

FINNAIR

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INDERES CORPORATE CUSTOMER COMPANY REPORT



Fuel prices cast a shadow over next year's outlook

Finnair's Q3 figures were in line with the preliminary information, and the company reiterated its guidance, which it raised a couple of weeks ago. We lowered our 2027 estimates due to rising fuel prices and a low hedging ratio. We consider the stock's valuation to be high, particularly given next year's weaker earnings, and we reiterate our Sell recommendation. We lower our target price to EUR 3.5 (was EUR 3.8) due to lower estimates.

Q3 was in line with preliminary data

Revenue grew by 14% to 953 MEUR from the comparison period, which was impacted by industrial action, driven by strong demand and growth in freight (+35%) and ancillary services (+16%). As per the preliminary data, the adjusted EBIT was 84 MEUR (Q3'25: 51 MEUR). Traffic diverted to the northern route due to the situation in the Middle East, which supported Asian passenger revenue and cargo but largely normalized during the quarter, in our estimation. A hedging ratio of around 80% kept the increase in fuel costs under control. Operating cash flow improved significantly, and net debt/adj. EBITDA was a modest 0.6x. The number of passengers increased by 7%, and the load factor rose to 81.8%. The more than 20% increase in ticket liabilities also signals strong bookings for the remainder of the year.

Only a third of next year's fuel costs have been hedged

The guidance (revenue of 3.5–3.6 BEUR and adj. EBIT of 175–220 MEUR) leaves a range of 13–58 MEUR for Q4, and we expect the 2026 adj. EBIT to be 193 MEUR. Q4 earnings are weighed down by factors such as fuel prices and lower aircraft lease income. However, approximately 70% of fuel costs are hedged in Q4, which limits the impact of higher prices.

We have slightly lowered our 2027 forecasts due to continued fuel price increases in October. In addition, we expect capacity

growth in Asia and the normalization of operations among competitors in the Persian Gulf to weigh on unit revenues next year. Finnair has hedged only one-third of its total fuel costs for 2027. In Q1'27, the hedging ratio is still around 60%, but it will drop significantly for the important summer season. Finnair did not significantly increase its hedging due to rising prices during Q3 and is now at the lower end of its hedging policy. We expect the company to gradually increase its hedging during the winter season, even if prices remain high.

Given the current high prices, we estimate that fuel costs will have a clearly negative impact on earnings. However, our estimates are based on Bloomberg's forecasts of falling fuel prices during 2027, which would alleviate Finnair's situation. In our view, if fuel prices remain at current levels, it poses a negative risk to our 2027 forecasts, as it is unlikely that ticket prices can be raised accordingly. In our forecasts, the decline in fuel prices during 2027–28 will support a recovery in earnings in 2028, bringing them close to this year's levels.

Valuation is quite high

Adjusted P/E ratios, after deducting deferred taxes, for 2026 and 2027 are approximately 6x and 16x, and adjusted EV/EBIT multiples are around 8x and 13x. Based on 2026 earnings, the share trades within our accepted ranges (6x–9x), but based on 2027 earnings, it clearly trades above them. We also consider the P/B ratio (1.1x) to be high because the return on equity remains below the required return based on our estimates, and the DCF value (around EUR 3.6) is below the current share price. Consequently, the expected return is low. Compared to its peers, Finnair is valued lower based on this year's multiples, but significantly higher based on next year's. Due to the high-risk profile of airlines, it is challenging to rely on an increase in the sector's valuation, and for the stock to demonstrate clear upside, earnings growth would need to surpass our forecasts.

Recommendation

Sell

(was Sell)

Target price:

EUR 3.50

(was EUR 3.80)

Share price:

EUR 4.17

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	3106	3535	3709	3770
growth-%	1.9%	13.8%	4.9%	1.7%
EBIT adj.	60.1	193.3	130.5	190.4
EBIT-% adj.	1.9%	5.5%	3.5%	5.1%
Net Income	18.3	120.7	43.14	88.09
EPS (adj.)	0.07	0.53	0.21	0.43
P/E (adj.)	42.8	7.8	19.8	9.7
P/B	1.01	0.895	1.121	1.03
Dividend yield-%	2.9%	2.4%	2.4%	2.9%
EV/EBIT (adj.)	22.7	7.9	13.0	9.8
EV/EBITDA	3.3	2.8	3.2	3.0
EV/S	0.4	0.4	0.5	0.5

