of the market, Posti is among the country's largest providers of outsourced logistics services. Other key players in Sweden are PostNord, DHL, DSV, Kuehne+Nagel, Nowaste Logistics, Speed Group, Tranpenad, and Boxflow. We note that calculating precise market shares is challenging because several of the mentioned companies provide parcel delivery services, LTL freight (land, sea, and air), and freight forwarding under the same limited company, in addition to warehousing services.

## The market is shaped by trends



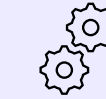
**Increase in outsourcing rate**



**e-commerce transition**



**AI and robotization**



**Consolidation**

\* Posti's prospectus

# Industry - Warehousing and Logistics Services

## Competition has intensified

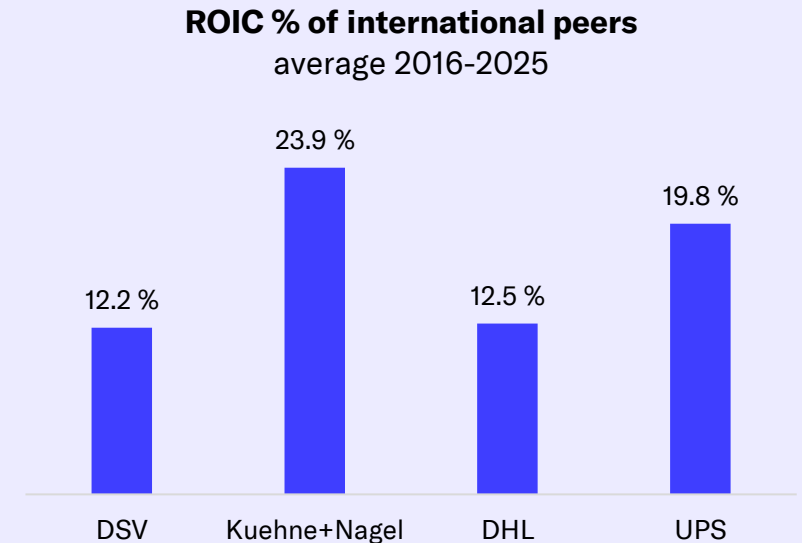
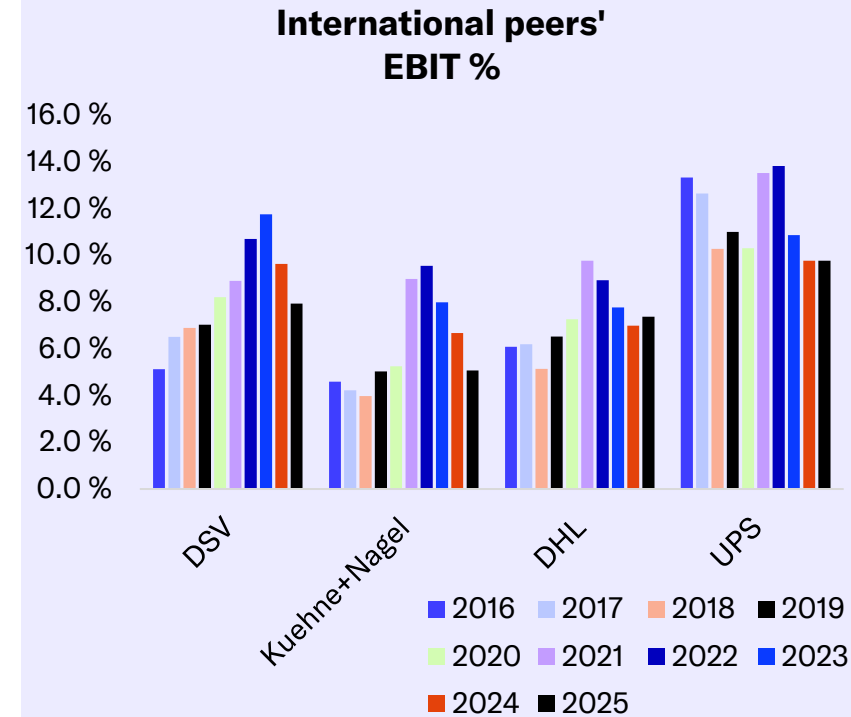
The barriers to entry for contract logistics are generally higher than for Posti's other businesses due to the capital intensity of contract logistics and the expertise required for warehouse management. However, the industry is growing, which attracts new players to the market. In our view, the industry is currently experiencing rather fierce competition due to the phase of the cycle. Competition has intensified during the weak economic situation, which has led to lower logistics outsourcing rates. This has led to underutilization of warehouses, which, combined with increased price competition, has weakened the profitability of operators. For this reason, logistics operators have closed some of their outsourced warehouses to improve their utilization rates. At the same time, the industry has seen withdrawals, bankruptcies, and consolidation. Underutilization rates are emphasized in the Swedish market, where logistics properties were built at a time when demand for logistics services began to decline. According to Colliers, the vacancy rate for logistics properties was 12% at the end of 2025, which means 1.4 million square meters of vacant space.

## Margins across the logistics industry are at a fairly moderate level

In the logistics industry, it is possible to achieve good returns on capital, even though the profitability of operators has generally been quite moderate. As logistics operations are very capital-intensive, high returns on capital are driven by highly efficient operations.

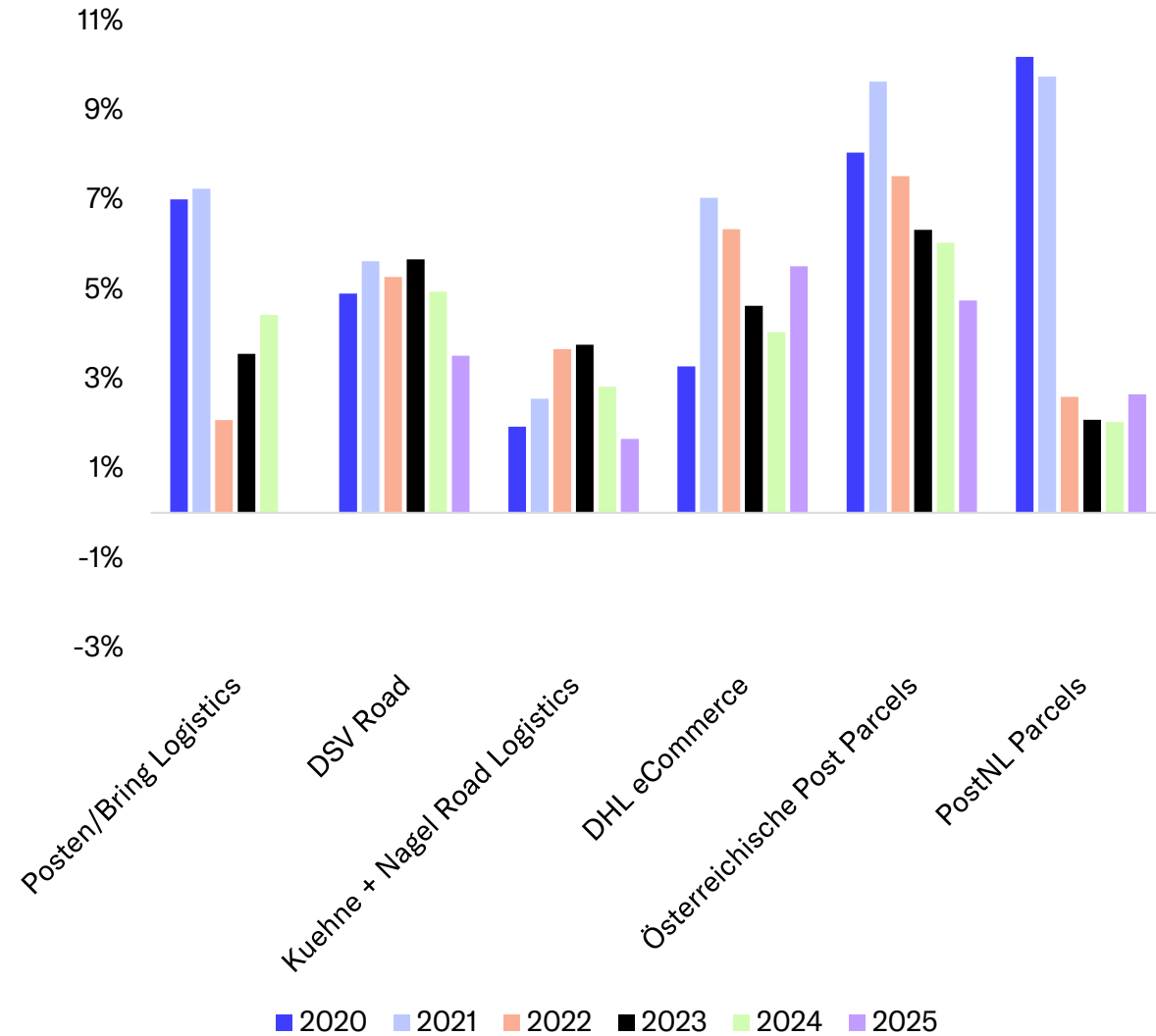
According to statistics from the Finnish Freight Forwarding and Logistics Association, the industry's profitability in Finland has ranged from 2% to 4% in recent years. The profitability of Posti's key domestic competitors has also been roughly at these levels. For global logistics companies, profitability has risen slightly higher than that of domestic peers. Over the last 10 years, the average profitability of global players has been almost 10%, measured by EBIT. However, it is essential to note that sea and air freight have been clearly the most profitable operations for these companies. Posti does not have this business, which weakens the comparability of international players in relation to Posti's logistics operations. Among the global peers, freight and parcel delivery services have been the least profitable, which we believe is due to the high competition in the industry. Profitability of contract logistics has been in the ballpark of air and sea freight or slightly below them, depending on the company. The large volumes of international players enable significant cost scalability compared to, e.g., Posti, which also warrants their better profitability.

Due to revisions in Posti's segment structure, comparable figures are available for 2022-2025. During these years, Posti's parcel business's EBIT margin has been at the same level as its peers (averaging 4.5%). Compared to the best international players, Posti's profitability still has room for improvement, which could be addressed by optimizing delivery and increasing volume, for example. Posti's Warehousing and Logistics Services business has been unprofitable, but the strong profitability levels of its peers suggest that the business's earnings improvement potential could be enormous at best.

