WARTSILA

7/22/2026 11:00 am EEST

This is a translated version of ”Hinta ja laatu kohtaavat aiempaa houkuttelevammin” report, published on 7/22/2026

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

COMPANY REPORT

Price and quality align more attractively than before

The fill rate of Wärtsilä's order books is quite high for the next 2–3 years, and the growing volumes will help the company further strengthen its profitability. We see strong demand drivers for the company in the medium term, even if data center-driven demand were to slow somewhat. We are changing our recommendation to Accumulate (was Reduce) as the valuation has become moderately attractive due to the decline in the share price and order growth. Our target price is EUR 33 (was EUR 32.5).

Equipment orders exceeded already high expectations

The Q2 report was strong overall, as Marine and Energy orders exceeded consensus estimates by a total of 14%. Marine and Energy orders grew by 33% combined, driven purely by new equipment sales. Profitability also showed a positive underlying trend, with adjusted EBIT exceeding estimates by 3%, despite the revenue mix being more skewed towards new equipment sales and less towards services than expected. Marine and Energy's adj. EBIT strengthened to 214 MEUR (Q2'25: 190 MEUR), with adj. EBIT margin strengthening by 1 pp. Cash flow from operating activities strengthened year-on-year in Q2 and has been in line with the strong comparison period for H1 as a whole.

Difficulties in increasing Energy orders have been acknowledged by the company

Energy's massive orders in Q2, along with an otherwise very strong order intake over the past 12 months combined with capacity bottlenecks, led to guidance that was nominally more cautious than before. The company expects the demand environment for Energy to remain at the level of the comparison period, whereas in Q1, an improvement in the demand environment was expected. The company commented that the revision reflects high comparison period figures and that the demand environment for Energy continues to appear very strong, driven by data centers and the need for balancing power in renewable energy. Marine demand is also expected to remain similar to the comparison period, which is unchanged from the Q1 guidance.

Energy's profitability is improving, but part of the market expected something even better

In its Q2 report, Wärtsilä provided details on the margin profile of Energy's order book. The gross margin of Energy's new equipment order book was over 5 pp higher at the end of June than at the beginning of 2025, which will result in significantly stronger profitability for new equipment sales going forward. On the other hand, based on the share price reaction and the investor call, the market seemed disappointed with the pricing of Energy's new equipment sales (MEUR/MW), which decreased year-on-year in Q2. Thus, the foreseeable improvement in profitability appears to be due primarily to economies of scale and increased production efficiency rather than price increases. We made minor cuts to our short-term estimates due to long delivery times, but our medium-term earnings estimates remained unchanged.

Valuation multiples decrease in the medium term

The strengthened order book improves visibility into Wärtsilä's earnings growth in the coming years, while the share price has decreased slightly. We view the company as a global technology leader in low-emission shipping and engine power plants, which enables a strong return on invested capital (ROI: 2026-28e: 26-31%). Valuation multiples will decrease to attractive levels as earnings grow in the coming years (2027-29: 16x, 13x and 11x), and by applying a 15x EV/EBIT multiple to our 2029 estimates, the expected return, together with the dividend, would rise to just over 10% per year. Our estimates assume that order intake driven by data centers will decrease by around 40% by 2029, so continuation of the growth trend can be viewed as a positive option. The company has significantly streamlined its structure in recent years, and the outlook for the profitability of its remaining Marine and Energy divisions has strengthened at the same time. In light of this, we would not be surprised if the company were to set new, higher profitability targets in the coming years.

Recommendation
Accumulate
(was Reduce)

Target price:
EUR 33.00
(was EUR 32.50)

Share price:
EUR 29.99

Business risk

●●○○○

Valuation risk

●●●●○

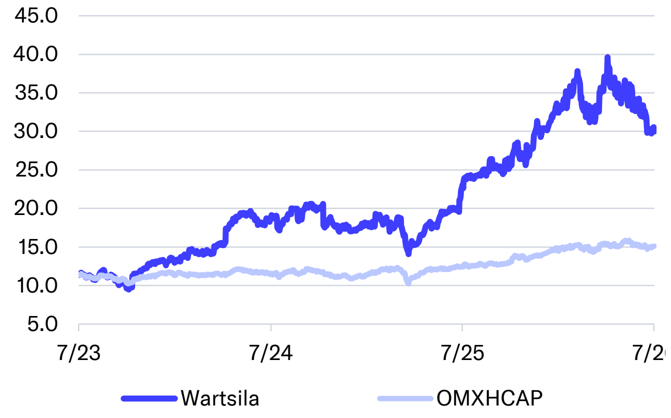
	2025	2026e	2027e	2028e
Revenue	6914	6400	6604	7317
growth-%	7%	-7%	3%	11%
EBIT adj.	830	882	967	1113
EBIT-% adj.	12.0 %	13.8 %	14.6 %	15.2 %
Net Income	625	631	726	842
EPS (adj.)	1.06	1.11	1.25	1.44
P/E (adj.)	28.7	26.9	24.1	20.8
P/B	6.2	6.1	5.4	4.7
Dividend yield-%	3.5 %	2.0 %	2.2 %	2.4 %
EV/EBIT (adj.)	19.1	17.6	15.6	13.1
EV/EBITDA	15.8	15.1	13.4	11.3
EV/S	2.3	2.4	2.3	2.0

Source: Inderes

Guidance (New guidance)

