

WARTSILA

10/28/2026 11:00 am EET

This is a translated version of "Kasvunäkymä vahvistui jälleen hieman" report, published on 10/28/2026



Pauli Lohi, Analyst
+35845 134 7790
pauli.lohi@inderes.fi

COMPANY REPORT



Growth outlook up another notch

The Q3 report was strong, but we estimate the market had expected even more aggressive profitability targets from the company. We consider the new targets realistic and see the share's valuation as attractive relative to the earnings growth outlook, underpinned by a strong order book and the company's position as a global technology leader. We raise our recommendation to Buy (was Accumulate) and keep our target price unchanged at EUR 33 ahead of next week's Capital Markets Day.

Stronger-than-expected orders and good profitability in Q3

The Q3 report delivered an order intake stronger than both our and consensus expectations (combined growth of 47% y/y in Marine and Energy). Profitability development was also slightly better than our estimates, as the M&E adj. operating result grew by 25% y/y (margin +0.7 percentage points) and was 5% above our estimate. Cash flow also developed strongly as order intake inflated advance payments, as a result of which the company's net cash at the end of Q3 was already 2.2 BEUR (Q3'25: 1.4 BEUR).

Company sees no cooling in the order pipeline

The company continues to expect demand in both Marine and Energy to remain at the comparison period's level over the next 12 months. The outlook was better than we had expected, as we had anticipated some cooling given the extremely strong comparison period and the lengthening delivery times, which are likely to start limiting new orders at some point. We understood management to expect strong demand in Energy to continue, driven by data centers and balancing power, among other things. The company also noted that its data center customers are financially strong hyperscalers rather than higher-risk neocloud-type customers. We slightly raise our 2029–2030 revenue estimates on the strong order trend and outlook. We lower our EBIT estimates, as hedging costs will be included in operating profit from 2027 following the adoption of IFRS 18.

Net financial items improve correspondingly, leaving our EPS forecasts unchanged.

The market may have expected even higher earnings targets

The company announced new financial targets alongside its Q3 print. The targets are largely in line with our expectations, but we interpret the significant share price drop on results day as reflecting market expectations of an even larger increase in the EBIT margin target (raised from 14% to 16%), given strong demand in Energy. We believe the target reflects the technical effect of IFRS 18 and possibly the difficulty of predicting the long-term supply-demand balance in new equipment sales (2030 onward). On revenue growth, a low double-digit target was, in our view, to be expected. We consider the new targets realistic, and we forecast average annual revenue growth of 10% in 2027–30, with the EBIT margin rising to 15.9–16.0% in 2029–30 (LTM: 14.2% before the accounting change).

Multiples turn attractive as production capacity expands

Wärtsilä is a global leader in medium-speed engines, and the quality of its business is underpinned by the high share of predictable service earnings (2025: ~77%). The long order backlog provides good visibility into the income statement for the coming years, on the basis of which we expect EV/EBIT to fall to 11x in 2028 and 8x in 2030. Applying a fair EV/EBIT of 15x to our end-of-decade forecasts and discounting back to today implies upside of as much as 26% for the share (15% annually). Our forecasts assume that data center-driven orders will halve by 2029, while balancing power orders increase. If data center-driven demand were to disappear and new equipment margins were to return to 2025 levels, the current share price would be close to fair value. In our view, the high share of services in earnings and the growth potential in the 2030s from the expanding installed base limit the downside risk and support the risk/reward, even though new equipment margins may fluctuate as the supply-demand balance shifts.

Recommendation

Buy
(was Accumulate)

Target price:
EUR 33.00
(was EUR 33.00)

Share price:
EUR 26.36

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	6914	6405	6556	7457
growth-%	7%	-7%	2%	14%
EBIT adj.	830	891	950	1130
EBIT-% adj.	12.0 %	13.9 %	14.5 %	15.2 %
Net Income	625	650	720	889
EPS (adj.)	1.06	1.13	1.26	1.53
P/E (adj.)	28.7	23.4	21.0	17.3
P/B	6.2	5.4	4.8	4.1
Dividend yield-%	3.5 %	2.3 %	2.5 %	3.0 %
EV/EBIT (adj.)	19.1	14.5	13.3	10.8
EV/EBITDA	15.8	12.4	11.5	9.4
EV/S	2.3	2.0	1.9	1.6

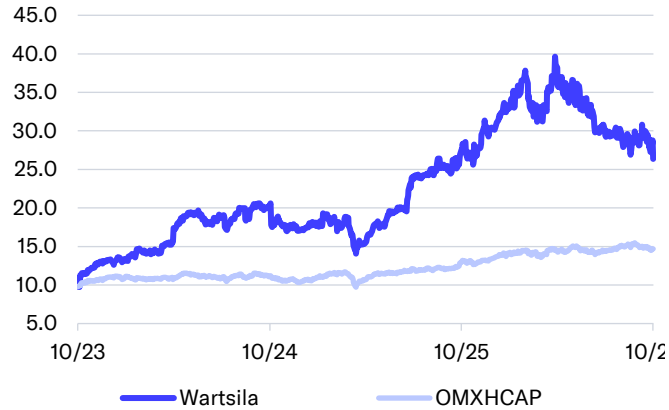
Source: Inderes

Guidance

(New guidance)