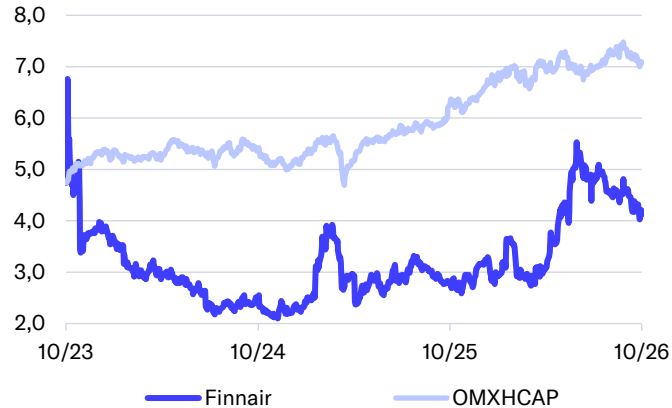
Source: Inderes

Guidance

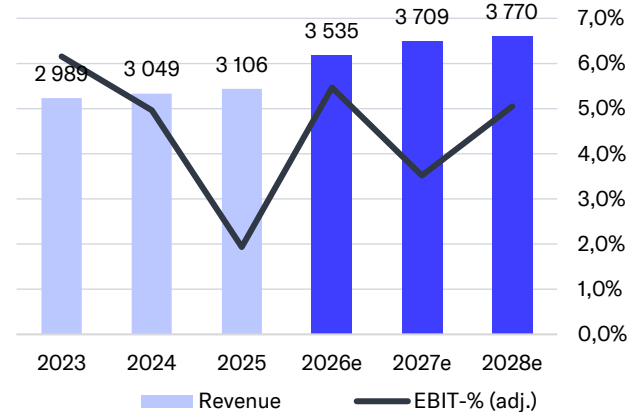
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Finnair expects the company's revenue to be 3.5-3.6 BEUR and comparable EBIT to be 175-220 MEUR in 2026

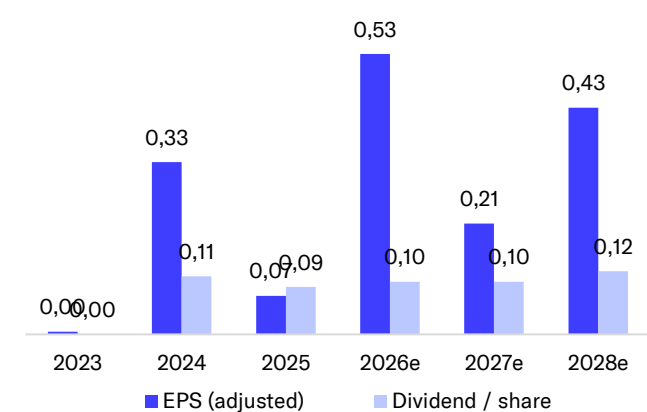
Share price



Revenue and EBIT-% (adj.)



EPS and DPS



Value drivers

- The long-term growth outlook for air travel is quite favorable
- The company has a strong market position in the remote Finnish market, which is protected from the fiercest competition
- There is room for improvement in profitability through development efforts on both the revenue and cost sides
- Reputation and brand of a quality airline
- Potential opening of Russian airspace

Risk factors

- In the current strategy, competitive advantages are clearly weaker than in the previous Asian strategy
- Sector demand is cyclical and competition is typically tight
- Structural changes in the industry
- Risks related to fuel prices and currencies
- Tightening regulation

Valuation	2026e	2027e	2028e
Share price	4.17	4.17	4.17
Number of shares, millions	205	205	205
Market cap	854	854	854
EV	1526	1698	1866
P/E (adj.)	7.8	19.8	9.7
P/E	7.1	19.8	9.7
P/B	0.9	1.1	1.0
P/S	0.2	0.2	0.2
EV/Sales	0.4	0.5	0.5
EV/EBITDA	2.8	3.2	3.0
EV/EBIT (adj.)	7.9	13.0	9.8
Payout ratio (%)	17.0%	47.5%	27.9%
Dividend yield-%	2.4%	2.4%	2.9%

Source: Inderes

Q3 was in line with preliminary data

Revenue and profitability in line with preliminary data

Revenue grew by 14% from the comparison period, which was burdened by industrial actions. The company reported that growth was supported by continued strong demand, increased passenger revenue across all main markets, as well as 35% growth in freight revenue and 16% growth in ancillary services. Freight performance exceeded our forecast, while ancillary service growth was in line with our expectations. Geographically, the strongest growth occurred in North America, though the comparison period was weak there. The growth in both passenger revenue and cargo in Asian traffic is partly explained by traffic diverted to the northern route due to the situation in the Middle East, which, however, largely normalized during the quarter, in our assessment. The group's number of passengers increased by 7%, and the passenger load factor rose to 81.8%.

As previously disclosed, adjusted EBIT was 84 MEUR, an improvement of 33 MEUR from the comparison period when industrial action weighed on earnings by approximately 18 MEUR. Hedging approximately 80% of its fuel costs helped Finnair control the increase in fuel costs, despite significant market price increases already occurring. Finnair recorded a small positive one-time item, which, combined with better-than-expected financial and tax lines, pushed EPS slightly above our forecast.

Operating cash flow improved and balance sheet is in good shape

The company's operating cash flow clearly improved year-on-year, driven by the strong result and significantly better working capital development. Working capital was bolstered by an increase of over 20% in ticket liabilities from the comparison period, indicating that the company's booking situation remains robust for the

remainder of the year. Net debt/adj. EBITDA was at a very moderate level of 0.6x, supported by both decreased debt and improved earnings.

Estimates	Q3'25	Q3'26	Q3'26e	Q3'26e	Consensus	Difference (%)	2026e	
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	835	953	953	909			0%	3535
EBIT (adj.)	51	84	84	85			0%	193
EBIT	52	86	84	85			3%	208
PTP	40	74	68	71			9%	151
EPS (reported)	0.15	0.29	0.26	0.28			10%	1
Revenue growth-%	2.0%	14.2%	14.2%	8.9%			0 pp	13.8%
EBIT-% (adj.)	6.1%	8.8%	8.8%	9.3%			0 pp	5.5%

Source: Inderes & Modular Finance, 5 estimates (consensus)

Upward trend in fuel prices weighs on earnings outlook

Guidance in line with the update from a couple of weeks ago

Finnair reiterated its guidance, which it raised on October 13: 2026 revenue is expected to be 3.5–3.6 BEUR and comparable EBIT 175–220 MEUR. The guidance leaves a range of 13–58 MEUR for Q4, which implies a decline in earnings from the strong comparison period. The company noted that the comparison period was reasonably strong for a seasonally weak Q4, in addition to which higher fuel prices are starting to have a negative impact. According to our estimates, lease income from aircraft will be just over 20 MEUR lower than in the comparison period, as the aircraft leased for the winter season contributed to the results for Q4'25 and Q1'26.