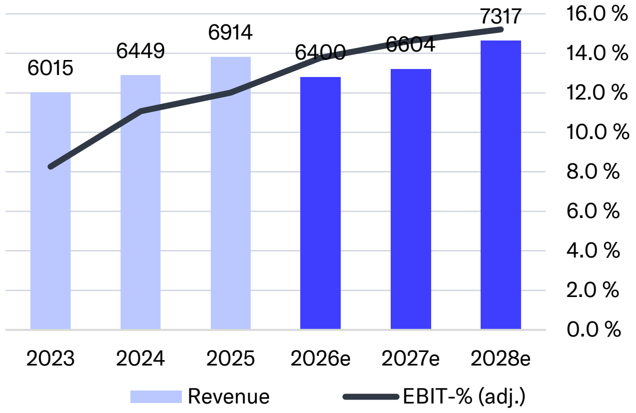
Wärtsilä expects the demand environment for Energy and Marine for the next 12 months to be similar to that of the comparison period.

Share price



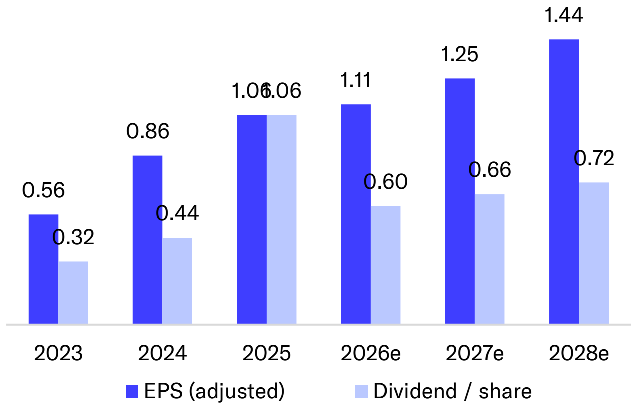
Source: Millistream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

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

Risk factors

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

Valuation	2026e	2027e	2028e
Share price	30.0	30.0	30.0
Number of shares, millions	585.2	585.2	585.2
Market cap	17549	17549	17549
EV	15488	15118	14586
P/E (adj.)	26.9	24.1	20.8
P/E	27.8	24.2	20.8
P/B	6.1	5.4	4.7
P/S	2.7	2.7	2.4
EV/Sales	2.4	2.3	2.0
EV/EBITDA	15.1	13.4	11.3
EV/EBIT (adj.)	17.6	15.6	13.1
Payout ratio (%)	55.7 %	53.2 %	50.0 %
Dividend yield-%	2.0 %	2.2 %	2.4 %

Source: Inderes

Q2 was strong overall; the company shared details on the profitability of Energy's order book

New equipment sales were robust in both segments

Wärtsilä's business will consist of Marine and Energy going forward, with combined orders amounting to 2.8 BEUR in Q2. This figure exceeded our forecasts and the consensus forecast by 9-14%. Orders exceeded expectations in both Marine and Energy. The increase was driven by robust development in new equipment sales. Overall, the order book grew 33% year-on-year, including a 4% decline in service orders and a 61% increase in new equipment orders. Marine's new equipment orders grew by 28%, while Energy's grew by as much as 120%.

Big boost in Energy's order book margin profile, despite the market's negative reaction to pricing

The company reported that the estimated gross margin on Energy's new equipment order book had improved by more than 5 pp compared with the beginning of 2025, which was a higher figure than our previous estimates. The improved order book profitability reflects an extremely favorable demand environment driven by factors such as data centers and renewable energy balancing. On the other hand, Energy's order intake did not show any price increases (Q2'26: 0.70 MEUR/MW, Q2'25: 0.81), likely disappointing market participants expecting significant price hikes driven by the demand boom. According to the company, MEUR/MW is not a particularly relevant metric from a profitability perspective, as profitability can be improved through other means, like economies of scale.

Favorable underlying momentum in profitability

The combined adjusted EBIT of Marine and Energy was 214 MEUR, exceeding both our and the consensus estimates by 3%. Profitability was slightly better than expected, despite the fact that M+E revenue was roughly in line with expectations. The relative share of services in revenue was slightly lower than our estimate, so the level of profitability was surprisingly good in that context as well.

Cash flow strengthened

Cash flow from operating activities strengthened year-on-year in Q2 and has been in line with the strong comparison period for H1 as a whole. The company's net cash position at the end of June was 1.7 BEUR (Q2'25: 1.1 BEUR).

Estimates	Q2'25	Q2'26	Q2'26e	Q2'26e	Consensus			Difference (%)	2026e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low		High	Act. vs. inderes	Inderes
Revenue	1594	1559	1525	1582	1474	-	1720	2 %	6560
Orders received	2140	2849	2658	2545	2266	-	2812	7 %	7861
EBIT (adj.)	203	218	213	216	204	-	237	3 %	902
EBIT	183	209	209	216	202	-	237	0 %	886
PTP	184	200	207	217	203	-	236	-3 %	877
EPS (reported)	0.23	0.25	0.26	0.27	0.23	-	0.30	-4 %	1.11
Revenue growth-%	10.6 %	-2.2 %	-4.3 %	-0.8 %	-7.5 %	-	7.9 %	2.1 pp	-5.1 %
EBIT-% (adj.)	12.7 %	14.0 %	13.9 %	13.7 %	13.8 %	-	13.8 %	0 pp	13.7 %

Source: Inderes & Vara Research (consensus)

