

NESTE

4/30/2026 1:13 pm EEST

This is a translated version of "Hinnassa on kohtuulliset tuloskasvuodotukset" report, published on 4/30/2026



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COMPANY REPORT



Price reflects moderate earnings growth expectations

Neste's Q1 earnings easily surpassed expectations as margins for both Renewable Products and Oil Products reached a robust level. In light of the encouraging margin development of Renewable Products in particular, we have made significant upward revisions to our short- and long-term estimates. Despite the recent increase in the share price, we believe that the long-term earnings growth of Renewable Products still offers an attractive expected return. Following the estimate changes, we raise our target price to EUR 33.0 (was EUR 26.5) and reiterate our Accumulate recommendation.

Margins at a strong level in Q1

Neste achieved a comparable EBITDA of 861 MEUR in Q1, which beat both our and consensus estimates. Earnings improved significantly from the comparison period, as margins for both Renewable Products and Oil Products strengthened considerably. The sales margin for Renewable Products (Q1'26 USD 856/ton vs. USD 310/ton in Q1'25) was clearly boosted by higher margin levels from annual contracts made in a better market environment than the previous year, but the ripple effects of the war in Iran also increased the margin. Thus, it appears that the sales margin was boosted more than we expected by annual contracts signed during a more favorable market environment, although the company did not specify the exact extent of this impact. The effects of the war in Iran, especially the rise in diesel prices, were reflected in the high refining margin of Oil Products (Q1'26 USD 23/bbl vs. USD 9.9/bbl in Q1'25), along with the impact of the cold winter. These factors raised the segment's earnings to a strong level.

Volume growth is limited

Neste has provided guidance for the current year, estimating that sales volumes for Renewable Products would remain at the same level as in 2025, while sales volumes for Oil Products would decrease. In the first quarter, sales volumes of

Renewable Products were sluggish due to maintenance turnarounds and certain operational challenges. Although we expect production to be running normally in Q2, maintenance turnarounds in the second half of the year will hinder volume growth this year. Correspondingly, the decrease in Oil Products' sales volumes is clear, as the segment will undergo a significant maintenance turnaround in Porvoo at the end of the year.

We increased our estimates

Reflecting the sales margin for renewable products, which exceeded our expectations, as well as the impact of annual contracts, we have made positive adjustments to both our short-term and long-term sales margin forecasts. In our view, the current margin more accurately reflects long-term margin potential because the outlook for the European renewable diesel market, in particular, is favorable. At the same time, we estimate that positive developments in US regulations will balance margin levels in the local market. Due to the increase in short- and long-term sales margins for Renewable Products, our 2026-2028 EBITDA estimates increased by 9-16%.

Price reasonably reflects expected earnings growth

With the upward revision of our estimates, the valuation for the coming years remains moderate (P/E ratio 14x-17x and EV/EBIT ratio 12x-15x), considering the medium-term earnings growth driven by the increased capacity of Renewable Products. We estimate the valuation level of Neste's largest value driver, the Renewable Products segment, in a sum-of-the-parts calculation, according to which Renewable Products trades at an EV/EBIT multiple of just under 10x relative to our estimated 2028 earnings level. In our view, this is quite a reasonable level, and we believe the segment's long-term upside potential still offers an attractive expected return, even though the volatility of its earnings has increased the required return.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 33.00

(was EUR 26.50)

Share price:

EUR 29.43

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	19016	20304	23571	27008
growth-%	-8%	7%	16%	15%
EBIT adj.	748	2063	1698	2458
EBIT-% adj.	3.9 %	10.2 %	7.2 %	9.1 %
Net Income	144	1626	1335	1987
EPS (adj.)	0.47	2.06	1.74	2.59
P/E (adj.)	41.0	14.3	16.9	11.4
P/B	2.0	2.6	2.3	2.0
Dividend yield-%	1.0 %	1.7 %	2.2 %	2.9 %
EV/EBIT (adj.)	25.0	12.4	14.6	9.5
EV/EBITDA	13.0	8.6	9.3	6.8
EV/S	1.0	1.3	1.1	0.9

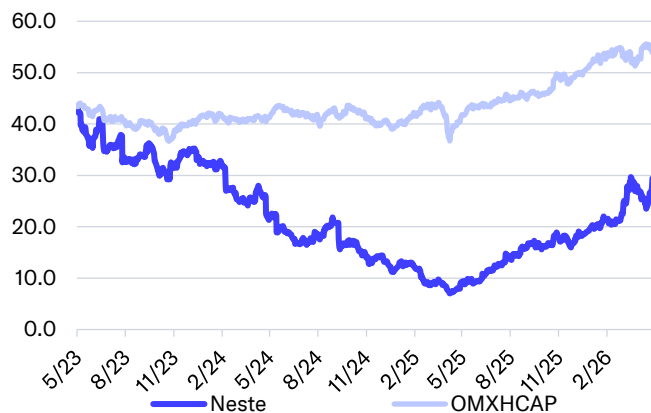
Source: Inderes

Guidance

(Unchanged)