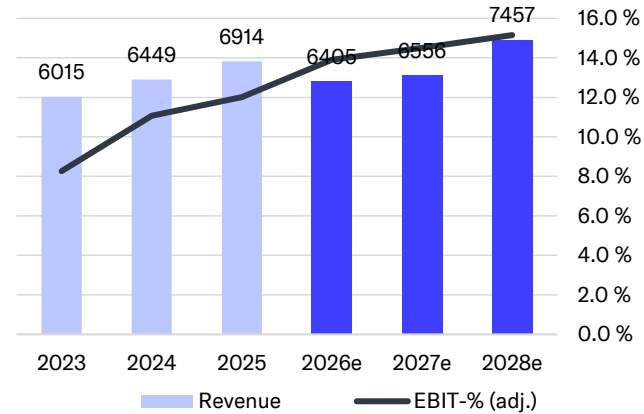
Wärtsilä expects that the demand environment for Energy and Energy Storage for the next 12 months will be better than in the comparison period. Marine's demand environment is estimated to be similar to that of the comparison period.

Share price



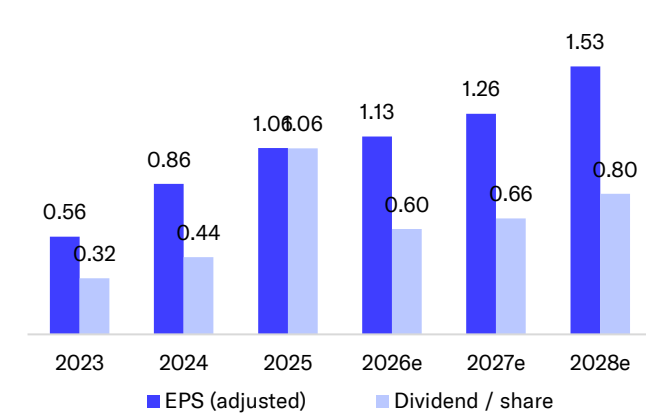
Source: Millistream Market Data AB

Revenue and EBIT-% (adj.)



Source: Inderes

EPS and DPS



Source: Inderes

Value drivers

- Strong position in the selected segments
- Extensive installed equipment portfolio and significant share of services business
- Progress in high value-added services
- High demand for flexible power generation

Risk factors

- Cyclical nature of shipbuilding
- Uncertainty over which forms of renewable energy generation will prevail
- Energy growth partly tied to the hard-to-predict data center investment wave

Valuation	2026e	2027e	2028e
Share price	26.4	26.4	26.4
Number of shares, millions	585.2	585.2	585.2
Market cap	15425	15425	15425
EV	12899	12659	12223
P/E (adj.)	23.4	21.0	17.3
P/E	23.7	21.4	17.3
P/B	5.4	4.8	4.1
P/S	2.4	2.4	2.1
EV/Sales	2.0	1.9	1.6
EV/EBITDA	12.4	11.5	9.4
EV/EBIT (adj.)	14.5	13.3	10.8
Payout ratio (%)	54.0 %	53.7 %	52.6 %
Dividend yield-%	2.3 %	2.5 %	3.0 %

Source: Inderes

Orders, profitability and cash flow developed strongly

Strong orders from Q3

Wärtsilä's order intake in Q3 was 2,368 MEUR, representing a 33% year-on-year growth. Our primary focus is on the order development of Marine and Energy, which saw growth of as much as 47% (we forecast 19%, consensus 28%). Order growth was driven in particular by new equipment sales in Energy. Energy order growth was 121%, while Marine orders declined by 2%. At the Group level, order growth for new equipment was 53% and for services 11%. Orders also exceeded consensus forecasts.

Equipment-led growth, yet profitability slightly better than expected

The combined revenue of Marine and Energy grew by 19% in Q3, in line with expectations. Growth was driven primarily by new equipment sales and especially Energy, which largely met our preliminary expectations. Adjusted EBIT was 5% above our estimate and also slightly above

the consensus. In our view, profitability was supported by the improved profitability of new equipment sales – as favorable demand bolstered pricing – as well as through increased production efficiency.

Cash flow strengthened, supported by advance payments

Cash flow from operating activities in Q3 was 583 MEUR, showing growth from the comparison period (Q3'25: 340 MEUR). Cash flow is also 15% stronger compared to the comparison period for January-September. Working capital efficiency particularly improved in Q3 as strong order intake swelled advance payments. The company expects net working capital to remain negative in the coming years, which will support the cash position. Net cash strengthened to 2.2 BEUR at the end of the period (Q3'25: 1.4 BEUR).

Estimates	Q3'25	Q3'26	Q3'26e	Q3'26e	Consensus	2026e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Inderes
Revenue	1397	1493	1499	1497	1377 - 1525	6405
Orders received	1779	2368	2369	2061	1902 - 2230	9662
EBIT (adj.)	179	212	205	209	187 - 222	891
EBIT	214	222	201	202	173 - 217	882
PTP	211	223	199	200	171 - 213	869
EPS (adj.)	0.29	0.29	0.26			1.13
Revenue growth-%	-4.9 %	6.9 %	7.3 %	7.1 %	-1.4 % - 9.2 %	-7.4 %
EBIT-% (adj.)	12.8 %	14.2 %	13.7 %	14.0 %	13.6 % - 14.6 %	13.9 %

Source: Inderes & Vara Research (consensus)