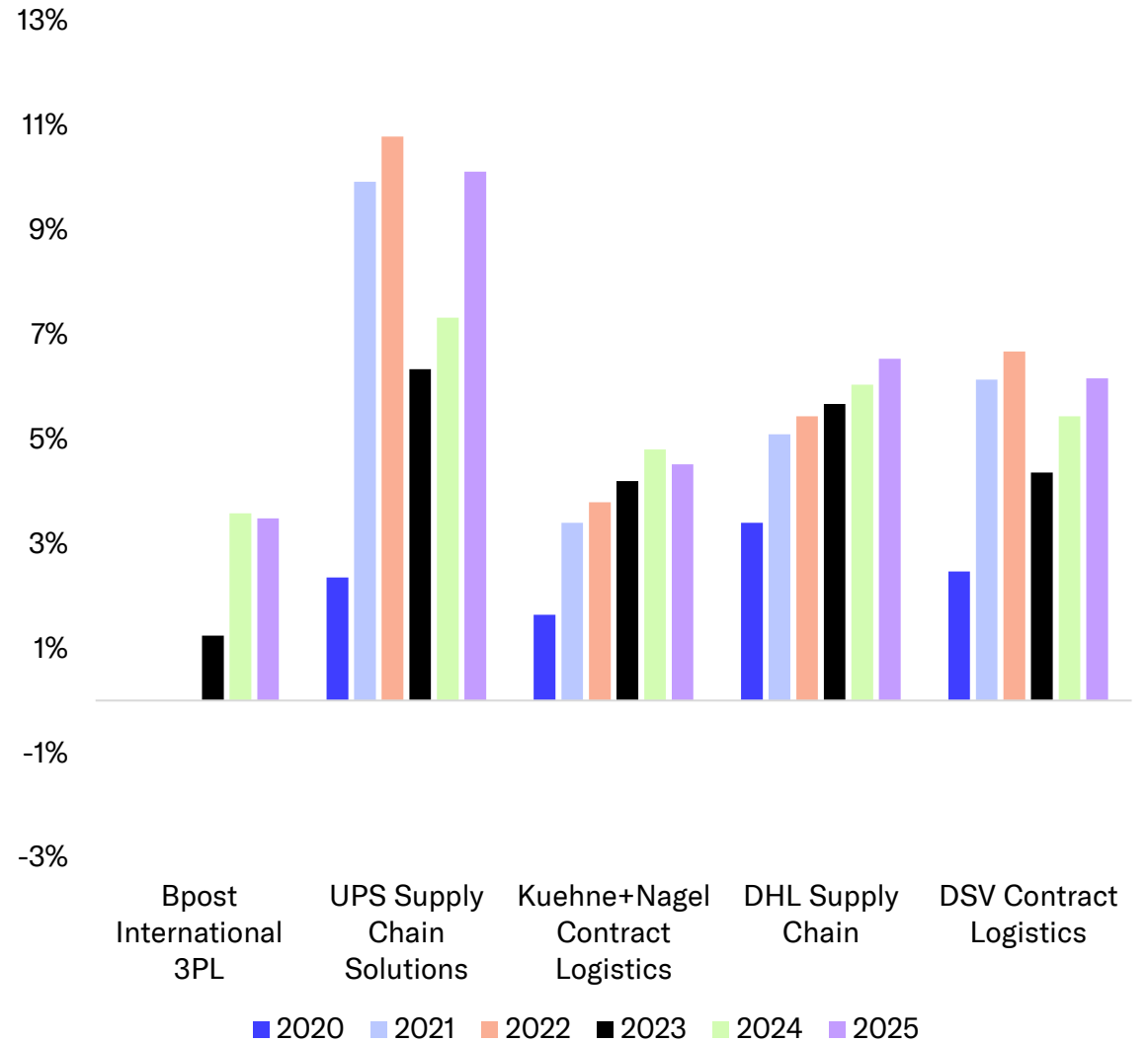


# Industry - Logistics sector profitability

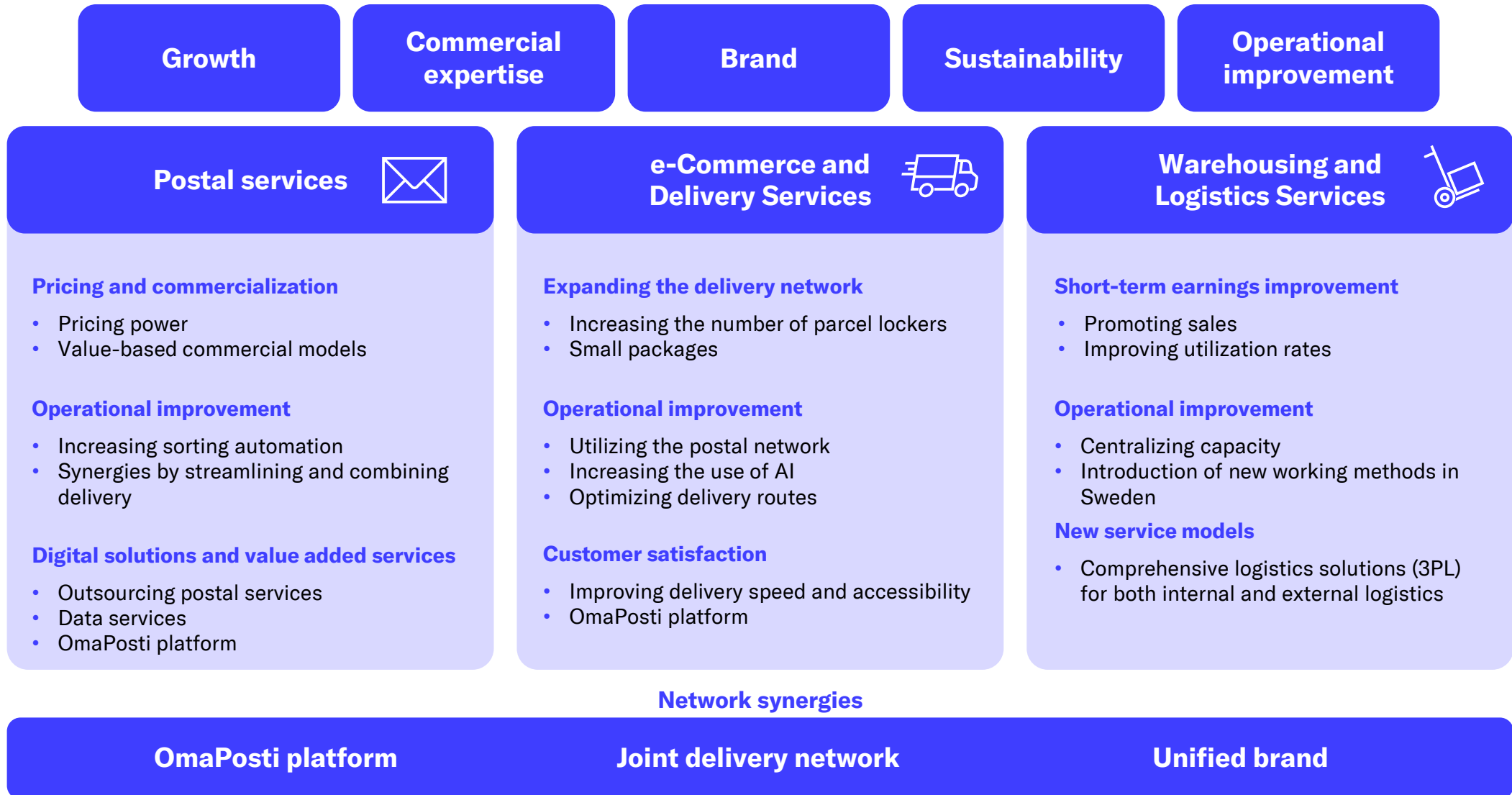
## Profitability of parcel delivery and road LTL freight



## Profitability of contract logistics



## Cornerstones of the Group's strategy



# Strategy

Posti's Group strategy relies on five cornerstones: growth, customer-centric commercial expertise, brand appeal, sustainability, and operational efficiency. According to the company, these are supported by Posti's personnel, data and technology, and a scalable delivery network. In our opinion, the cornerstones of the Group-level strategy emphasize Posti's strong and well-known brand in Finland and its ability to adapt and improve operational efficiency, which we believe will support the company's earnings development in the future. Otherwise, we believe the Group strategy is very generic, which is why we have addressed it segment by segment.

**Postal Services:** Due to the nature of a declining industry, the Postal Services strategy emphasizes, above all, improving efficiency and adjusting the cost structure. To defend its earnings level, Posti must continue price increases, develop new value-added services (e.g., multichannel and digital services), and invest in its efficiency (e.g., sorting automation and delivery optimization). OmaPosti is the segment's response to the ongoing digitalization of letter delivery. The extensive delivery network of Postal Services also serves as a source of synergy for the parcel business, and Posti intends to combine these two delivery networks over the next few years.

**The eCommerce and Delivery Services segment** is the Group's most important growth segment, driven by the shift to online retail and the rise of second-hand trade. To enable growth, the segment's key investment target over the next few years is the expansion of the parcel locker network in both Finland and the Baltics. The small parcel to the door concept, launched as a new service, utilizes the capacity of

the postal delivery network and is particularly suitable for second-hand deliveries. Further, Posti intends to implement its previously piloted delivery models, through which the company achieved significant efficiency benefits, particularly in urban areas. The segment also aims to improve efficiency by increasing sorting automation, utilizing Posti's own freight traffic as a backbone for parcel deliveries, and adapting operating models to the current sales distribution, where the share of C2C parcels has grown and is likely to continue growing. The core idea of the segment's strategy is to achieve revenue growth and improve profitability.

**The Warehousing and Logistics Services segment** has suffered from profitability challenges for some time. In our view, the segment's #1 priority in the short term is to increase utilization rates primarily by growing sales and streamlining operations, e.g., by consolidating warehouses. This is of paramount importance for the earnings of volume-dependent contract logistics. In addition, sales incentives have been increased, which we estimate has already been reflected in Sweden's 2025 growth. Posti's long-term growth argument is based on the low outsourcing rate of logistics in Finland and Sweden compared to European peers, or rather, its increase. Without this, the industry would largely follow GDP development and partly also the retail sector's transition to online. With the strategic shift in the segment from point services to comprehensive supply chain solutions, Posti is primarily seeking business growth, deeper customer relationships, and the opportunity to achieve better profitability. In our view, success in selling comprehensive solutions requires not only marketing but also macroeconomic support.

## The cornerstones of Posti's Group strategy



Growth



Commercial expertise



Brand



Sustainability



Effectiveness

# Strategy

## Inderes' view on Posti's strategy

We believe in Posti's ability to adapt the cost structure of Postal Services and the synergies enabled by combining delivery networks. However, we do not believe there will be a significant increase in the absolute earnings of Postal Services. In addition to the structural decline in volume, the State's digital project weighs on earnings development. Even if the company succeeds in significantly increasing the letter volumes of its digital mailbox in the long term, the size of the business will, according to our calculations, be significantly smaller than at present. According to a rough example calculation, with 100 MEUR in digital revenue and a slightly optimistic 40% profitability, the digital mailbox's earnings would be 40 MEUR, which is somewhat weaker than current earnings. In addition, the segment offers value-added services and, e.g., newspaper delivery (which will also decrease). We believe the company will find new ways to commercialize its operations, which, together with the aforementioned factors, would support the segment's earnings at roughly their current level even in a fully digital world.

Therefore, we estimate that the role of other businesses will be emphasized as drivers of the company's earnings growth. We believe that Posti's strong market position and the country's most extensive delivery network will support this mission. A key challenge to be solved is improving the efficiency of logistics outsourcing solutions, as the segment currently burdens the Group's earnings. In our view, an improvement in earnings requires a clear increase in volume and tight control of the cost structure. It is challenging to estimate the exact impact of the increase in

outsourcing on the segment's earnings performance, but we believe that positive earnings development will require the company to take many proactive measures to promote both sales and efficiency.

We also see acquisitions as part of Posti's strategy. In our assessment, the company is particularly interested in small or medium-sized logistics companies operating in Northern Europe. This particularly concerns the eCommerce and Delivery Services and Warehousing and Logistics Services segments, as Postal Services primarily operate only in Finland. It is noteworthy that there are many acquisition targets that fall within Posti's radar, and a significant portion of them are owned by private equity investors. The M&A market in the sector should therefore be active in due course.

## SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Strong market position and nationwide delivery network</li> <li>• Recognizable brand</li> <li>• Slight pricing power</li> <li>• Evidence of timely cost structure adjustment</li> <li>• Track record of good returns on capital</li> <li>• Negative working capital and strong cash flow profile</li> </ul>	<ul style="list-style-type: none"> <li>• Earnings dependence on declining Postal Services</li> <li>• Poor earnings level in Warehousing and Logistics Services</li> <li>• The company has not been able to increase its market share</li> <li>• Competition is fierce in growing industries</li> <li>• State ownership may affect capital allocation</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Utilizing the online transition</li> <li>• The earnings improvement potential for Warehousing and Logistics Services is enormous</li> <li>• Combining delivery networks</li> <li>• New businesses and utilizing OmaPosti in the digital transition</li> <li>• Allocation of the real estate portfolio to acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>• Decline of Postal Services and failure in digital transformation</li> <li>• Goodwill write-down, if there is no improvement in the Warehousing and Logistics Services segment's earnings</li> <li>• Tightening competition or failure to utilize new delivery methods</li> </ul>

# Financial targets

Posti has set three financial targets for the next 3-5 years:

- **Organic revenue growth** of 2% p.a. or 5% p.a. excluding Postal Services
- **Adjusted EBIT growth** 5% p
- **Net debt/EBITDA** ratio under 2.5x.

Further, Posti aims to pay an increasing basic dividend and distribute a dividend of at least 60% of the Group's net income.

## Achieving the growth target is not a given, but it is doable

If we assume that the revenue of the eCommerce and Delivery Services and Warehousing and Logistics Services segments increases by 5% annually, this would mean that Postal Services revenue can decrease by a maximum of 3% annually to achieve the average group-level growth target of 2% by the end of 2030. This assumed 3% decrease is in line with the market's recent history and the recent development of Postal Services, so from this perspective, the target is achievable. However, the decline in letter volumes has recently accelerated, driven by the government's digital transition projects. Revenue development in other businesses has also been sluggish due to the weak operating environment. Our estimate indicates an annual growth of around 2% for the Group and 5% growth excluding Postal Services. We discuss our estimates starting from page 48.

## The earnings target is realistic

The earnings target is also realistic. In our view, this is particularly warranted by the fact that the earnings of Warehousing and Logistics Services are currently at a particularly low level, and recent news of the company's successful new sales and good new customer acquisition prospects, as well as the reduction of underutilization rates, create conditions for earnings growth. The parcel volumes, which started to increase last year, also warrant an improvement in Posti's parcel business's medium-term earnings level, assuming the company manages the measures required by the change in sales distribution so that volume growth also flows through to the bottom line. The rising oil prices caused by the war in Iran, inflation fears, and increased reference rates create uncertainty around the equation, but we estimate that the company's strong pricing power ensures that any potential increase in cost levels can be passed on to customer prices. We estimate Posti's adjusted EBIT to grow by 4% p.a., which is slightly slower than the company's targeted pace.

## Rising earnings keep the balance sheet in good condition

Posti's net debt to EBITDA ratio was 2.6x at the end of 2025 (1.1x excluding IFRS 16 items), which is around the targeted level (<2.5x). The company's indebtedness was very moderate for a long time until financial debt tripled in 2025. We estimate Posti's balance sheet to recover with earnings growth, investment property divestments, and improved cash flow. In 2030, we estimate net debt to be approximately 2x EBITDA. Excluding IFRS 16 liabilities, this corresponds to a ratio well below 1x, which is a very healthy level.

## Financial targets 3-5 years on average



**Organic revenue growth:**  
Group 2 % p.a.  
(5 % p.a. excluding Postal Services)



**Adjusted EBIT growth:**  
Group 5 % p.a.



**Net debt / EBITDA:**  
Below 2.5x

# Past development

## Organic revenue development has been negative

The current Posti was formed around the turn of the 2020s when the company decided to focus purely on outsourcing services within the logistics value chain in Finland, Sweden, and the Baltic countries. Since then, the Group's revenue has naturally decreased, affected by the structural contraction in demand for postal services and divestments. However, organic revenue has also decreased in growing industries (eCommerce and Delivery Services and Warehousing and Logistics Services). The recent performance of these segments reflects record-high goods flows in 2020-21 and weak GDP development (2022-24). In the longer term, development has been more stable, but due to changes in reporting structures, it is not possible to calculate an exact growth percentage. However, it is crucial to note that the sales mix has developed in a more favorable direction for top-line growth, as we believe the share of growing businesses in the company's revenue has slightly increased.

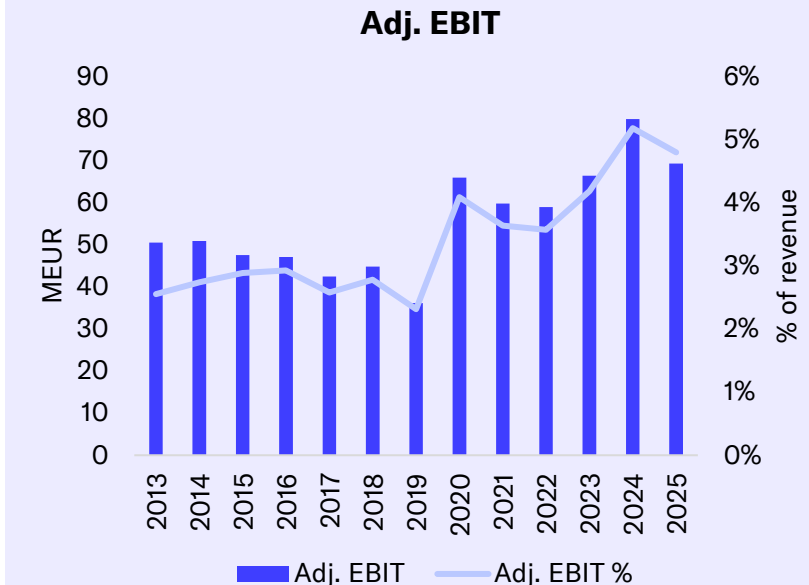
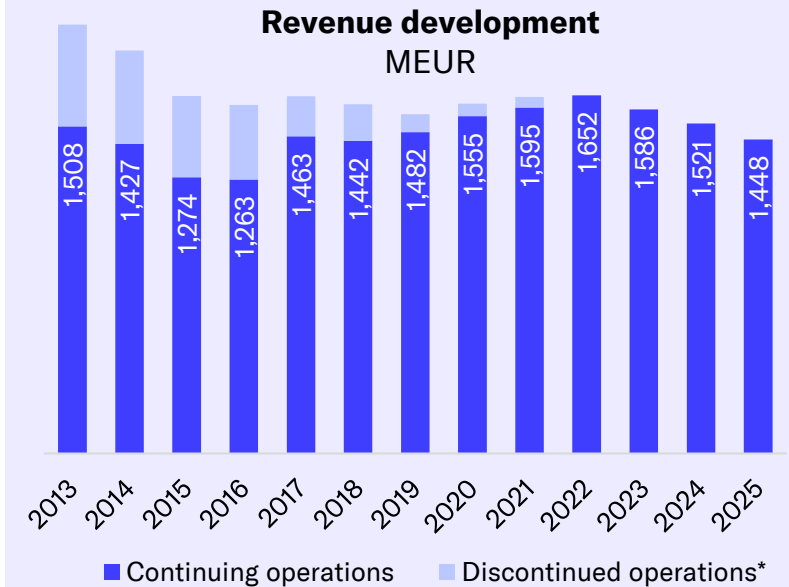
## Development of service production or gross margin

The development of service production, or gross margin, has varied by segment. Posti's reported gross margin includes variable costs in addition to costs directly attributable to the service, thus also including personnel costs. At the Group level, the relative gross margin has remained fairly stable at around 34% throughout 2024-25, before which comparable data is unfortunately unavailable. In Postal Services, the gross margin has improved through operational improvement (automation)

and price increases. We estimate that the largest decrease in the relative gross margin has occurred in Warehousing and Logistics Services, where price competition has significantly intensified in recent years. The diverging trends in volumes and revenue for eCommerce and Delivery Services would also partly suggest that price points have been somewhat compromised, which warrants a lower gross margin than historically. The change in the sales mix also plays a role.

