

WARTSILA

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COMPANY REPORT



Valuation causes friction in roaring order engines

Wärtsilä's Q1 report exceeded market expectations in terms of orders, and we believe the company's outlook remains favorable. Although we made minor revisions to our operational estimates for the coming years, our estimates for the latter half of the decade were supported by Energy's data center orders and strong demand outlook. While we believe the company's near-term outlook is excellent, the current share price implies that this will continue further into the future than we expect. Due to high expectations, we still view the risk-adjusted expected return as very weak and reiterate our Sell recommendation but raise our target price to EUR 32.5 (was EUR 4.7) in line with the changes in the estimates.

Earnings and orders above market expectations

Wärtsilä's Q1 revenue remained flat year-on-year and was slightly below expectations due to a decrease in Marine and Energy service revenues. Despite the equipment-heavy revenue, the company's margin development exceeded expectations. However, the strong performance of the Portfolio businesses was behind the beat. Marine's margin development was slightly better than expected, while Energy's was slightly lower. Meanwhile, the combined order intake for Marine and Energy grew by 28% y/y, clearly exceeding our estimates (+17% y/y) and consensus estimates (+15% y/y). Orders were boosted by Energy's record-breaking orders driven by equipment. Wärtsilä noted that the segment's sales pipeline for data centers remains strong but volatile. At the other end of the spectrum, orders for Energy Storage remained very low.

Forecasts on the rise toward the end of the decade

Wärtsilä's outlook remained unchanged from the Q4 report. The company expects the demand environment for Energy and Energy Storage to improve over the next 12 months, while the demand environment for Marine is expected to remain similar to that of the comparison period. This outlook was well in line with our expectations, and we anticipate favorable market conditions to

continue for Marine and Energy. So far, the situation in the Middle East has had minimal impact on the company, in our view, but if the situation drags on, it would naturally affect Wärtsilä through inflation and likely slower economic growth.

We made only minor adjustments to our Marine and Energy Storage forecasts but significantly raised our Energy order forecasts for this year, supported by the data center orders announced in Q2. Given the continued favorable outlook for demand, we have also raised our order forecasts for the coming years. Due to long delivery times, these changes will only more clearly reflect in our operational estimates for 2028–29. However, we still expect the strong tailwind provided by data centers to gradually subside in the coming years, albeit from higher levels than before. Nevertheless, we expect the current market to drive the company's growth to a high level this decade (cf. the combined average growth rate of 10% for Marine and Energy in 2026–30).

Valuation requires continued surge in orders

Based on our 2026 forecasts, we believe the stock is highly valued (EV/EBIT 21x), but this is justified by the extremely strong outlook for demand and orders. However, given the strong order book and demand outlook, the visibility of Wärtsilä's growth in the coming years is on a solid footing (EBIT growth 2026–28: ~10–12% annually), and for this reason, we believe it is justified to look further ahead in terms of valuation. Given the earnings growth, we believe the valuation appears reasonable for the years 2028–2029 (EV/EBIT 14x–16x). Conversely, if the current data center-driven demand were to cool off in the medium term and the rest of the market were unable to make up for this, Energy's new equipment sales could take a hit in terms of both volume and margins. In this scenario, earnings growth could halt at the turn of the decade, and the multiples could prove expensive. Our current forecasts also factor in a clear improvement in the profitability of new equipment sales, yet our longer-term DCF model, for example, still comes in at around our target price.

Recommendation

Sell

(was Sell)

Target price:

EUR 32.50

(was EUR 30.00)

Share price:

EUR 35.91

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	6914	6992	7509	8418
growth-%	7%	1%	7%	12%
EBIT adj.	830	919	1014	1141
EBIT-% adj.	12.0 %	13.1 %	13.5 %	13.6 %
Net Income	625	662	764	865
EPS (adj.)	1.06	1.16	1.31	1.48
P/E (adj.)	28.7	31.0	27.4	24.2
P/B	6.2	7.2	6.3	5.5
Dividend yield-%	3.5 %	1.7 %	1.8 %	2.0 %
EV/EBIT (adj.)	19.1	20.7	18.4	15.9
EV/EBITDA	15.8	17.9	15.8	13.7
EV/S	2.3	2.7	2.5	2.1

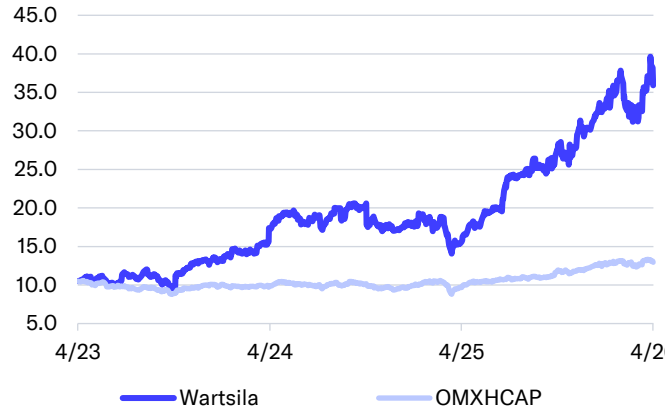
Source: Inderes

Guidance

(New guidance)

