

NESTE

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COMPANY REPORT



Renewables surprised, overcapacity still looms

The Renewable Products segment's better-than-expected result had Neste's Q2 result exceeding our forecast. Against this backdrop and the upward trend in market development, we made positive estimate revisions for the coming years. In our view, the risks associated with the company's elevated indebtedness have decreased following the estimate revisions. Despite recent developments, we believe that the medium-term market outlook is still subject to considerable uncertainty, reflecting the overcapacity situation. Thus, we reiterate our Reduce recommendation for Neste, which is challengingly priced in the short term, but in line with estimate revisions and a lowered required return, we raise our target price to EUR 14.0 (was EUR 9.0).

The Renewable Products segment surprised positively

Neste's Q2 comparable EBITDA climbed to 341 MEUR, which exceeded both our and consensus estimates by a significant margin. The earnings beat came in practice from Renewable Products, whose earnings level is still quite weak, reflecting the market situation. Sales volumes of Renewable Products grew at a double-digit relative rate compared to the reference period, and the comparable sales margin for Q2 was also better than expected. At the same time, Oil Products performed as expected, although the earnings performance was limited by a weak refining margin, reflecting the market situation. Normal inventory valuation losses pushed the reported result clearly into the red, but Neste's Q2 EPS, adjusted for this and other items affecting comparability, was EUR 0.06 per share, which was higher than expected.

The trend in estimates was upwards

We have significantly raised our estimates for the coming years following the Q2 report, with the increase in estimates for the Renewable Products segment being the main driver. We have

accelerated the recovery of the segment's sales margin in our estimates. However, given the prevailing overcapacity situation, we do not expect the margin to recover anywhere near the record high levels of recent history in our medium-term forecasts. In addition to the recovering sales margin, the earnings growth of Renewable Products will be driven in the coming years by the continued growth in sales volumes in our forecasts, and we also expect ongoing efficiency measures to contribute to earnings growth. Following estimate revisions and the Q2 report, the 2025 comparable EBITDA estimate increased by 8% and the corresponding 2026 forecast increased by 11%.

Following an increase in earnings estimates, concerns related to Neste's indebtedness have decreased, as our estimated stronger cash flow caps the debt peak in the current year despite large investments in 2025-2026. Thanks to our forecasted earnings growth and a declining debt level, net debt/EBITDA will clearly fall into a comfortable range, i.e., below 2x by 2027 (cf. Q2'25: 4.9x).

Valuation is justified if significant earnings growth materializes

With our updated estimates, the share's earnings-based valuation for the coming years is high (2025-2026e P/E 50-21x and EV/EBIT 39-20x). The earnings-based valuation looks reasonable only with significant earnings growth in our 2027 estimates, when the P/E and the EV/EBIT ratios are 14x. Following the share price increase, the balance sheet-based valuation has corrected to a level of 1.6x, which reasonably prices the medium-term market rebalancing in Renewable Products. In our view, however, balance sheet- or earnings-based valuation does not justify taking on the still-present market risks associated with Renewable Products, given the elevated level of indebtedness.

Recommendation

Reduce

(was Reduce)

Target price:

EUR 14.00

(was EUR 9.00)

Share price:

EUR 14.82

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	20635	21314	22248	25386
growth-%	-10%	3%	4%	14%
EBIT adj.	273	412	804	1107
EBIT-% adj.	1.3 %	1.9 %	3.6 %	4.4 %
Net Income	-95	131	543	807
EPS (adj.)	0.17	0.29	0.71	1.05
P/E (adj.)	72.7	50.3	21.0	14.1
P/B	1.3	1.5	1.5	1.3
Dividend yield-%	1.6 %	1.3 %	1.3 %	1.7 %
EV/EBIT (adj.)	49.5	39.1	19.9	13.9
EV/EBITDA	13.4	13.2	9.0	7.3
EV/S	0.7	0.8	0.7	0.6

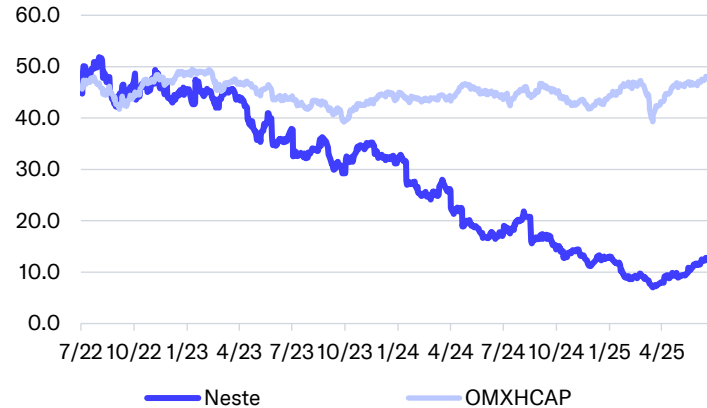
Source: Inderes

Guidance

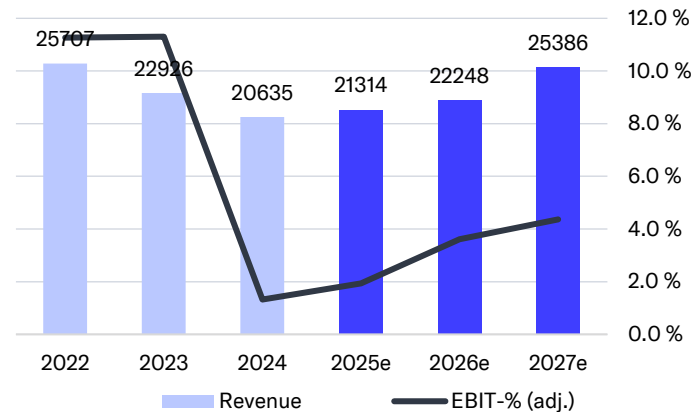
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Sales volumes of Renewable Products and Oil Products are expected to be higher in 2025 than in 2024.