We made only minor adjustments to our forecasts and expect the adjusted operating profit for 2026 to come in at 193 MEUR, or 32 MEUR for Q4, which is quite close to the midpoint of the range provided by the company.

2027 forecasts lowered

The continued upward trend in fuel prices also pushed our 2027 forecasts downward. Finnair did not increase its hedging in Q3 and has hedged only one-third of next year's fuel costs in total. While Q1 remains 60% hedged, only about one-third of the fuel costs for the critical summer season earnings period (Q2–Q3) are hedged, meaning the rise in fuel costs will significantly impact the company's financial results. By refraining from increasing its hedging at current price levels, Finnair is also increasing its exposure to next year's fuel prices. In our view, the company assumes that prices will stabilize from their current levels before the start of next year's summer season. However, according to its own hedging policy, the company has already reached the lower bounds of its hedging ratios at the end of Q3, so we expect it to gradually increase its hedging during the winter season, even if prices remain high.

Given the current high prices, we estimate that fuel costs will have a clearly negative impact on earnings. However, our estimates are based on Bloomberg's forecasts of falling fuel prices during 2027 (based on the trend in oil price), which would alleviate Finnair's situation. As Finnair's Asian traffic capacity increases and Persian Gulf competitors' operations normalize, we estimate that the company's load factor and/or unit revenues in Asian traffic will weaken, which will negatively impact earnings in 2027. Our forecasts for 2028 and beyond reflect the assumption of decreasing fuel prices as well, which will support Finnair's profitability. This also roughly corresponds to our view of Finnair's normal EBIT margin level of around 5%.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	3533	3535	0%	3709	3709	0%	3770	3770	0%
EBIT (exc. NRIs)	196	193	-1%	150	131	-13%	188	190	1%
EBIT	208	208	0%	150	131	-13%	188	190	1%
PTP	147	151	3%	71	52	-26%	103	107	4%
EPS (excl. NRIs)	0.52	0.53	1%	0.29	0.21	-26%	0.41	0.43	4%
DPS	0.11	0.10	-9%	0.11	0.10	-9%	0.15	0.12	-20%

Source: Inderes

Finnair interim report for January–September 2026



Valuation is quite high

Weak expected return

In our view, the various valuation methods paint a picture that suggests Finnair is currently highly valued, especially considering the weaker earnings forecast for next year. Consequently, the expected return remains low. Significant upside for the stock would require the company to show stronger earnings development than our estimates and sustainable creation of added value for shareholders.

Absolute pricing is somewhat high, especially based on next year's weaker earnings

Finnair's adjusted P/E ratios for 2026–2027, based on our estimates and adjusted for deferred taxes, are about 6x and 16x. Finnair records taxes in its income statement, but due to historical losses, it will not have to pay taxes for many years. Therefore, we believe it is reasonable to consider the P/E ratio without taking tax adjustments into account. The adjusted EV/EBIT ratios for these years are about 8x and 13x. Thus, the stock trades within our accepted ranges (P/E 6x–9x and EV/EBIT 6x–9x) based on 2026 earnings but clearly above them based on 2027 earnings. Based on the 2028 figures, the valuation settles slightly above the ranges. The ranges are based on Finnair's and its peers' historical medians, as well as our assessment of the company's capital productivity and risk profile. Therefore, we consider the share valuation to be tight in absolute terms when looking ahead.

Balance-sheet-based valuation is challenging given the potential return on capital

Finnair's EV/IC ratio, which takes the balance sheet structure into account, is approximately 1x for 2026-2027,

and the P/B ratio is 1.1x for 2027. This year's equity is temporarily supported by the appreciation of hedges. Over time, these levels would require a return on capital equal to or greater than the required return, which our estimates do not anticipate, particularly regarding equity. Therefore, in our view, the balance sheet-based valuation also appears relatively high.

Valuation picture mixed in relative terms

A valuation comparison with peers is complicated by our forecasted sharp change in Finnair's earnings in 2027. In terms of this year's multiples, Finnair is valued lower than its peers, while next year's multiples are significantly higher than those of its peers. However, peer estimates may not necessarily have fully accounted for the rise in fuel prices during the fall.

The acceptable valuation level of airlines is low due to the high risk profile of the business. Thus, we find it difficult to count on an increase in the sector's generally low valuation level.