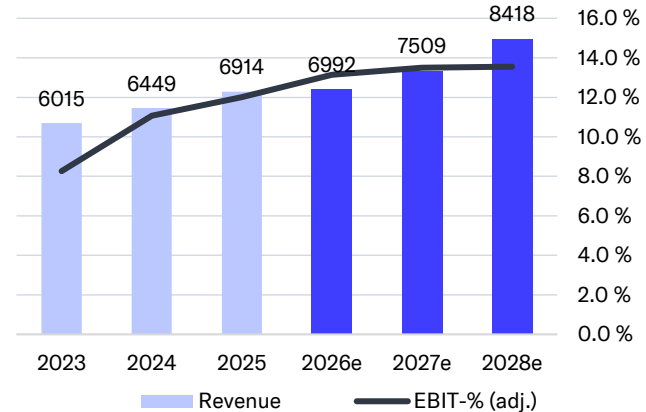
Wärtsilä expects that the demand environment for Energy and Energy Storage for the next 12 months will be better than in the comparison period. Marine's demand environment is estimated to be similar to that of the comparison period.

Share price



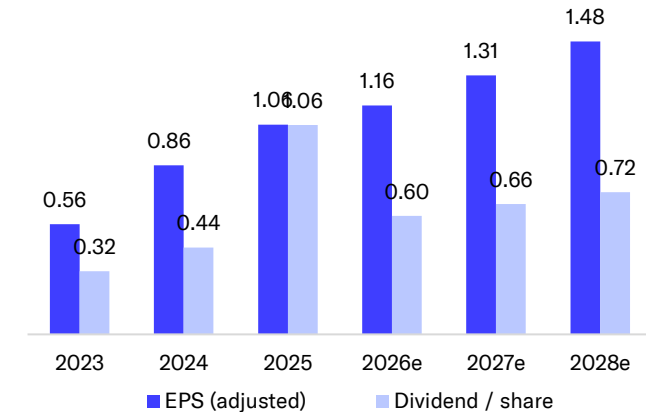
Source: Millistream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and 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

- Cyclical nature 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	35.9	35.9	35.9
Number of shares, millions	585.2	585.2	585.2
Market cap	21013	21013	21013
EV	19059	18629	18086
P/E (adj.)	31.0	27.4	24.2
P/E	31.7	27.5	24.3
P/B	7.2	6.3	5.5
P/S	3.0	2.8	2.5
EV/Sales	2.7	2.5	2.1
EV/EBITDA	17.9	15.8	13.7
EV/EBIT (adj.)	20.7	18.4	15.9
Payout ratio (%)	53.0 %	50.5 %	48.7 %
Dividend yield-%	1.7 %	1.8 %	2.0 %

Source: Inderes

Market expectations exceeded in terms of orders and earnings

Strong organic growth, profitability at a good level

Wärtsilä's revenue remained at the comparison period's level and fell slightly short of expectations. However, organic growth accumulated to 8% (adjusted for divestments and currencies). The forecast miss was due to Marine and Energy, both of which are key to earnings growth, with their combined revenue growing by 3% (Inderes estimate +13% y/y, consensus +12% y/y). Progress was held back by decreased service revenues in the segments, which also resulted in services accounting for a smaller share of the group's revenue than expected. In contrast, the Portfolio business developed much faster than expected.

Result slightly above expectations

Despite lower-than-expected and more equipment-weighted revenue, adjusted EBIT was at a good level and slightly exceeded expectations. According to the company, the result was driven by the strong development of all business units. However, the outperformance of forecasts was heavily

driven by the strong progress of the Portfolio business. Energy Storage also slightly surpassed expectations. Meanwhile, Marine's margin performance exceeded consensus expectations, while Energy's was slightly lower.

Orders grew by double digits

Wärtsilä's order intake in Q1 grew by 10% to 2,099 MEUR, which was right in line with our estimate and exceeded the consensus estimate. Organic order growth was as high as 22%. The order intake for Marine and Energy grew by as much as 28% (34% organic growth), supported by the strongest order development in Energy's history. The combined order growth of the segments also clearly exceeded both our estimates (+17% y/y) and the consensus (+15% y/y), driven by equipment orders, particularly in Energy. As expected, the segment's order growth was supported by a data center order from the US in Q1, but development outside of this order was also faster than anticipated. The value of Energy's orders was roughly on par with the comparison period at 0.60 MEUR/MW (Q1'25:

0.63 MEUR/MW), though lower than last year's average (2025: 0.70 MEUR/MW). The company noted that the sales pipeline for data centers is strong but volatile. It also noted that potential data center orders are on a growth trajectory in terms of MW. The outlook for Energy demand currently appears to be very good in other respects as well.