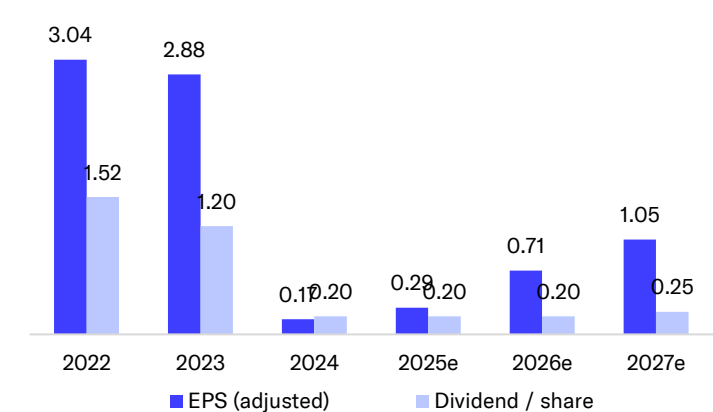
Share price



Revenue and EBIT %



EPS and dividend



Value drivers

- Strong market position in all businesses
- Value creation potential of growth investments in Renewable Products' production capacity
- The long-term growth outlook for the Renewable Products market, which we expect will restore a healthy margin for the segment
- Efficiency in Oil Products that supports its margin

Risk factors

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

Valuation	2025e	2026e	2027e
Share price	14.82	14.82	14.82
Number of shares, millions	768.2	768.2	768.2
Market cap	11385	11385	11385
EV	16100	16027	15392
P/E (adj.)	50.3	21.0	14.1
P/E	86.7	21.0	14.1
P/B	1.5	1.5	1.3
P/S	0.5	0.5	0.4
EV/Sales	0.8	0.7	0.6
EV/EBITDA	13.2	9.0	7.3
EV/EBIT (adj.)	39.1	19.9	13.9
Payout ratio (%)	117.0 %	28.3 %	23.8 %
Dividend yield-%	1.3 %	1.3 %	1.7 %

Source: Inderes

Renewable products surprised positively

Brisk volume growth in Renewable Products

Neste’s Q2 earnings overshoot was driven by better-than-expected development in Renewable Products. The segment’s Q2 sales volumes increased by 15% year-on-year to almost 1.1 Mt, which exceeded our forecast of just over 1 Mt. Sales volumes certainly still have room to grow, considering the production that has roughly gone hand-in-hand with the sales volumes and the 81% utilization rate of the nominal capacity (80% incl. Martinez). SAF’s sales volume increased to 290 Kt in Q2. The quarter's sales margin of USD 361/ton also exceeded our forecast of USD 320/ton. The comparable EBITDA for Renewable Products settled at 174 MEUR, and thus clearly above our 128 MEUR estimate.

Sales volumes of Oil Products roughly doubled from the comparison period, which was impacted by the Porvoo refinery maintenance shutdown, and settled at normal levels. Reflecting this and the fairly expected, but at the

same time lower-than-anticipated total refining margin (Q2’25 USD 10/bbl vs. forecast USD 11/bbl), Oil Products' comparable EBITDA amounted to 136 MEUR, which was well in line with our forecast of 143 MEUR.

Reported earnings were weighed down by normal inventory valuation changes that fluctuate with commodity prices, and net financial expenses were significantly higher than usual due to fair value changes. In our view, this has been partly influenced by a significant change in currencies, especially the EUR/USD currency pair. Therefore, the reported EPS was even more in the red than expected, while comparable EPS reached EUR 0.06 per share.

Net working capital tailwind supported cash flow

Thanks to the release of net working capital in Q2, H1 cash flow from operating activities amounted to 476 MEUR, i.e., almost at the same level as investments in fixed assets

(487 MEUR). Consequently, Neste's free cash flow after lease payments was -138 MEUR. Reflecting this and the spring dividend payment, Neste's net debt climbed to just under 4.4 BNNEUR at the end of the period, which is 4.9x of the previous 12 months' EBITDA. Neste barely met its financial target for indebtedness (debt to total capital < 40%), as it was almost 38% at the end of H1.

The company's indebtedness is currently elevated, but on the other hand, it has liquid assets and committed facilities of almost 3.3 BNEUR. The facilities are long-term, and Neste's loan agreements do not include financial covenants. Against this backdrop, we do not expect the financial situation to escalate without new significant market- or production-driven setbacks.

MEUR / EUR	Q2'24 Comparison	Q2'25 Actualized	Q2'25e Inderes	Q2'25e Consensus	Consensus Low High	Difference (%) Act. vs. inderes	2025e Inderes
Revenue	4642	4511	5580	5034	4327 - 5742	-19%	21314
EBITDA (adj.)	240	341	293	303	201 - 330	16%	0.0
PTP	-169	-52	-17.4	-	- - -	-199%	135
EPS (adj.)	-0.05	0.06	0.01	0.03	-0.06 - 0.07	828%	0.29
Revenue growth-%	-13.2 %	-2.8 %	20.2 %	8.4 %	-6.8 % - 23.7 %	-23 pp	3.3 %
EBITDA-% (adj.)	5.2 %	7.6 %	5.3 %	6.0 %	4.6 % - 5.7 %	2.3 pp	0.0 %

Source: Inderes & Vara Research
(consensus, 16 estimates)

The trend in estimates was upwards

Guidance unchanged, investments were trimmed down

Neste continues to guide that both Renewable Products and Oil Products sales volumes will be higher in the current year than in the previous year. In connection with the result, the company slightly revised its investment outlook, as the Rotterdam shutdown was extended by one week to six weeks. At the same time, however, the estimate of total organic investments for the year was cut to 1–1.2 BNEUR (previously 1.1–1.3 BNEUR).