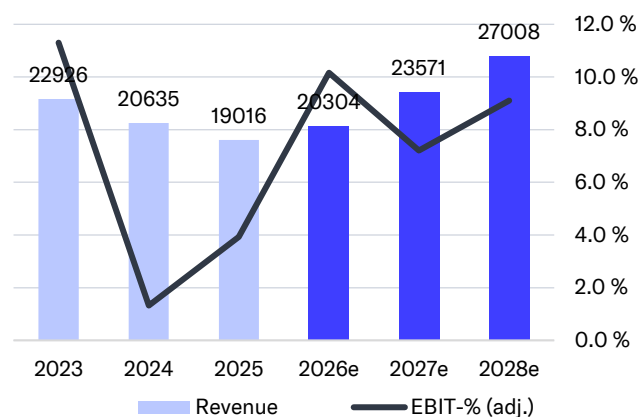
Renewable Products' sales volumes in 2026 are expected to be approximately at the same level and Oil Products' sales volumes in 2026 are expected to be lower than in 2025

Share price



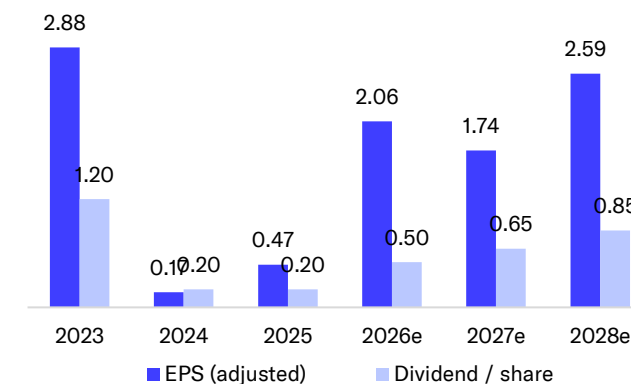
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Strong market position in all businesses
- Value creation potential of growth investments in Renewable Products' production capacity
- The long-term growth outlook for the Renewable Products market
- Efficiency in Oil Products, which supports its margin

Risk factors

- Low predictability of Renewable Products' sales margin
- Declining long-term demand picture for oil-based fuels
- Regulatory risks (+/-)
- Risks related to raw material price development

Valuation	2026e	2027e	2028e
Share price	29.43	29.43	29.43
Number of shares, millions	768.3	768.3	768.3
Market cap	22610	22610	22610
EV	25668	24835	23311
P/E (adj.)	14.3	16.9	11.4
P/E	13.9	16.9	11.4
P/B	2.6	2.3	2.0
P/S	1.1	1.0	0.8
EV/Sales	1.3	1.1	0.9
EV/EBITDA	8.6	9.3	6.8
EV/EBIT (adj.)	12.4	14.6	9.5
Payout ratio (%)	23.6 %	37.4 %	32.9 %
Dividend yield-%	1.7 %	2.2 %	2.9 %

Source: Inderes

Margins at a strong level in Q1

Sales margin for Renewable Products offsets sluggish volume

In Q1, sales volumes of Renewable Products decreased by 2% year-on-year to a sluggish 874 Ktons. The low production utilization rate was due to maintenance turnarounds and delayed equipment replacement in Singapore. However, the underperformance of sales volumes compared to our forecast was offset by a gross margin that rose to an impressive USD 856/ton, nearly tripling from the comparison period and surpassing our forecast. Thus, the segment's comparable EBITDA of 433 MEUR was in line with our estimate of 439 MEUR.

Refining margin for Oil Products was exceptional

At the group level, the earnings beat was largely driven by Oil Products. The segment's total refining margin rose to a fairly high level of USD 23/bbl, reflecting good demand for higher-margin fuels due to the cold winter, as well as the

ripple effects of the war in Iran. Middle Eastern oil grades play a key role in diesel refining, and their reduced availability pushed diesel margins to high levels in March, a situation that continues to this day. Nevertheless, the high refining margin was slightly below our estimate (USD 24/bbl), though this was offset by greater sales volumes than we anticipated. Thus, the comparable EBITDA for Oil Products reached 373 MEUR, surpassing our 327 MEUR estimate.

M&S's result was also quite strong, with its comparable EBITDA climbing to as high as 48 MEUR (Q1'25 17 MEUR). However, a significant portion of the increase in earnings is attributable to inventory profits in line with the rise in the price of the finished product. In the lower lines, net finance costs were lower than expected due to exchange rate differences and changes in fair values, so in line with this and the operating result, Q1 EPS came in at EUR 0.69, significantly exceeding forecasts.

Free cash flow strengthened significantly

Thanks to the earnings development, cash flow from operating activities in Q1 was solid at 738 MEUR. Even after increased investments related to the Rotterdam expansion, free cash flow (incl. IFRS 16 payments) was also very good at 469 MEUR.

The good free cash flow development has reduced net debt to just under 3.6 BEUR. Reflecting this development and strengthened EBITDA, the net debt-to-LTM EBITDA ratio was 1.7x at the end of Q1'26. This is a healthy level, and thanks to the positive trend in earnings and cash flow, concerns about the company's financial position have subsided. However, based on management's comments, the goal is to reduce debt further. At the end of Q1'26, the company's debt accounted for just under 32% of total capital, which is significantly below the target level (<40%).