At the other extreme, Energy Storage orders remained very low due to headwinds from US tariff increases, regulatory changes, and intensified competition in other markets. According to the company, the low order intake in the business will continue to put significant pressure on the profitability of its operations going forward.

Cash flow remained low, but balance sheet was rock-solid

In Q1, Wärtsilä's cash flow from operating activities stood at 7 MEUR (Q1'25: 190 MEUR), as working capital rose from the extreme low of Q4'25. However, Wärtsilä expects net working capital to stay negative in the coming years. Its balance sheet stayed rock-solid with net cash of 1.6 BEUR.

Estimates MEUR / EUR	Q1'25	Q1'26	Q1'26e	Q1'26e	Consensus		Difference (%)	2026e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	1560	1556	1611	1603	1445	- 1709	-3%	6992
Order intake	1902	2099	2098	1993	1801	- 2101	0%	7861
EBIT (adj.)	171	199	190	194	181	- 209	5%	919
EBIT	165	194	185	193	177	- 209	5%	902
PTP	164	192	183	193	177	- 211	5%	894
EPS (reported)	0.21	0.25	0.23	0.24	0.22	- 0.28	9%	1.13
Revenue growth-%	18.0 %	-0.3 %	3.3 %	2.8 %	-7.4 %	- 9.5 %	-3.5 pp	1.1 %
EBIT-% (adj.)	11.0 %	12.8 %	11.8 %	12.1 %	12.5 %	- 12.2 %	1 pp	13.1 %

Source: Inderes & Vara Research (consensus)

Wärtsilä Q1'26: Strong order development (in English)



Longer-term estimates up

Market outlook unchanged

- Wärtsilä provides guidance on the demand environment for the next 12 months relative to the previous 12-month period. The company reiterated its previous outlook and expects the demand environment for Energy and Energy Storage to improve over the next 12 months, while the demand environment for Marine is expected to remain similar to that of the comparison period. However, the company continues to point out that geopolitical uncertainty impacts Energy Storage in particular. As a whole, the outlook was in line with our expectations, and we anticipate favorable market conditions to continue for Marine and Energy.
- We made only minor adjustments to our forecasts for Marine and Energy Storage in connection with the report. We expect the order intake for Energy Storage to improve already in Q2. If the order intake remains sluggish, there would be downward pressure on forecasts because the company noted that Energy Storage will begin operating at a loss in H2 if its order intake does not improve significantly. Nevertheless, this is expected to have only a limited impact on the group's figures.
- We significantly increased our equipment order forecasts for Energy, especially for Q2 of this year, based on announced data center orders. In light of the positive market commentary, we also raised our order forecasts for the coming years. Due to long delivery times, these changes will only more clearly reflect in our operational estimates for 2028–29.
- We removed the Portfolio business forecasts from Q4'26 onwards in line with the divestitures expected to be completed in Q3

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	7083	6992	-1%	7649	7509	-2%	8195	8418	3%
EBITDA	1055	1066	1%	1185	1178	-1%	1279	1316	3%
EBIT (excl. NRIs)	911	919	1%	1023	1014	-1%	1104	1141	3%
EBIT	894	902	1%	1019	1011	-1%	1101	1138	3%
PTP	886	894	1%	1027	1018	-1%	1116	1153	3%
EPS (excl. NRIs)	1.14	1.16	1%	1.32	1.31	-1%	1.44	1.48	3%
DPS	0.60	0.60	0%	0.66	0.66	0%	0.72	0.72	0%

Source: Inderes

Wärtsilä, Webcast, Q1'26



Valuation requires continued surge in orders

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 (2025 ROI: 26.2%), which, combined with growth, allows for significant value creation.

If demand moderates, there would be a downside in the share

Based on our 2026 forecasts, we believe the stock is expensive (EV/EBIT 21x), but this is in part justified by the extremely strong outlook for demand and orders. We have included in our forecasts for 2027–29 strong deliveries of new equipment with high profitability – thanks to data center orders. If the current significant data center-driven demand were to cool off in the medium term and the rest of the market were unable to make up for this, Energy's new equipment sales could take a hit in terms of both volume and margins. In this scenario, earnings growth could stagnate or even decline around the turn of the decade. After that, for example, EV/EBIT multiples of 14-16x, which seem reasonable for 2028-2029, could turn out to be expensive. Additionally, we consider it likely that competing energy solution providers, such as gas turbine manufacturers, will increase

their production capacity in the long term, which could negatively impact market dynamics. In a positive scenario, Wärtsilä succeeds in convincing US customers of the excellence of its engine technology, thereby strengthening the company's position in the US more permanently.