Wärtsilä Q2'26: Record-high order intake

Capacity will limit growth in the coming years, profitability will improve

Our mid-term earnings forecasts remained unchanged

- The company expects the demand environment for Energy to remain at the level of the comparison period, whereas in Q1, an improvement in the demand environment was expected. We expect Energy to continue experiencing significant order growth for the remainder of the year but anticipate a significant decline in the order growth in H1'27 (particularly due to Q2 comparison figures).
- The demand environment for Marine is also expected to remain similar to that of the comparison period, which is unchanged from the Q1 guidance. We anticipate a slight decrease in Marine orders for the remainder of the year, followed by growth in early 2027.
- We made minor changes to our forecasts. We lowered our revenue estimates to reflect long delivery times. Conversely, we increased our profitability forecasts after the company reported a significant improvement in the margin profile of its order book. Our 2026-27 adj. EBIT estimates fell by 2%. However, the 2028 earnings estimates remained unchanged because the strengthened margin profile of the order book will support earnings development as volumes grow.
- The company has now reached its financial target of a 14% adj. EBIT margin in Marine and Energy over the past 12 months. We expect the company to potentially raise the target in the coming years. We forecast the adj. EBIT margin to strengthen to 14.6-15.4% in 2027-29. This margin improvement is primarily due to the significant increase in the profitability of Energy's new equipment sales.

Estimates	Q2'25	Q2'26	Q2'26e	Q2'26e	Consensus			Difference (%)	2026e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low		High	Act. vs. inderes	Inderes
Revenue	1594	1559	1525	1582	1474	-	1720	2 %	6560
Orders received	2140	2849	2658	2545	2266	-	2812	7 %	7861
EBIT (adj.)	203	218	213	216	204	-	237	3 %	902
EBIT	183	209	209	216	202	-	237	0 %	886
PTP	184	200	207	217	203	-	236	-3 %	877
EPS (reported)	0.23	0.25	0.26	0.27	0.23	-	0.30	-4 %	1.11
Revenue growth-%	10.6 %	-2.2 %	-4.3 %	-0.8 %	-7.5 %	-	7.9 %	2.1 pp	-5.1 %
EBIT-% (adj.)	12.7 %	14.0 %	13.9 %	13.7 %	13.8 %	-	13.8 %	0 pp	13.7 %

Source: Inderes & Vara Research (consensus)

Wärtsilä, Webcast, Q2'26

Decreased valuation attracts

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: 26%), which, combined with growth, allows for significant value creation.

At the current share price, valuation multiples decrease quickly enough

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 in recent months despite a robust order intake. In the short term, valuation multiples are expensive, but due to the strong order book, we believe it is relevant to rely on medium-term earnings estimates for the share. Based on forecasts for 2027–29, the EV/EBIT is expected to decline to 16–11x. Based on the 2029 forecasts and an estimated fair EV/EBIT multiple of 15x, the expected return on the stock would be approximately 11% p.a., which we consider already moderately attractive.

Our forecasts do not factor in expectations of continued data center-driven order growth, but rather, we view it as a positive option. Instead, our long-term growth expectations are based on other long-term drivers, such as renewable energy, the electrification of societies, reducing maritime emissions, and growing service revenue.

The company's EV/EBIT multiple for 2026 is 28% below the peer group median, thus decreasing closer to the level of a year ago, after being closer to peers earlier in the year. There is strong variation in valuation multiples within the peer group, and we consider the group's median level to be high.

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 9% 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%, which is in line with current levels but lower than our forecasts for the coming years (previously 13%). We assume a weighted average cost of capital (WACC) of 7.8%. Our medium-term estimates surpass the company's targets for Marine and Energy, and we anticipate that the company will increase its targets in the near future.

Under the current assumptions, the ROI will rise to 32% in the medium term (2028e) and fall to 20% for the terminal period, which we believe is quite high, even for a global industrial technology company like Wärtsilä.

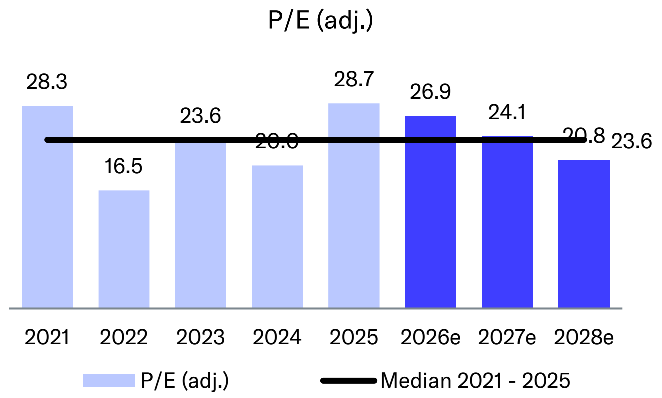
Valuation	2026e	2027e	2028e
Share price	30.0	30.0	30.0
Number of shares, millions	585.2	585.2	585.2
Market cap	17549	17549	17549
EV	15488	15118	14586
P/E (adj.)	26.9	24.1	20.8
P/E	27.8	24.2	20.8
P/B	6.1	5.4	4.7
P/S	2.7	2.7	2.4
EV/Sales	2.4	2.3	2.0
EV/EBITDA	15.1	13.4	11.3
EV/EBIT (adj.)	17.6	15.6	13.1
Payout ratio (%)	55.7 %	53.2 %	50.0 %
Dividend yield-%	2.0 %	2.2 %	2.4 %