MEUR / EUR	Q1'25	Q1'26	Q1'26e	Q1'26e	Consensus		Difference (%)	2026e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. inderes	Inderes
Revenue	5017	5163	5207	4971	4487	- 6210	-1%	20304
EBITDA (adj.)	210	861	787	746	656	- 983	9%	2932
PTP	-57	666	511	-	-	- -	30%	1951
EPS (reported)	-0.05	0.69	0.56	0.50	0.39	- 0.81	23%	2.12
Revenue growth-%	4.5 %	2.9 %	3.8 %	-0.9 %	-10.6 %	- 23.8 %	-0.9 pp	6.8 %
EBITDA-% (adj.)	4.2 %	16.7 %	15.1 %	15.0 %	14.6 %	- 15.8 %	1.6 pp	14.4 %

Source: Inderes & Vara Research (consensus, 14 estimates)

We increased our estimates

Volume growth will have to wait until next year

Neste reiterated its guidance for the current year. Based on it, the company expects sales volumes in Renewable Products to remain at approximately the same level as the previous year. Correspondingly, sales volumes of Oil Products are expected to decline from the previous year.

For Oil Products, the decrease in sales volumes is clear, with the major turnaround in Porvoo, which now occurs approximately every 2.5 years, scheduled for the end of the year based on current information. This will cause a significant dent in Oil Products' sales volumes.

In Renewable Products, sales volumes decreased by 2% in Q1 from the comparison period, and it should be noted that the company started the current year with low inventory levels due to previous maintenance turnarounds. Taking this into account, as well as the maintenance turnarounds in the second half of the year, we expect sales volumes of

Renewable Products to decrease by 4% to just under 4 Mt for the full year.

We raised our margin estimates, especially for Renewable Products

Following the report, we increased our sales margin estimates for Renewable Products because the sales margin increase in Q1 was stronger than expected and appears to have come primarily through annual contracts and, to a lesser extent, the ripple effects of the war in Iran, based on management's comments. This strengthens our confidence that the long-term margin outlook for Renewable Products is structurally much better than during the challenging years of 2024–2025. Additionally, the outlook for the European renewable diesel market is strong, as demand is expected to roughly double by the end of the decade thanks to the REDIII directive. Due to the strong Q1 margin and changes in estimates, we increased our sales margin estimate for Renewable

Products to USD 775/ton for the current year. This largely served as the driver for this year's estimate changes, along with the Q1 figures. However, we also slightly fine-tuned the Oil Products margin estimate upwards, despite management's comments that the margin will turn downward already in Q2 due to increased oil prices.

We also increased our medium-term estimates

We have also increased our medium-term and long-term margin estimates for Renewable Products. Our sales margin estimate for 2027-2028 rose to an average of 620 EUR/ton (was USD 585/ton). We believe that the ramp-up of the new Rotterdam capacity will put some strain on margins, but we expect it to reach full altitude in terms of volume and margins in 2029. Thus, the earnings growth outlook for Renewables is quite good until the end of the current decade. We also slightly raised our longer-term margin estimate for Oil Products, reflecting a structurally strengthened market.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	20192	20304	1%	23878	23571	-1%	27646	27008	-2%
EBITDA	2567	2974	16%	2461	2680	9%	3124	3413	9%
EBIT (excl. NRIs)	1643	2063	26%	1485	1698	14%	2088	2458	18%
EBIT	1643	2105	28%	1485	1698	14%	2088	2458	18%
PTP	1463	1951	33%	1350	1570	16%	1965	2338	19%
EPS (excl. NRIs)	1.62	2.06	27%	1.49	1.74	16%	2.17	2.59	19%
DPS	0.35	0.50	43%	0.65	0.65	0%	0.85	0.85	0%

Source: Inderes

Neste Interim Report January-March 2026



Earnings growth is still reasonably valued

Earnings-based valuation is high for the coming years

With the significant rise in forecasts, the P/E ratios for 2026-2027 are 14x and 17x, while the corresponding EV/EBIT ratios are 12x and 15x. In our view, the short-term valuation is therefore reasonable, although we expect earnings to decline in both main segments next year as the market stabilizes.

Due to the different long-term outlooks of Neste's businesses, however, we do not find group-level valuation multiples to be the best yardstick for valuation. This is because very different valuation multiples can be justified for both Oil Products and Renewable Products, as traditional oil refining is an industry that will eventually decline, while Renewable Products operates in a growth market.

Value of Renewables moderately reflects earnings growth expectations

We have estimated the market's valuation of Renewable Products using a sum-of-the-parts calculation, where we have valued Oil Products based on its peer group and the Marketing & Services business using retail sector multiples. When we deduct the value of Oil Products (4.2 BEUR), the value of Marketing & Services (1.5 BEUR), and the value of the Other reporting segment (which includes group costs, ~-550 MEUR) from the company's current enterprise value (~25.7 BEUR), the total enterprise value remains at around 19.4 BEUR. This gives a rough idea of how the market currently values the Renewable Products segment.

An enterprise value of 19.4 BEUR corresponds to an EV/EBIT multiple of just under 10x, based on our 2028

Renewable Products estimate. This illustrates our estimated earnings potential when the Rotterdam expansion is operational and the company is able to realize at least a significant portion of the expected volume growth from it. The sales margin achieved by the company in 2028 will naturally have a significant impact on the earnings potential for that year. However, recent regulatory developments have been positive for the longer-term market balance, ensuring significant demand growth in the United States (RVO) and also the growth outlook brought by the REDIII directive in Europe. In light of these and other factors, we have slightly raised our medium-term margin forecasts. Nevertheless, we would like to note that the margin is highly susceptible to fluctuations, which, if they occur, will significantly alter the earnings growth outlook.