The company's EV/EBIT multiples are slightly below the peer group median (9%). Just a year ago, the company was valued approximately 40% below its peers' median. There is strong variation in valuation multiples within the peer group, and we consider the group's median level to be high.

DCF approximately at our target price level

The fair value of Wärtsilä's share in our cash flow model is EUR 32.8, 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 assume that the EBIT margin for the terminal period will be slightly higher than the current level, reaching 13% (2025: 12 %) and that the weighted average cost of capital (WACC) will be 7.8%. Our medium-term forecasts exceed the targets set by the company for Marine and Energy.

To justify the current price, the long-term EBIT margin would need to be raised to as much as 15% in the model, which would significantly exceed the level set in the company's financial targets (14% for Marine and Energy, 3-5% for Energy Storage). Under the current assumptions, the ROI will rise to 30% in the medium term (2028-29e) and fall to 17% for the terminal period, which we believe is quite high, even for a global industrial technology company like Wärtsilä. Overall, we view the company's outlook for the next few years as excellent, but we believe the current stock price incorporates expectations for continued growth well into the future.

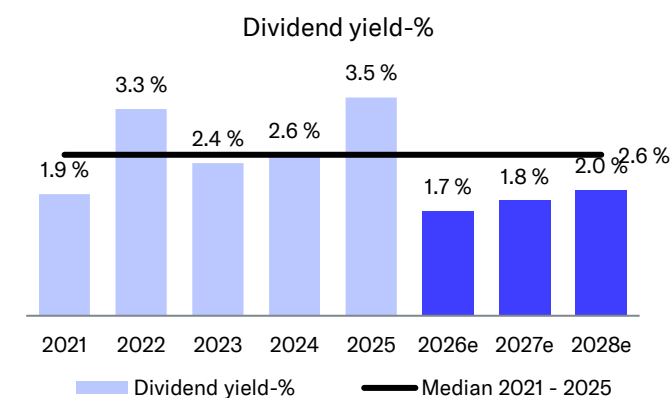
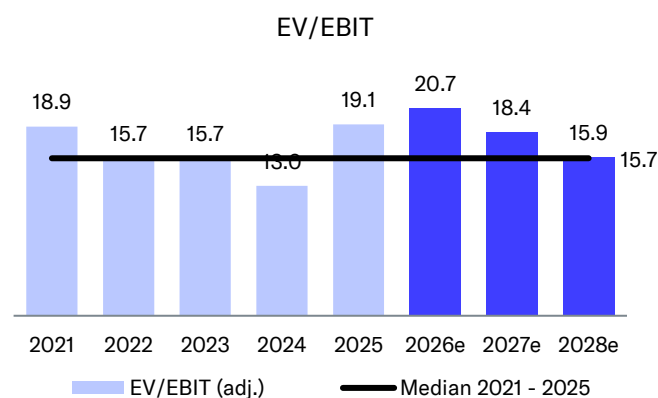
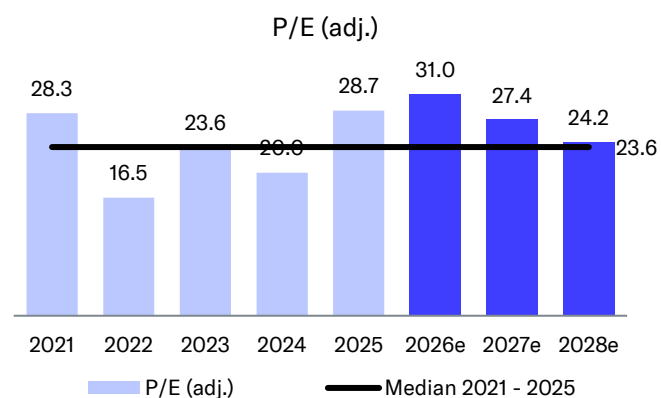
Valuation	2026e	2027e	2028e
Share price	35.9	35.9	35.9
Number of shares, millions	585.2	585.2	585.2
Market cap	21013	21013	21013
EV	19059	18629	18086
P/E (adj.)	31.0	27.4	24.2
P/E	31.7	27.5	24.3
P/B	7.2	6.3	5.5
P/S	3.0	2.8	2.5
EV/Sales	2.7	2.5	2.1
EV/EBITDA	17.9	15.8	13.7
EV/EBIT (adj.)	20.7	18.4	15.9
Payout ratio (%)	53.0 %	50.5 %	48.7 %
Dividend yield-%	1.7 %	1.8 %	2.0 %