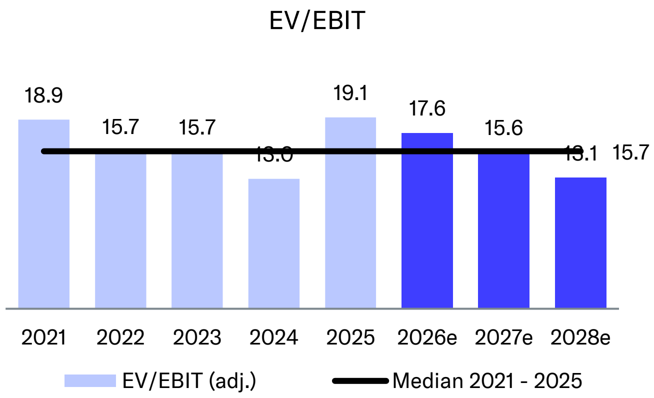
Source: Inderes

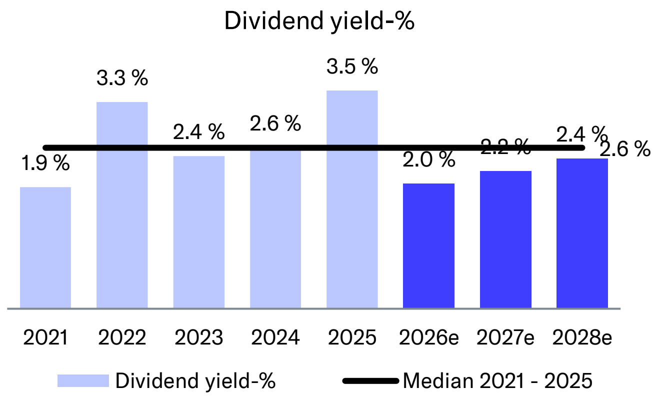
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	12.4	7.87	13.1	17.1	30.4	30.0	30.0	30.0	30.0
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	17549	17549	17549	17549
EV	7326	5158	7804	9270	15857	15488	15118	14586	13944
P/E (adj.)	28.3	16.5	23.6	20.0	28.7	26.9	24.1	20.8	18.6
P/E	37.8	neg.	30.0	19.9	28.5	27.8	24.2	20.8	18.6
P/B	3.2	2.2	3.5	4.0	6.2	6.1	5.4	4.7	4.1
P/S	1.5	0.8	1.3	1.6	2.6	2.7	2.7	2.4	2.2
EV/Sales	1.5	0.9	1.3	1.4	2.3	2.4	2.3	2.0	1.7
EV/EBITDA	14.4	15.3	13.1	10.9	15.8	15.1	13.4	11.3	9.9
EV/EBIT (adj.)	18.9	15.7	15.7	13.0	19.1	17.6	15.6	13.1	11.3
Payout ratio (%)	73.4 %	neg.	73.1 %	51.2 %	99.5 %	55.7 %	53.2 %	50.0 %	48.5 %
Dividend yield-%	1.9 %	3.3 %	2.4 %	2.6 %	3.5 %	2.0 %	2.2 %	2.4 %	2.6 %

Source: Inderes







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

Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	MEUR	MEUR	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e	2027e	2026e
Metso Corp	12368	13489	15.8	13.7	13.1	11.5	2.4	2.2	20.3	17.4	2.9	3.2	4.2
Kone Oyj	25956	25644	17.4	15.3	14.2	12.6	2.2	2.0	22.9	20.4	3.8	4.1	8.6
Konecranes Abp	6484	6282	10.9	9.7	9.0	8.1	1.5	1.4	15.4	13.4	3.0	3.4	2.8
Siemens Energy AG	130182	121176	25.6	18.3	18.2	14.0	2.8	2.4	34.7	25.1	1.2	1.7	11.0
Abb Ltd	156340	158659	24.8	21.7	22.0	19.5	4.8	4.4	26.7	27.6	1.2	1.3	9.3
Alfa Laval AB	20835	22045	19.4	17.6	16.1	14.8	3.4	3.1	24.5	22.3	1.8	1.9	4.7
Alstom SA	7330	8059	7.7	7.1	4.8	4.6	0.4	0.4	9.3	8.9	0.1	1.2	0.7
Caterpillar Inc	348991	383175	30.6	25.4	26.8	22.0	5.7	5.1	34.9	28.3	0.7	0.8	16.9
GE Vernova	254230	248725	58.3	34.5	45.8	30.2	6.2	5.5	69.7	43.9	0.2	0.2	18.8
Rolls-Royce Holdings PLC	133438	130831	26.7	23.3	22.5	20.0	4.9	4.4	36.2	30.5	0.9	1.1	33.2
Woodward Inc	20410	20956	30.9	27.2	26.5	23.3	5.5	5.1	41.5	36.3	0.3	0.4	8.6
Wartsila (Inderes)	17549	15488	17.6	15.6	15.1	13.4	2.4	2.3	26.9	24.1	2.0	2.2	6.1
Average			24.4	19.4	19.9	16.4	3.6	3.3	30.6	24.9	1.5	1.8	10.8
Median			24.8	18.3	18.2	14.8	3.4	3.1	26.7	25.1	1.2	1.3	8.6
Diff-% to median			-29%	-15%	-17%	-9%	-28%	-27%	1%	-4%	64%	69%	-29%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	6449	1560	1720	1633	2001	6914	1556	1560	1499	1784	6400	6604	7317	8031
Marine	3053	827	862	870	936	3495	820	882	906	1015	3623	3825	4048	4244
Energy	1897	415	529	382	722	2048	465	580	593	769	2408	2779	3269	3787
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	239	301	1029	1129	1287	1407
Depreciation	-131	-42	-66	-2	-62	-172	-41	-44	-40	-43	-169	-165	-177	-175
EBIT (excl. NRI)	714	171	207	195	257	830	199	218	203	262	882	967	1113	1235
EBIT	716	165	186	230	251	833	194	209	199	258	860	964	1110	1232
Marine	364	95	115	105	135	449	104	118	109	130	460	504	534	566
Energy	266	63	75	61	116	315	68	88	90	128	375	460	576	666
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	0	0	21	0	0	0
Net financial items	-28	-2	0	-3	0	-5	-3	-9	-2	-2	-16	4	12	23
PTP	688	163	186	227	251	827	192	200	197	256	845	968	1122	1255
Taxes	-180	-41	-49	-45	-63	-198	-45	-47	-51	-67	-210	-237	-275	-308
Minority interest	-4	-1	-1	-1	-1	-4	-1	-1	-1	-1	-4	-5	-5	-6
Net earnings	504	120	136	181	187	625	146	152	145	189	631	726	842	942
EPS (adj.)	0.86	0.22	0.27	0.25	0.33	1.06	0.26	0.28	0.25	0.33	1.11	1.25	1.44	1.61
EPS (rep.)	0.86	0.20	0.23	0.31	0.32	1.07	0.25	0.26	0.25	0.32	1.08	1.24	1.44	1.61