In our view, an EV/EBIT multiple of under 10x is a moderate level for Renewable Products over time, but we believe that the market situation in recent years (i.e., margin volatility) has increased the required return for the business. Thus, for example, the valuation levels for Renewable Products in 2021-2023 (EV/EBIT 15x-18x) are not justifiable in our opinion. In our view, a justified valuation level for a high-quality but capital-intensive business like Renewable Products could be around 12x-15x EV/EBIT. The increase in valuation to this level offers a moderate expected return in the medium term, which, together with a moderate dividend yield, raises the expected return above the required return. Therefore, we believe the risk/reward ratio of the share becomes attractive, despite volatile markets keeping forecast risks elevated in both directions.

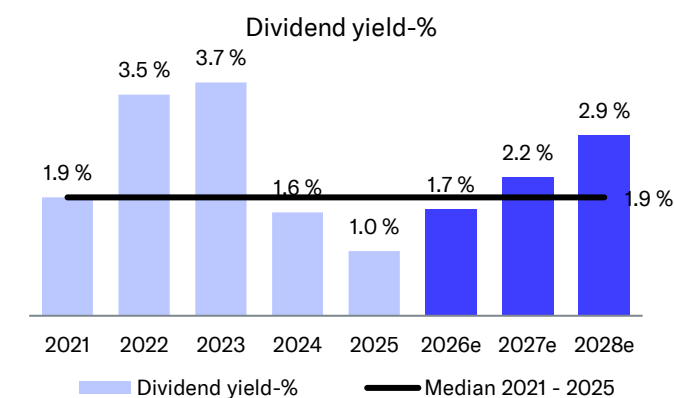
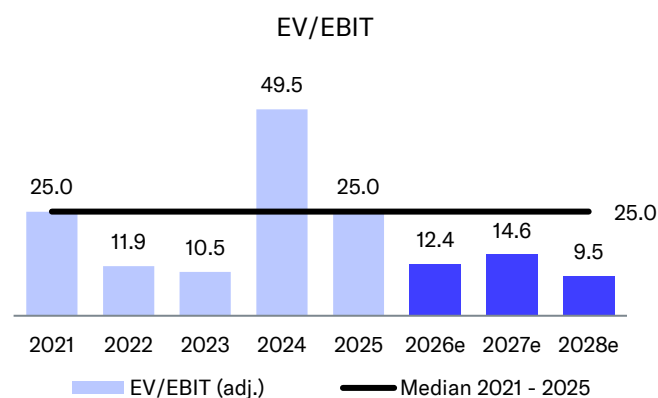
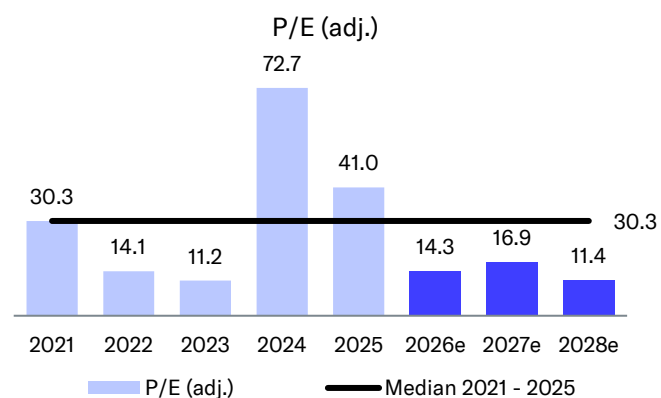
Valuation	2026e	2027e	2028e
Share price	29.43	29.43	29.43
Number of shares, millions	768.3	768.3	768.3
Market cap	22610	22610	22610
EV	25668	24835	23311
P/E (adj.)	14.3	16.9	11.4
P/E	13.9	16.9	11.4
P/B	2.6	2.3	2.0
P/S	1.1	1.0	0.8
EV/Sales	1.3	1.1	0.9
EV/EBITDA	8.6	9.3	6.8
EV/EBIT (adj.)	12.4	14.6	9.5
Payout ratio (%)	23.6 %	37.4 %	32.9 %
Dividend yield-%	1.7 %	2.2 %	2.9 %

Source: Inderes

Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	43.4	43.0	32.21	12.13	19.41	29.4	29.4	29.4	29.4
Number of shares, millions	768	768	768	768	768	768	768	768	768
Market cap	33299	33043	24744	9318	14912	22610	22610	22610	22610
EV	33494	34407	27237	13511	18728	25668	24835	23311	21341
P/E (adj.)	30.3	14.1	11.2	72.7	41.0	14.3	16.9	11.4	10.5
P/E	18.8	17.5	17.3	neg.	>100	13.9	16.9	11.4	10.5
P/B	4.8	4.0	2.9	1.3	2.0	2.6	2.3	2.0	1.8
P/S	2.2	1.3	1.1	0.5	0.8	1.1	1.0	0.8	0.9
EV/Sales	2.2	1.3	1.2	0.7	1.0	1.3	1.1	0.9	0.8
EV/EBITDA	12.8	11.3	10.7	13.4	13.0	8.6	9.3	6.8	5.9
EV/EBIT (adj.)	25.0	11.9	10.5	49.5	25.0	12.4	14.6	9.5	8.1
Payout ratio (%)	36%	62%	64%	neg.	107%	24%	37%	33%	50%
Dividend yield-%	1.9 %	3.5 %	3.7 %	1.6 %	1.0 %	1.7 %	2.2 %	2.9 %	4.7 %