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	35.9	35.9	35.9	35.9
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	21013	21013	21013	21013
EV	7326	5158	7804	9270	15857	19059	18629	18086	17483
P/E (adj.)	28.3	16.5	23.6	20.0	28.7	31.0	27.4	24.2	22.2
P/E	37.8	neg.	30.0	19.9	28.5	31.7	27.5	24.3	22.3
P/B	3.2	2.2	3.5	4.0	6.2	7.2	6.3	5.5	4.9
P/S	1.5	0.8	1.3	1.6	2.6	3.0	2.8	2.5	2.3
EV/Sales	1.5	0.9	1.3	1.4	2.3	2.7	2.5	2.1	1.9
EV/EBITDA	14.4	15.3	13.1	10.9	15.8	17.9	15.8	13.7	12.4
EV/EBIT (adj.)	18.9	15.7	15.7	13.0	19.1	20.7	18.4	15.9	14.2
Payout ratio (%)	73.4 %	neg.	73.1 %	51.2 %	99.5 %	53.0 %	50.5 %	48.7 %	48.4 %
Dividend yield-%	1.9 %	3.3 %	2.4 %	2.6 %	3.5 %	1.7 %	1.8 %	2.0 %	2.2 %

Source: Inderes



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	12385	13506	15.8	13.7	13.0	11.5	2.4	2.2	20.3	17.5	2.8	3.2	4.2
Kone Oyj	30133	29303	19.8	17.8	16.2	14.8	2.5	2.4	26.1	23.4	3.4	3.7	9.8
Konecranes Abp	7330	7145	12.1	10.8	10.0	9.1	1.6	1.5	16.8	14.8	2.6	2.8	3.1
Siemens Energy AG	154103	145179	32.3	22.8	22.5	17.4	3.3	2.9	42.6	31.4	1.0	1.4	12.3
Abb Ltd	153748	155994	24.8	23.1	22.3	20.9	5.0	4.6	28.6	29.7	1.2	1.2	9.5
Alfa Laval AB	20684	21922	18.9	17.5	15.8	14.6	3.3	3.1	24.1	22.2	1.8	1.9	4.6
Alstom SA	7540	8222	8.2	7.0	5.0	4.6	0.4	0.4	9.9	8.7	0.3	1.9	0.7
Caterpillar Inc	328592	357010	31.0	26.2	26.9	22.8	5.7	5.2	36.1	29.6	0.8	0.8	17.6
GE Vernova	256507	251182	62.8	36.6	49.0	32.5	6.5	5.7	64.8	47.3	0.2	0.2	20.2
Rolls-Royce Holdings PLC	109592	107036	22.7	20.1	19.3	17.3	4.1	3.8	30.7	26.2	1.1	1.3	28.7
Woodward Inc	18624	18994	30.9	26.9	26.1	22.8	5.4	4.9	41.9	35.7	0.3	0.4	8.1
Wartsila (Inderes)	21013	19059	20.7	18.4	17.9	15.8	2.7	2.5	31.0	27.4	1.7	1.8	7.2
Average			25.4	20.2	20.5	17.1	3.7	3.3	31.1	26.0	1.4	1.7	10.8
Median			22.7	20.1	19.3	17.3	3.3	3.1	28.6	26.2	1.1	1.4	9.5
Diff-% to median			-9%	-8%	-7%	-9%	-18%	-19%	8%	5%	56%	30%	-24%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	6449	1560	1720	1633	2001	6914	1556	1708	1662	2066	6992	7509	8418	9081
Marine	3053	827	862	870	936	3495	820	931	937	1084	3772	3929	4171	4320
Energy	1897	415	529	382	722	2048	465	571	577	831	2443	2974	3567	4000
Energy Storage	793	128	125	235	206	694	110	133	134	151	528	607	680	761
Portfolio Business	706	190	204	146	137	677	161	74	15	0	249	0	0	0
EBITDA	847	207	252	232	314	1005	236	259	251	321	1066	1178	1316	1408
Depreciation	-131	-42	-66	-2	-62	-172	-41	-39	-40	-43	-163	-167	-178	-176
EBIT (excl. NRI)	714	171	207	195	257	830	199	224	215	282	919	1014	1141	1235
EBIT	716	165	186	230	251	833	194	220	211	278	902	1011	1138	1232
Marine	364	95	115	105	135	449	104	124	117	134	478	515	546	570
Energy	266	63	75	61	116	315	68	87	88	137	380	473	564	631
Energy Storage	33	-5	3	16	9	23	4	4	5	7	20	24	28	31
Portfolio Business	52	12	-6	49	-8	46	18	5	1	0	24	0	0	0
Net financial items	-28	-2	0	-3	0	-5	-3	-2	-2	-2	-9	7	15	24
PTP	688	163	186	227	251	827	192	218	209	276	894	1018	1153	1256
Taxes	-180	-41	-49	-45	-63	-198	-45	-57	-54	-72	-227	-250	-282	-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	160	153	203	662	764	865	942
EPS (adj.)	0.86	0.22	0.27	0.25	0.33	1.06	0.26	0.28	0.27	0.35	1.16	1.31	1.48	1.62
EPS (rep.)	0.86	0.20	0.23	0.31	0.32	1.07	0.25	0.27	0.26	0.35	1.13	1.31	1.48	1.61