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	7.2 %	18.0 %	10.6 %	-4.9 %	7.9 %	7.2 %	-0.3 %	-9.3 %	-8.2 %	-10.8 %	-7.4 %	3.2 %	10.8 %	9.8 %
Adjusted EBIT growth-%	43.7 %	29.5 %	17.8 %	10.0 %	12.1 %	16.2 %	16.3 %	5.2 %	4.0 %	2.1 %	6.2 %	9.7 %	15.1 %	11.0 %
EBITDA-%	13.1 %	13.3 %	14.7 %	14.2 %	15.7 %	14.5 %	15.2 %	16.2 %	15.9 %	16.9 %	16.1 %	17.1 %	17.6 %	17.5 %
Adjusted EBIT-%	11.1 %	11.0 %	12.1 %	11.9 %	12.8 %	12.0 %	12.8 %	14.0 %	13.5 %	14.7 %	13.8 %	14.6 %	15.2 %	15.4 %
Net earnings-%	7.8 %	7.7 %	7.9 %	11.1 %	9.4 %	9.0 %	9.4 %	9.8 %	9.6 %	10.6 %	9.9 %	11.0 %	11.5 %	11.7 %

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
Non-current assets	2580	2490	2508	2534	2551
Goodwill	1299	1214	1214	1214	1214
Intangible assets	446	413	386	367	348
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	5316	5508	6393
Inventories	1483	1440	1318	1374	1536
Other current assets	187	205	0	0	0
Receivables	1890	1750	1601	1660	1847
Cash and equivalents	1554	2590	2397	2475	3009
Balance sheet total	7694	8475	7825	8042	8943

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	2532	2884	2883	3265	3731
Share capital	336	336	336	336	336
Retained earnings	2337	2695	2694	3076	3542
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	1021	791	796
Deferred tax liabilities	141	174	174	174	174
Provisions	433	328	328	328	328
Interest bearing debt	624	503	240	10	15
Convertibles	0	0	0	0	0
Other long term liabilities	121	279	279	279	279
Current liabilities	3843	4307	3920	3986	4417
Interest bearing debt	142	79	60	2	3
Payables	3556	3825	3860	3984	4414
Other current liabilities	145	403	0	0	0
Balance sheet total	7694	8475	7825	8042	8943

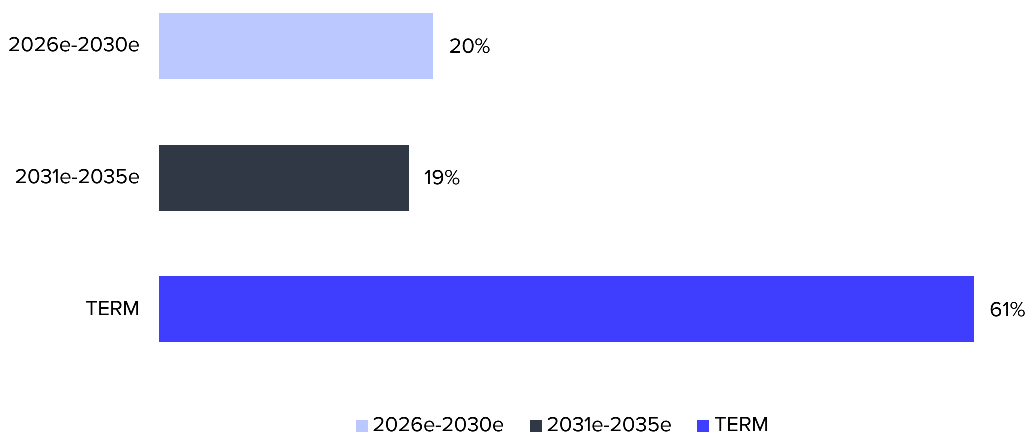
DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	7.2 %	-7.4 %	3.2 %	10.8 %	9.8 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	12.0 %	13.4 %	14.6 %	15.2 %	15.3 %	15.5 %	15.7 %	15.9 %	15.9 %	14.0 %	14.0 %	14.0 %
EBIT (operating profit)	833	860	964	1110	1232	1310	1394	1482	1556	1435	1471	
+ Depreciation	172	169	165	177	175	168	167	168	168	169	170	
- Paid taxes	-189	-210	-237	-275	-308	-330	-353	-376	-396	-368	-378	
- Tax, financial expenses	-5	-10	-5	-4	-2	-1	0	0	0	0	0	
+ Tax, financial income	4	6	6	7	8	10	11	13	15	16	18	
- Change in working capital	692	108	9	79	91	46	48	50	51	53	34	
Operating cash flow	1506	924	902	1094	1196	1204	1267	1336	1394	1306	1315	
+ 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	-174	
Free operating cash flow	1505	737	712	900	1037	1041	1100	1164	1222	1133	1141	
+/- Other	0	-10	6	10	11	11	11	11	11	11	11	
FCFF	1505	727	718	910	1048	1053	1112	1176	1234	1144	1152	22215
Discounted FCFF		703	644	757	809	753	738	724	704	606	566	10913
Sum of FCFF present value		17917	17214	16570	15813	15004	14251	13513	12789	12085	11478	10913
Enterprise value DCF		17917										
- Interest bearing debt		-582										
+ Cash and cash equivalents		2590										
+ Associated companies		0										
-Minorities		-37										
-Dividend/capital return		-622										
Equity value DCF		19267										
Equity value DCF per share		32.9										