## The improvement in profitability has primarily stemmed from Postal Services

Posti's adjusted EBIT in 2019 was on the back of non-recurring items, such as the postal strike. Before this, earnings lagged for quite some time, remaining between 40-50 MEUR. Since 2019, the Group's earnings, adjusted for goodwill impairments, have grown at an annual rate of around 11% up to 2025. Earnings development has been particularly strong in Postal Services and Warehousing and Logistics, although the latter remains unprofitable. The key elements that have improved the profitability of Postal Services have been increased automation, improved delivery efficiency, and price increases. The eCommerce and Delivery Services segment has performed the weakest in terms of earnings, where we suspect declining volumes and simultaneously high competition have been the key drivers weighing on earnings. In 2025, Posti's adjusted EBIT was 69 MEUR (4.8% of revenue), most of which came from Postal Services.



Source: Posti

\* Russian business and OpusCapita

# Past development

## Postal services are a cash flow machine

Posti's business generates reasonably good cash flow. Over the past few years, the cash conversion of operating cash flow has averaged around 66%, and in some years, it has even reached 100%. In our view, Postal Services, in particular, have generated abundant cash flow in recent years. Since 2018, free cash flow, including investments and lease payments, has averaged 23 MEUR per year. Acquisitions have also been a way for Posti to expand, and taking these into account, free cash flow has averaged 4 MEUR p.a., occasionally turning negative.

## Posti is profiled as a dividend company

Historically, Posti has been a very generous dividend payer. The payout ratio has often exceeded the 100% threshold. It is noteworthy that dividends have been distributed significantly more than free cash flow, which is not sustainable for the company in the long run. Our interpretation is that dividend distribution has been financed by selling other assets (mainly securities). This is warranted from the perspective of balance sheet optimization, but on the other hand, one could ask why these funds were not invested in growing the core business. The reason lies in the State ownership.

In addition, an extra dividend of 150 MEUR was distributed in 2025, after which the company increased the amount of interest-bearing debt. We have lowered the dividend for the current financial year to the level of 2024. In our view, the

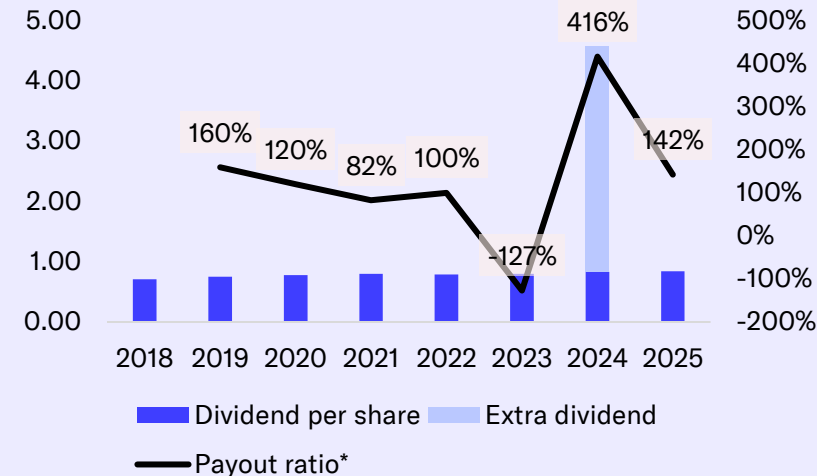
additional dividend was at least partly a result of Posti's IPO. From a shareholder value creation perspective, we do not believe that financing profit-sharing with debt is sustainable.

Posti will continue to distribute dividends with a payout ratio of around 100% in the coming years due to real estate sales. We believe that some of the funds received from these real estate portfolio will also be allocated to debt repayment and acquisitions.

**Cash flow development**  
MEUR



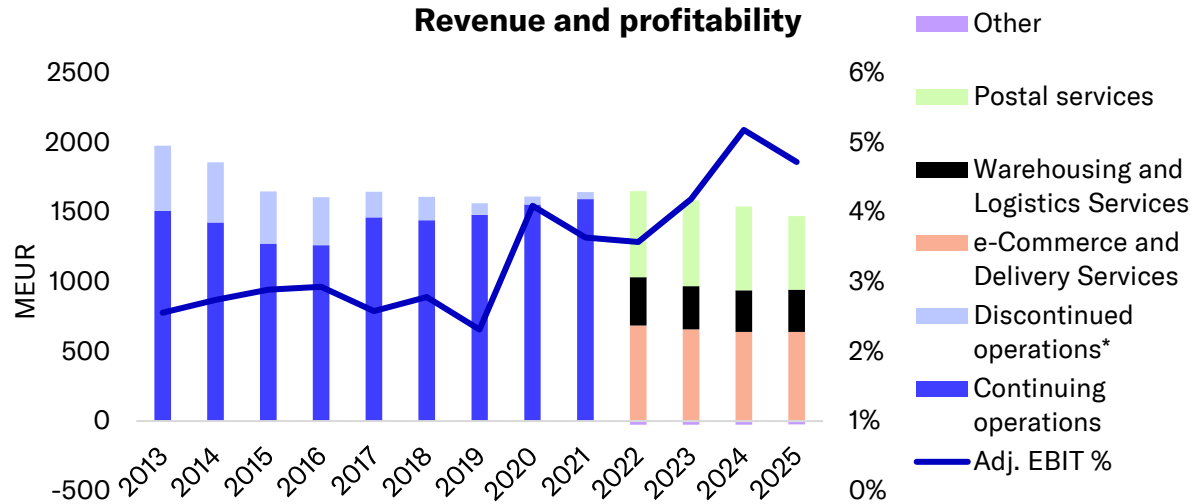
**Dividend**  
EUR per share



Source: Posti  
\* Continuing businesses

# Past development

## Revenue and profitability

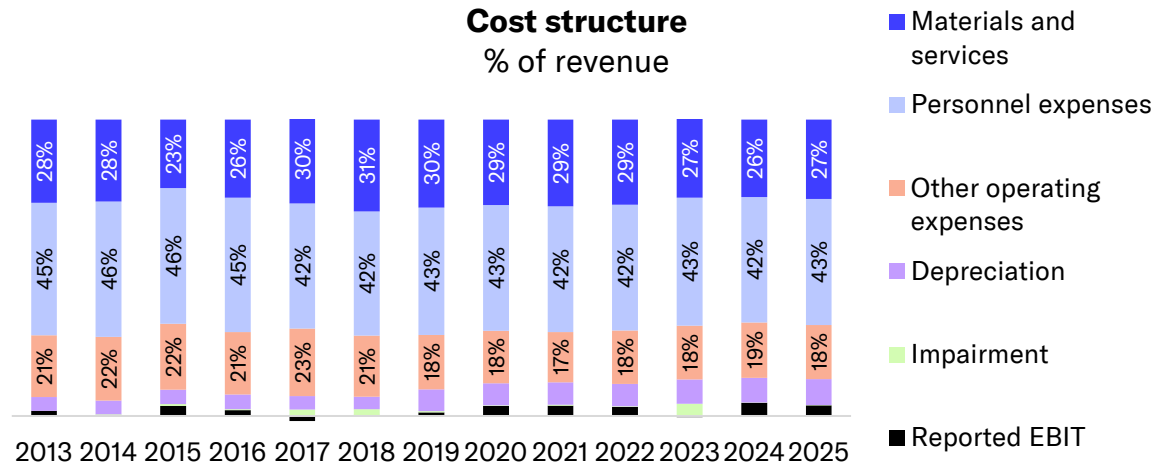


\* OpusCapita and Russian business

## Observations on Posti's financial development

- The revenue development of Posti's continuing operations has been quite stable over the past 10 years. However, organic development has been negative, where the structural decline in demand for traditional postal delivery is the primary driver. Volume development in parcel and warehousing businesses has also been sluggish in the 2020s due to the weak economic environment that began in 2022.
- At the same time, Posti has almost doubled its EBIT margin from around 2.5% to the ballpark of 5%. Operational efficiency has primarily come from Postal Services, where automation and increased operational efficiency have enabled more resource-efficient operations.
- Reported earnings figures have been negatively impacted over the years by balance sheet write-downs, the largest of which were related to the goodwill of the Russian business, the Scandinavian freight operations (discontinued), and Warehousing and Logistics Services.

## Cost structure % of revenue



## Observations on Posti's cost structure

- Posti's business is labor-intensive, and personnel costs account for over 40% of the Group's revenue. Personnel resources are particularly tied to delivery operations. Personnel costs have decreased relatively, which we believe is partly due to increased automation, optimization, and changes in sales distribution.
- The second largest cost item is materials and services, with a share of less than 30%, which has developed quite stably in the long term.
- The third largest cost item is other operating expenses, which accounted for 18% of revenue in 2025. Other operating expenses have remained unchanged since the IFRS 16 amendment. Other expenses include, e.g., asset-related maintenance costs, IT systems, and marketing costs.
- Depreciation accounts for slightly less than 10% of the Group's revenue. The majority of depreciation arises from IFRS 16 depreciation (i.e., lease costs), which we estimate has increased due to higher lease liabilities and reduced physical assets.

# Financial position

## The balance sheet is capital intensive

Posti's balance sheet total at the end of 2025 was 1,140 MEUR. The balance sheet is generally quite capital-intensive. Most capital is tied up in Posti's properties (owned and leased), as well as machinery (warehouses and sorting machines) and equipment (delivery vehicles), which are essential for efficient operations. From an operational perspective, however, the business is very light due to negative working capital, which is emphasized in Postal Services. At the end of 2025, the sum of tangible assets was 550 MEUR, or about half of the balance sheet. Intangible assets on Posti's balance sheet amounted to 230 MEUR, of which over 70% is goodwill. Other key items on Posti's balance sheet include receivables (240 MEUR), the majority of which consist of trade receivables. Posti also has a significant investment property portfolio (64 MEUR). In addition to properties, the portfolio includes a land area in Postipuisto, Helsinki, which we discuss later. In line with the nature of the service business, inventories account for a minimal share. Cash and cash equivalents totaled 49 MEUR at the end of 2025.

## We believe the balance sheet is on a healthy footing

Posti's balance sheet showed equity of 277 MEUR, which corresponds to an equity ratio of around 25%. We believe the level is moderate, but it leaves little room for potential goodwill write-downs. We suspect the equity ratio is weighed down by the high proportion of trade payables and IFRS 16 liabilities. Excluding IFRS 16 liabilities, the equity ratio would already be well over 30%, which is a healthy level.

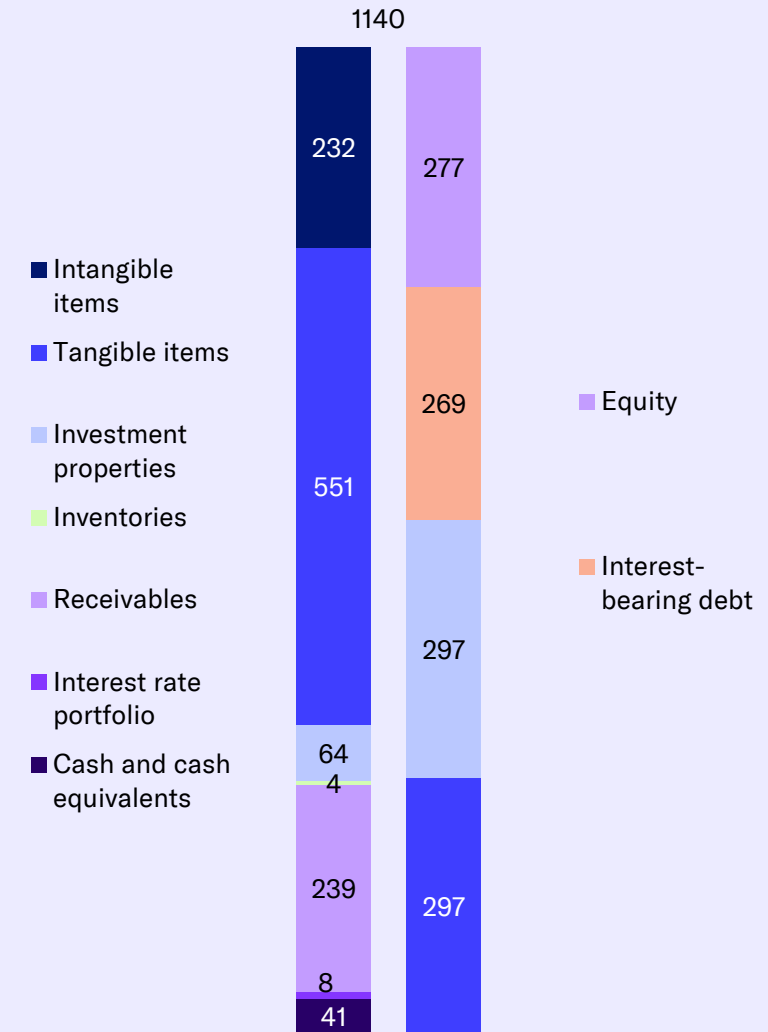
Posti's interest-bearing debt amounted to 269 MEUR. Thus, net debt (220 MEUR) is approximately 1.1x relative to the last 12 months' EBITDA (excl. IFRS 16 items). Overall, Posti's balance sheet position is healthy, although before the large extra dividend, it was almost in a net cash position. A significant portion of the company's debt is tied to lease liabilities, which amounted to almost 300 MEUR at the end of 2025.

## Posti also has off-balance sheet liabilities

Posti has off-balance sheet liabilities of around 4 MEUR. These responsibilities relate to the land exchange and purification (former landfill) between Posti and the City of Helsinki. This land area is located in Eteläinen Postipuisto in Helsinki. The land is intended for the construction of new residential properties, and Posti's primary purpose is to sell the land to construction companies and investors. Posti aims to generate positive cash flow from land areas starting in 2026, either through rental income or divestments. The divestments may take several years.

These land areas are included in Posti's investment properties. In Q4'25, a third party estimated the fair value of investment properties (and land) to be 98 MEUR, which represents a significant increase in value compared to the balance sheet value (64 MEUR). We estimate that the proceeds from asset liquidation will be used to repay interest-bearing debt, distribute dividends, and, if necessary, finance acquisitions. Through this, the company's dividend payout ratio may continue to be clearly above the company's set lower limit (60%).

**Balance sheet (2025)**  
MEUR

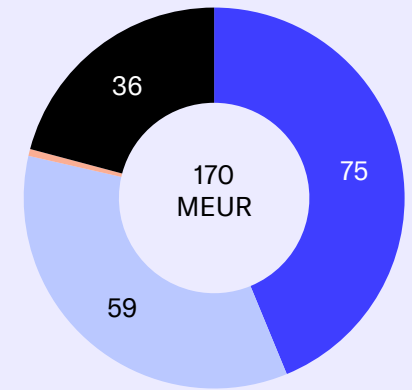


# Financial position

## Goodwill is divided into several segments

Posti's balance sheet goodwill was 170 MEUR (61% of equity) at the end of 2025. The largest portion of goodwill is allocated to the eCommerce and Delivery Services segment (75 MEUR and 27% of equity), which has accumulated goodwill from acquisitions related to parcel services. Goodwill of 59 MEUR (21% of equity) has been allocated to the Warehousing and Logistics Services business in Finland, reflecting the acquisition of Transval in 2019. We do not have precise information on Finland's profitability, but considering the weak earnings performance of the entire segment, it is very possible that Finland is also unprofitable. If the earnings challenges cannot be corrected, the company may have to write down the goodwill of the business. Regarding Sweden, the goodwill of Aditro Logistics was largely written down due to profitability challenges that began in 2023. Goodwill of 36 MEUR (13% of equity) has been allocated to the Postal Services segment. As the digital transformation progresses, some balance sheet items in Postal Services may face natural write-down pressure.