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	7.2 %	18.0 %	10.6 %	-4.9 %	7.9 %	7.2 %	-0.3 %	-0.7 %	1.8 %	3.3 %	1.1 %	7.4 %	12.1 %	7.9 %
Adjusted EBIT growth-%	43.7 %	29.5 %	17.8 %	10.0 %	12.1 %	16.2 %	16.3 %	7.8 %	10.1 %	9.7 %	10.7 %	10.4 %	12.5 %	8.3 %
EBITDA-%	13.1 %	13.3 %	14.7 %	14.2 %	15.7 %	14.5 %	15.2 %	15.1 %	15.1 %	15.5 %	15.2 %	15.7 %	15.6 %	15.5 %
Adjusted EBIT-%	11.1 %	11.0 %	12.1 %	11.9 %	12.8 %	12.0 %	12.8 %	13.1 %	12.9 %	13.6 %	13.1 %	13.5 %	13.6 %	13.6 %
Net earnings-%	7.8 %	7.7 %	7.9 %	11.1 %	9.4 %	9.0 %	9.4 %	9.4 %	9.2 %	9.8 %	9.5 %	10.2 %	10.3 %	10.4 %

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	2580	2490	2514	2537	2553
Goodwill	1299	1214	1214	1214	1214
Intangible assets	446	413	391	371	350
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	5822	6277	7064
Inventories	1483	1440	1454	1577	1785
Other current assets	187	205	0	0	0
Receivables	1890	1750	1749	1887	2126
Cash and equivalents	1554	2590	2619	2813	3153
Balance sheet total	7694	8475	8336	8814	9617

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	2532	2884	2924	3338	3817
Share capital	336	336	336	336	336
Retained earnings	2337	2695	2735	3149	3628
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	1279	1094	937
Deferred tax liabilities	141	174	174	174	174
Provisions	433	328	328	328	328
Interest bearing debt	624	503	498	313	156
Convertibles	0	0	0	0	0
Other long term liabilities	121	279	279	279	279
Current liabilities	3843	4307	4132	4382	4864
Interest bearing debt	142	79	124	78	38
Payables	3556	3825	4008	4305	4825
Other current liabilities	145	403	0	0	0
Balance sheet total	7694	8475	8336	8814	9617

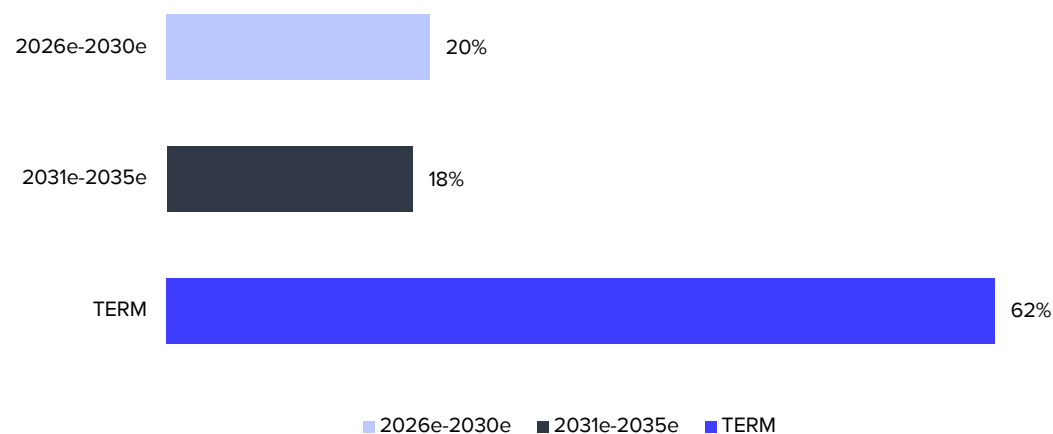
DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	7.2 %	1.1 %	7.4 %	12.1 %	7.9 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %	2.5 %
EBIT-%	12.0 %	12.9 %	13.5 %	13.5 %	13.6 %	13.8 %	14.0 %	14.2 %	14.2 %	13.0 %	13.0 %	13.0 %
EBIT (operating profit)	833	902	1011	1138	1232	1313	1399	1489	1564	1507	1544	
+ Depreciation	172	163	167	178	176	168	167	168	168	169	170	
- Paid taxes	-189	-227	-250	-282	-308	-330	-354	-378	-399	-388	-401	
- Tax, financial expenses	-5	-9	-5	-4	-2	-1	0	0	0	0	0	
+ Tax, financial income	4	7	7	7	8	10	11	13	16	19	22	
- Change in working capital	692	-28	36	75	61	37	39	40	41	43	29	
Operating cash flow	1506	808	966	1112	1167	1197	1262	1332	1390	1349	1365	
+ 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	-177	
Free operating cash flow	1505	621	776	918	1008	1035	1095	1161	1218	1176	1188	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	1505	621	776	918	1008	1035	1095	1161	1218	1176	1188	22916
Discounted FCFF		590	684	750	765	728	715	702	684	612	574	11064
Sum of FCFF present value		17867	17276	16593	15842	15078	14350	13636	12933	12250	11637	11064
Enterprise value DCF		17867										
- Interest bearing debt		-582										
+ Cash and cash equivalents		2590										
+ Associated companies		0										
-Minorities		-43										
-Dividend/capital return		-622										
Equity value DCF		19210										
Equity value DCF per share		32.8										