Estimate changes in the short and longer term

We made clear changes to our estimates after the Q2 report, driven in particular by changes in the sales margin forecasts for Renewable Products. We also reviewed our shorter-term forecasts, reflecting the movements of the EUR/USD currency pair, and updated our depreciation forecasts for the coming years.

The aforementioned drivers of estimate changes, together with the Q2 estimate beat, significantly raised our

operating result forecast for this year. The driver for the big estimate revisions in 2026 was mainly the increase in the sales margin forecast for Renewable Products. Following the report, we raised our estimate for both the rate and the level of the gross margin recovery for Renewable Products in the medium term.

Estimates for the next few years

We expect sales volumes for Renewable Products in 2025 to increase by 12% to just under 4.2 Mt, following H2 volume growth. In addition, we expect the gradually recovering sales margin in H2 to provide the basis for earnings growth relative to the rather weak comparison figures. In 2026, we expect sales volumes of Renewable Products to continue to grow at a double-digit rate and reach just under 4.7 Mt. Our sales margin estimate for the same year is a notch higher at USD 400/ton, reflecting a healthier supply and demand situation and higher SAF volumes as the market grows. In addition, we expect the

earnings growth of Renewable Products to be supported by the decrease in fixed costs.

In 2026, Oil Products' earnings level will again be limited by the maintenance shutdown in Porvoo, but in 2027, we expect the earnings growth of Renewable Products to continue strongly, driven by volume growth and margin recovery. This, combined with Oil Products operating at a normal earnings level in our forecasts, maintains the strong earnings growth we forecast for the group until 2027. Earnings growth in 2028 will be driven by the ramp-up of the ongoing expansion in Rotterdam.

In our forecasts, Neste's net debt peaks this year, but indebtedness remains high next year due to the weak estimated free cash flow reflecting the investment level and the continued sluggish earnings performance. However, indebtedness will clearly fall to a comfortable level in 2027, so an improvement in the financial position is in sight (2027e net debt/EBITDA 1.9x).

Estimate revisions MEUR / EUR	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %
Revenue	23449	21314	-9%	23698	22248	-6%	25486	25386	0%
EBITDA	1188	1222	3%	1610	1783	11%	2015	2104	4%
EBIT (excl. NRIs)	248	412	66%	576	804	40%	931	1107	19%
EBIT	213	307	44%	576	804	40%	931	1107	19%
PTP	76.3	135	77%	398	639	61%	764	950	24%
EPS (excl. NRIs)	0.19	0.29	53%	0.44	0.71	61%	0.85	1.05	24%
DPS	0.00	0.20		0.20	0.20	0%	0.25	0.25	0%

Source: Inderes

Neste Interim Report January-March 2025



Valuation turns as earnings growth materializes

Near-term valuation multiples are high

Based on our forecasts for the coming years, Neste's share valuation is quite high, as the P/E multiples for 2025-2026 are around 450x and 21x. The corresponding EV/EBIT ratios, factoring in balance sheet debt leverage, are also quite high at 39x and 20x. Looking further out, the valuation multiples become reasonable, as corresponding 2027e multiples are just under 14x. However, we do not see upside in the 2027 valuation multiples, so we feel an increase in the value from the current level requires stronger earnings growth than we forecast, which has to wait until the ramp-up of the ongoing expansion in Rotterdam. Thus, with 2028 estimates, the valuation turns low, but on the other hand, when translated into an annual expected return, we do not think this is enough to justify purchases at the moment.

The medium-term cash flow yield is reasonable

Neste estimates that with the Rotterdam expansion, at 2024 market prices, it would have the potential to reach an operating cash flow of around 1.5-1.7 BNEUR in 2027-2028. If we additionally assume that the company's normalized investment level (i.e., investments after the Rotterdam expansion) is some 500-600 MEUR, the range translates to some 950-1,150 MEUR in free operating cash flow. This, in turn, corresponds to a return on operating free cash flow of 6-7% based on this year's forecasted EV. We believe this is a relatively justified level in a normal market environment. However, considering the current indebtedness and the market situation for Renewable Products, the expected free cash flow yield remains too low relative to the still somewhat elevated required return.

Balance sheet-based valuation is low

Following the share price increase, Neste's balance sheet-based valuation has corrected significantly upward and is 1.6x with Q2 figures. Thus, we believe the balance sheet-based valuation already paints a situation where Neste achieves a double-digit return on equity. This, in turn, requires the market situation to become balanced. In this type of market situation, we believe that Neste, thanks to its competitive advantages, can achieve a double-digit return on equity, which justifies the current balance sheet-based valuation, and there could even be some upside. Thus, a relative valuation that appears high when compared to current levels of return on capital is not, in our opinion, a major mispricing. However, we feel it is not enticing to take on the persisting market risks of Renewable Products, even though a balance sheet-based valuation could justifiably be higher in the long run.