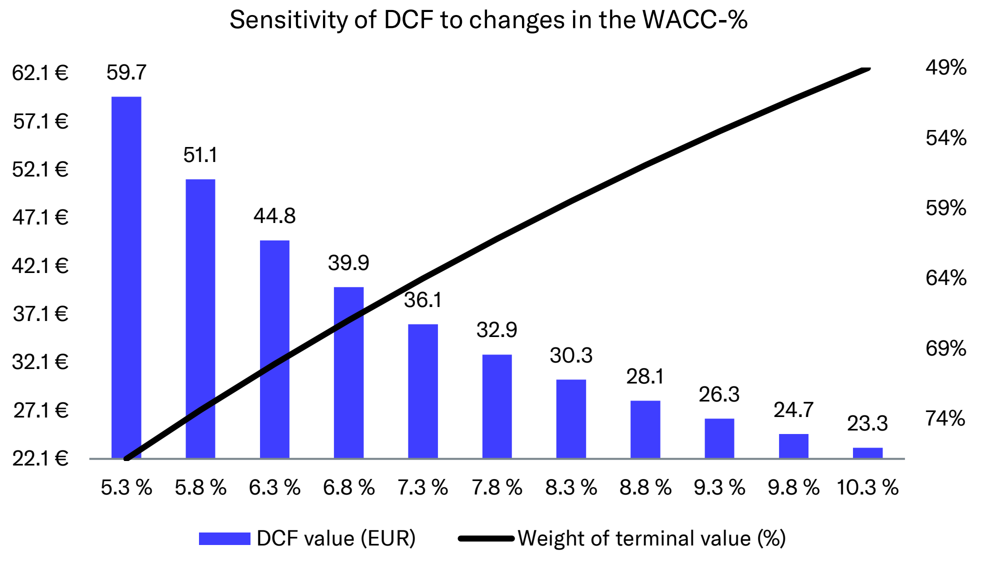
WACC	
Tax-% (WACC)	26.0 %
Target debt ratio (D/(D+E)	10.0 %
Cost of debt	3.0 %
Equity Beta	1.25
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	8.4 %
Weighted average cost of capital (WACC)	7.8 %