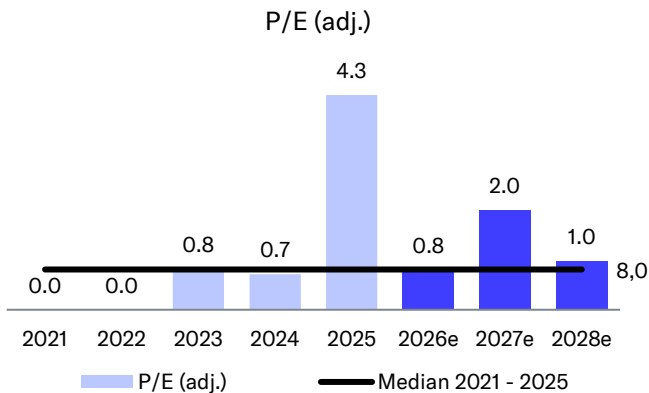
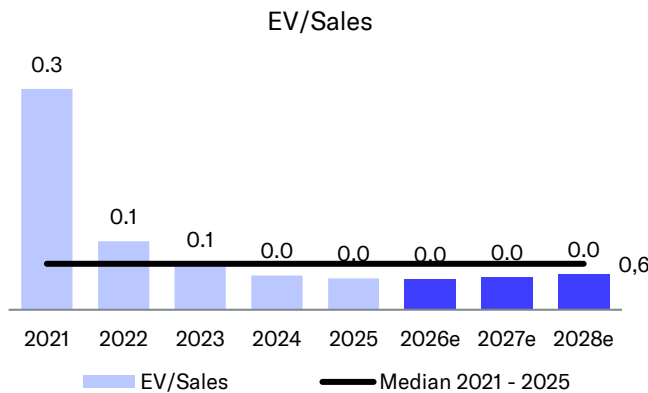
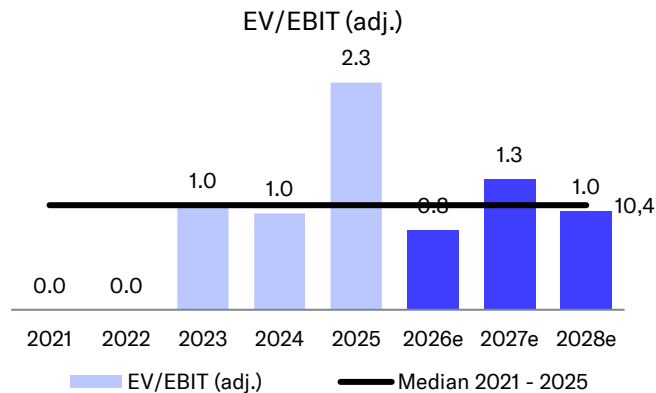
DCF model value is below the current share price

We consider Finnair's risk profile to be high due to the volatile nature of the industry. According to the DCF model, the value of Finnair's share is around EUR 3.6, which is clearly below the current share price. However, due to factors such as poor predictability and substantial lease liabilities, we do not believe the DCF model is well-suited for valuing companies like Finnair, let alone for timing investments. Thus, we only give limited weight to the DCF model in Finnair's valuation.

Valuation	2026e	2027e	2028e
Share price	4.17	4.17	4.17
Number of shares, millions	205	205	205
Market cap	854	854	854
EV	1526	1698	1866
P/E (adj.)	7.8	19.8	9.7
P/E	7.1	19.8	9.7
P/B	0.9	1.1	1.0
P/S	0.2	0.2	0.2
EV/Sales	0.4	0.5	0.5
EV/EBITDA	2.8	3.2	3.0
EV/EBIT (adj.)	7.9	13.0	9.8
Payout ratio (%)	17.0%	47.5%	27.9%
Dividend yield-%	2.4%	2.4%	2.9%
Source: Inderes			