The situation is twofold

The short-term valuation of the stock is quite high, but on the other hand, with earnings growth based on the gradually improving market situation for Renewable Products, the medium-term valuation picture turns reasonable. However, clear upside potential from earnings-based valuation multiples will only materialize from 2028, when the earnings growth from the Rotterdam expansion can be realized. Such a distant market situation involves considerable uncertainty, so a relatively high expected return does not turn the current valuation attractive.

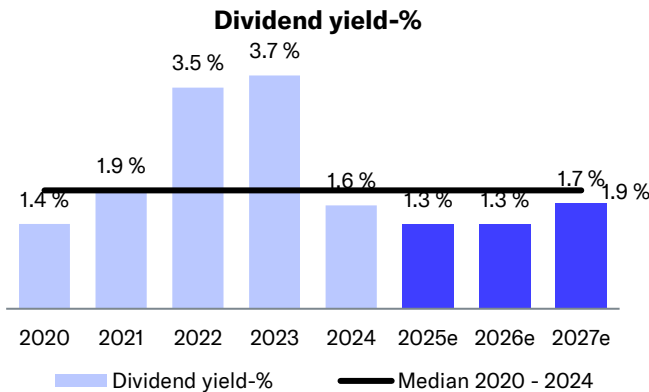
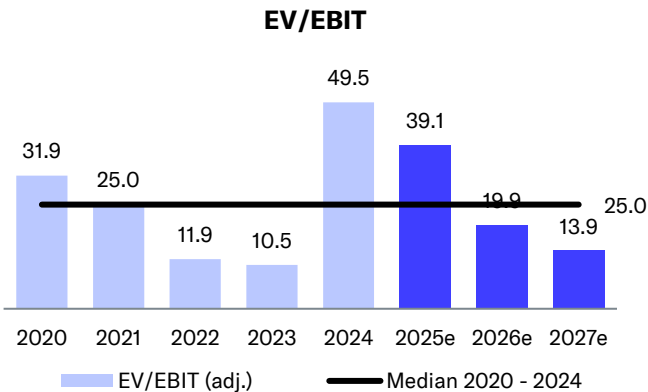
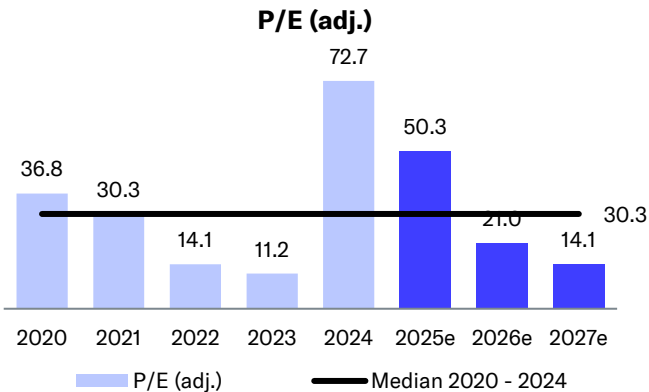
Valuation	2025e	2026e	2027e
Share price	14.82	14.82	14.82
Number of shares, millions	768.2	768.2	768.2
Market cap	11385	11385	11385
EV	16100	16027	15392
P/E (adj.)	50.3	21.0	14.1
P/E	86.7	21.0	14.1
P/B	1.5	1.5	1.3
P/S	0.5	0.5	0.4
EV/Sales	0.8	0.7	0.6
EV/EBITDA	13.2	9.0	7.3
EV/EBIT (adj.)	39.1	19.9	13.9
Payout ratio (%)	117.0 %	28.3 %	23.8 %
Dividend yield-%	1.3 %	1.3 %	1.7 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	59.2	43.4	43.02	32.21	12.13	14.8	14.8	14.8	14.8
Number of shares, millions	768	768	768	768	768	768	768	768	768
Market cap	45425	33299	33043	24744	9318	11385	11385	11385	11385
EV	45212	33494	34407	27237	13511	16100	16027	15392	14247
P/E (adj.)	36.8	30.3	14.1	11.2	72.7	50.3	21.0	14.1	8.6
P/E	63.8	18.8	17.5	17.3	neg.	86.7	21.0	14.1	8.6
P/B	7.7	4.8	4.0	2.9	1.3	1.5	1.5	1.3	1.2
P/S	3.9	2.2	1.3	1.1	0.5	0.5	0.5	0.4	0.4
EV/Sales	3.8	2.2	1.3	1.2	0.7	0.8	0.7	0.6	0.5
EV/EBITDA	30.0	12.8	11.3	10.7	13.4	13.2	9.0	7.3	5.2
EV/EBIT (adj.)	31.9	25.0	11.9	10.5	49.5	39.1	19.9	13.9	8.4
Payout ratio (%)	86%	36%	62%	64%	neg.	117%	28%	24%	17%
Dividend yield-%	1.4 %	1.9 %	3.5 %	3.7 %	1.6 %	1.3 %	1.3 %	1.7 %	2.0 %