Wärtsilä Q3'26: Strong momentum continued



We consider each objective to be realistic

Better outlook, IFRS 18 dents earnings estimates

- The company reiterated its outlook that the demand environment for Energy and Marine will remain at the comparison period's level over the next 12 months (unchanged from Q2). We had anticipated that Energy orders could turn down, given the extremely strong comparison period and extended delivery times.
- Supported by strong Q3 order intake and a better-than-expected demand outlook, we raise our near-term order forecasts and our long-term (2029–2030) revenue forecasts. We lower our profitability estimates, however, as we incorporate the estimated impact of IFRS 18 (0.6–0.7pp) into the EBIT margin. Our EBIT forecasts for 2027–29 fall by 3–4%. Our current forecasts assume that the company comes close to the profitability level of its financial target in 2029 (EBIT margin: 15.9%). At the same time, we raise our financial cost estimates in line with the accounting change. Our EPS estimates are unchanged.
- The company announced a change to its guidance policy: going forward, it will guide for revenue growth instead of the demand environment (separately for Marine and Energy). We view the change negatively, as the demand environment, i.e. the outlook for order intake, is a more forward-looking indicator, and one that outsiders have less visibility into than revenue, which is largely determined by the existing order book.

New financial targets roughly in line with our expectations

- Alongside its Q3 report, Wärtsilä announced new financial targets ahead of its Capital Markets Day on November 3. The targets are in line with what we anticipated in our CMD preview last week.
- At group level, the company now targets low double-digit annual revenue growth, which is at least in line with our expectations (we expected over 10%).
- The group EBIT margin target is 16%, perhaps slightly more cautious than we expected (16–17% or higher). The target is, however, affected by an accounting change: the company will start applying IFRS 18 at the beginning of 2027, which has a negative impact of 0.6–0.7pp on the EBIT margin. Adjusted for this, the ambition of the target is roughly in line with expectations.
- The company also gave separate targets for Marine (mid-single-digit revenue growth and a 14% EBIT margin) and Energy (high-double-digit revenue growth and an 18% EBIT margin). In our view, Energy in particular could have the potential to exceed its EBIT target as the end of the decade approaches. On the other hand, Energy's long-term profitability outlook (2030 onward) is uncertain and could suffer from competitors investing in capacity expansion. We consider it possible that the company wanted to factor this long-term dynamic into the target, even if it may be exceeded in the medium term.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	6400	6405	0%	6560	6556	0%	7450	7457	0%
EBITDA	1029	1038	1%	1144	1105	-3%	1338	1306	-2%
EBIT (exc. NRIs)	882	891	1%	989	950	-4%	1165	1130	-3%
EBIT	860	882	3%	973	934	-4%	1162	1127	-3%
PTP	845	869	3%	977	978	0%	1178	1185	1%
EPS (excl. NRIs)	1.11	1.13	1%	1.26	1.26	0%	1.52	1.53	1%
DPS	0.60	0.60	0%	0.66	0.66	0%	0.72	0.80	11%

Source: Inderes

Wärtsilä Oyj Abp, Q3'26



Clear outlook for earnings growth and lower valuation

Investment profile: Strong value creation in a growing market

We see Wärtsilä as having a strong market position in four-stroke engines, both in the marine business (Marine) and in the power plant business (Energy). The company's service operations, based on a large installed base, are very profitable, and they are being developed in line with the strategy by deepening cooperation with customers and thus increasing the share of high value-added services. Key long-term growth drivers for the market are the decarbonization of maritime transport and the transformation of the energy system, where weather-dependent power generation will need to be complemented by balancing power solutions. In addition, the growth in electricity demand and, e.g., data center investments affect Energy's growth outlook. Business is capital-light (2026e ROI: 29%), which, combined with growth, allows for significant value creation.

Valuation turns attractive, supported by a strong order outlook

Wärtsilä's share price and valuation multiples increased sharply when data center demand surged in late 2025 and early 2026, but the price has fallen recently despite a robust order intake. In the short term, valuation multiples are neutral (adj. EV/EBIT 2026e: 14.5x), but thanks to the strong order book, visibility into medium-term earnings growth is strong, and multiples decline to favorable levels in 2028–2030 (8–11x). Based on the 2030 forecasts and an estimated fair EV/EBIT multiple of 15x, the expected return on the stock would be approximately 15% p.a., which we consider already quite attractive. Discounted to the present

day, the fair value would be EUR 33, which leaves an upside of 26%.

In our forecasts, data center-driven orders will decline (halving by 2030), while demand for balancing power will grow simultaneously. If the data center boom continues longer than we expect, it could unlock further upside for the investment story. On the other hand, the complete cessation of data center orders could be a risk for the company's outlook in the 2030s, especially if the profitability of new equipment sales were to suffer from price competition with other power generation equipment manufacturers. However, the majority of the company's earnings are generated by stable and profitable services, which limits the downside in a negative scenario.

DCF: Capital lightness supports value creation

The fair value of Wärtsilä's share in our cash flow model is EUR 33, which is supported by the company's capital-light business model in addition to its strong profitability and good growth. The calculation assumes an average growth rate of 10% for Marine and Energy in 2026–30 and 2.5% for the entire company in the long term. We expect the EBIT margin for the terminal period to be 14.5%, which is in line with current levels but lower than our forecasts for the coming years. We assume a weighted average cost of capital (WACC) of 8.1%. Our medium-term forecasts are in line with the company's targets regarding profitability, but more moderate in terms of growth. Under the current assumptions, the ROI will rise to 34% in the medium term (2028e) and fall to 21% for the terminal period, which we believe is quite high, even for a global industrial technology company like Wärtsilä.