**Distribution of goodwill by segment**  
2025



- e-Commerce and Delivery Services
- Warehousing and Logistics Services Finland
- Warehousing and Logistics Services Sweden
- Postal services

# IPO

## Key aspects of the IPO

Posti Group Corporation's shares were admitted to trading on the Nasdaq Helsinki stock exchange list on October 14, 2025. The listing was carried out as a share sale, with the sole owner, the Finnish State, as the seller. The State sold a total of 11.6 million existing shares at a price of EUR 7.5 per share to Finnish private investors in the public offering and to domestic and international institutional investors in the institutional offering. In addition, Posti issued 500,000 new shares, which were subscribed by the company's personnel. With the personnel issue, Posti raised gross proceeds of 3.8 MEUR, which is modest relative to its size.

## From a pricing perspective, the issue was realistic

Posti's IPO generated interest, as the issue was many times oversubscribed by private and institutional investors, as well as employees. At the same time, Posti's share price development has been positive, with a value increase of around X% relative to the offer price. This is due to Posti's better-than-expected operational performance. Overall, the offering's pricing (pre-money) was realistic relative to 2025 earnings (EV/EBIT 11x), which we believe served as one of the catalysts behind the successful offering.

## The State transfers bonus shares to private investors

In addition to the customary public sale, the issue included a bonus issue, where for every ten shares subscribed in the bonus sale, the State will transfer one new share after one year of continuous ownership. A condition for the bonus issue was also that the individual had to participate in the public sale, and the number of shares subscribed in the

bonus sale practically had to correspond to the number of shares subscribed in the public sale. The number of shares offered in the bonus share issue was a moderate ~800,000. The bonus shares will be transferred from shares owned by the State, so the number of Posti shares will not increase. Thus, the State's holding will decrease only marginally (0.1 percentage points) at most. Thus, the calculated expected return based on the number of shares for those receiving bonus shares is 5%, which in itself is below the required return. Together with the dividend yield, the bonus shares exceed the required return, which makes the expected return equation positive even without earnings growth and upside/downside in multiples over a one-year period. Thus, we encourage those who participated in the bonus issue to hold the shares at least for 12 months.

In reality, the share's value development has been positive. Considering the appreciation, the return on bonus shares at the current price rises to as much as 19%. With the dividend yield (the record date for the first half was April 17, 2026), the expected return becomes very attractive (30% at the subscription price). Therefore, we encourage those who participated in the bonus issue to hold their shares for at least 12 months.

## Calculation of bonus issue

	IPO	12 months after the IPO
IPO sale	100	100
Bonus sale	100	100
Bonus shares		10
Total shares	200	210
The price of the share	7.5	8.6
Value of holding	1500	1806
Return without appreciation		5%
Return with appreciation		20%

# Investment profile

- 1 A comprehensive logistics offering enables economies of scale and synergies**
- 2 Demand for postal services is declining, but operations have been adjusted effectively**
- 3 Significant earnings improvement potential in growing businesses**
- 4 Good returns on capital have been achieved for a rather heavy balance sheet**
- 5 The business efficiently generates cash flow, and the aim is to increase the dividend**

## Potential

- Other income sources compensate for the declining demand for postal delivery
- Earnings improvement in warehousing services
- Growth of Baltic target markets
- Good positioning in industry growth trends
- Automation increases efficiency in all businesses
- Divestment of the real estate portfolio releases significant capital
- Acquisitions

## Risks

- Failure to adjust the cost structure of Postal Services
- Failure to commercialize OmaPosti
- Continued weak economic development in Finland
- Prolonged earnings problems in warehousing services
- Tightening price competition in parcel delivery services
- Failure in acquisitions

# Estimates

## Basis for the estimate model

We estimate Posti's development by segment, as they have different types of drivers affecting development in different directions. The key estimate parameters behind our revenue estimates are the development of volumes and average prices. We use market statistics from public sources to support our estimates. For the Warehousing and Logistics segment, we estimate revenue development purely based on sales, as the company does not report other parameters for this segment. Our operational earnings estimates are also built segment by segment as an equation of assumed revenue, gross margin, and fixed costs. For other cost items, the balance sheet, and cash flow, we forecast development at the Group level.

## 2026 guidance

Posti expects its revenue to be 1,400-1,500 MEUR (2025: 1,448 MEUR) and adjusted EBIT to be 63-79 MEUR (2025: 69 MEUR) in fiscal year 2026. The midpoint of the earnings is thus around the level of the comparison period, and the margin is 4.9% (2025: 4.8%). We believe the key underlying assumptions behind the guidance are the streamlining of Postal Services operations in line with volume decline, so that profitability remains approximately at the comparison period's level. The decline in letter volumes is expected to continue quite steeply, similar to 2025. In eCommerce and Delivery Services, the assumption is a successful adaptation of operations to the change in the sales distribution of demand (C2C parcel growth is strong, and B2B parcel volumes are likely to decrease). The gross margin of C2C parcels is lower than that of traditional parcel deliveries, meaning operations need streamlining to maintain good

profitability. In our view, the midpoint of the guidance does not reflect a significant improvement in the operating environment, which would positively impact, e.g., the volume of B2B parcels. In Warehousing and Logistics Services, Posti anticipates acquiring new customers during the year while also focusing on improving utilization rates and overall efficiency. In our view, the improved margin of Warehousing and Logistics Services has been factored into the guidance.

## 2026: Challenging start to the year weighs on earnings

We expect volumes in eCommerce and Delivery Services to continue their growth, largely driven by C2C parcels. Due to these lower price points, we estimate that the segment's average price development will still be slightly in the red. Against this backdrop, we estimate eCommerce and Delivery Services revenue to increase by 3%. For Warehousing and Logistics Services, we expect strong growth in Sweden (5%), where we believe the easing of industry underutilization rates and Posti's active sales-boosting measures have started to take effect. We expect the Finnish market to gradually recover, but we expect customer churn to slightly weigh on revenue development. We expect Finland's revenue to increase by one percent in 2026. Thus, our overall growth estimate for Warehousing and Logistics Services is 3%. For Postal Services, we expect the decline in letter volumes to remain steep, reflecting the State's accelerated digitalization project. Due to this, we estimate Postal Services revenue to decrease by 8%, which is slightly softened by the price increases made by the company. Overall, we expect the Group's revenue to decrease by one percent to 1,431 MEUR in 2026. Our estimate meets the company's guidance.

## Key drivers of estimates in the medium term

### Revenue – 2% growth p.a.

- Growth in eCommerce and Delivery Services, and Warehousing and Logistics Services is driving the Group's revenue increase. This is based on the assumption that an improving economic trend, along with an increase in online migration and outsourcing rates, will support the segments' development over the next few years.
- The revenue of Postal Services will decrease by an average of 5% p.a. Assuming that the digital transformation will decrease Posti's delivery volumes, and OmaPosti will not yet become a significant source of income for the Group.

### EBIT – 4% growth p.a.

- The profitability of eCommerce and Delivery Services will improve to 4.5% with growth (2025: 3.4%). Profitability is boosted by the introduction of new delivery models and the integration of the network with Postal Services.
- The growth in Warehousing and Logistics Services sales, increasing utilization rates through closed warehouses, and other cost-saving measures will bring the segment's earnings to zero in 2027 and positive in 2028 (2 MEUR, or 0.5% of revenue).
- Postal Services' adjusted EBIT remains stagnant at approximately 65 MEUR. Assuming that Posti succeeds in realizing its planned cost savings roughly on schedule.

# Estimates

The volatile situation in the Middle East and its potential continuation may indirectly affect the demand for Posti's services, e.g., through weakening economic fundamentals. For this reason, our growth estimates include a touch of caution.

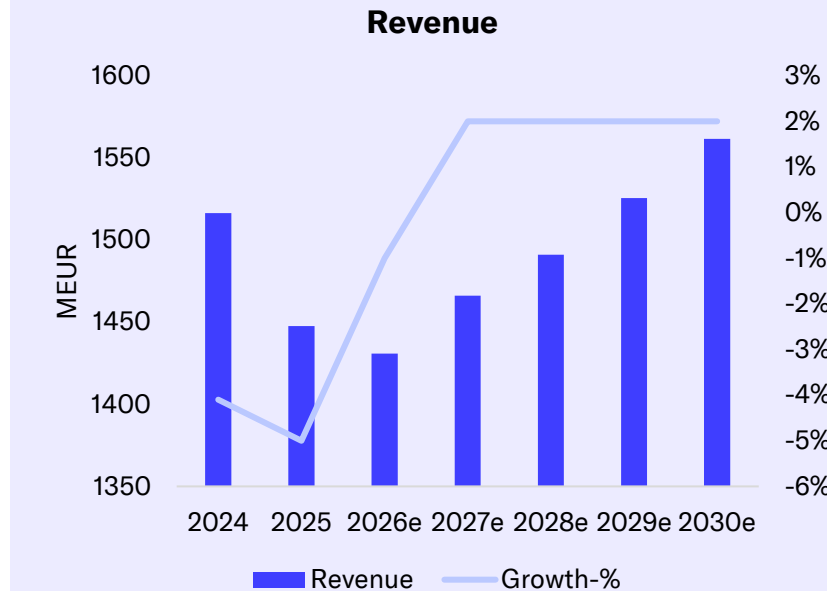
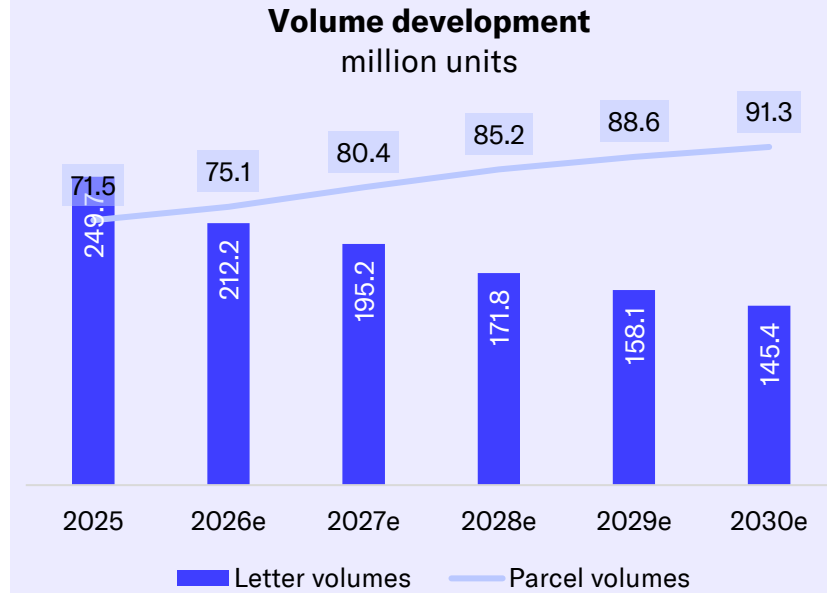
We anticipate the eCommerce and Delivery Services earnings (24 MEUR vs. 22 MEUR in 2025) to rise slightly, but profitability to remain at the comparison period's level. This is explained by the sales mix being weighted towards C2C parcels and a subdued outlook for B2B parcels and freight. For Warehousing and Logistics Services, we estimate an improving earnings trend (-3 MEUR vs. 2025 -5 MEUR) driven by revenue growth, increased utilization rates, and operational efficiency. The segment's earnings are still likely to be in the red. In Postal Services, we expect earnings to be in line with the comparison period (66 MEUR). We expect the beginning of the year to be sluggish for Postal Services in terms of earnings due to digital projects, but believe price increases will compensate for this by H2 at the latest. We estimate that the adjusted EBIT will amount to 67 MEUR (2025: 69 MEUR), which is in line with the guidance. We believe that Posti will pass on any cost inflation to customer prices in a relatively short term.

We expect net financial costs to rise moderately. For variable-rate loans, we expect a marginal increase in the average interest rate (reference rates have risen), but the situation may change rapidly due to the highly volatile interest rate and raw material markets. In the big picture, however, net financing costs are increased by our estimated slight rise in IFRS 16 liabilities, the interest component of which is reflected in Posti's financing costs.

Regarding taxes, we expect a decrease due to the normalization of the effective tax rate. We estimate Posti's adjusted EPS to be EUR 0.96, which corresponds to a 4% decrease year-on-year.

## 2027-28: Return to earnings growth

We estimate that Posti will return to earnings growth during 2027-28 after a few gap years. We estimate that the volumes of eCommerce and Delivery Services will continue to rise, now supported by other than C2C parcels as well. Volume growth is driven by a better operating environment and the progression of e-commerce. We also anticipate that the decline in average prices will cease, or alternatively, that the change in sales distribution will gradually stabilize. Against this backdrop, we believe the revenue growth of eCommerce and Delivery Services will accelerate from the previous year to an average annual rate of 5%. We also expect accelerating growth in Warehousing and Logistics Services. In our opinion, the growth rate is boosted by the cyclical turnaround in each of Posti's main markets, which supports the increase in the outsourcing rate. We estimate revenue in Finland to increase by around 5% and in Sweden by around 9% during 2027-28. For Postal Services, we expect the decline in letter volumes to continue. In our growth estimates, we have considered the upcoming election years (parliamentary elections in 2027), which we estimate will slightly support delivery volumes. We estimate Postal Services' revenue to decrease by 3% in 2027 and by 5% in 2028. Overall, we expect the Group's revenue to grow by an average of 2% during the review period.



# Estimates

In terms of earnings, we expect positive development throughout the Group. We anticipate the growth of eCommerce and Delivery Services to scale, which is reflected in the segment's improved margin. For Warehousing and Logistics Services, we expect sales growth to further increase operational utilization rates. We anticipate the segment's earnings to be zero in 2027 and turn positive in 2028. It is important to note, however, that our estimated earnings level (EBIT margin 0.5-1%) is still far from the potential 5% margin. We acknowledge that our profitability estimate for the segment is cautious relative to revenue growth, but the track record so far warrants a moderate estimate. In Postal Services, we expect a slight improvement in earnings in 2027, driven by the elections and the reform program (cost-saving program), after which we believe earnings will decrease slightly again. Overall, we forecast the Group's operational EBIT to be 74 MEUR in 2027 and 78 MEUR in 2028. These correspond to 5.0% and 5.2% of each year's revenue, meaning the margin returns close to Posti's record levels for the decade.

Below the operating result, we expect net financing costs to decrease, aided by repayments of interest-bearing debt. As far as taxes are concerned, we expect fairly stable developments. Thus, our EPS forecast is EUR 1.11 and EUR 1.21 for 2027 and 2028 respectively.

In the medium term, our estimated revenue development for Posti is in line with its targeted pace (Group >2% and excluding Postal Services >5%). According to our estimates, the operating result will improve by around 4% annually, which is slightly slower than the company's targeted pace (>5%).