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	2026e
Total SA	171286	199520	6.8	7.6	4.8	5.2	1.0	1.0	9.7	10.2	4.3	4.6	1.7
ENI SPA	70900	97533	7.4	8.5	4.7	5.2	1.0	1.1	9.3	10.3	4.7	4.9	1.4
Koc Holding AS	9735	26494	8.6	7.3	6.6	4.8	0.5	0.3	8.8	5.6	3.1	4.6	0.6
TURKIYE PETROL RAFINERILERI AS	9849	8798	7.1	7.3	5.1	5.7	0.5	0.4	8.1	10.4	10.6	9.4	1.3
MOL PLC	9095	11460	6.9	7.7	3.6	3.8	0.5	0.5	7.4	7.9	6.9	7.0	0.7
EQUINOR ASA	84630	95054	2.8	3.6	2.2	2.7	0.9	1.1	8.8	10.6	4.2	4.4	2.1
VALERO ENERGY CORP	61382	68902	8.5	10.6	6.7	8.1	0.6	0.7	10	13.0	2.0	2.1	2.9
HELLENIC PETROLEUM SA	2891	5353	8.7	11.0	5.4	6.1	0.5	0.5	8.2	10.2	6.1	5.0	1.0
POLSKI KONCERN NAFTOWY ORLEN SA	35037	37085	5.8	6.7	3.7	4.0	0.6	0.6	8.5	9.9	5.1	4.3	0.9
Neste (Inderes)	22610	25668	12.4	14.6	8.6	9.3	1.3	1.1	14.3	16.9	1.7	2.2	2.6
Average			6.9	7.8	4.8	5.1	0.7	0.7	8.8	9.8	5.2	5.1	1.4
Median			7.1	7.6	4.8	5.2	0.6	0.6	8.8	10.2	4.7	4.6	1.3
Diff-% to median			75%	92%	79%	80%	126%	82%	63%	67%	-64%	-52%	104%

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	20635	5017	4511	4534	4953	19016	5164	5640	5044	4456	20304	23571	27008	26308
Oil Products	11829	2936	2198	2167	2021	9322	2364	2700	2166	1392	8622	11070	11475	10260
Renewable Products	7321	1746	1915	1965	2470	8095	2317	2475	2423	2423	9639	10886	13763	14076
Marketing & Services	4687	1054	1042	1068	1147	4310	1358	1150	1075	1095	4678	4300	4450	4500
Other	125	47	41	37	41	166	41	40	40	45	166	165	170	172
Eliminations	-3326	-765	-686	-702	-725	-2878	-916	-725	-660	-500	-2801	-2850	-2850	-2700
EBITDA	1005	200	246	447	545	1438	903	909	641	521	2974	2680	3413	3636
Depreciation	-980	-224	-229	-231	-250	-934	-217	-217	-217	-217	-868	-982	-955	-996
EBIT (excl. NRI)	273	-15	113	301	349	748	643	692	424	304	2063	1698	2458	2640
EBIT	25	-25	18	216	294	503	685	692	424	304	2105	1698	2458	2640
Oil Products	311	8	-27	167	176	325	293	221	106	7	626	432	467	362
Renewable Products	-75	-19	30	31	109	151	310	457	303	289	1359	1238	1963	2251
Marketing & Services	73	10	26	27	19	82	41	25	27	19	112	76	78	78
Other	-42	-24	-16	-10	-12	-62	4	-11	-11	-11	-29	-48	-50	-50
Eliminations	6	0	5	0	1	6	-5	0	0	0	-5	0	0	0
Changes in fair value	-248	0	0	0	0	0	42	0	0	0	42	0	0	0
Net financial items	-138	-32	-70	-64	-138	-304	-19	-45	-45	-45	-154	-128	-120	-119
PTP	-113	-57	-52	152	156	199	666	647	379	259	1951	1570	2338	2521
Taxes	19	17	16	-46	-42	-55	-133	-97	-57	-39	-326	-236	-351	-378
Minority interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net earnings	-94.8	-39.7	-36	106	114	144	533	550	322	220	1626	1335	1987	2143
EPS (adj.)	0.17	-0.04	0.06	0.23	0.22	0.47	0.64	0.72	0.42	0.29	2.06	1.74	2.59	2.79
EPS (rep.)	-0.12	-0.05	-0.05	0.14	0.15	0.19	0.69	0.72	0.42	0.29	2.12	1.74	2.59	2.79

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-%	-10.0 %	4.5 %	-2.8 %	-19.4 %	-11.0 %	-7.8 %	2.9 %	25.0 %	11.2 %	-10.0 %	6.8 %	16.1 %	14.6 %	-2.6 %
Adjusted EBIT growth-%	-89.5 %	-104.8 %	4412.0 %	545.7 %	510.2 %	174.0 %	4476.2 %	513.2 %	41.0 %	-12.9 %	175.8 %	-17.7 %	44.8 %	7.4 %
EBITDA-%	4.9 %	4.0 %	5.5 %	9.9 %	11.0 %	7.6 %	17.5 %	16.1 %	12.7 %	11.7 %	14.6 %	11.4 %	12.6 %	13.8 %
Adjusted EBIT-%	1.3 %	-0.3 %	2.5 %	6.6 %	7.0 %	3.9 %	12.5 %	12.3 %	8.4 %	6.8 %	10.2 %	7.2 %	9.1 %	10.0 %
Net earnings-%	-0.5 %	-0.8 %	-0.8 %	2.3 %	2.3 %	0.8 %	10.3 %	9.7 %	6.4 %	4.9 %	8.0 %	5.7 %	7.4 %	8.1 %