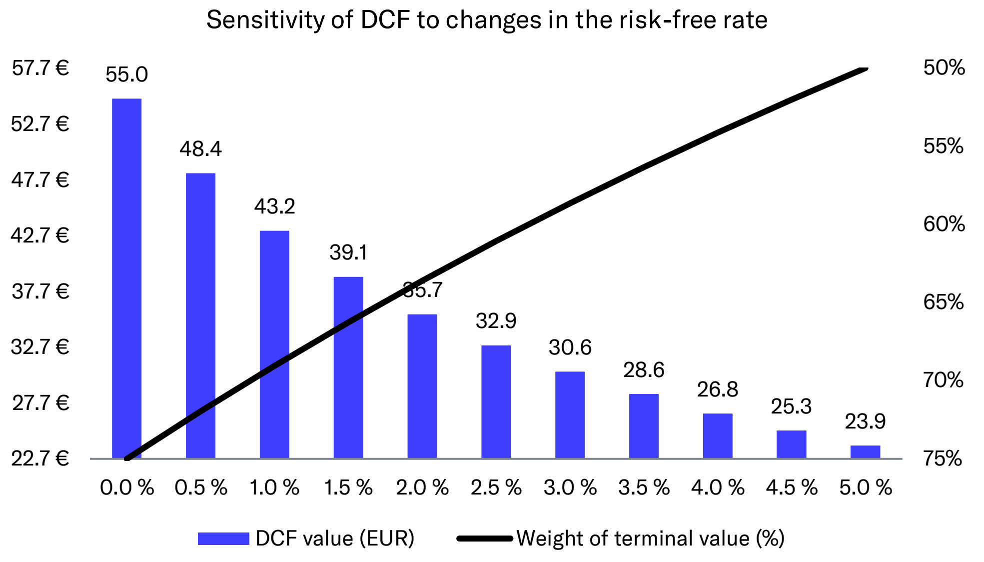
Source: Inderes

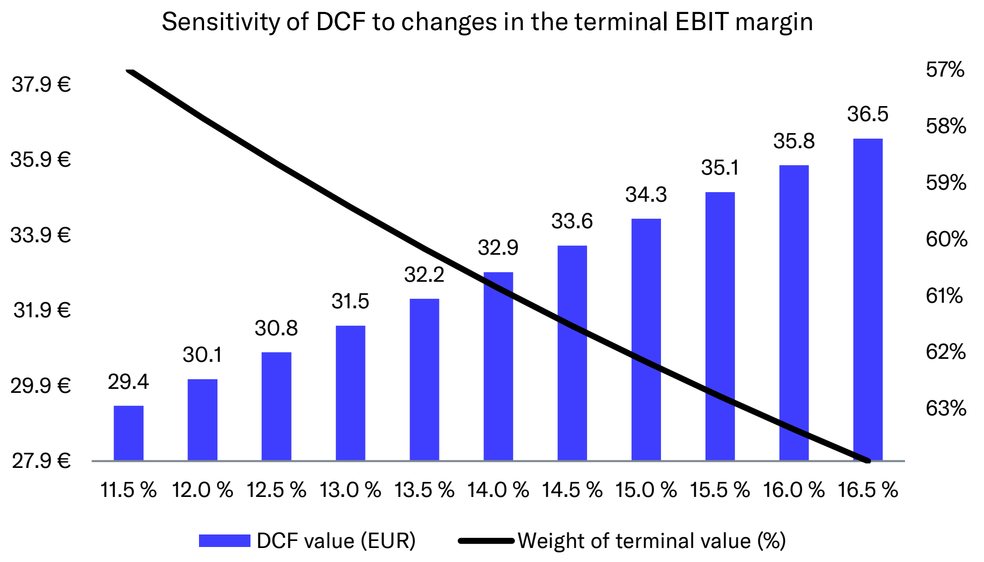
Cash flow distribution

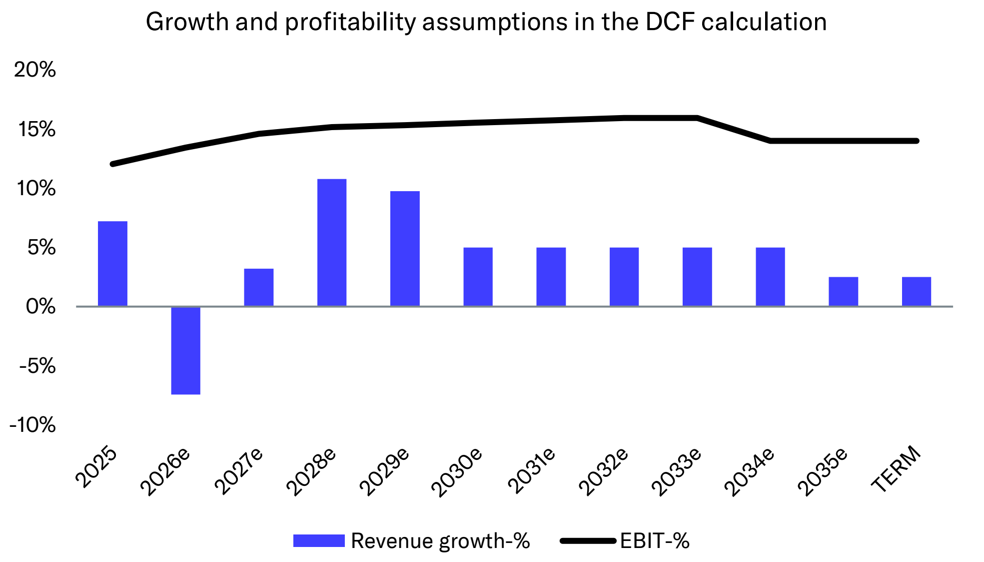


DCF sensitivity calculations and key assumptions in graphs









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

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	6015.0	6449.0	6914.1	6399.6	6604.2
EBITDA	595.0	846.8	1005.2	1028.8	1129.4
EBIT	402.0	716.1	832.8	860.3	964.0
PTP	365.0	688.1	827.4	844.6	968.3
Net Income	258.0	503.8	625.0	621.1	732.5
Extraordinary items	-95.0	2.0	2.8	-21.5	-3.0

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	6803.0	7694.0	8475.0	7824.5	8041.7
Equity capital	2233.0	2532.0	2884.0	2883.5	3264.9
Goodwill	1273.0	1299.0	1214.0	1214.0	1214.0
Net debt	42.0	-788.0	-2008.0	-2097.5	-2462.8

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	595.0	846.8	1005.2	1028.8	1129.4
Change in working capital	304.0	529.0	692.0	108.4	9.0
Operating cash flow	783.4	1297.5	1506.5	923.6	902.2
CAPEX	-168.0	-186.7	-54.4	-186.9	-190.6
Free cash flow	662.4	1067.9	1505.1	727.0	717.7

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	1.3	1.4	2.3	2.4	2.3
EV/EBITDA	13.1	10.9	15.8	15.1	13.4
EV/EBIT (adj.)	15.7	13.0	19.1	17.6	15.6
P/E (adj.)	23.6	20.0	28.7	26.9	24.1
P/B	3.5	4.0	6.2	6.1	5.4
Dividend-%	2.4 %	2.6 %	3.5 %	2.0 %	2.2 %