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 %

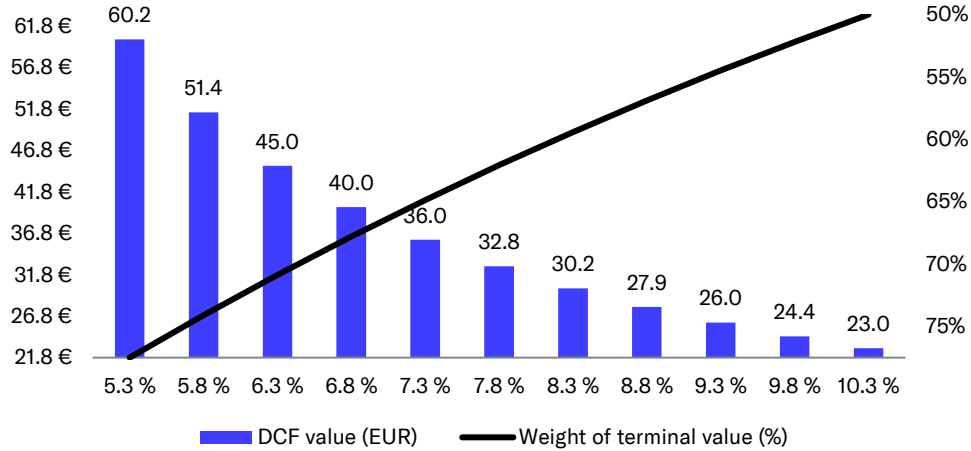
Source: Inderes

Cash flow distribution

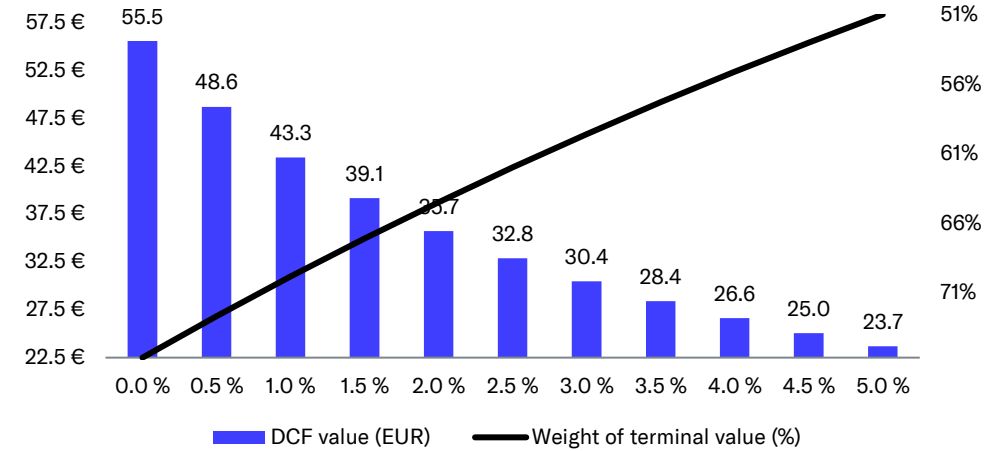


DCF sensitivity calculations and key assumptions in graphs

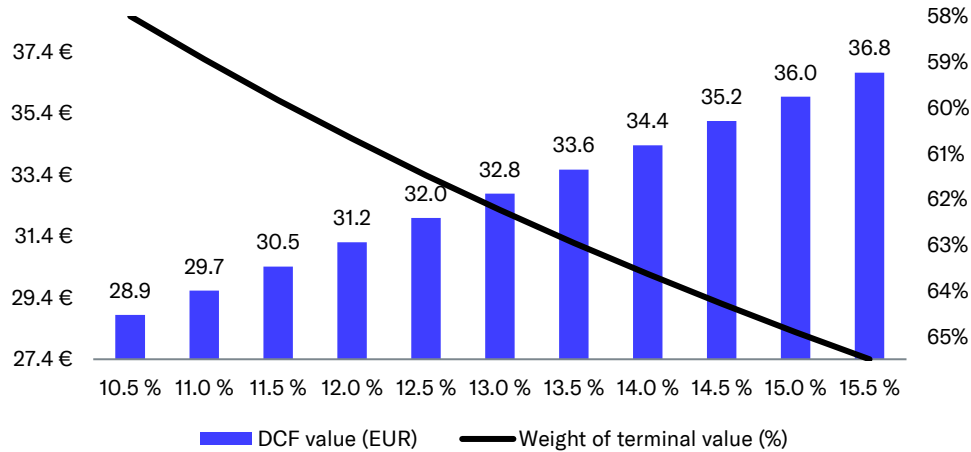
Sensitivity of DCF to changes in the WACC-%