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	10026	9931	10123	9726	9356
Goodwill	514	478	478	478	478
Intangible assets	164	130	140	150	160
Tangible assets	8872	8908	9090	8683	8303
Associated companies	53	54	54	54	54
Other investments	40	91	91	91	91
Other non-current assets	161	49	49	49	49
Deferred tax assets	222	221	221	221	221
Current assets	5555	5818	5380	6935	9286
Inventories	2898	2895	2702	3516	4051
Other current assets	163	140	140	140	140
Receivables	1539	1416	1726	2004	2296
Cash and equivalents	955	1367	812	1276	2799
Balance sheet total	15581	15749	15503	16661	18642

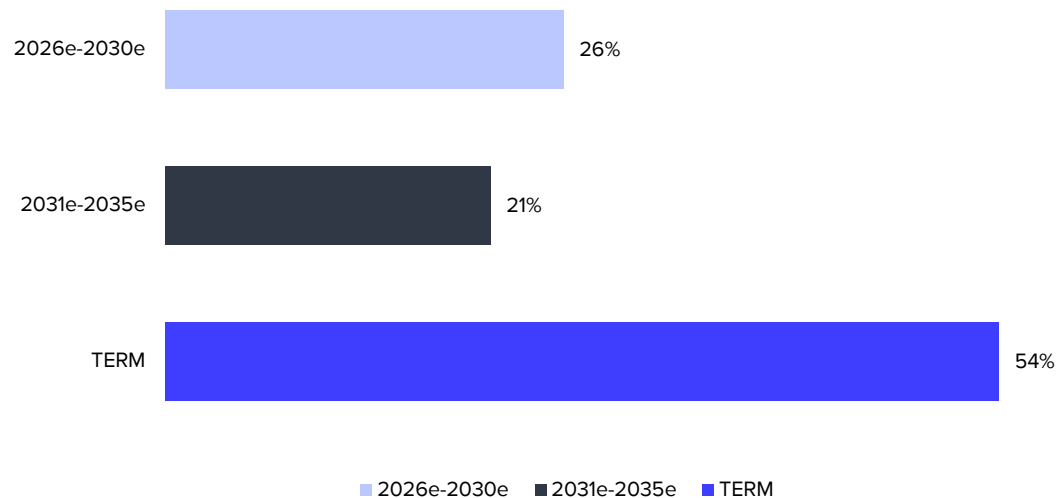
Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	7417	7314	8786	9736	11224
Share capital	40	40	40	40	40
Retained earnings	7377	7274	8746	9696	11184
Hybrid bonds	0	0	0	0	0
Revaluation reserve	0	0	0	0	0
Other equity	0	0	0	0	0
Minorities	0	0	0	0	0
Non-current liabilities	4954	5350	4007	3637	3637
Deferred tax liabilities	335	370	370	370	370
Provisions	144	165	165	165	165
Interest bearing debt	4362	4713	3370	3000	3000
Convertibles	0	0	0	0	0
Other long term liabilities	113	102	102	102	102
Current liabilities	3211	3085	2710	3288	3780
Interest bearing debt	786	470	500	500	500
Payables	2185	2440	2036	2613	3106
Other current liabilities	241	174	174	174	174
Balance sheet total	15581	15749	15503	16661	18642

DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-7.8 %	6.8 %	16.1 %	14.6 %	-2.6 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	2.6 %	10.4 %	7.2 %	9.1 %	10.0 %	10.0 %	10.0 %	10.0 %	9.5 %	9.0 %	9.0 %	9.0 %
EBIT (operating profit)	503	2105	1698	2458	2640	2683	2737	2792	2705	2614	2666	
+ Depreciation	934	868	982	955	996	790	694	688	683	679	676	
- Paid taxes	-19	-326	-236	-351	-378	-385	-393	-402	-389	-375	-511	
- Tax, financial expenses	-46	-26	-19	-18	-18	-18	-18	-18	-18	-18	-25	
+ Tax, financial income	0	0	0	0	1	1	1	1	1	1	2	
- Change in working capital	339	-521	-514	-335	84	-63	-64	-66	-67	-68	-70	
Operating cash flow	1712	2101	1911	2710	3324	3008	2956	2995	2916	2833	2739	
+ Change in other long-term liabilities	11	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-839	-1060	-585	-585	-600	-605	-630	-640	-645	-645	-678	
Free operating cash flow	883	1041	1326	2125	2724	2403	2326	2355	2271	2188	2061	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	883	1041	1326	2125	2724	2403	2326	2355	2271	2188	2061	33955
Discounted FCFF		987	1162	1722	2041	1664	1489	1393	1241	1106	962	15860
Sum of FCFF present value		29627	28640	27478	25755	23715	22051	20562	19169	17928	16822	15860
Enterprise value DCF		29627										
- Interest bearing debt		-5183										
+ Cash and cash equivalents		1367										
+ Associated companies		0										
-Minorities		0										
-Dividend/capital return		-154										
Equity value DCF		25657										
Equity value DCF per share		33.4										