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	0.44	0.86	1.07	1.08	1.24
EPS (adj.)	0.56	0.86	1.06	1.11	1.25
OCF / share	1.33	2.21	2.57	1.58	1.54
OFCF / share	1.12	1.82	2.57	1.24	1.23
Book value / share	3.78	4.31	4.91	4.92	5.57
Dividend / share	0.32	0.44	1.06	0.60	0.66

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	3%	7%	7%	-7%	3%
EBITDA growth-%	148%	42%	19%	2%	10%
EBIT (adj.) growth-%	52%	44%	16%	6%	10%
EPS (adj.) growth-%	17%	54%	24%	5%	12%
EBITDA-%	9.9 %	13.1 %	14.5 %	16.1 %	17.1 %
EBIT (adj.)-%	8.3 %	11.1 %	12.0 %	13.8 %	14.6 %
EBIT-%	6.7 %	11.1 %	12.0 %	13.4 %	14.6 %
ROE-%	11.8 %	21.2 %	23.1 %	21.9 %	23.7 %
ROI-%	13.2 %	22.7 %	25.1 %	26.6 %	30.6 %
Equity ratio	36.2 %	36.1 %	37.2 %	40.3 %	44.4 %
Gearing	1.9 %	-31.1 %	-69.6 %	-72.7 %	-75.4 %
Net debt/EBITDA	0.1	-0.9	-2.0	-2.0	-2.2
EBITDA/net financials	16.1	30.2	186.1	65.5	-259.0

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.

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.

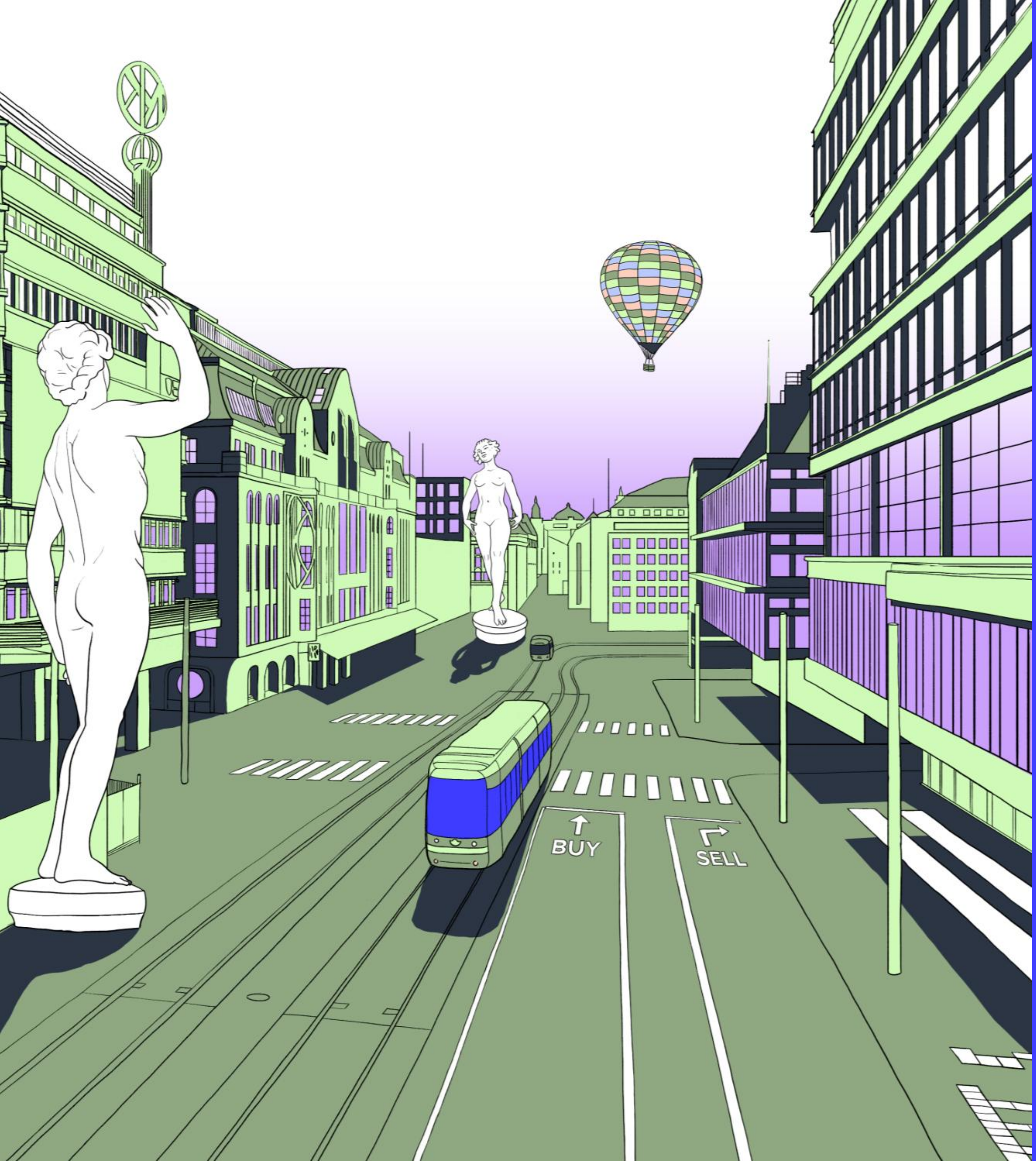
The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows 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 €



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

inderes.