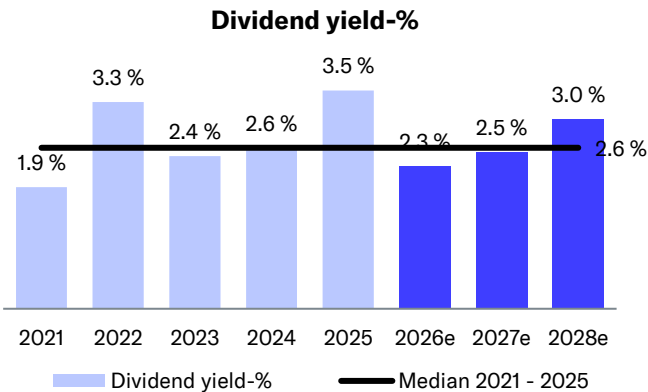
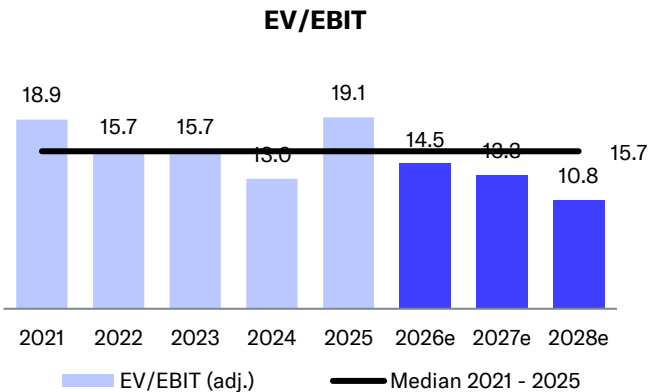
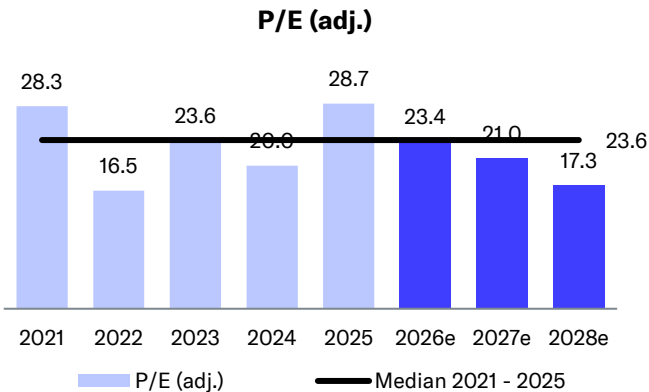
Valuation	2026e	2027e	2028e
Share price	26.4	26.4	26.4
Number of shares, millions	585.2	585.2	585.2
Market cap	15425	15425	15425
EV	12899	12659	12223
P/E (adj.)	23.4	21.0	17.3
P/E	23.7	21.4	17.3
P/B	5.4	4.8	4.1
P/S	2.4	2.4	2.1
EV/Sales	2.0	1.9	1.6
EV/EBITDA	12.4	11.5	9.4
EV/EBIT (adj.)	14.5	13.3	10.8
Payout ratio (%)	54.0 %	53.7 %	52.6 %
Dividend yield-%	2.3 %	2.5 %	3.0 %

Source: Inderes

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	12.4	7.87	13.1	17.1	30.4	26.4	26.4	26.4	26.4
Number of shares, millions	590.0	590.0	589.0	586.4	586.4	585.2	585.2	585.2	585.2
Market cap	7293	4643	7734	10034	17828	15425	15425	15425	15425
EV	7326	5158	7804	9270	15857	12899	12659	12223	11749
P/E (adj.)	28.3	16.5	23.6	20.0	28.7	23.4	21.0	17.3	14.9
P/E	37.8	neg.	30.0	19.9	28.5	23.7	21.4	17.3	14.9
P/B	3.2	2.2	3.5	4.0	6.2	5.4	4.8	4.1	3.6
P/S	1.5	0.8	1.3	1.6	2.6	2.4	2.4	2.1	1.9
EV/Sales	1.5	0.9	1.3	1.4	2.3	2.0	1.9	1.6	1.4
EV/EBITDA	14.4	15.3	13.1	10.9	15.8	12.4	11.5	9.4	7.9
EV/EBIT (adj.)	18.9	15.7	15.7	13.0	19.1	14.5	13.3	10.8	9.0
Payout ratio (%)	73.4 %	neg.	73.1 %	51.2 %	99.5 %	54.0 %	53.7 %	52.6 %	56.7 %
Dividend yield-%	1.9 %	3.3 %	2.4 %	2.6 %	3.5 %	2.3 %	2.5 %	3.0 %	3.8 %