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	0.60	0.39	0.04	2.32	3.14	4.17	4.17	4.17	4.17
Number of shares, millions	1407.4	1407.4	20421.1	204.2	204.8	204.8	204.8	204.8	204.8
Market cap	844	549	817	474	643	854	854	854	854
EV	2588	2254	1920	1455	1362	1526	1698	1866	1924
P/E (adj.)	neg.	neg.	8.0	7.1	42.8	7.8	19.8	9.7	11.4
P/E	neg.	neg.	3.4	12.8	35.1	7.1	19.8	9.7	11.4
P/B	3.1	neg.	1.4	0.8	1.0	0.9	1.1	1.0	1.0
P/S	1.0	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2
EV/Sales	3.1	1.0	0.6	0.5	0.4	0.4	0.5	0.5	0.5
EV/EBITDA	neg.	15.1	3.6	3.3	3.3	2.8	3.2	3.0	3.0
EV/EBIT (adj.)	neg.	neg.	10.4	9.6	22.7	7.9	13.0	9.8	10.4
Payout ratio (%)	0.0%	0.0%	0.0%	60.6%	100.7%	17.0%	47.5%	27.9%	35.0%
Dividend yield-%	0.0%	0.0%	0.0%	4.7%	2.9%	2.4%	2.4%	2.9%	3.1%
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
IAG	21348	25411	5.9	5.3	3.5	3.3	0.7	0.7	7.7	6.6	2.1	2.4	2.4
Lufthansa	8624	14312	8.1	6.7	3.3	3.0	0.3	0.3	7.8	5.8	4.2	5.1	0.7
Air France - KLM	2693	14696	8.6	7.4	3.0	2.8	0.4	0.4	3.5	2.5			1.7
Norwegian	1121	1626	10.8	5.6	2.7	2.0	0.4	0.4	18.5	6.3	6.2	4.7	1.7
Turkish Airlines	6407	17244	16.9	8.9	5.5	4.0	0.7	0.7	5.2	3.5	1.8	1.6	0.3
Japan Airlines	8460	6752	5.8	6.4	3.3	3.6	0.6	0.5	10.3	13.7	3.3	3.3	1.2
China Air	13792	40169		35.7	10.5	7.6	1.6	1.5		32.5			2.3
Delta Airlines	46592	54632	11.6	8.9	7.8	6.3	0.9	0.9	14.8	11.2	1.1	1.2	2.2
United	29266	39774	12.7	8.2	6.8	5.1	0.7	0.6	14.4	8.6			1.8
American Airlines	7232	25834	67.3	13.5	11.7	6.9	0.5	0.4		11.9			
Alaska Airlines	3490	6974		13.8	21.1	5.2	0.5	0.5		23.0			1.1
Cathay Pacific	9036	14427	8.8	8.5	4.7	4.6	0.9	0.9	7.8	7.2	6.6	7.0	1.3
Qantas	7980	12231	8.2	8.2	4.2	4.1	0.8	0.7	8.7	9.1	4.8	4.9	9.3
Singapore Airlines	14571	16005	12.2	12.5	5.3	5.4	1.2	1.0	19.9	26.4	3.6	3.8	1.3
Air New Zealand	12671	13127	9.5	9.2	8.4	8.1	1.1	1.0	12.8	12.3	1.2	1.3	2.2
Air Canada	3473	7161	26.6	10.5	4.0	3.2	0.4	0.4	25.7	13.9			1.4
China Southern	10057	45221		34.7	10.2	7.7	1.7	1.7		13.0			1.1
Korean Air	6265	19411	35.3	14.2	7.8	5.8	1.0	1.0	19.0	7.9	2.7	3.4	0.9
LATAM Airlines	11175	16400	8.3	6.8	4.4	3.8	1.1	1.0	21.8	21.8			
Finnair (Inderes)	854	1526	7.9	13.0	2.8	3.2	0.4	0.5	7.8	19.8	2.4	2.4	0.9
Average			16.0	11.8	6.7	4.9	0.8	0.8	13.2	12.5	3.4	3.5	1.9
Median			10.1	8.9	5.3	4.6	0.7	0.7	12.8	11.2	3.3	3.4	1.4
Diff-% to median			-22%	46%	-47%	-30%	-42%	-36%	-39%	77%	-27%	-28%	-35%
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	3049	694	788	835	789	3106	778	917	953	887	3535	3709	3770	3810
Ticket revenue	2419	538	627	666	615	2446	614	718	750	691	2772	2917	2944	2950
Ancillary revenue	182	45	50	53	53	200	54	61	65	63	244	266	288	309
Travel Services	242	61	60	67	66	255	59	65	73	70	266	273	279	286
Freight	206	50	51	49	55	205	52	72	66	64	254	253	258	264
EBITDA	445	32	106	139	130	408	90	170	170	117	547	528	623	651
Depreciation	-330	-86	-87	-87	-84	-344	-86	-84	-84	-85	-339	-397	-433	-467
EBIT (excl. NRI)	151	-63	10	51	62	60	-1	78	84	32	193	131	190	184
EBIT	114	-53	19	52	46	64	4	87	86	32	208	131	190	184
Net financial items	-68	-11	-5	-13	-13	-41	-15	-14	-13	-17	-59	-79	-85	-95
PTP	46	-64	14	40	33	23	-11	73	74	16	151	52	107	91
Taxes	-9	13	-2	-9	-7	-5	2	-15	-15	-3	-30	-9	-19	-16
Minority interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net earnings	37	-51	13	31	26	18	-9	58	59	12	121	43	88	75
EPS (adj.)	0.33	-0.28	0.03	0.14	0.19	0.07	-0.06	0.25	0.28	0.06	0.53	0.21	0.43	0.37
EPS (rep.)	0.18	-0.25	0.06	0.15	0.13	0.09	-0.04	0.28	0.29	0.06	0.59	0.21	0.43	0.37

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-%	2.0%	1.8%	2.8%	2.0%	0.8%	1.9%	12.1%	16.4%	14.2%	12.4%	13.8%	4.9%	1.7%	1.1%
Adjusted EBIT growth-%	-17.7%	-439.2%	-76.5%	-28.9%	28.4%	-60.3%	99.0%	664.9%	65.3%	-48.8%	221.6%	-32.5%	45.9%	-3.2%
EBITDA-%	14.6%	4.7%	13.5%	16.7%	16.5%	13.1%	11.6%	18.6%	17.8%	13.1%	15.5%	14.2%	16.5%	17.1%
Adjusted EBIT-%	5.0%	-9.0%	1.3%	6.1%	7.8%	1.9%	-0.1%	8.6%	8.8%	3.6%	5.5%	3.5%	5.1%	4.8%
Net earnings-%	1.2%	-7.3%	1.6%	3.7%	3.3%	0.6%	-1.2%	6.4%	6.2%	1.4%	3.4%	1.2%	2.3%	2.0%