Source: Inderes



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

Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e
Total SA	121680	151639	7.1	7.2	4.8	4.7	0.9	0.9	8.9	8.4	6.0	6.3	1.2
ENI SPA	44999	67480	7.9	7.5	4.3	4.2	0.8	0.8	10.6	9.6	7.3	7.6	0.9
Koc Holding AS	9114	22005	5.2	3.3	4.0	2.7	0.4	0.3	6.4	3.6	4.1	5.4	0.4
TURKIYE PETROL RAFINERILERI AS	6701	6170	6.9	6.5	5.2	4.8	0.4	0.3	10.8	9.1	8.2	8.7	1.1
MOL PLC	6284	8949	5.1	5.3	3.1	3.1	0.4	0.4	4.8	5.4	8.4	8.5	0.5
EQUINOR ASA	55162	63417	2.5	2.8	1.9	2.1	0.7	0.8	8.4	8.4	5.9	6.2	1.5
VALERO ENERGY CORP	39382	47589	20.4	12.5	9.5	7.8	0.5	0.5	21	14.6	3.1	3.2	1.9
HELLENIC PETROLEUM SA	2384	5144	11.7	10.3	6.2	6.1	0.5	0.4	8.8	8.7	7.1	7.3	0.8
POLSKI KONCERN NAFTOWY ORLEN SA	23397	25418	5.0	5.3	3.2	3.0	0.4	0.4	6.8	7.8	6.6	6.1	0.6
Neste (Inderes)	11385	16100	39.1	19.9	13.2	9.0	0.8	0.7	50.3	21.0	1.3	1.3	1.5
Average			8.0	6.8	4.7	4.3	0.5	0.5	9.6	8.4	6.3	6.6	1.0
Median			6.9	6.5	4.3	4.2	0.5	0.4	8.8	8.4	6.6	6.3	0.9
Diff-% to median			465%	206%	210%	116%	64%	68%	474%	149%	-80%	-79%	73%

Source: Refinitiv / Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue	22926	4801	4642	5624	5568	20635	5017	4511	5755	6031	21314	22248	25386	28695
Oil Products	13285	2669	2436	3400	3324	11829	2936	2198	3150	3346	11630	11025	13530	14025
Renewable Products	8466	1766	1852	1823	1880	7321	1746	1915	2255	2365	8281	9818	10406	13165
Marketing & Services	5168	1234	1165	1180	1108	4687	1054	1042	1150	1125	4371	4650	4750	4800
Other	100	18	24	44	39	125	47	41	25	25	138	105	100.0	105
Eliminations	-4094	-887	-834	-822	-783	-3326	-765	-686	-825	-830	-3106	-3350	-3400	-3400
EBITDA	2548	442	119	301	144	1005	200	246	383	392	1222	1783	2104	2755
Depreciation	-866	-242	-237	-247	-254	-980	-224	-229	-231	-231	-915	-978	-997	-1057
EBIT (excl. NRI)	2592	309	3	47	-85	273	-15	113	152	161	412	804	1107	1699
EBIT	1682	200	-119	54	-110	25	-25	18	152	161	307	804	1107	1699
Oil Products	1127	203	-9	54	63	311	8	-27	88	90	160	312	375	407
Renewable Products	1426	94	5	-37	-136	-75	-19	30	48	67	126	464	705	1263
Marketing & Services	85	16	16	24	17	73	10	26	27	15	78	73	76	78
Other	-48	-4	-13	0	-25	-42	-24	-16	-11	-11	-62	-45	-48	-50
Eliminations	2	0	4	5	-3	6	0	5	0	0	5	0	0	0
Changes in fair value	-910	-109	-121	7	-25	-248	0	0	0	0	0	0	0	0
Net financial items	-86	-11	-50	-27	-50	-138	-32	-70	-35	-35	-172	-166	-157	-134
PTP	1596	189	-169	27	-160	-113	-57	-52	117	126	135	639	950	1564
Taxes	-160	-27	24	-4	26	19	17	16	-18	-19	-4	-96	-142	-235
Minority interest	-3	0	0	0	0	0	0	0	0	0	0	0	0	0
Net earnings	1433	162	-144	23	-135	-95	-40	-36	100	107	131	543	807	1330
EPS (adj.)	2.88	0.33	-0.05	0.02	-0.13	0.17	-0.04	0.06	0.13	0.14	0.29	0.71	1.05	1.73
EPS (rep.)	1.86	0.21	-0.19	0.03	-0.18	-0.12	-0.05	-0.05	0.13	0.14	0.17	0.71	1.05	1.73

Key figures	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	-10.8 %	-9.4 %	-13.2 %	-5.8 %	-11.7 %	-10.0 %	4.5 %	-2.8 %	2.3 %	8.3 %	3.3 %	4.4 %	14.1 %	13.0 %
Adjusted EBIT growth-%	-10.6 %	-52.6 %	-99.6 %	-94.4 %	-115.7 %	-89.5 %	-104.8 %	4412.0 %	226.7 %	-289.6 %	50.8 %	95.4 %	37.6 %	53.4 %
EBITDA-%	11.1 %	9.2 %	2.6 %	5.3 %	2.6 %	4.9 %	4.0 %	5.5 %	6.7 %	6.5 %	5.7 %	8.0 %	8.3 %	9.6 %
Adjusted EBIT-%	11.3 %	6.4 %	0.1 %	0.8 %	-1.5 %	1.3 %	-0.3 %	2.5 %	2.6 %	2.7 %	1.9 %	3.6 %	4.4 %	5.9 %
Net earnings-%	6.2 %	3.4 %	-3.1 %	0.4 %	-2.4 %	-0.5 %	-0.8 %	-0.8 %	1.7 %	1.8 %	0.6 %	2.4 %	3.2 %	4.6 %

Source: Inderes

Full-year EPS is calculated using the number of shares at the end of the year.