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
			2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	
Metso Corp	13885	15048	18.0	14.8	14.8	12.6	2.7	2.4	23.1	19.1	2.5	2.9	4.8
Kone Oyj	29943	29485	20.6	17.9	16.4	14.8	2.5	2.4	27.2	23.6	3.2	3.5	10.0
Konecranes Abp	6407	6415	11.5	9.8	9.4	8.2	1.5	1.4	15.5	13.2	3.1	3.5	2.8
Siemens Energy AG	105247	95518	18.7	13.4	14.1	10.7	2.2	1.9	27.4	19.6	1.6	2.1	8.6
Abb Ltd	137331	138756	20.7	17.7	18.3	15.9	4.1	3.6	23.2	22.8	1.4	1.5	7.8
Alfa Laval AB	20409	21840	19.5	16.9	16.1	14.2	3.3	3.0	24.3	20.9	1.8	1.9	4.7
Alstom SA	7534	8263	7.9	7.5	4.9	4.9	0.4	0.4	9.5	10.0	0.1	0.9	0.7
Caterpillar Inc	284629	319012	22.9	19.4	20.3	17.2	4.5	4.0	25.1	21.1	0.9	1.0	13.8
GE Vernova	203748	195726	47.3	27.0	34.4	22.9	4.7	4.1	30.0	34.8	0.2	0.3	15.5
Rolls-Royce Holdings PLC	122072	119292	20.6	18.6	17.6	16.0	4.2	3.8	28.0	24.2	1.2	1.3	27.2
Woodward Inc	16146	16922	23.9	21.4	20.4	18.3	4.4	4.0	32.3	28.5	0.4	0.4	7.3
Wartsila (Inderes)	15425	12899	14.5	13.3	12.4	11.5	2.0	1.9	23.4	21.0	2.3	2.5	5.4
Average			21.1	16.8	17.0	14.2	3.1	2.8	24.1	21.6	1.5	1.8	9.4
Median			20.6	17.7	16.4	14.8	3.3	3.0	25.1	21.1	1.4	1.5	7.8
Diff-% to median			-30%	-25%	-24%	-23%	-39%	-35%	-7%	-1%	61%	65%	-31%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue	6449	1560	1720	1633	2001	6914	1556	1560	1494	1795	6405	6556	7457	8266
Marine	3053	827	862	870	936	3495	820	882	914	973	3589	3738	3959	4155
Energy	1897	415	529	382	722	2048	465	580	580	822	2447	2818	3498	4111
Energy Storage	793	128	125	235	206	694	110	0	0	0	110	0	0	0
Portfolio Business	706	190	204	146	137	677	161	98	0	0	259	0	0	0
EBITDA	847	207	252	232	314	1005	236	253	248	301	1038	1105	1306	1486
Depreciation	-131	-42	-66	-2	-62	-172	-41	-44	-27	-43	-156	-171	-180	-177
EBIT (excl. NRI)	714	171	207	195	257	830	199	218	212	262	891	950	1130	1312
EBIT	716	165	186	230	251	833	194	209	221	258	882	934	1127	1309
Marine	364	95	115	105	135	449	104	118	105	129	456	458	499	529
Energy	266	63	75	61	116	315	68	88	101	129	386	476	627	780
Energy Storage	33	-5	3	16	9	23	4	0	0	0	4	0	0	0
Portfolio Business	52	12	-6	49	-8	46	18	3	15	0	36	0	0	0
Net financial items	-28	-2	0	-3	0	-5	-3	-9	1	-2	-13	44	59	67
PTP	688	163	186	227	251	827	192	200	222	256	869	978	1185	1376
Taxes	-180	-41	-49	-45	-63	-198	-45	-47	-57	-66	-215	-254	-290	-337
Minority interest	-4	-1	-1	-1	-1	-4	-1	-1	-1	-1	-4	-4	-5	-6
Net earnings	504	120	136	181	187	625	146	152	165	188	650	720	889	1032
EPS (adj.)	0.86	0.22	0.27	0.25	0.33	1.06	0.26	0.28	0.27	0.33	1.13	1.26	1.53	1.77
EPS (rep.)	0.86	0.20	0.23	0.31	0.32	1.07	0.25	0.26	0.28	0.32	1.11	1.23	1.52	1.76

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	7.2 %	18.0 %	10.6 %	-4.9 %	7.9 %	7.2 %	-0.3 %	-9.3 %	-8.5 %	-10.3 %	-7.4 %	2.4 %	13.7 %	10.9 %
Adjusted EBIT growth-%	43.7 %	29.5 %	17.8 %	10.0 %	12.1 %	16.2 %	16.3 %	5.2 %	8.7 %	1.9 %	7.3 %	6.7 %	18.9 %	16.1 %
EBITDA-%	13.1 %	13.3 %	14.7 %	14.2 %	15.7 %	14.5 %	15.2 %	16.2 %	16.6 %	16.7 %	16.2 %	16.9 %	17.5 %	18.0 %
Adjusted EBIT-%	11.1 %	11.0 %	12.1 %	11.9 %	12.8 %	12.0 %	12.8 %	14.0 %	14.2 %	14.6 %	13.9 %	14.5 %	15.2 %	15.9 %
Net earnings-%	7.8 %	7.7 %	7.9 %	11.1 %	9.4 %	9.0 %	9.4 %	9.8 %	11.0 %	10.5 %	10.2 %	11.0 %	11.9 %	12.5 %

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	2580	2490	2521	2541	2556
Goodwill	1299	1214	1214	1214	1214
Intangible assets	446	413	399	374	353
Tangible assets	557	558	604	648	684
Associated companies	41	45	45	45	45
Other investments	17	13	13	13	13
Other non-current assets	45	48	48	48	48
Deferred tax assets	175	199	199	199	199
Current assets	5114	5985	5485	5818	6693
Inventories	1483	1440	1319	1364	1566
Other current assets	187	205	0	0	0
Receivables	1890	1750	1602	1647	1883
Cash and equivalents	1554	2590	2564	2807	3244
Balance sheet total	7694	8475	8007	8359	9249