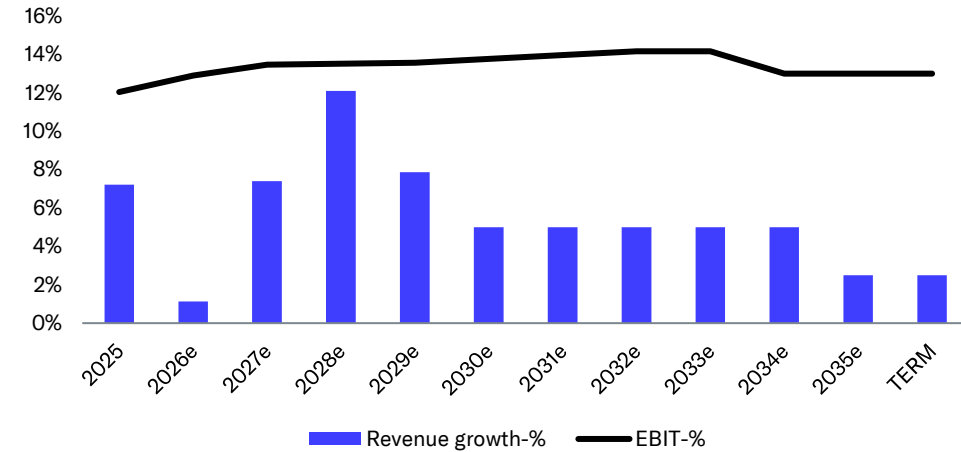
Sensitivity of DCF to changes in the risk-free rate



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	6991.8	7509.4	EPS (reported)	0.44	0.86	1.07	1.13	1.31
EBITDA	595.0	846.8	1005.2	1065.6	1178.4	EPS (adj.)	0.56	0.86	1.06	1.16	1.31
EBIT	402.0	716.1	832.8	902.2	1011.3	OCF / share	1.33	2.21	2.57	1.38	1.65
PTP	365.0	688.1	827.4	893.5	1018.5	OFCF / share	1.12	1.82	2.57	1.06	1.33
Net Income	258.0	503.8	625.0	662.0	764.3	Book value / share	3.78	4.31	4.91	4.99	5.69
Extraordinary items	-95.0	2.0	2.8	-16.4	-3.0	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	8335.6	8814.3	Revenue growth-%	3%	7%	7%	1%	7%
Equity capital	2233.0	2532.0	2884.0	2924.4	3337.7	EBITDA growth-%	148%	42%	19%	6%	11%
Goodwill	1273.0	1299.0	1214.0	1214.0	1214.0	EBIT (adj.) growth-%	52%	44%	16%	11%	10%
Net debt	42.0	-788.0	-2008.0	-1996.7	-2421.9	EPS (adj.) growth-%	17%	54%	24%	9%	13%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	9.9 %	13.1 %	14.5 %	15.2 %	15.7 %
EBITDA	595.0	846.8	1005.2	1065.6	1178.4	EBIT (adj.)-%	8.3 %	11.1 %	12.0 %	13.1 %	13.5 %
Change in working capital	304.0	529.0	692.0	-28.2	35.6	EBIT-%	6.7 %	11.1 %	12.0 %	12.9 %	13.5 %
Operating cash flow	783.4	1297.5	1506.5	807.7	966.1	ROE-%	11.8 %	21.2 %	23.1 %	22.8 %	24.5 %
CAPEX	-168.0	-186.7	-54.4	-186.9	-190.6	ROI-%	13.2 %	22.7 %	25.1 %	26.5 %	28.5 %
Free cash flow	662.4	1067.9	1505.1	620.8	775.5	Equity ratio	36.2 %	36.1 %	37.2 %	38.5 %	41.6 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	1.9 %	-31.1 %	-69.6 %	-68.3 %	-72.6 %
EV/S	1.3	1.4	2.3	2.7	2.5	Net debt/EBITDA	0.1	-0.9	-2.0	-1.9	-2.1
EV/EBITDA	13.1	10.9	15.8	17.9	15.8	EBITDA/net financials	16.1	30.2	186.1	122.5	-164.6
EV/EBIT (adj.)	15.7	13.0	19.1	20.7	18.4						
P/E (adj.)	23.6	20.0	28.7	31.0	27.4						
P/B	3.5	4.0	6.2	7.2	6.3						
Dividend-%	2.4 %	2.6 %	3.5 %	1.7 %	1.8 %						

Source: Inderes

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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
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 €



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