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	8858	10026	10221	10403	9991
Goodwill	496	514	514	514	514
Intangible assets	185	164	174	184	194
Tangible assets	7786	8872	9057	9229	8807
Associated companies	58	53	53	53	53
Other investments	54	40	40	40	40
Other non-current assets	152	161	161	161	161
Deferred tax assets	127	222	222	222	222
Current assets	7125	5555	5918	6192	7093
Inventories	3366	2898	3091	3248	3757
Other current assets	271	163	163	163	163
Receivables	1913	1539	1812	1891	2158
Cash and equivalents	1575	955	853	890	1015
Balance sheet total	15983	15581	16139	16595	17085

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	8463	7417	7395	7784	8438
Share capital	40	40	40	40	40
Retained earnings	8423	7377	7355	7744	8398
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	0	0	0	0	0
Minorities	0	0	0	0	0
Non-current liabilities	4132	4954	5659	5623	5114
Deferred tax liabilities	317	335	335	335	335
Provisions	187	144	144	144	144
Interest bearing debt	3487	4362	5068	5032	4522
Convertibles	0	0	0	0	0
Other long term liabilities	141	113	113	113	113
Current liabilities	3388	3211	3085	3188	3533
Interest bearing debt	581	786	500	500	500
Payables	2580	2185	2345	2447	2792
Other current liabilities	227	241	241	241	241
Balance sheet total	15983	15581	16139	16595	17085

DCF-calculation

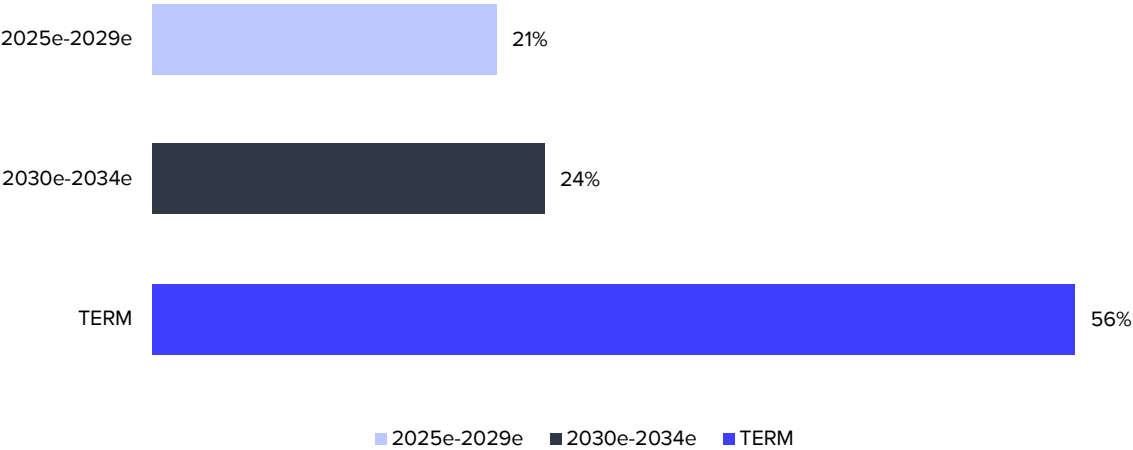
DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-10.0 %	3.3 %	4.4 %	14.1 %	13.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	0.1 %	1.4 %	3.6 %	4.4 %	5.9 %	5.5 %	5.5 %	5.3 %	5.0 %	5.0 %	5.0 %	5.0 %
EBIT (operating profit)	25.0	307	804	1107	1699	1610	1642	1614	1553	1584	1616	
+ Depreciation	980	915	978	997	1057	1082	784	689	683	679	675	
- Paid taxes	-59	-4	-96	-142	-235	-225	-231	-227	-218	-222	-303	
- Tax, financial expenses	-23	-5	-25	-24	-20	-17	-16	-16	-16	-16	-21	
+ Tax, financial income	0	0	0	0	0	0	0	0	1	1	1	
- Change in working capital	568	-305	-134	-431	-464	-72	-73	-75	-76	-78	-79	
Operating cash flow	1492	908	1528	1507	2036	2379	2106	1986	1927	1948	1889	
+ Change in other long-term liabilities	-72	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-2058	-1110	-1160	-585	-585	-600	-605	-630	-640	-645	-682	
Free operating cash flow	-637.6	-202	368	922	1451	1779	1501	1356	1287	1303	1206	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	-638	-202	368	922	1451	1779	1501	1356	1287	1303	1206	18729
Discounted FCFF		-194	327	755	1094	1235	960	799	698	651	555	8620
Sum of FCFF present value		15499	15693	15366	14612	13518	12283	11323	10524	9826	9175	8620
Enterprise value DCF		15499										
- Interest bearing debt		-5148										
+ Cash and cash equivalents		955										
-Minorities		0										
-Dividend/capital return		-154										
Equity value DCF		11152										
Equity value DCF per share		14.5										