Source: Inderes

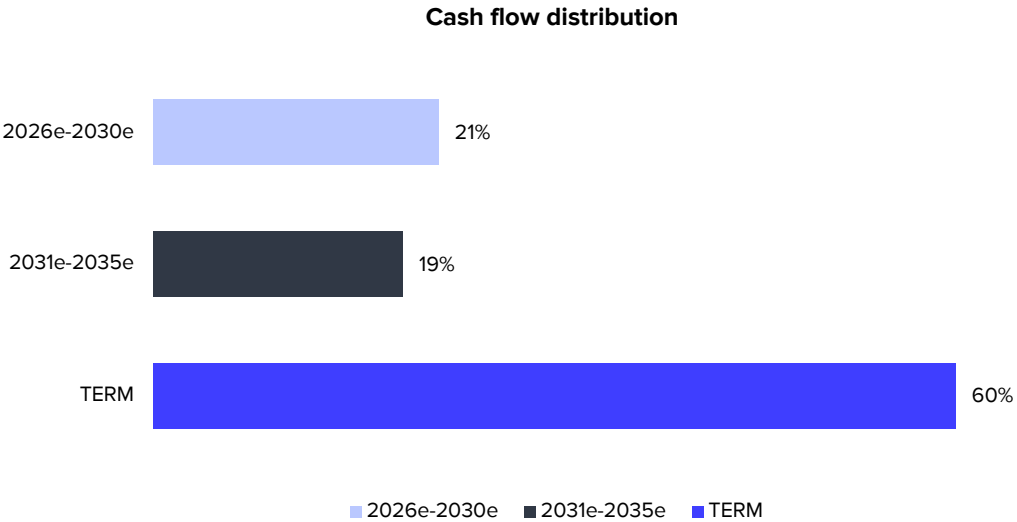
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	2532	2884	2864	3239	3752
Share capital	336	336	336	336	336
Retained earnings	2337	2695	2675	3050	3563
Hybrid bonds	0	0	0	0	0
Revaluation reserve	61	61	61	61	61
Other equity	-208	-214	-214	-214	-214
Minorities	6	6	6	6	6
Non-current liabilities	1319	1284	786	791	796
Deferred tax liabilities	141	174	174	174	174
Provisions	433	328	328	328	328
Interest bearing debt	624	503	5	10	15
Convertibles	0	0	0	0	0
Other long term liabilities	121	279	279	279	279
Current liabilities	3843	4307	4356	4329	4701
Interest bearing debt	142	79	1	2	3
Payables	3556	3825	4355	4327	4698
Other current liabilities	145	403	0	0	0
Balance sheet total	7694	8475	8007	8359	9249

DCF calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	7.2 %	-7.4 %	2.4 %	13.7 %	10.9 %	6.5 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	12.0 %	13.8 %	14.3 %	15.1 %	15.8 %	16.0 %	15.6 %	15.0 %	15.0 %	14.0 %	14.0 %	14.0 %
EBIT (operating profit)	833	882	934	1127	1309	1412	1440	1452	1530	1498	1536	
+ Depreciation	172	156	171	180	177	168	167	168	168	169	170	
- Paid taxes	-189	-215	-254	-290	-337	-365	-375	-381	-402	-397	-408	
- Tax, financial expenses	-5	-10	-3	0	-1	-1	0	0	0	0	0	
+ Tax, financial income	4	6	14	15	17	20	22	25	27	30	32	
- Change in working capital	692	601	-118	-67	-122	19	0	46	47	49	32	
Operating cash flow	1506	1420	744	964	1043	1253	1254	1310	1371	1349	1361	
+ Change in other long-term liabilities	53	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-54	-187	-191	-194	-159	-162	-167	-171	-172	-173	-172	
Free operating cash flow	1505	1234	553	769	883	1091	1088	1138	1199	1176	1189	
+/- Other	0	-48	6	10	11	11	11	11	11	11	11	
FCFF	1505	1185	560	779	895	1102	1099	1150	1210	1188	1200	22015
Discounted FCFF		1169	511	658	699	796	735	711	692	629	588	10784
Sum of FCFF present value		17973	16804	16293	15635	14936	14139	13405	12693	12001	11372	10784
Enterprise value DCF		17973										
- Interest bearing debt		-582										
+ Cash and cash equivalents		2590										
+ Associated companies		0										
-Minorities		-32										
-Dividend/capital return		-622										
Equity value DCF		19327										
Equity value DCF per share		33.0										

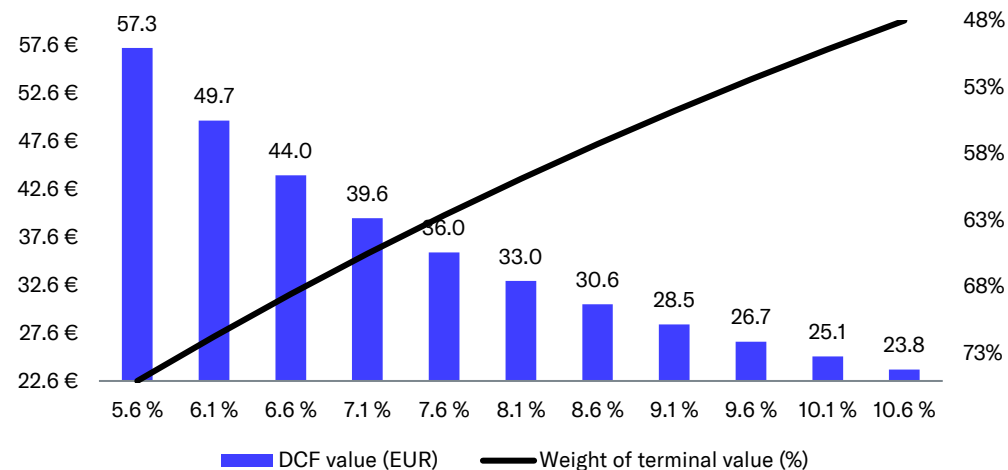
WACC	
Tax-% (WACC)	26.0 %
Target debt ratio (D/(D+E))	10.0 %
Cost of debt	3.5 %
Equity Beta	1.20
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	3.0 %
Cost of equity	8.7 %
Weighted average cost of capital (WACC)	8.1 %