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e	Liabilities & equity	2024	2025	2026e	2027e	2028e
Non-current assets	2519	2347	2485	2713	2959	Equity	627	637	954	762	829
Goodwill	0.0	0.0	0.0	0.0	0.0	Share capital	75.4	75.4	75.4	75.4	75.4
Intangible assets	0.0	0.0	0.0	0.0	0.0	Retained earnings	-1358	-1003	-901	-878	-811
Tangible assets	2142	1976	2208	2405	2667	Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Associated companies	0.0	0.0	0.0	0.0	0.0	Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other investments	59.8	62.6	62.6	62.6	62.6	Other equity	1909	1565	1780	1565	1565
Other non-current assets	95.0	94.4	94.4	94.4	94.4	Minorities	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	222	213	120	151	135	Non-current liabilities	1698	1688	1687	1695	1757
Current assets	1202	1340	1668	1367	1276	Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Inventories	86.8	89.1	95.5	111.3	113.1	Provisions	122	86	86	86	86
Other current assets	66.5	32.2	300.0	32.2	32.2	Interest bearing debt	1575	1601	1600	1608	1670
Receivables	165	156	177	185	188	Convertibles	0.0	0.0	0.0	0.0	0.0
Cash and equivalents	884	1063	1096	1038	942	Other long term liabilities	0.6	0.3	0.3	0.3	0.3
Balance sheet total	3721	3687	4153	4080	4235	Current liabilities	1396	1363	1512	1624	1649
Source: Inderes						Interest bearing debt	290	182	178	284	295
						Payables	722	789	884	890	905
						Other current liabilities	385	391	450	450	450
						Balance sheet total	3721	3687	4153	4080	4235

DCF-calculation

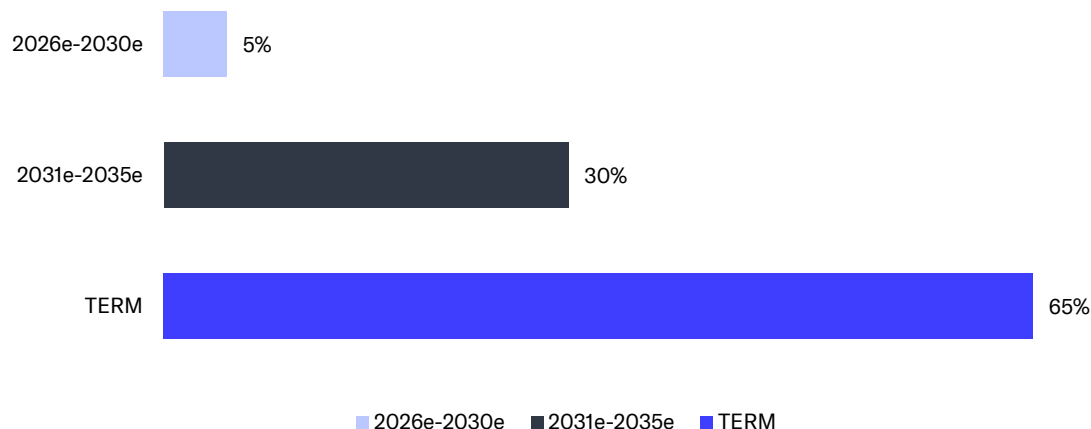
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	1.9%	13.8%	4.9%	1.7%	1.1%	2.5%	2.5%	2.5%	2.5%	2.5%	2.0%	2.0%
EBIT-%	2.1%	5.9%	3.5%	5.1%	4.8%	5.2%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
EBIT (operating profit)	64	208	131	190	184	203	200	205	210	216	220	
+ Depreciation	344	339	397	433	467	462	462	454	461	452	459	
- Paid taxes	3	63	-40	-3	2	0	0	0	0	0	-30	
- Tax, financial expenses	-12	-15	-17	-18	-19	-20	-20	-20	-20	-20	-20	
+ Tax, financial income	3	3	3	3	2	2	2	3	3	3	3	
- Change in working capital	116	-142	250	10	6	15	16	16	16	17	14	
Operating cash flow	518	456	723	615	643	662	660	657	670	667	645	
+ Change in other long-term liabilities	-36	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-180	-570	-595	-695	-600	-550	-500	-500	-500	-500	-520	
Free operating cash flow	302	-114	128	-80	43	112	160	157	170	167	125	
+/- Other	0	250	-250	0	0	0	0	0	0	0	0	
FCFF	302	136	-122	-80	43	112	160	157	170	167	125	1990
Discounted FCFF		134	-111	-67	33	80	105	95	95	86	60	949
Sum of FCFF present value		1459	1326	1437	1504	1471	1391	1285	1190	1095	1008	949
Enterprise value DCF		1459										
- Interest bearing debt		-1783										
+ Cash and cash equivalents		1063										
+ Associated companies		10.1										
-Minorities		0.0										
-Dividend/capital return		-18										
Equity value DCF		732										
Equity value DCF per share		3.6										