Cash flow distribution



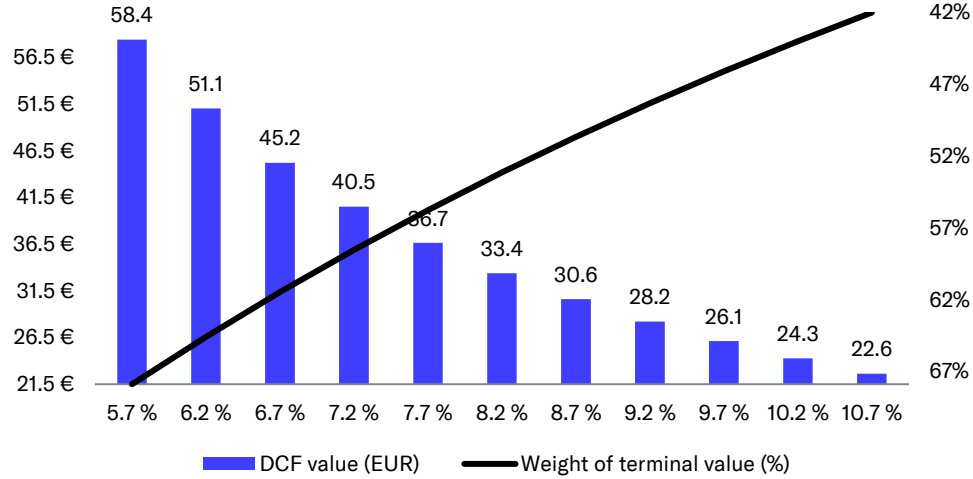
WACC

Tax-% (WACC)	15.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.0 %
Equity Beta	1.45
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.4 %
Weighted average cost of capital (WACC)	8.2 %

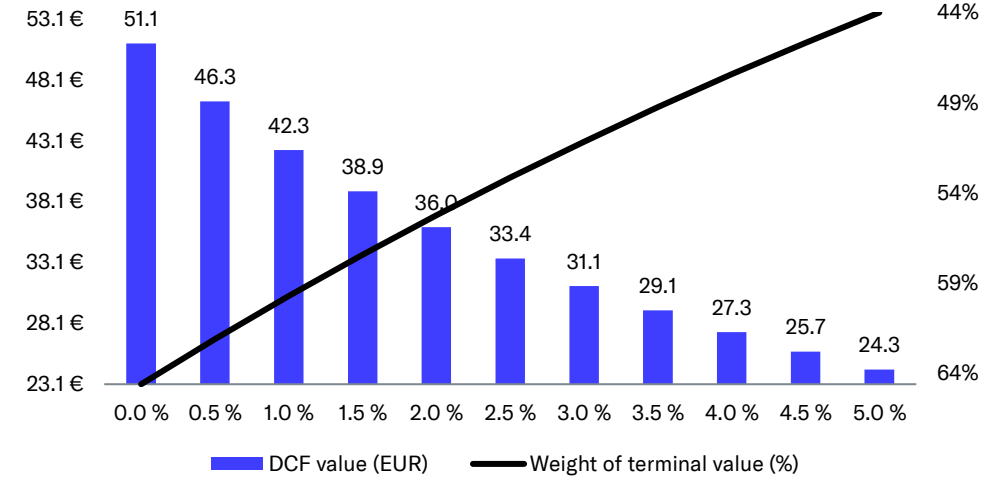
Source: Inderes

DCF sensitivity calculations and key assumptions in graphs

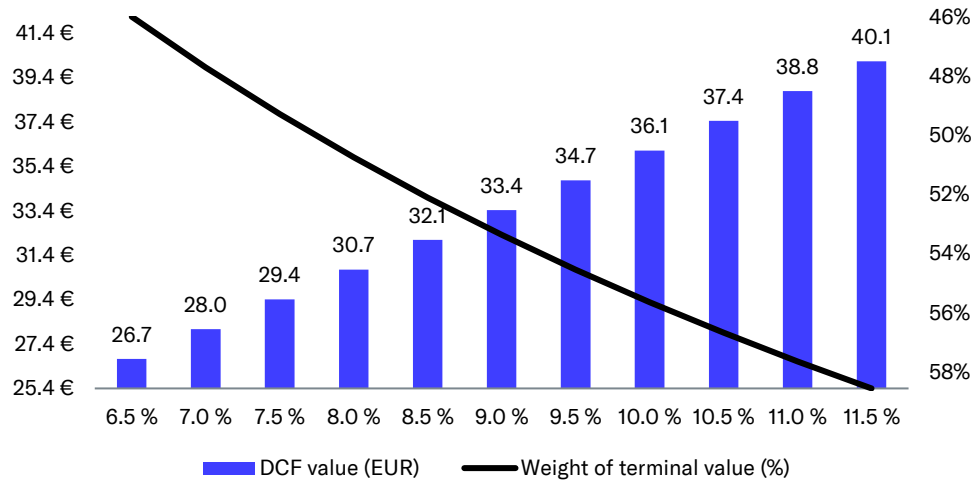
Sensitivity of DCF to changes in the WACC-%