Source: Inderes

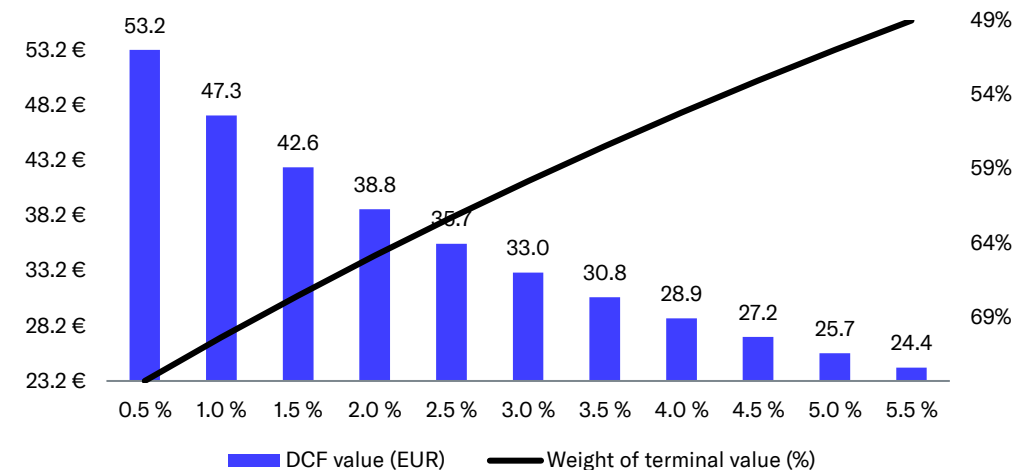


DCF sensitivity calculations and key assumptions in graphs

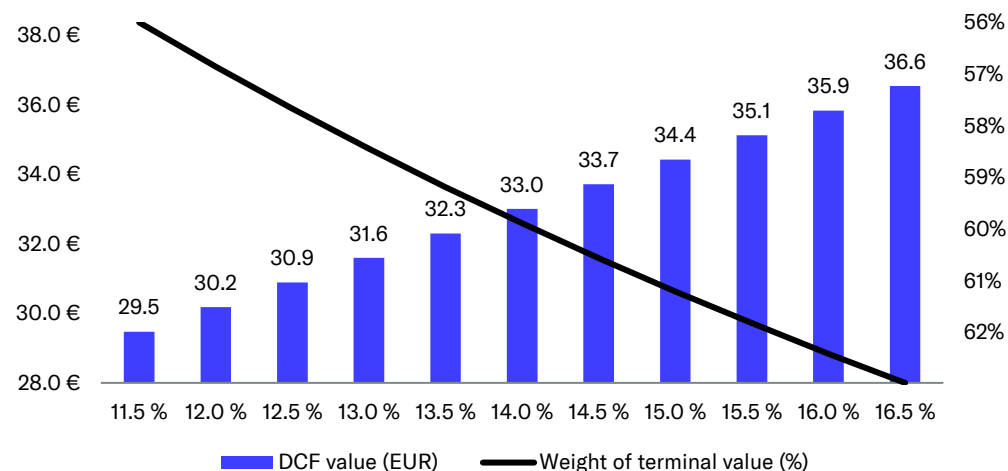
Sensitivity of DCF to changes in the WACC-%



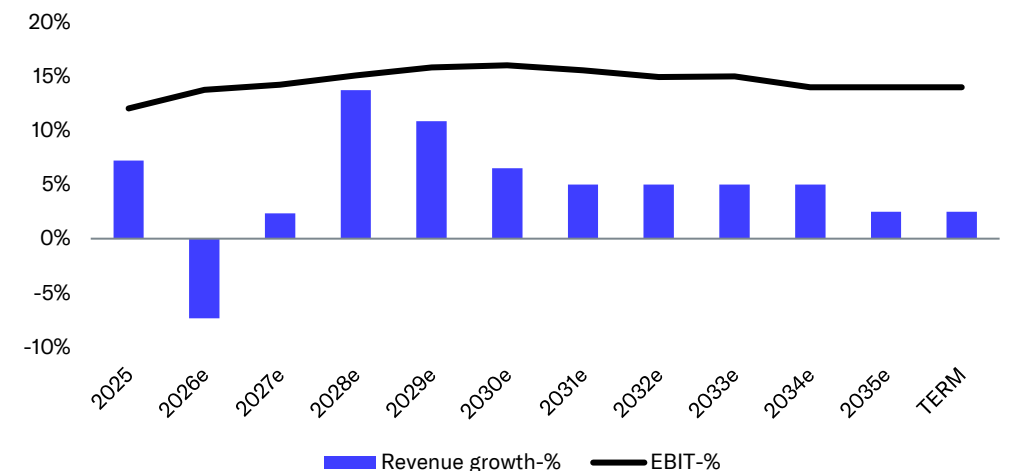
Sensitivity of DCF to changes in the risk-free rate