WACC

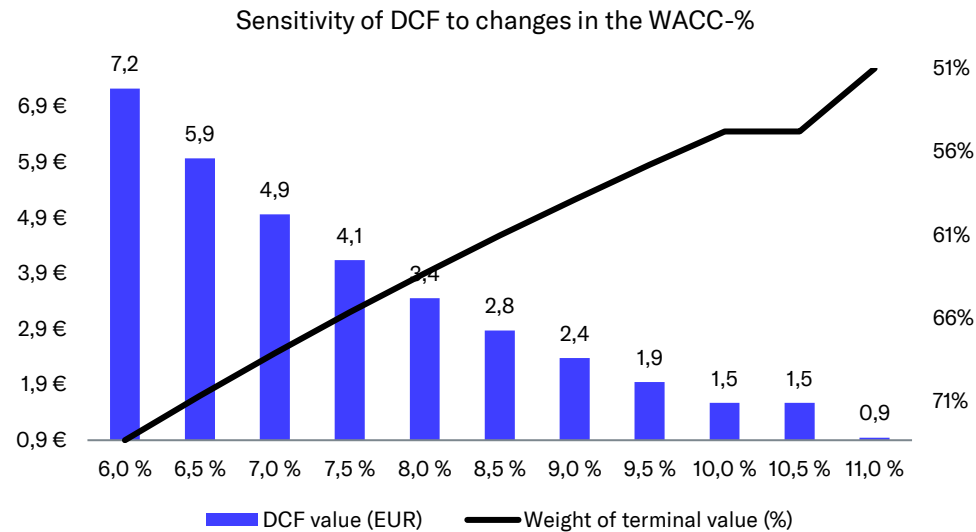
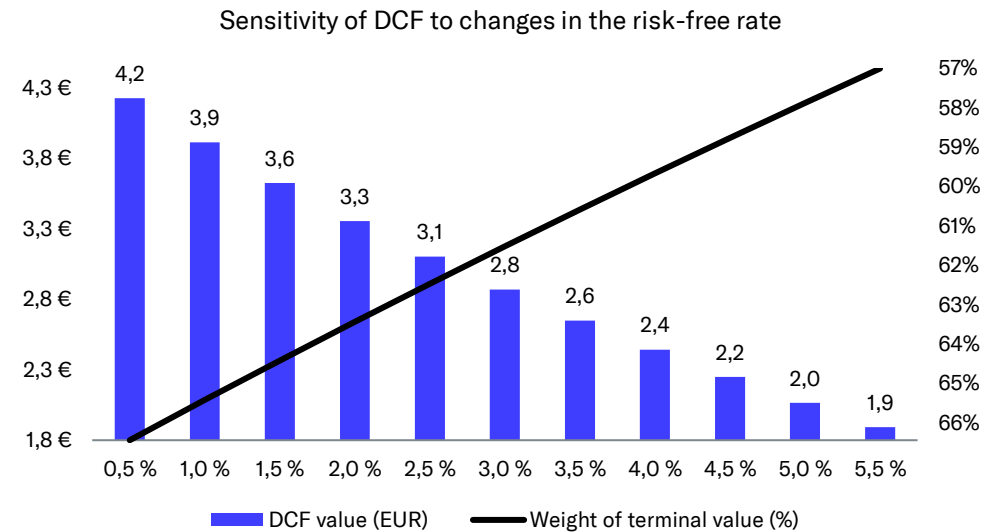
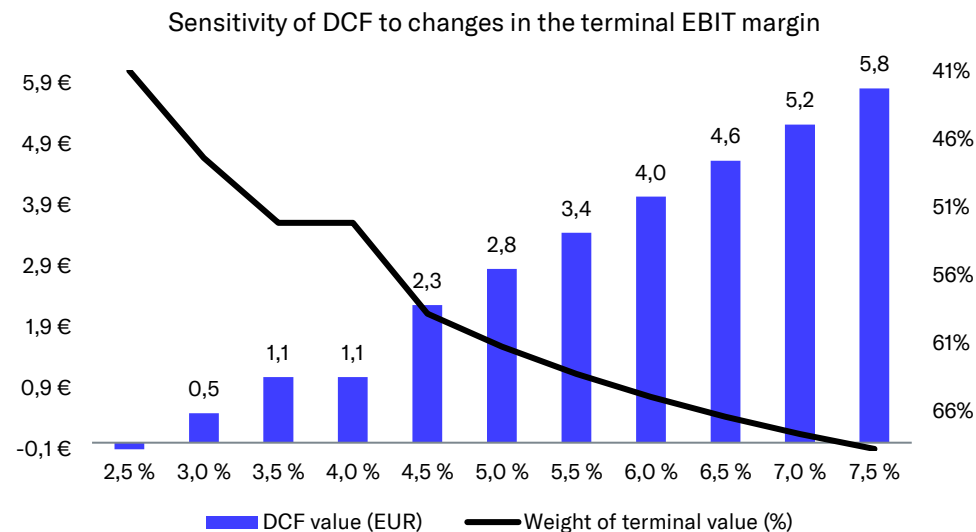
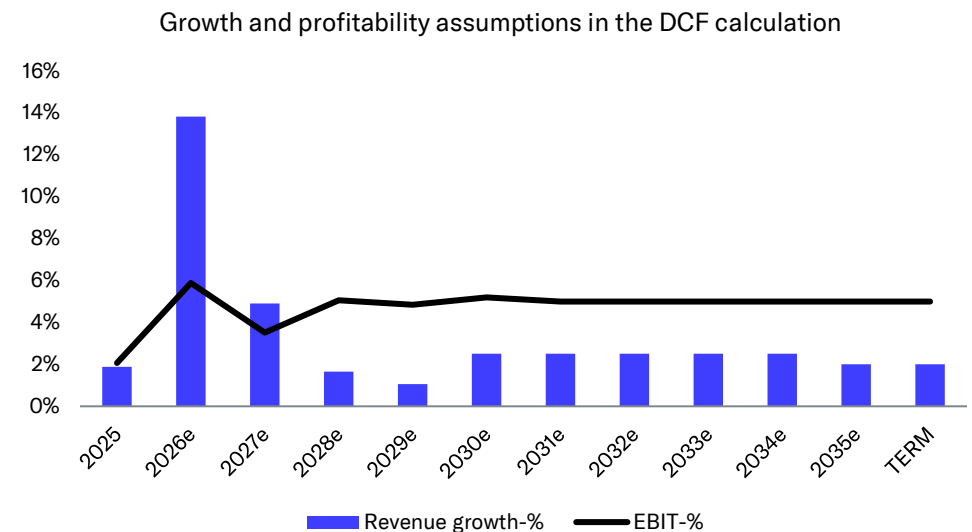
Tax-% (WACC)	18.0%
Target debt ratio (D/(D+E))	57.5%
Cost of debt	5.5%
Equity Beta	2.25
Market risk premium	4.8%
Liquidity premium	0.0%
Risk free interest rate	3.0%
Cost of equity	13.7%
Weighted average cost of capital (WACC)	8.4%