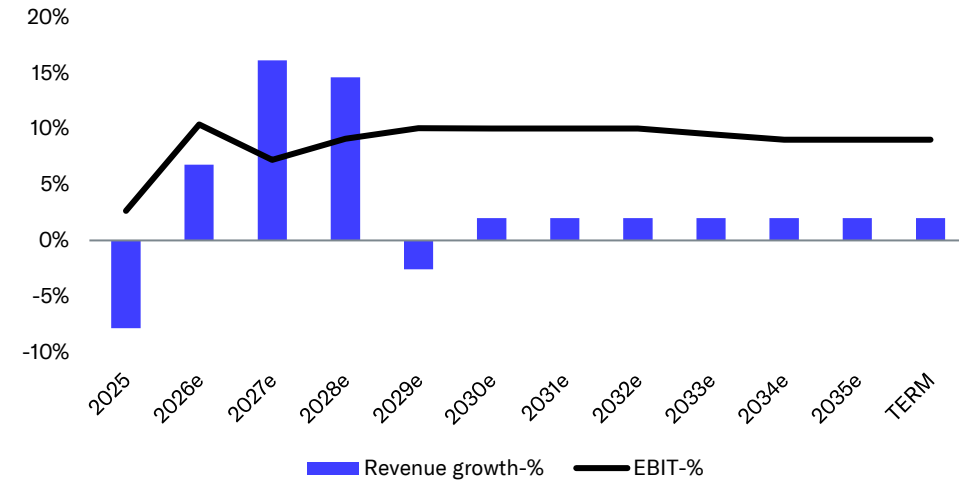
Sensitivity of DCF to changes in the risk-free rate



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	22926	20635	19016	20304	23571	EPS (reported)	1.86	-0.12	0.19	2.12	1.74
EBITDA	2548	1005	1438	2974	2680	EPS (adj.)	2.88	0.17	0.47	2.06	1.74
EBIT	1682	25	503	2105	1698	OCF / share	3.28	1.94	2.23	2.73	2.49
PTP	1596	-113	199	1951	1570	OFCF / share	0.29	-0.83	1.15	1.35	1.73
Net Income	1433	-95	144	1626	1335	Book value / share	11.02	9.65	9.52	11.44	12.67
Extraordinary items	-910	-248	-245	42	0	Dividend / share	1.20	0.20	0.20	0.50	0.65
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	15983	15581	15749	15503	16661	Revenue growth-%	-11%	-10%	-8%	7%	16%
Equity capital	8463	7417	7314	8786	9736	EBITDA growth-%	-16%	-61%	43%	107%	-10%
Goodwill	496	514	478	478	478	EBIT (adj.) growth-%	-11%	-89%	174%	176%	-18%
Net debt	2493	4193	3816	3057	2224	EPS (adj.) growth-%	-5%	-94%	184%	335%	-16%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	11.1 %	4.9 %	7.6 %	14.6 %	11.4 %
EBITDA	2548	1005	1438	2974	2680	EBIT (adj.)-%	11.3 %	1.3 %	3.9 %	10.2 %	7.2 %
Change in working capital	224	568	339	-521	-514	EBIT-%	7.3 %	0.1 %	2.6 %	10.4 %	7.2 %
Operating cash flow	2516	1492	1712	2101	1911	ROE-%	17.1 %	-1.2 %	2.0 %	20.2 %	14.4 %
CAPEX	-2247	-2058	-839	-1060	-585	ROI-%	14.3 %	0.2 %	4.0 %	16.7 %	13.1 %
Free cash flow	223	-638	883	1041	1326	Equity ratio	53.0 %	47.6 %	46.4 %	56.7 %	58.4 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	29.5 %	56.5 %	52.2 %	34.8 %	22.8 %
EV/S	1.2	0.7	1.0	1.3	1.1	Net debt/EBITDA	1.0	4.2	2.7	1.0	0.8
EV/EBITDA	10.7	13.4	13.0	8.6	9.3	EBITDA/net financials	29.6	7.3	4.7	19.3	20.9
EV/EBIT (adj.)	10.5	49.5	25.0	12.4	14.6						
P/E (adj.)	11.2	72.7	41.0	14.3	16.9						
P/B	2.9	1.3	2.0	2.6	2.3						
Dividend-%	3.7 %	1.6 %	1.0 %	1.7 %	2.2 %						

Source: Inderes

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/9/2023	Reduce	50.00 €	47.50 €
4/24/2023	Accumulate	48.00 €	43.77 €
5/2/2023	Accumulate	48.00 €	43.94 €
7/28/2023	Accumulate	39.00 €	32.57 €
10/27/2023	Accumulate	37.00 €	31.90 €
2/9/2024	Buy	35.00 €	27.74 €
4/25/2024	Buy	30.00 €	22.49 €
5/15/2024	Accumulate	21.50 €	18.88 €
7/26/2024	Accumulate	21.00 €	18.12 €
9/12/2024	Accumulate	19.00 €	16.06 €
10/25/2024	Accumulate	17.50 €	14.39 €
11/11/2024	Accumulate	15.50 €	12.83 €
2/17/2025	Reduce	11.50 €	10.47 €
4/28/2025	Reduce	9.00 €	7.98 €
4/30/2025	Reduce	9.00 €	8.90 €
7/25/2025	Reduce	14.00 €	14.82 €
10/28/2025	Reduce	18.00 €	18.40 €
10/30/2025	Reduce	18.00 €	18.92 €
2/3/2026	Reduce	22.00 €	21.35 €
2/6/2026	Reduce	22.00 €	20.63 €
4/20/2026	Accumulate	26.50 €	23.49 €
4/30/2026	Accumulate	33.00 €	29.43 €



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