Sensitivity of DCF to changes in the terminal EBIT margin



Growth and profitability assumptions in the DCF calculation



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

Summary

Income statement	2023	2024	2025	2026e	2027e	Per share data	2023	2024	2025	2026e	2027e
Revenue	6015.0	6449.0	6914.1	6404.9	6555.5	EPS (reported)	0.44	0.86	1.07	1.11	1.23
EBITDA	595.0	846.8	1005.2	1037.6	1105.4	EPS (adj.)	0.56	0.86	1.06	1.13	1.26
EBIT	402.0	716.1	832.8	882.1	934.4	OCF / share	1.33	2.21	2.57	2.43	1.27
PTP	365.0	688.1	827.4	869.4	978.4	OFCF / share	1.12	1.82	2.57	2.03	0.96
Net Income	258.0	503.8	625.0	602.0	725.6	Book value / share	3.78	4.31	4.91	4.88	5.52
Extraordinary items	-95.0	2.0	2.8	-8.5	-16.0	Dividend / share	0.32	0.44	1.06	0.60	0.66
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	6803.0	7694.0	8475.0	8006.7	8358.6	Revenue growth-%	3%	7%	7%	-7%	2%
Equity capital	2233.0	2532.0	2884.0	2864.4	3238.9	EBITDA growth-%	148%	42%	19%	3%	7%
Goodwill	1273.0	1299.0	1214.0	1214.0	1214.0	EBIT (adj.) growth-%	52%	44%	16%	7%	7%
Net debt	42.0	-788.0	-2008.0	-2558.0	-2794.6	EPS (adj.) growth-%	17%	54%	24%	6%	12%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	9.9 %	13.1 %	14.5 %	16.2 %	16.9 %
EBITDA	595.0	846.8	1005.2	1037.6	1105.4	EBIT (adj.)-%	8.3 %	11.1 %	12.0 %	13.9 %	14.5 %
Change in working capital	304.0	529.0	692.0	601.0	-118.4	EBIT-%	6.7 %	11.1 %	12.0 %	13.8 %	14.3 %
Operating cash flow	783.4	1297.5	1506.5	1420.5	744.1	ROE-%	11.8 %	21.2 %	23.1 %	22.7 %	23.6 %
CAPEX	-168.0	-186.7	-54.4	-186.9	-190.6	ROI-%	13.2 %	22.7 %	25.1 %	28.7 %	32.3 %
Free cash flow	662.4	1067.9	1505.1	1185.2	559.5	Equity ratio	36.2 %	36.1 %	37.2 %	39.0 %	42.2 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	1.9 %	-31.1 %	-69.6 %	-89.3 %	-86.3 %
EV/S	1.3	1.4	2.3	2.0	1.9	Net debt/EBITDA	0.1	-0.9	-2.0	-2.5	-2.5
EV/EBITDA	13.1	10.9	15.8	12.4	11.5	EBITDA/net financials	16.1	30.2	186.1	81.7	-25.1
EV/EBIT (adj.)	15.7	13.0	19.1	14.5	13.3						
P/E (adj.)	23.6	20.0	28.7	23.4	21.0						
P/B	3.5	4.0	6.2	5.4	4.8						
Dividend-%	2.4 %	2.6 %	3.5 %	2.3 %	2.5 %						

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

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

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/1/2023	Accumulate	9.50 €	8.71 €
4/26/2023	Accumulate	11.00 €	10.10 €
7/24/2023	Accumulate	12.50 €	11.38 €
11/1/2023	Accumulate	12.50 €	11.24 €
1/5/2024	Accumulate	13.50 €	12.96 €
1/31/2024	Accumulate	15.00 €	13.70 €
4/29/2024	Reduce	16.50 €	17.40 €
7/22/2024	Reduce	17.00 €	18.49 €
10/11/2024	Reduce	18.00 €	19.98 €
10/30/2024	Accumulate	19.50 €	17.82 €
2/5/2025	Accumulate	21.00 €	19.29 €
4/17/2025	Accumulate	18.50 €	15.23 €
4/27/2025	Accumulate	18.50 €	15.36 €
7/18/2025	Reduce	21.00 €	22.30 €
10/22/2025	Reduce	22.00 €	25.65 €
10/29/2025	Reduce	22.00 €	25.65 €
1/20/2026	Reduce	30.00 €	32.43 €
2/4/2026	Sell	30.00 €	33.00 €
4/29/2026	Sell	32.50 €	35.91 €
7/14/2026	Reduce	32.50 €	30.30 €
7/22/2026	Accumulate	33.00 €	29.99 €
10/19/2026	Accumulate	33.00 €	28.60 €
10/28/2026	Buy	33.00 €	26.36 €



CONNECTING INVESTORS AND COMPANIES.

Inderes democratizes financial information by connecting investors and listed companies. For investors, we are an investing community and a trusted source of financial information and equity research. For listed companies, we are a partner in delivering high-quality investor relations. Over 500 listed companies in Europe use our investor relations products and equity research services to provide better investor communications to their shareholders.

Our goal is to be the most investor-minded company in finance. Inderes was founded in 2009 by investors, for investors. As a Nasdaq First North-listed company, we understand the day-to-day reality of our customers.

Inderes Ab

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

inderes.se

Inderes Oyj

Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.fi

**inde
res.**