WACC

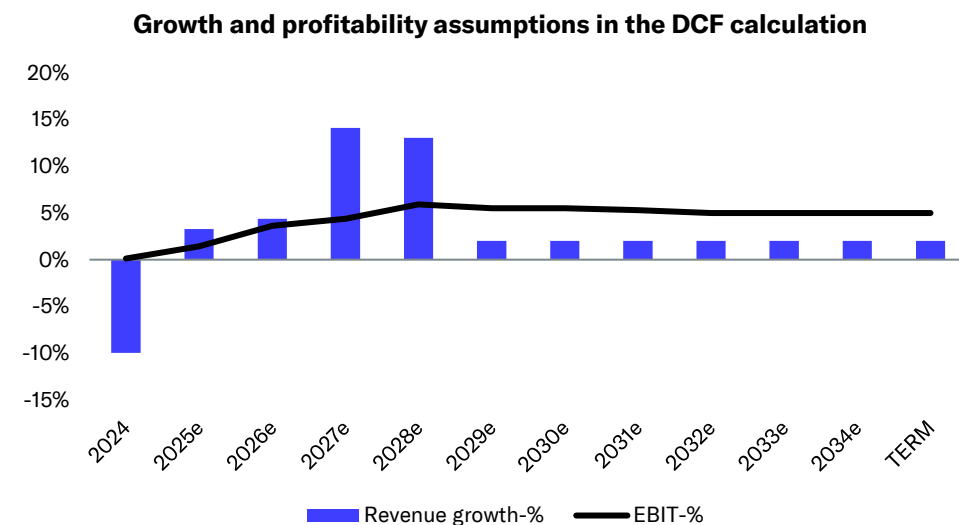
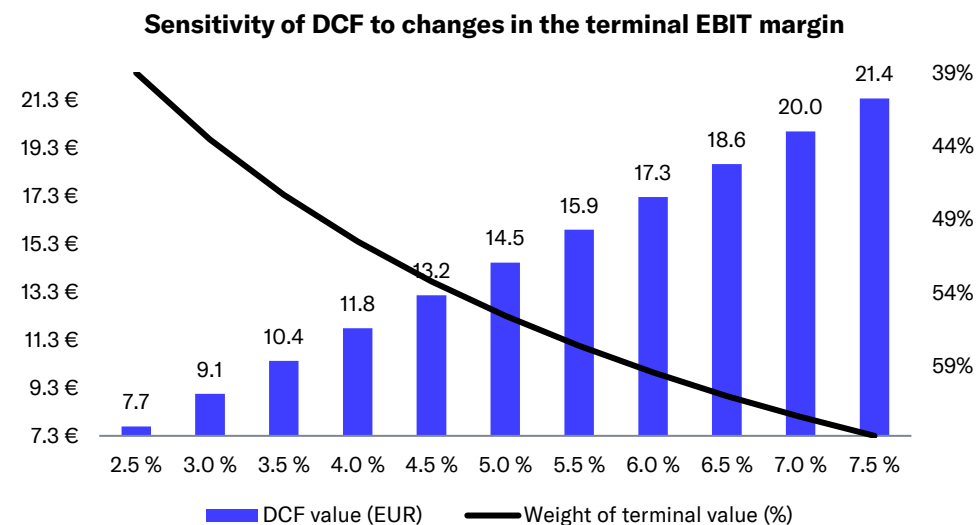
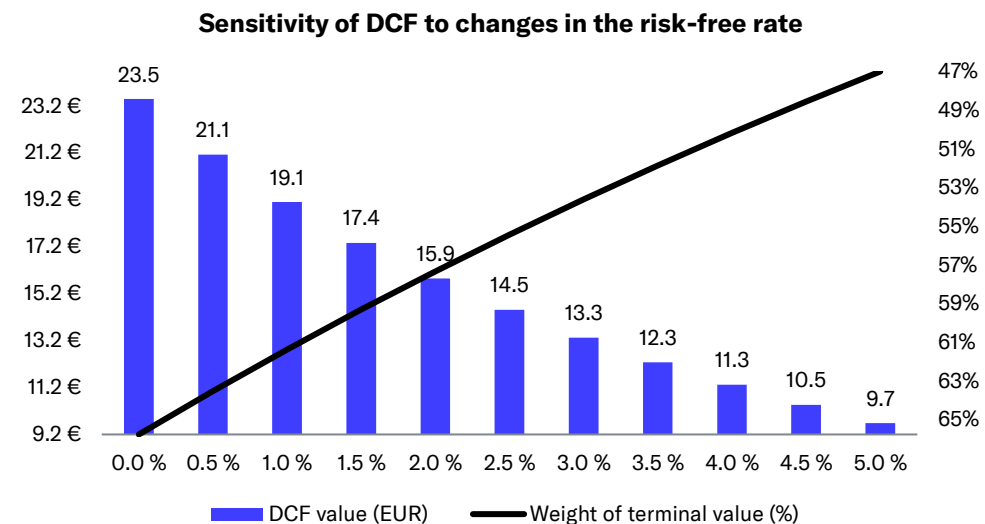
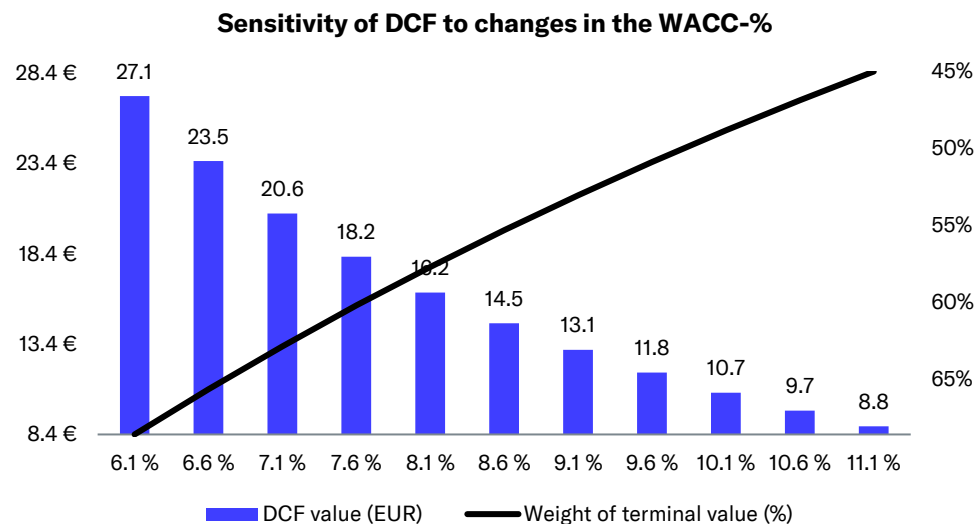
Tax-% (WACC)	15.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.0 %
Equity Beta	1.55
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.9 %
Weighted average cost of capital (WACC)	8.6 %