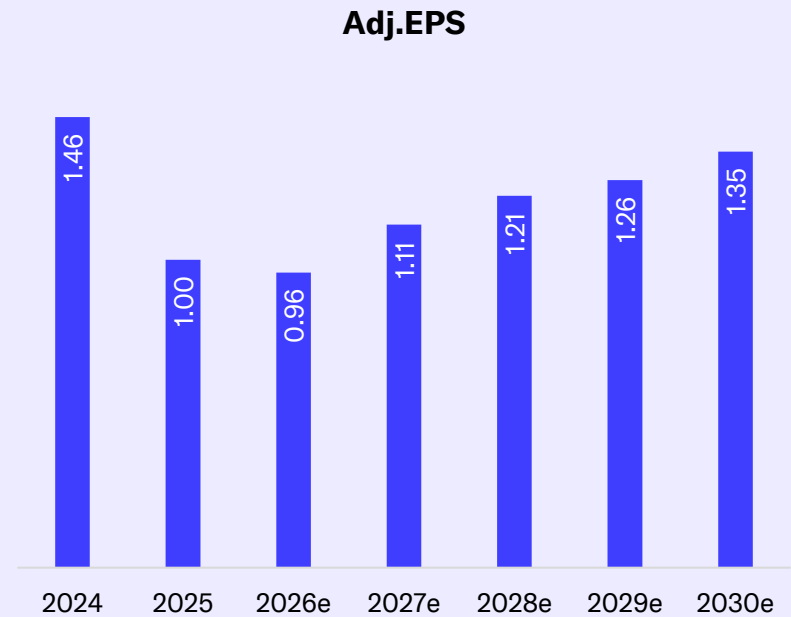
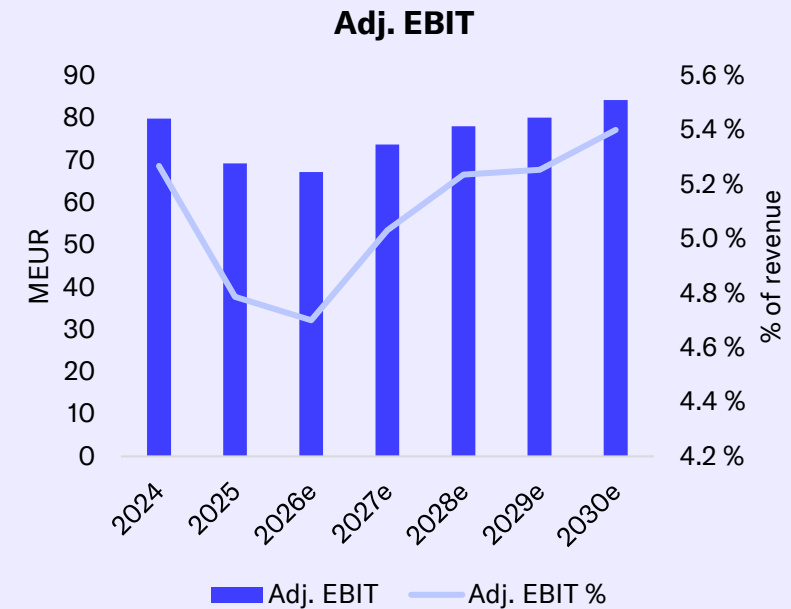
## Long-term estimates

In the longer term, we expect the Group's revenue to grow by around 2% annually. The growth highlights Posti's expanding target markets, but above all, the natural future estimate risks and the anticipation of potential economic cycles. We expect the company's EBIT % to stabilize at around 5% after 2030. Our profitability estimate also highlights the support provided by growing businesses to the negative earnings development of Postal Services, which is weighed down by the advanced digital transformation.

We have set Posti's cost of equity (CoE) at 9.7%. This is roughly in line with the average of the companies we cover. The weighted average cost of capital (WACC) is 8.1%. The required return emphasizes Posti's partially cyclical business and the uncertainty related to the future of Postal Services.

## Liquidation of the real estate portfolio releases capital

We estimate Posti will liquidate almost its entire real estate portfolio during 2026-29. However, we have not included the capital gains from the sale of properties and land in our estimates. In this case, capital gains would confuse our model's free cash flow calculation.



# Estimates

The positive cash flow impact of the divestments is reflected in the 2026-29 investment estimates due to the nature of our cash flow model. During these years, investments will be more moderate than usual due to the positive cash flow impact of real estate. However, it should be noted that due to real estate divestments, the cash flows of the aforementioned years do not reflect Posti's operational free cash flow generation capability. We have taken the divestments into account in our cash flow modeling so that they are also considered in the fair value of the share. In reality, we estimate that the operational free cash flow for those years will be around 10–20 MEUR lower per year.

We expect Posti to repay some of its interest-bearing debt with the cash flow generated from real estate divestments. At the same time, the divestments support Posti's dividend distribution, thus we estimate the company will continue to distribute dividends roughly at the net profit level. We also wouldn't be surprised if these funds were used for acquisitions.

## Cash flow and dividend

We expect Posti's free cash flow to increase in the coming years, which will enable profit distribution in line with its dividend policy and historical trends. The positive development of free cash flow is driven by growing operational earnings, more moderate investments compared to historical levels, and the liquidation of the real estate portfolio. In the long term, we expect Posti's free cash flow level to be around 60 MEUR, while in the medium term it will be over 70 MEUR. We emphasize that different

future scenarios for Postal Services have a significant impact on the Group's free cash flow development.

Due to strong free cash flow development and real estate sales, we expect Posti to continue its dividend distribution in line with its dividend policy (payout ratio >60%) and historical levels (payout ratio ~100%).

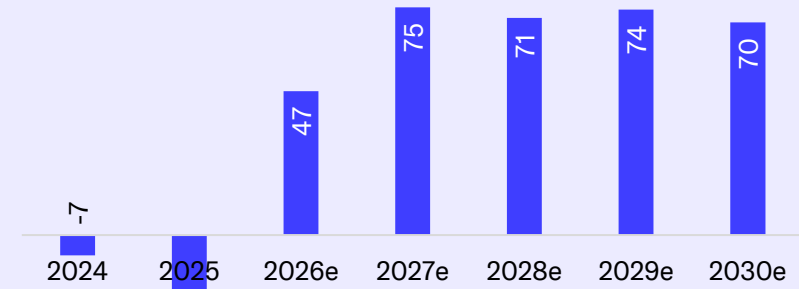
## Balance sheet lightens and debt decreases

We estimate Posti's balance sheet to lighten with the liquidation of its real estate portfolio. At the same time, we believe the company will repay its debt, which, combined with earnings growth, will improve the balance sheet ratios. We expect the net debt to EBITDA ratio to decrease to around 2x in 2030 (2025: 2.6x), which is below the company's set upper limit (>2.5x). Excluding IFRS 16 items, this corresponds to clearly below 1x according to our rough calculations. At these levels, the balance sheet is very healthy and leaves the company room for debt-financed M&As as well.

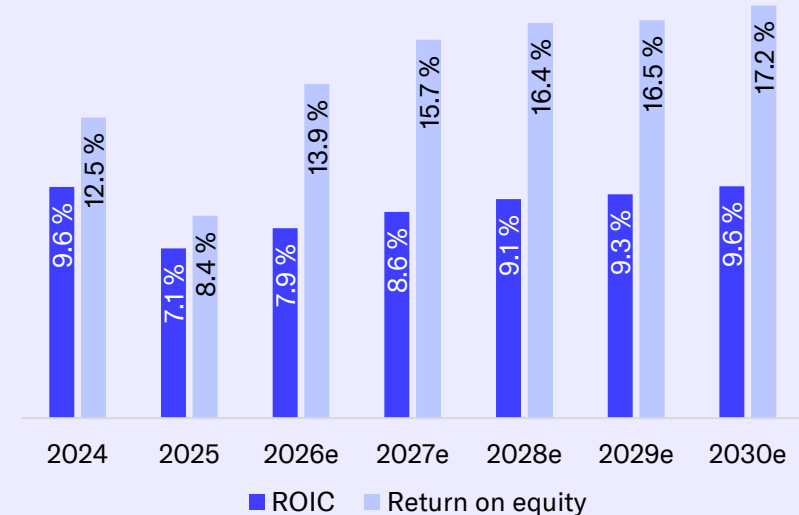
## Return on capital

A lighter balance sheet relative to Posti's strong earnings trend supports the company's return on capital figures in our estimates. We expect the return on equity and return on invested capital to improve from 7% and 8% in 2025 to 10% and 17% in 2030. These exceed our required returns, so we believe the strong earnings performance of Postal Services, and eCommerce and Delivery Services creates value for the Group. With our current estimates, Warehousing and Logistics operations do not achieve a return exceeding the cost of capital.

Free cash flow  
MEUR



Return on capital %



# Segment-specific estimates

	2025	2026e	2027e	2028e	2029e	2030e
<b>Revenue</b>	<b>1448</b>	<b>1431</b>	<b>1466</b>	<b>1491</b>	<b>1525</b>	<b>1562</b>
e-Commerce and Delivery Services	641	660	692	726	756	786
Warehousing and Logistics Services	302	310	329	351	371	391
Finland	194	197	204	217	227	239
Sweden	108	113	124	134	144	152
Postal services	530	485	469	437	422	408
Other	-25	-24	-24	-24	-24	-24
Group excluding Postal Services	918	946	997	1054	1103	1154
<b>Revenue growth-%</b>	<b>-5%</b>	<b>-1%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>
e-Commerce and Delivery Services	0%	3%	5%	5%	4%	4%
Warehousing and Logistics Services	1%	3%	6%	7%	6%	5%
Finland	-4%	1%	4%	6%	5%	5%
Sweden	6%	5%	10%	8%	7%	6%
Postal services	-12%	-8%	-3%	-7%	-3%	-3%
Other	-4%	-2%	-2%	0%	0%	0%
Group excluding Postal Services	0%	3%	5%	6%	5%	5%
<b>Gross margin % (segments)</b>						
e-Commerce and Delivery Services	32%	32%	32%	33%	33%	33%
Warehousing and Logistics Services	33%	34%	34%	35%	35%	35%
Postal services	38%	40%	41%	42%	43%	44%
<b>Adj. EBIT</b>	<b>69.3</b>	<b>67.3</b>	<b>73.8</b>	<b>78.1</b>	<b>80.2</b>	<b>84.3</b>
e-Commerce and Delivery Services	22.0	24.3	26.9	32.5	33.8	35.2
Warehousing and Logistics Services	-5.4	-2.7	0.0	1.7	2.9	4.2
Postal services	65.8	65.7	66.9	63.9	63.5	64.9
Other	-13.1	-20.0	-20.0	-20.0	-20.0	-20.0
<b>Adj. EBIT %</b>	<b>4.8%</b>	<b>4.7%</b>	<b>5.0%</b>	<b>5.2%</b>	<b>5.3%</b>	<b>5.4%</b>
e-Commerce and Delivery Services	3.4%	3.7%	3.9%	4.5%	4.5%	4.5%
Warehousing and Logistics Services	-1.8%	-0.9%	0.0%	0.5%	0.8%	1.1%
Postal services	12.4%	13.5%	14.3%	14.6%	15.0%	15.9%
Net financial costs	-16.7	-17.5	-17.4	-17.0	-16.5	-15.9
Taxes	-12.2	-10.9	-11.3	-12.2	-12.7	-13.7
<b>Adj. EPS</b>	<b>1.00</b>	<b>0.96</b>	<b>1.11</b>	<b>1.21</b>	<b>1.26</b>	<b>1.35</b>
Adj. EPS growth %	-32%	-4%	16%	8%	4%	7%
<b>Net debt</b>	517	517	491	472	452	438
<b>Net debt / EBITDA</b>	2.5x	2.6x	2.4x	2.3x	2.1x	2.0x

# 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
<b>Revenue</b>	<b>1521</b>	<b>355</b>	<b>356</b>	<b>344</b>	<b>392</b>	<b>1448</b>	<b>354</b>	<b>349</b>	<b>338</b>	<b>390</b>	<b>1431</b>	<b>1466</b>	<b>1491</b>	<b>1525</b>
eCommerce and Delivery Services	641	151	160	159	171	641	160	160	162	179	660	692	726	756
Warehousing and Logistics Services	303	72.5	74.6	73.7	80.9	302	75.2	75.6	75.7	82.9	310	329	351	371
Postal Services	603	137	128	118	147	530	125	119	107	134	485	469	437	422
Other	-25.4	-5.9	-5.9	-6.2	-6.6	-24.6	-6.0	-6.0	-6.0	-6.0	-24.0	-23.5	-23.5	-23.5
<b>EBITDA</b>	<b>197</b>	<b>37.2</b>	<b>41.0</b>	<b>43.0</b>	<b>58.1</b>	<b>179</b>	<b>39.4</b>	<b>45.9</b>	<b>47.7</b>	<b>62.3</b>	<b>195</b>	<b>202</b>	<b>207</b>	<b>210</b>
Depreciation	-128.6	-32.2	-31.6	-31.2	-31.9	-126.9	-32.0	-32.0	-32.0	-32.0	-128.0	-128.4	-128.9	-130.0
<b>EBIT (excl. NRI)</b>	<b>80.2</b>	<b>10.5</b>	<b>10.6</b>	<b>16.9</b>	<b>31.4</b>	<b>69.4</b>	<b>7.4</b>	<b>13.9</b>	<b>15.7</b>	<b>30.3</b>	<b>67.3</b>	<b>73.8</b>	<b>78.1</b>	<b>80.2</b>
<b>EBIT</b>	<b>68.0</b>	<b>5.0</b>	<b>9.4</b>	<b>11.8</b>	<b>26.2</b>	<b>52.4</b>	<b>7.4</b>	<b>13.9</b>	<b>15.7</b>	<b>30.3</b>	<b>67.3</b>	<b>73.8</b>	<b>78.1</b>	<b>80.2</b>
eCommerce and Delivery Services	25.1	1.4	4.9	7.3	8.5	22.1	3.4	4.8	8.4	7.7	24.3	26.9	32.5	33.8
Warehousing and Logistics Services	-5.6	-6.0	-3.0	-0.8	0.0	-9.8	-2.5	-2.7	0.8	1.6	-2.7	0.0	1.7	2.9
Postal Services	64.1	15.6	11.4	9.1	25.6	61.7	11.5	16.7	11.5	26.0	65.7	66.9	63.9	63.5
Other	-15.6	-6.0	-3.9	-3.8	-7.9	-21.6	-5.0	-5.0	-5.0	-5.0	-20.0	-20.0	-20.0	-20.0
Share of profits in assoc. compan.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net financial items	-9.0	-3.6	-4.4	-4.1	-4.6	-16.7	-4.4	-4.4	-4.4	-4.4	-17.5	-17.4	-17.0	-16.5
<b>PTP</b>	<b>59.0</b>	<b>1.4</b>	<b>5.0</b>	<b>7.7</b>	<b>21.6</b>	<b>35.7</b>	<b>3.0</b>	<b>9.5</b>	<b>11.3</b>	<b>26.0</b>	<b>49.8</b>	<b>56.4</b>	<b>61.1</b>	<b>63.7</b>
Taxes	-15.1	-1.6	-2.4	-2.7	-5.5	-12.2	-0.7	-2.1	-2.5	-5.7	-10.9	-11.3	-12.2	-12.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net earnings</b>	<b>43.9</b>	<b>-0.2</b>	<b>2.6</b>	<b>5.0</b>	<b>16.1</b>	<b>23.5</b>	<b>2.3</b>	<b>7.4</b>	<b>8.8</b>	<b>20.3</b>	<b>38.8</b>	<b>45.1</b>	<b>48.9</b>	<b>51.0</b>
<b>EPS (adj.)</b>	<b>1.46</b>	<b>0.13</b>	<b>0.09</b>	<b>0.25</b>	<b>0.53</b>	<b>1.00</b>	<b>0.06</b>	<b>0.18</b>	<b>0.22</b>	<b>0.50</b>	<b>0.96</b>	<b>1.11</b>	<b>1.21</b>	<b>1.26</b>
<b>EPS (rep.)</b>	<b>1.10</b>	<b>0.00</b>	<b>0.07</b>	<b>0.12</b>	<b>0.40</b>	<b>0.58</b>	<b>0.06</b>	<b>0.18</b>	<b>0.22</b>	<b>0.50</b>	<b>0.96</b>	<b>1.11</b>	<b>1.21</b>	<b>1.26</b>