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	Per share data	2023	2024	2025	2026e	2027e
Revenue	2989	3049	3106	3535	3709	EPS (reported)	0.01	0.18	0.09	0.59	0.21
EBITDA	538	445	408	547	528	EPS (adj.)	0.00	0.33	0.07	0.53	0.21
EBIT	191	114	64	208	131	OCF / share	0.03	2.71	2.53	2.22	3.53
PTP	119	46	23	151	52	OFCF / share	0.01	0.80	1.48	0.66	-0.60
Net Income	241	37	18	121	43	Book value / share	0.03	3.07	3.11	4.66	3.72
Extraordinary items	7	-37	4	15	-36	Dividend / share	0.00	0.11	0.09	0.10	0.10
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	3698	3721	3687	4153	4080	Revenue growth-%	27%	2%	2%	14%	5%
Equity capital	577	627	637	954	762	EBITDA growth-%	260%	-17%	-8%	34%	-3%
Goodwill	0	0	0	0	0	EBIT (adj.) growth-%	212%	-18%	-60%	222%	-32%
Net debt	1104	981	719	682	854	EPS (adj.) growth-%	102%	6463%	-78%	626%	-60%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	18.0%	14.6%	13.1%	15.5%	14.2%
EBITDA	538	445	408	547	528	EBIT (adj.)-%	6.2%	5.0%	1.9%	5.5%	3.5%
Change in working capital	42	120	116	-142	250	EBIT-%	6.4%	3.7%	2.1%	5.9%	3.5%
Operating cash flow	549	554	518	456	723	ROE-%	48.8%	6.2%	2.9%	15.2%	5.0%
CAPEX	-340	-386	-180	-570	-595	ROI-%	6.8%	4.5%	3.2%	8.8%	5.5%
Free cash flow	135	164	302	136	-122	Equity ratio	15.6%	16.9%	17.3%	23.0%	18.7%
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	191%	156%	113%	72%	112%
EV/S	0.6	0.5	0.4	0.4	0.5	Net debt/EBITDA	2.1	2.2	1.8	1.2	1.6
EV/EBITDA	3.6	3.3	3.3	2.8	3.2	EBITDA/net financials	7.4	6.5	10.0	9.3	6.7
EV/EBIT (adj.)	10.4	9.6	22.7	7.9	13.0						
P/E (adj.)	8.0	7.1	42.8	7.8	19.8						
P/B	1.4	0.8	1.0	0.9	1.1						
Dividend-%	0.0%	4.7%	2.9%	2.4%	2.4%						
Source: Inderes											

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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
6/11/2020	Sell	0.65 €	0.72 €
7/27/2020	Reduce	0.50 €	0.50 €
9/16/2020	Reduce	0.45 €	0.44 €
10/28/2020	Reduce	0.36 €	0.37 €
11/12/2020	Sell	0.48 €	0.56 €
2/19/2021	Sell	0.48 €	0.61 €
4/28/2021	Sell	0.60 €	0.78 €
7/16/2021	Sell	0.60 €	0.65 €
10/27/2021	Reduce	0.60 €	0.62 €
12/1/2021	Reduce	0.55 €	0.57 €
2/18/2022	Sell	0.55 €	0.62 €
3/1/2022	Sell	0.40 €	0.45 €
4/22/2022	Sell	0.40 €	0.48 €
4/28/2022	Sell	0.40 €	0.46 €
20/07/2022	Sell	0.35 €	0.41 €
10/30/2022	Sell	0.35 €	0.43 €
2/16/2023	Sell	0.40 €	0.53 €
5/5/2023	Sell	0.43 €	0.52 €
7/19/2023	Sell	€0.46	0.55 €
7/24/2023	Sell	€0.50	€0.58
10/18/2023	Reduce	€0.30	€0.32
10/25/2023	Reduce	€0.30	€0.33
10/30/2023	Reduce	€0.05	€0.05
2/12/2024	Accumulate	€0.05	€0.03
2/15/2024	Accumulate	€0.04	€0.03
4/24/2024	Accumulate	€3.75	€2.95
7/22/2024	Accumulate	€3.00	€2.33
10/29/2024	Reduce	€2.50	€2.33
2/14/2025	Reduce	€2.80	€3.00
4/23/2025	Reduce	€2.80	€2.96
4/30/2025	Reduce	€2.50	€2.42
6/4/2025	Reduce	€2.70	€2.86
7/16/2025	Reduce	€2.70	€2.83
10/30/2025	Reduce	€2.70	€2.69
12/4/2025	Reduce	€2.70	€2.87
2/12/2026	Sell	€3.00	€3.59
3/11/2026	Reduce	€3.00	€3.05
4/16/2026	Reduce	€3.00	€2.91
4/23/2026	Reduce	€3.00	€3.00
6/17/2026	Sell	€3.80	€4.79
7/20/2026	Sell	€3.80	€4.81
7/23/2026	Sell	€4.00	€4.90
Analyst changed			
10/8/2026	Sell	€3.80	€4.40
10/14/2026	Sell	€3.80	€4.38
10/28/2026	Sell	€3.50	€4.17



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