Source: Inderes

Cash flow distribution



DCF sensitivity calculations and key assumptions in graphs



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

Summary

Income statement	2022	2023	2024	2025e	2026e	Per share data	2022	2023	2024	2025e	2026e
Revenue	25707	22926	20635	21314	22248	EPS (reported)	2.46	1.86	-0.12	0.17	0.71
EBITDA	3047	2548	1005	1222	1783	EPS (adj.)	3.04	2.88	0.17	0.29	0.71
EBIT	2409	1682	25	307	804	OCF / share	2.16	3.28	1.94	1.18	1.99
PTP	2278	1596	-113	135	639	FCF / share	-0.66	0.29	-0.83	-0.26	0.48
Net Income	1887	1433	-95	131	543	Book value / share	10.83	11.02	9.65	9.63	10.13
Extraordinary items	-489	-910	-248	-105	0	Dividend / share	1.52	1.20	0.20	0.20	0.20
Balance sheet	2022	2023	2024	2025e	2026e	Growth and profitability	2022	2023	2024	2025e	2026e
Balance sheet total	14917	15983	15581	16139	16595	Revenue growth-%	70%	-11%	-10%	3%	4%
Equity capital	8327	8463	7417	7395	7784	EBITDA growth-%	17%	-16%	-61%	22%	46%
Goodwill	0	496	514	514	514	EBIT (adj.) growth-%	116%	-11%	-89%	51%	95%
Net debt	1344	2493	4193	4715	4642	EPS (adj.) growth-%	112%	-5%	-94%	77%	140%
Cash flow	2022	2023	2024	2025e	2026e	EBITDA-%	11.9 %	11.1 %	4.9 %	5.7 %	8.0 %
EBITDA	3047	2548	1005	1222	1783	EBIT (adj.)-%	11.3 %	11.3 %	1.3 %	1.9 %	3.6 %
Change in working capital	-990	224	568	-305	-134	EBIT-%	9.4 %	7.3 %	0.1 %	1.4 %	3.6 %
Operating cash flow	1660	2516	1492	908	1528	ROE-%	24.7 %	17.1 %	-1.2 %	1.8 %	7.2 %
CAPEX	-2142	-2247	-2058	-1110	-1160	ROI-%	24.5 %	14.3 %	0.2 %	2.4 %	6.1 %
Free cash flow	-508	223	-638	-202	368	Equity ratio	56.3 %	53.0 %	47.6 %	45.8 %	46.9 %
Valuation multiples	2022	2023	2024	2025e	2026e	Gearing	16.1 %	29.5 %	56.5 %	63.8 %	59.6 %
EV/S	1.3	1.2	0.7	0.8	0.7						
EV/EBITDA	11.3	10.7	13.4	13.2	9.0						
EV/EBIT (adj.)	11.9	10.5	49.5	39.1	19.9						
P/E (adj.)	14.1	11.2	72.7	50.3	21.0						
P/B	4.0	2.9	1.3	1.5	1.5						
Dividend-%	3.5 %	3.7 %	1.6 %	1.3 %	1.3 %						

Source: Inderes

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

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

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
1/20/2020	Accumulate	36.00 €	33.83 €
2/10/2020	Reduce	38.00 €	39.53 €
3/13/2020	Accumulate	32.00 €	28.77 €
4/27/2020	Accumulate	32.00 €	29.61 €
5/27/2020	Reduce	35.00 €	35.86 €
7/24/2020	Reduce	40.00 €	41.42 €
10/1/2020	Accumulate	50.00 €	44.97 €
10/26/2020	Reduce	50.00 €	49.00 €
2/8/2021	Reduce	50.00 €	55.20 €
4/20/2021	Reduce	50.00 €	50.56 €
4/30/2021	Reduce	50.00 €	52.04 €
7/28/2021	Reduce	50.00 €	52.18 €
10/28/2021	Reduce	50.00 €	48.94 €
12/27/2021	Accumulate	50.00 €	43.71 €
2/11/2022	Accumulate	44.00 €	38.43 €
3/3/2022	Buy	44.00 €	36.07 €
5/2/2022	Accumulate	44.00 €	41.20 €
6/21/2022	Reduce	44.00 €	43.06 €
7/29/2022	Reduce	46.00 €	48.68 €
10/25/2022	Reduce	48.00 €	47.10 €
10/28/2022	Reduce	48.00 €	45.46 €
2/9/2023	Reduce	50.00 €	47.50 €
4/24/2023	Accumulate	48.00 €	43.77 €
5/2/2023	Accumulate	48.00 €	43.94 €
7/28/2023	Accumulate	39.00 €	32.57 €
10/27/2023	Accumulate	37.00 €	31.90 €
2/9/2024	Osta	35.00 €	27.74 €
4/25/2024	Buy	30.00 €	22.49 €
5/15/2024	Accumulate	21.50 €	18.88 €
7/26/2024	Accumulate	21.00 €	18.12 €
9/12/2024	Accumulate	19.00 €	16.06 €
10/25/2024	Accumulate	17.50 €	14.39 €
11/11/2024	Accumulate	15.50 €	12.83 €
2/17/2025	Reduce	11.50 €	10.47 €
4/28/2025	Reduce	9.00 €	7.98 €
4/30/2025	Reduce	9.00 €	8.90 €
7/25/2025	Reduce	14.00 €	14.82 €



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