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
<b>Revenue growth-%</b>	-4.1 %	0.0 %	0.0 %	0.0 %	-74.2 %	-4.9 %	-0.3 %	-2.2 %	-1.6 %	-0.6 %	-1.1 %	2.5 %	1.7 %	2.3 %
<b>Adjusted EBIT growth-%</b>	20.8 %				-60.8 %	-13.5 %	-30.0 %	30.8 %	-7.2 %	-3.4 %	-3.1 %	9.7 %	5.8 %	2.7 %
<b>EBITDA-%</b>	12.9 %	10.5 %	11.5 %	12.5 %	14.8 %	12.4 %	11.1 %	13.2 %	14.1 %	16.0 %	13.6 %	13.8 %	13.9 %	13.8 %
<b>Adjusted EBIT-%</b>	5.3 %	3.0 %	3.0 %	4.9 %	8.0 %	4.8 %	2.1 %	4.0 %	4.6 %	7.8 %	4.7 %	5.0 %	5.2 %	5.3 %
<b>Net earnings-%</b>	2.9 %	-0.1 %	0.7 %	1.4 %	4.1 %	1.6 %	0.7 %	2.1 %	2.6 %	5.2 %	2.7 %	3.1 %	3.3 %	3.3 %

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
<b>Non-current assets</b>	<b>805</b>	<b>854</b>	<b>853</b>	<b>838</b>	<b>830</b>
Goodwill	170	170	170	170	170
Intangible assets	63.3	61.3	57.6	52.6	49.3
Tangible assets	521	551	560	570	580
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	41.9	64.4	58.4	38.4	23.4
Other non-current assets	3.5	2.8	2.8	2.8	2.8
Deferred tax assets	5.5	4.3	4.0	4.0	4.0
<b>Current assets</b>	<b>333</b>	<b>286</b>	<b>294</b>	<b>314</b>	<b>322</b>
Inventories	3.6	4.1	2.9	2.9	3.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	226	232	229	235	239
Cash and equivalents	104	49.4	61.9	76.3	80.7
<b>Balance sheet total</b>	<b>1138</b>	<b>1140</b>	<b>1146</b>	<b>1152</b>	<b>1152</b>

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
<b>Equity</b>	<b>282</b>	<b>277</b>	<b>282</b>	<b>292</b>	<b>303</b>
Share capital	70.0	70.0	70.0	70.0	70.0
Retained earnings	76.6	67.8	72.6	83.3	93.7
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	136	139	139	139	139
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>344</b>	<b>446</b>	<b>491</b>	<b>482</b>	<b>470</b>
Deferred tax liabilities	9.6	12.4	12.0	12.0	12.0
Provisions	19.1	9.9	6.0	6.0	6.0
Interest bearing debt	292	409	463	454	442
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	23.0	14.7	10.0	10.0	10.0
<b>Current liabilities</b>	<b>512</b>	<b>417</b>	<b>373</b>	<b>377</b>	<b>379</b>
Interest bearing debt	68.6	157	116	113	111
Payables	443	260	258	264	268
Other current liabilities	0.0	0.0	0.0	0.0	0.0
<b>Balance sheet total</b>	<b>1138</b>	<b>1140</b>	<b>1146</b>	<b>1152</b>	<b>1152</b>

# Valuation

## Valuation model

We approach Posti's valuation from several perspectives. In addition to traditional earnings multiples, we examine Posti's valuation using a DCF model, sum-of-the-parts calculation, and P/B ratio. Finally, we illustrate the valuation by comparing the company's pricing multiples to a peer group of international logistics companies.

In our opinion, the company's significant real estate portfolio (balance sheet value over 60 MEUR and fair value around 100 MEUR) must be considered in the share valuation in one way or another. The real estate portfolio consists of several assets, a significant portion of which currently generates no income for Posti. In this case, the portfolio's value is not fully reflected in Posti's income statement or cash flow statement. The most illustrative way to account for the real estate portfolio is to perform a sum-of-the-parts calculation and differentiate between the value of the core business and the real estate portfolio. Another possible way would be to subtract the portfolio from net debt, as the company intends to liquidate its real estate portfolio over the next few years.

## Share valuation drivers

In our view, Posti's strong position in its target markets supports the share's valuation. We believe the high market share has enabled the company to have pricing power, particularly in Postal Services, and eCommerce and Delivery Services. We also believe the return on capital exceeding the required return is a factor supporting the share's valuation multiples. In our view, the growing target markets for parcel delivery and warehousing services, as

well as a proven track record of adjusting the cost structure of Postal Services, support the company's valuation. In our view, factors weighing on the valuation include the significantly weaker performance of Warehousing and Logistics Services compared to its potential, and the likely declining performance of Postal Services. If the conversion of physical delivery to Posti's digital mailbox (OmaPosti) fails, the earnings of Postal Services would be significantly lower in the long term. Due to Posti's short stock market history, the company still lacks a track record of how the fundamentals have developed relative to the given outlook and management's promises. In our view, this slightly decreases the acceptable valuation multiples for the company. In summary, we believe Posti should trade at multiples roughly in line with the average company on Nasdaq Helsinki (e.g., EV/EBIT 10-12x).

## Valuation multiples based on realized earnings

In Posti's case, historical valuation multiples do not provide any support for the valuation, as the company was listed in the latter half of 2025. In addition, the stock market newcomer lacked analyst estimates for some time, and in our opinion, the group of three analysts covering Posti at the time did not constitute a large enough sample.

Based on the realized earnings, Posti's stock trades at P/E multiples of around 9x and EV/EBIT multiples of 12x. In our view, Posti's significant IFRS 16 items distort the EV/EBIT multiple. If we remove the IFRS 16 impact from enterprise value and earnings, the EV/EBIT multiple decreases to around 10x. From this perspective, we believe the realized multiples appear quite neutral.

## Drivers supporting and limiting Posti's share valuation



- Strong market position ensures pricing power
- Return on capital exceeds the required return
- Good track record of adjusting the cost structure in Postal Services, which is also being replicated in parcel delivery services
- Target markets growing with trends (eCommerce and Delivery Services, and Warehousing and Logistics Services)



- Significant dependence of earnings on Postal Services
- The structurally declining Postal Services sector
- Negative earnings for Warehousing and Logistics Services
- Due to its short stock market history, Posti lacks a track record

# Valuation

## Earnings growth turns multiples attractive

We believe our estimated earnings growth (~5% p.a.) will bring Posti's multiples to rather attractive levels in the medium term. We expect the company's earnings to decrease in 2026, but, e.g., with the 2027 earnings, we believe the company will achieve higher earnings than in 2025. In this case, Posti's P/E and EV/EBIT ratios are 8x and 11x, respectively (IFRS 16 adj. 8x). We believe the forward-looking valuation multiples are attractive, and there would be upside if earnings growth materializes. In other words, earnings growth acts as an essential driver of share price development.

## Pricing is also attractive from a balance sheet perspective

The company trades at a P/B ratio of slightly over 1x, which is a premium relative to its book value of equity. Over the next few years, we estimate Posti to achieve a return on equity of nearly 15%, which warrants a valuation of around 1.5x. In addition to a good return on capital, the upside in multiples is warranted by the capital gains realized through real estate divestments (up to 40 MEUR), which have a positive impact on the value of equity. From this perspective, the market does not fully price the fundamentals we see into the share price.

## Posti trades at a discount to its peers

We believe a reasonable peer group can be formed for Posti. We have included both medium-sized European and global logistics companies in our peer group. Only some of the players engage in postal delivery, but all of them have other delivery or logistics operations. The group includes a few giants worth tens of billions, but we believe that

European companies such as PostNL and Bpost are suitable peers for Posti, as they have similar business portfolios.

The peer group trades at 15x P/E and 15x EV/EBIT based on 2026e earnings. These are clearly higher than Posti's pricing multiples. With the EV/EBIT ratio, the discount is around 10%, while with the P/E ratio, the discount rises to 40%. The discount is deserved to a certain extent, as we believe that the largest players in the market should trade at high multiples due to their quality, size, and track record. However, the discount on the P/E multiple seems quite large, even relative to medium-sized European peers (PostNL 14x, Bpost 6x, Öster Post 18x, and Poste Italiane 12x), which, if earnings growth materializes, would warrant a slight upside in Posti's multiples.

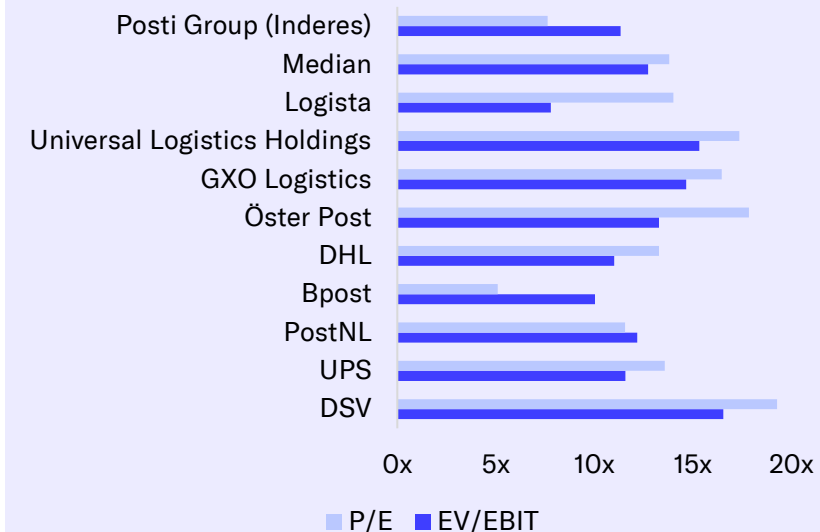
## The dividend is a significant driver of expected returns

At the current share price, Posti's stock offers an annual dividend yield of around 10%. We believe the return is at a good level, reflecting the company's generous profit-sharing policy and, on the other hand, a moderate valuation. Support for profit-sharing comes from the liquidation of the real estate portfolio over the next 3-4 years. It is possible that the company will distribute, e.g., a one-time additional dividend, in which case a steady annual return would be replaced by one significant and a few moderate dividend yield years. In our view, the dividend yield offers a very solid basis for the stock's total expected return, and it alone would be enough to cover an attractive risk/reward ratio for the next five years. In the long term, however, Posti's free cash flow yield will fall below 10% (2026-30e ~10%), which suggests that a dividend distribution similar to recent years is not sustainable after 2030 without stronger earnings growth than we estimate.

Valuation	2026e	2027e	2028e
Share price	8.51	8.51	8.51
Number of shares, millions	40.5	40.5	40.5
Market cap	345	345	345
EV	862	836	817
P/E (adj.)	8.9	7.6	7.0
P/E	8.9	7.6	7.0
P/B	1.2	1.2	1.1
P/S	0.2	0.2	0.2
EV/Sales	0.6	0.6	0.5
EV/EBITDA	4.4	4.1	3.9
EV/EBIT (adj.)	12.8	11.3	10.5
Payout ratio (%)	88.7 %	85.2 %	82.8 %
Dividend yield-%	10.0 %	11.2 %	11.8 %

Source: Inderes

## Peer group valuation 2027e



Source: Inderes, Refinitiv

# Valuation

## Cash flow model indicates an upside

We also consider a DCF model based on our cash flow estimates in Posti's valuation. The strong cash flow generation capability of Postal Services warrants the usefulness of the cash flow model, but on the other hand, the company's cash flow has fluctuated quite strongly in recent history due to high investments, among other factors. Now, investments are normalizing and stabilizing at around 120 MEUR, which warrants the model's improved usability in the future. We have accounted for the liquidation of the real estate portfolio in our cash flow model under the investment line (decreasing the amount of investments), which will be lower than normalized levels in the coming years.

Our DCF model gives Posti a debt-free value (EV) of 930 MEUR and an equity value of about 420 MEUR. The per-share value of the stock (EUR 10.3) exceeds the current price by a margin of almost 20%. Thus, the cash flow model reflects the stock's upside potential and supports our positive investment view. We have discussed the model's underlying assumptions in the long-term estimates section on page 49. The sensitivity of the calculation (p. 62) to different variables is illustrated on page 63.

## Sum of the parts: Real estate portfolio as a deal sweetener

We have also approached Posti's valuation through a sum-of-the-parts calculation, as in addition to its core business, the company holds significant property and land assets. These assets (fair value according to a third party 98 MEUR) are intended for sale, and are not essential for Posti's operational activities. We have applied a 5% discount to the fair value of the real estate portfolio, as the liquidation of

the portfolio will take several years. Thus, the fair value of the real estate portfolio reported by the third party in our sum-of-the-parts calculation is slightly over 90 MEUR.

By applying different valuation multiples to Posti's business segments (depending on the value creation and earnings growth potential of the businesses), we arrive at an enterprise value for the Group of around 940 MEUR based on 2027 earnings. In our view, the multiples of Postal Services are supported by the company's strong track record of high capital returns and cost structure adjustments. However, the business is declining by nature, so we have applied an 8-10x EV/EBIT multiple for Postal Services, which is lower than the multiples for other segments. We believe that eCommerce and Delivery Services has the highest growth potential among Posti's businesses. At the same time, Posti has shown that it is capable of achieving industry-standard profitability and return on capital. Therefore, we apply a 10-12x valuation multiple to the segment. For Warehousing and Logistics Services, we have applied an EV/S multiple of 0.4-0.6x due to the segment's negative earnings. This pricing multiple is slightly lower than that of publicly listed peers (mid-sized contract logistics peers 0.5-1x and large peers >1x), reflecting the uncertainty regarding the segment's earnings improvement and sustainable earnings level.

Based on the calculation, the debt-free value of the core businesses is approximately 850 MEUR. At the current share price, the investor gets the cash flow released from the company's investment portfolio as a bonus. Including the investment portfolio, the equity value of the sum-of-the-parts is 450 MEUR, or EUR 11 per share. This is clearly above the share price, which reflects the upside potential of the share price as the liquidation of the real estate portfolio progresses.

## Sum-of-the-parts calculation 2027e

e-Commerce and Delivery Services	Lower	Upper	On average
Adj. EBIT	27	27	
Pricing multiple	10x	12x	
EV	269	323	296
<b>Warehousing and Logistics Services</b>			
Revenue	329	329	
Pricing multiple	0.4x	0.6x	
EV	131	197	164
<b>Postal services</b>			
Adj. EBIT	67	67	
Pricing multiple	8x	10x	
EV	535	669	602
<b>Other items (excl. net income from real estate portfolio)</b>			
Adj. EBIT	-20	-20	
Pricing multiple	10x	12x	
EV	-192	-242	-217
<b>Enterprise value of the core business</b>	<b>744</b>	<b>947</b>	<b>845</b>
Real estate portfolio (discounted)	94	94	94
Net debt	-491	-491	-491
<b>Value of entire stock</b>	<b>347</b>	<b>550</b>	<b>449</b>
Per share	8.6	13.6	11.1

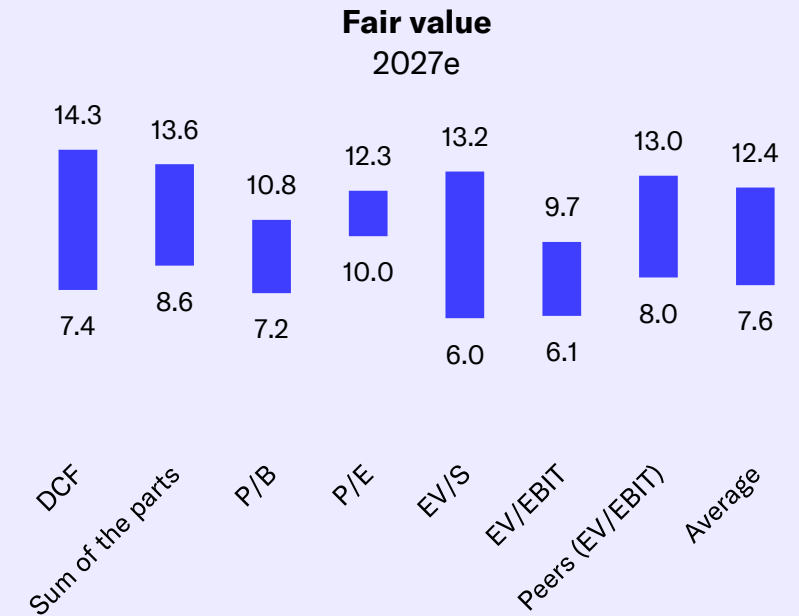
# Valuation

## Total expected return

As we stated earlier, Posti's valuation multiples are neutral based on the realized result. Thus, the expected return of the stock will be based on our earnings growth and dividend yield forecasts. We estimate Posti's EBIT to grow by 4% p.a. and earnings per share to improve by 6% p.a. Including the dividend (10% p.a.), the total expected return for Posti's share rises to approximately 15% p.a., which exceeds our required rate of return (CoE 10%). Thus, we find the risk/reward ratio of the stock to be attractive, which warrants a positive investment view. We note that if the earnings growth engine sputters, we do not believe there will be significant positive drivers for the share price.

## Fair value

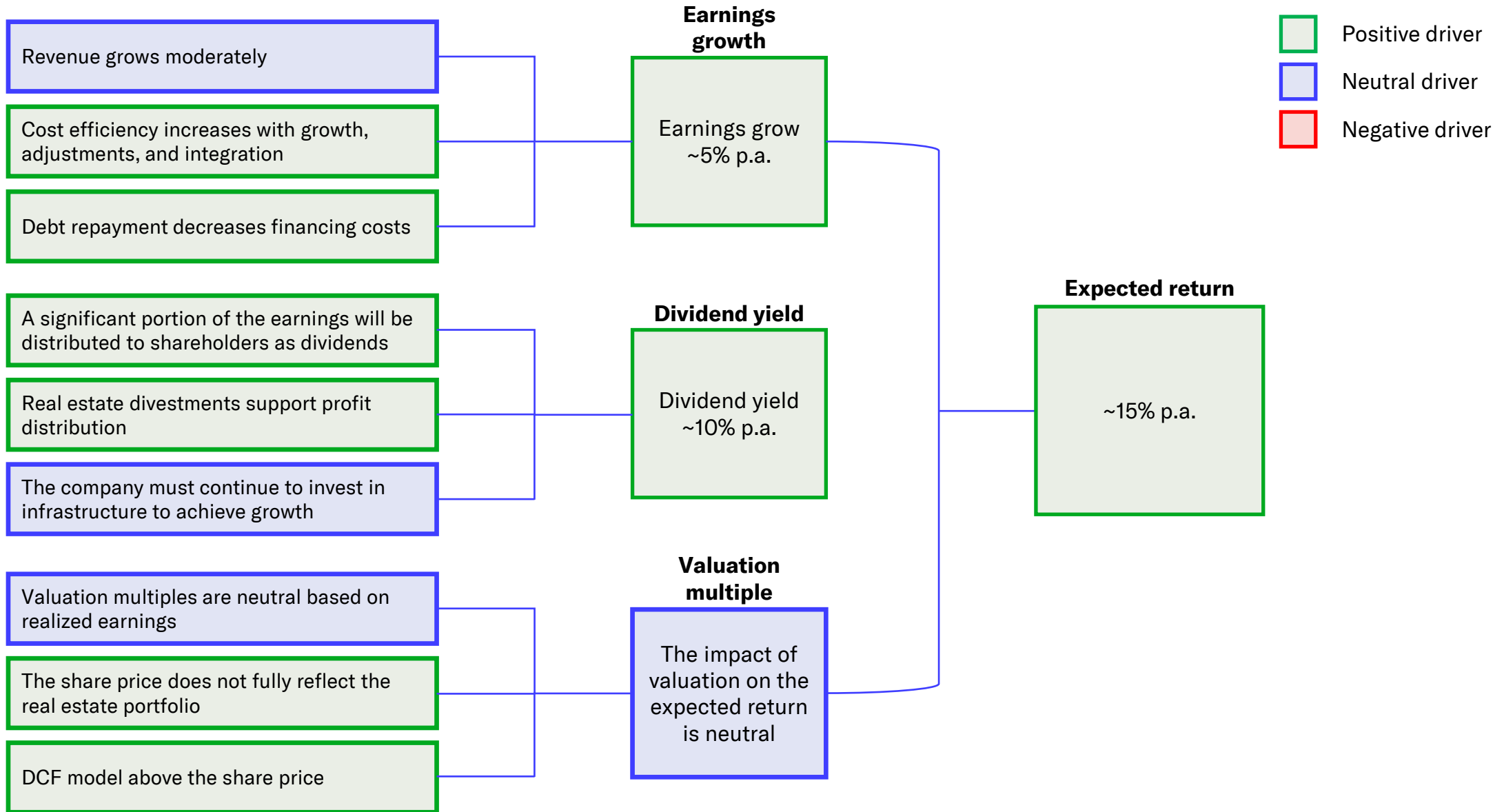
We believe the seven most suitable valuation methods for Posti are absolute valuation based on acceptable earnings-based multiples, relative valuation, a discounted cash flow model, a sum-of-the-parts calculation, and balance sheet-based valuation. All valuation methods utilizing single-year variables are based on our 2027 estimates. In summary of the valuation methods we have listed, we determine the fair value of Posti's share to be EUR 8-12, with the midpoint aligning with our target price of EUR 10.



## Assumptions

- DCF:** WACC +/- 0.5%
- Sum of parts:** See p. 57
- P/B:** 1-1.5x
- P/E:** 9-11x
- EV/S:** 0.5-0.7x
- EV/EBIT:** 10-12x
- Peers:** 10% discount and in line

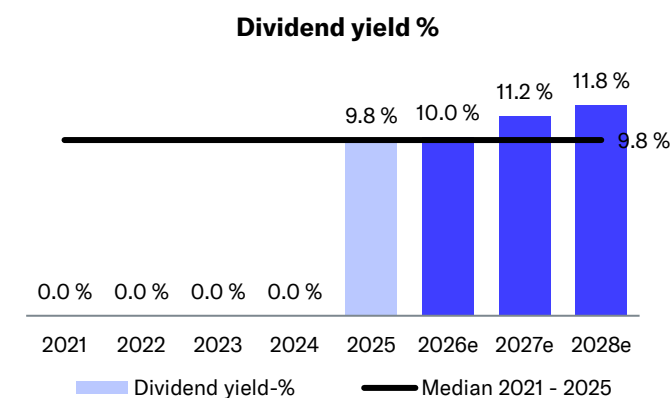
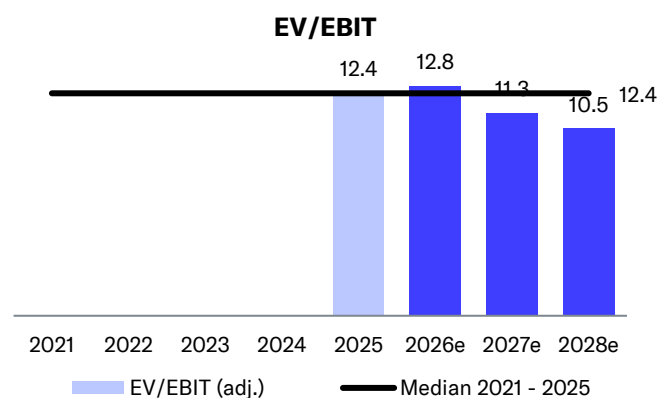
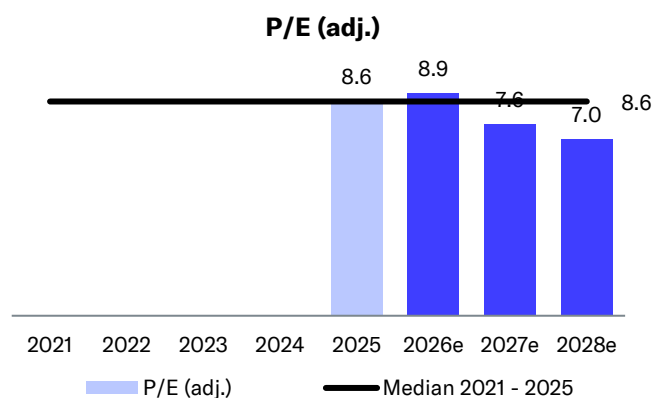
# Valuation – Total Shareholder Return drivers 2025-28e



# Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price					8.55	<b>8.51</b>	<b>8.51</b>	<b>8.51</b>	<b>8.51</b>
Number of shares, millions					40.5	<b>40.5</b>	<b>40.5</b>	<b>40.5</b>	<b>40.5</b>
Market cap					346	<b>345</b>	<b>345</b>	<b>345</b>	<b>345</b>
EV					863	<b>862</b>	<b>836</b>	<b>817</b>	<b>796</b>
P/E (adj.)					8.6	<b>8.9</b>	<b>7.6</b>	<b>7.0</b>	<b>6.8</b>
P/E					14.7	<b>8.9</b>	<b>7.6</b>	<b>7.0</b>	<b>6.8</b>
P/B					1.3	<b>1.2</b>	<b>1.2</b>	<b>1.1</b>	<b>1.1</b>
P/S					0.2	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
EV/Sales					0.6	<b>0.6</b>	<b>0.6</b>	<b>0.5</b>	<b>0.5</b>
EV/EBITDA					4.8	<b>4.4</b>	<b>4.1</b>	<b>3.9</b>	<b>3.8</b>
EV/EBIT (adj.)					12.4	<b>12.8</b>	<b>11.3</b>	<b>10.5</b>	<b>9.9</b>
Payout ratio (%)					144.8 %	<b>88.7 %</b>	<b>85.2 %</b>	<b>82.8 %</b>	<b>85.0 %</b>
Dividend yield-%					9.8 %	<b>10.0 %</b>	<b>11.2 %</b>	<b>11.8 %</b>	<b>12.6 %</b>

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

# Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
DSV	54182	65561	19.8	16.5	14.0	12.0	1.7	1.6	25.2	19.3	0.5	0.6	3.1
UPS	78335	93934	12.9	11.6	8.9	8.2	1.2	1.2	15.3	13.6	6.1	6.2	5.9
PostNL	535	1031	18.4	12.2	3.7	3.4	0.3	0.3	14.4	11.6	4.6	5.5	2.3
Bpost	380	2154	11.3	10.0	3.9	3.6	0.5	0.5	6.4	5.1	7.2	8.0	0.4
DHL	54924	75424	11.8	11.0	6.7	6.3	0.9	0.9	14.6	13.3	4.1	4.2	2.3
Öster Post	2385	2713	13.7	13.3	6.5	6.4	0.9	0.9	18.2	17.9	5.2	5.3	3.3
GXO Logistics	5566	7481	16.0	14.7	9.2	8.5	0.6	0.6	18.8	16.5			2.1
Universal Logistics Holdings	558	1208	17.8	15.3	5.8	5.3	0.9	0.9	23.4	17.4			1.2
Logista	4378	2740	7.9	7.8	5.6	5.6	1.5	1.5	14.4	14.0	6.3	6.2	7.0
Poste Italiane	28969	68099	20.2	19.2	15.7	15.0	5.1	4.9	11.8	11.2	5.9	6.3	1.9
<b>Posti Group (Inderes)</b>	<b>345</b>	<b>862</b>	<b>12.8</b>	<b>11.3</b>	<b>4.4</b>	<b>4.1</b>	<b>0.6</b>	<b>0.6</b>	<b>8.9</b>	<b>7.6</b>	<b>10.0</b>	<b>11.2</b>	<b>1.2</b>
<b>Average</b>			<b>15.0</b>	<b>13.2</b>	<b>8.0</b>	<b>7.4</b>	<b>1.4</b>	<b>1.3</b>	<b>16.3</b>	<b>14.0</b>	<b>5.0</b>	<b>5.3</b>	<b>2.9</b>
<b>Median</b>			<b>14.8</b>	<b>12.7</b>	<b>6.6</b>	<b>6.4</b>	<b>0.9</b>	<b>0.9</b>	<b>15.0</b>	<b>13.8</b>	<b>5.6</b>	<b>5.8</b>	<b>2.3</b>
<b>Diff-% to median</b>			<b>-14%</b>	<b>-11%</b>	<b>-33%</b>	<b>-35%</b>	<b>-32%</b>	<b>-33%</b>	<b>-41%</b>	<b>-45%</b>	<b>79%</b>	<b>91%</b>	<b>-47%</b>

Source: Refinitiv / Inderes

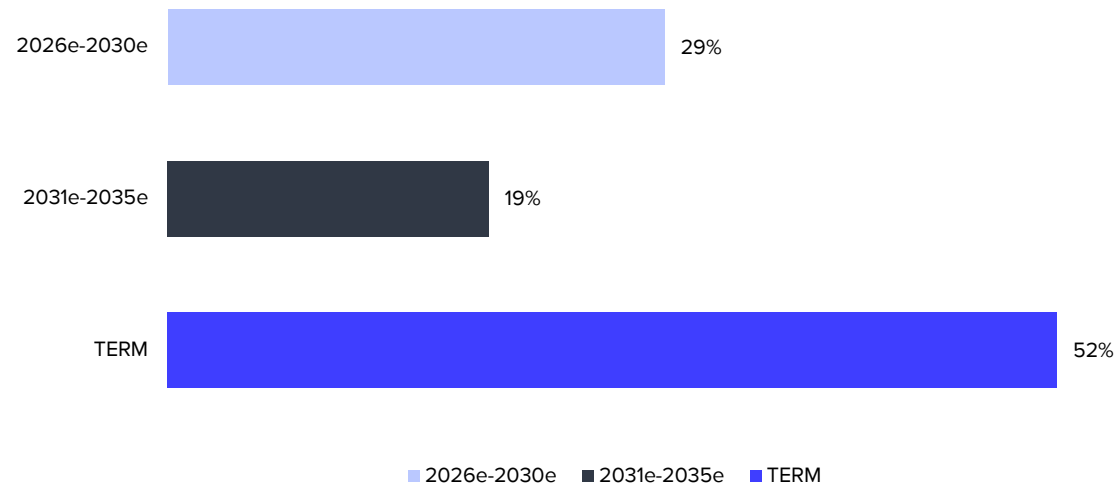
# DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-4.9 %	-1.1 %	2.5 %	1.7 %	2.3 %	2.4 %	2.0 %	2.0 %	2.0 %	2.0 %	1.5 %	1.5 %
EBIT-%	3.6 %	4.7 %	5.0 %	5.2 %	5.3 %	5.4 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %
<b>EBIT (operating profit)</b>	<b>52.4</b>	<b>67.3</b>	<b>73.8</b>	<b>78.1</b>	<b>80.2</b>	<b>84.3</b>	<b>79.6</b>	<b>81.2</b>	<b>82.9</b>	<b>84.5</b>	<b>85.8</b>	
+ Depreciation	127	128	128	129	130	132	131	131	132	132	133	
- Paid taxes	-8.2	-11.0	-11.3	-12.2	-12.7	-13.7	-12.8	-13.3	-13.7	-14.3	-14.7	
- Tax, financial expenses	-3.3	-3.9	-3.5	-3.4	-3.3	-3.2	-3.2	-3.0	-2.8	-2.6	-2.5	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-190.4	2.2	0.6	0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.5	
<b>Operating cash flow</b>	<b>-22.6</b>	<b>183</b>	<b>188</b>	<b>192</b>	<b>195</b>	<b>200</b>	<b>195</b>	<b>197</b>	<b>199</b>	<b>201</b>	<b>202</b>	
+ Change in other long-term liabilities	-17.5	-8.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-177.1	-126.8	-113.4	-120.7	-120.8	-130.0	-135.0	-135.0	-135.0	-135.0	-135.4	
<b>Free operating cash flow</b>	<b>-217.2</b>	<b>47.1</b>	<b>74.6</b>	<b>71.2</b>	<b>73.9</b>	<b>69.7</b>	<b>60.2</b>	<b>62.1</b>	<b>63.9</b>	<b>65.7</b>	<b>66.6</b>	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-217.2	47.1	74.6	71.2	73.9	69.7	60.2	62.1	63.9	65.7	66.6	1031
<b>Discounted FCFF</b>		<b>44.7</b>	<b>65.5</b>	<b>57.8</b>	<b>55.6</b>	<b>48.5</b>	<b>38.7</b>	<b>37.0</b>	<b>35.2</b>	<b>33.5</b>	<b>31.5</b>	<b>487</b>
Sum of FCFF present value		935	890	825	767	711	663	624	587	552	518	487
<b>Enterprise value DCF</b>		<b>935</b>										
- Interest bearing debt		-566.3										
+ Cash and cash equivalents		49.4										
+ 0		0.0										
-Minorities		0.0										
-Dividend/capital return		0.0										
<b>Equity value DCF</b>		<b>418</b>										
<b>Equity value DCF per share</b>		<b>10.3</b>										

## WACC

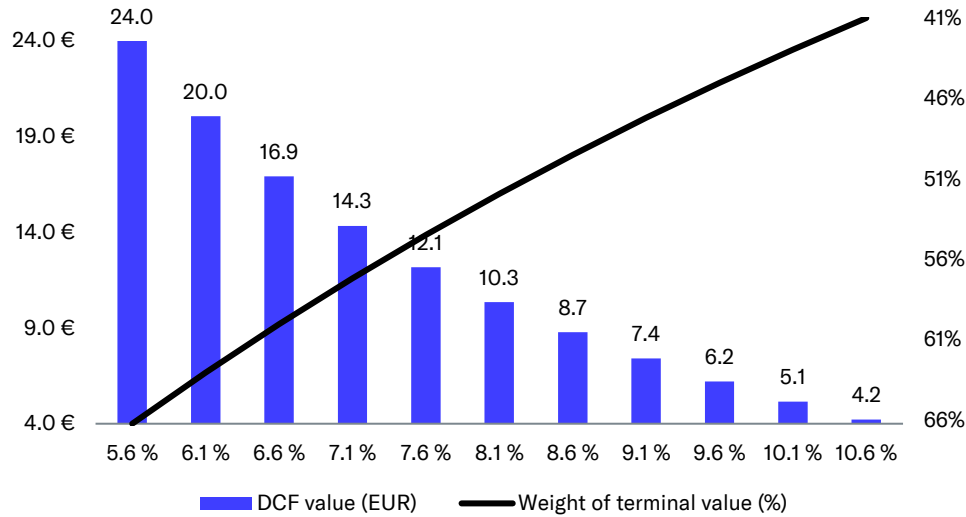
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	25.0 %
Cost of debt	4.0 %
Equity Beta	1.30
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
<b>Cost of equity</b>	<b>9.7 %</b>
<b>Weighted average cost of capital (WACC)</b>	<b>8.1 %</b>

## Cash flow distribution

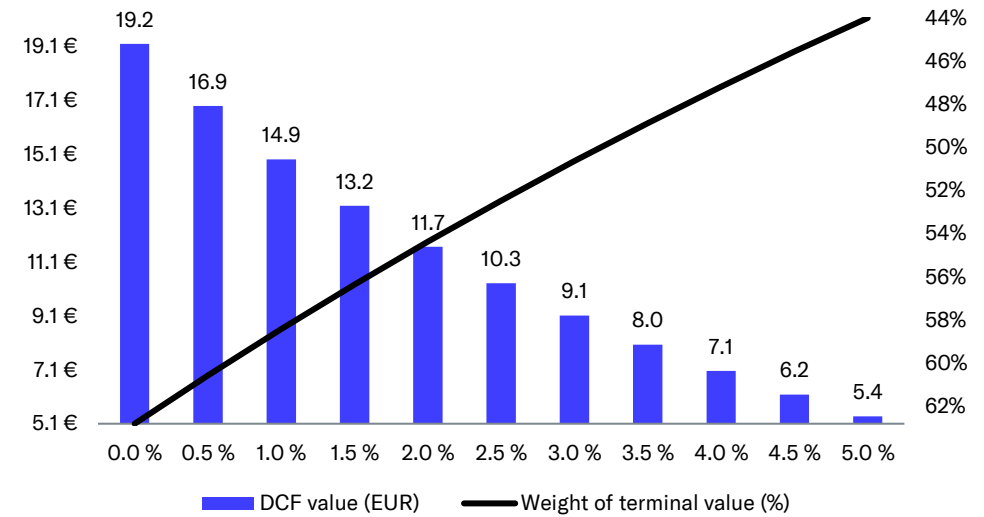


# DCF sensitivity calculations and key assumptions in graphs

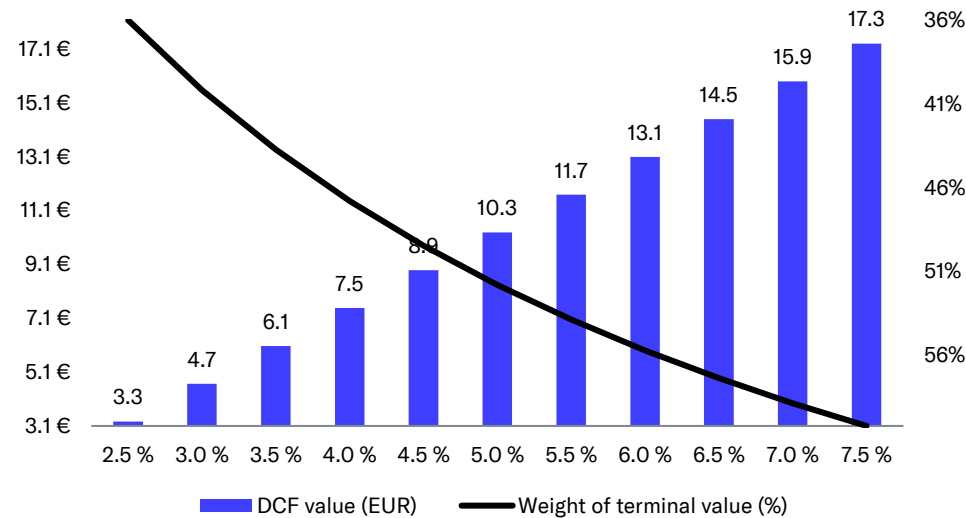
Sensitivity of DCF to changes in the WACC-%



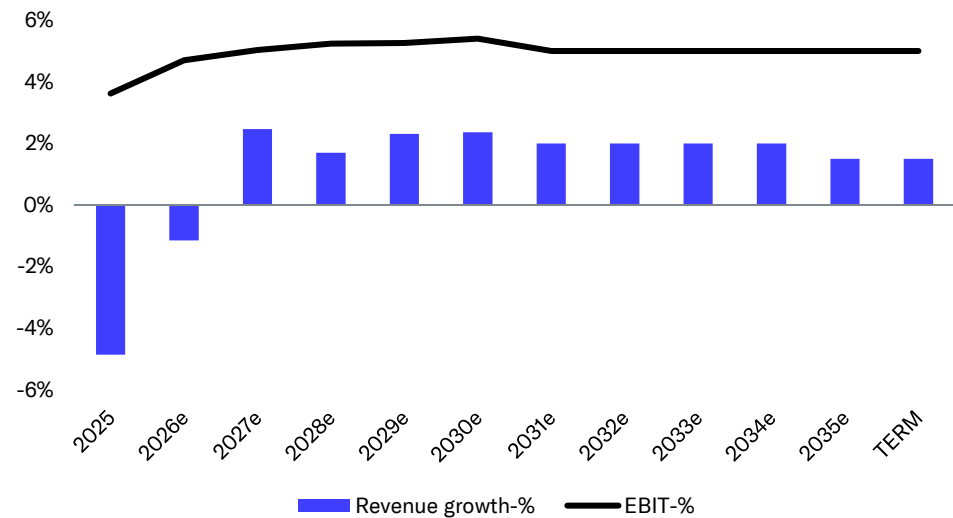
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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

# Summary

Income statement	2023	2024	2025	2026e	2027e	Per share data	2023	2024	2025	2026e	2027e
Revenue	1586.1	1521.4	1447.5	<b>1430.9</b>	<b>1466.1</b>	EPS (reported)	-0.64	1.10	0.58	<b>0.96</b>	<b>1.11</b>
EBITDA	188.5	196.6	179.3	<b>195.3</b>	<b>202.2</b>	EPS (adj.)	1.57	1.46	1.00	<b>0.96</b>	<b>1.11</b>
EBIT	-7.1	68.0	52.4	<b>67.3</b>	<b>73.8</b>	OCF / share	3.92	8.09	-0.56	<b>4.51</b>	<b>4.64</b>
PTP	-14.3	59.0	35.7	<b>49.8</b>	<b>56.4</b>	FCF / share	0.23	4.26	-5.36	<b>1.16</b>	<b>1.84</b>
Net Income	-25.4	43.9	23.5	<b>38.8</b>	<b>45.1</b>	Book value / share	10.52	7.05	6.84	<b>6.96</b>	<b>7.22</b>
Extraordinary items	-73.5	-12.2	-17.0	<b>0.0</b>	<b>0.0</b>	Dividend / share	0.80	0.83	0.84	<b>0.85</b>	<b>0.95</b>
<b>Balance sheet</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026e</b>	<b>2027e</b>	<b>Growth and profitability</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026e</b>	<b>2027e</b>
Balance sheet total	1183.6	1138.0	1139.8	<b>1146.4</b>	<b>1151.6</b>	Revenue growth-%	-4%	-4%	-5%	<b>-1%</b>	<b>2%</b>
Equity capital	420.6	282.1	276.9	<b>281.7</b>	<b>292.4</b>	EBITDA growth-%	6%	4%	-9%	<b>9%</b>	<b>4%</b>
Goodwill	169.1	170.1	170.2	<b>170.2</b>	<b>170.2</b>	EBIT (adj.) growth-%	13%	21%	-13%	<b>-3%</b>	<b>10%</b>
Net debt	239.0	257.4	516.9	<b>517.3</b>	<b>491.0</b>	EPS (adj.) growth-%	52%	-7%	-32%	<b>-4%</b>	<b>16%</b>
<b>Cash flow</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026e</b>	<b>2027e</b>	EBITDA-%	11.9 %	12.9 %	12.4 %	<b>13.6 %</b>	<b>13.8 %</b>
EBITDA	188.5	196.6	179.3	<b>195.3</b>	<b>202.2</b>	EBIT (adj.)-%	4.2 %	5.3 %	4.8 %	<b>4.7 %</b>	<b>5.0 %</b>
Change in working capital	-24.9	144.3	-190.4	<b>2.2</b>	<b>0.6</b>	EBIT-%	-0.4 %	4.5 %	3.6 %	<b>4.7 %</b>	<b>5.0 %</b>
Operating cash flow	156.9	323.8	-22.6	<b>182.5</b>	<b>188.1</b>	ROE-%	-5.6 %	12.5 %	8.4 %	<b>13.9 %</b>	<b>15.7 %</b>
CAPEX	-160.3	-155.2	-177.1	<b>-126.8</b>	<b>-113.4</b>	ROI-%	-0.9 %	9.6 %	7.1 %	<b>7.9 %</b>	<b>8.6 %</b>
Free cash flow	9.3	170.6	-217.2	<b>47.1</b>	<b>74.6</b>	Equity ratio	35.5 %	24.8 %	24.3 %	<b>24.6 %</b>	<b>25.4 %</b>
<b>Valuation multiples</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026e</b>	<b>2027e</b>	Gearing	56.8 %	91.2 %	186.7 %	<b>183.6 %</b>	<b>167.9 %</b>
EV/S	0.0	0.0	0.6	<b>0.6</b>	<b>0.6</b>		<b>0</b>	1.3	2.9	<b>2.6</b>	<b>2.4</b>
EV/EBITDA	0.0	0.0	4.8	<b>4.4</b>	<b>4.1</b>		<b>0</b>	26.2	10.7	<b>11.2</b>	<b>11.7</b>
EV/EBIT (adj.)	0.0	0.0	12.4	<b>12.8</b>	<b>11.3</b>						
P/E (adj.)	0.0	0.0	8.6	<b>8.9</b>	<b>7.6</b>						
P/B	0.0	0.0	1.3	<b>1.2</b>	<b>1.2</b>						
Dividend-%			9.8 %	<b>10.0 %</b>	<b>11.2 %</b>						

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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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
4/24/2026	Accumulate	10.00 €	8.51 €



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## **Inderes Ab**

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

## **Inderes Oyj**

Porkkalankatu 5  
00180 Helsinki  
+358 10 219 4690

[inderes.se](https://www.inderes.se)

[inderes.fi](https://www.inderes.fi)

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