

FINNAIR

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INDERES CORPORATE CUSTOMER

COMPANY REPORT



Q3 looks strong, but next year will be tougher

Finnair's development has remained strong in Q3, and we believe its full-year figures will reach the upper end of the guidance ranges or surpass them. However, we have significantly lowered our forecast for next year, expecting earnings to decline due to lower payloads and higher fuel costs. We lower our target price to EUR 3.8 (was EUR 4) and reiterate our Sell recommendation.

Q3 development appears strong

Finnair's traffic performance in September, published yesterday, exceeded our expectations in terms of both passenger volumes and unit revenues. We understand that Finnair's Asian traffic has continued to benefit from the decrease in passenger numbers in the Persian Gulf region. Based on monthly reports, we estimate Q3 revenue at approximately 955 MEUR, compared to our previous forecast of approximately 920 MEUR. We also raised our Q3 adj. EBIT estimate to 87 MEUR from the previous 78 MEUR, which is a significant improvement from the comparison period (50 MEUR) and also slightly better than the strong Q2 earnings. Finnair had hedged around 80% of its fuel purchases for Q3 at the end of Q2, so we estimate that the increase in fuel prices seen during the fall will not yet significantly impact Q3 earnings.

Full-year guidance may be exceeded

Although Q3 has progressed strongly, we lowered our earnings estimate for Q4, primarily due to rising fuel prices. For the full year, however, both our revenue and adj. EBIT estimates are slightly above the company's guidance ranges. Thus, we believe the company will raise at least the lower end of its earnings guidance in connection with the Q3 report, and a slight upward revision to the upper end is also possible. This largely depends on the exact impact of fuel prices in Q4 and how the company can compensate for them in ticket prices.

Challenges ahead next year; we expect earnings to fall

According to our estimates, Finnair will face several headwinds next year. First, the exceptionally strong demand in Asian traffic will stabilize as passenger numbers in the Persian Gulf region likely return to more normal levels. This is reflected in our estimates as a decrease in the load factor of Asian traffic. Second, the company is increasing capacity for long-haul flights (e.g., the Melbourne route and increased frequencies to Japan), which could lower unit revenues. Third, fuel prices are rising, and as the effects of hedging diminish, they will begin to have a more pronounced impact on the company's expenses, especially if prices remain at current levels. The impact will be milder if we assume that fuel prices will decline over the next year, as Bloomberg's forecasts predict, which is the basis for our projections. In our view, the combination of these three factors puts pressure on the company's earnings. In this report, we have revised next year's earnings forecast downward to 150 MEUR. However, our forecasts show that the decline in fuel prices combined with revenue growth will support a recovery in earnings to approximately 190 MEUR by 2028. In our forecasts, Finnair's adj. EBIT margin will remain at around 5% in the medium term, while the company's target is 6–8% by the end of 2029.

Share prices reflect an overly optimistic outlook

Based on our estimates and adjusted for deferred taxes, Finnair's P/E ratios for 2026 and 2027 are approximately 6x and 12x, and adjusted EV/EBIT multiples are around 8x and 11x. Thus, based on this year's good earnings, the stock trades within our accepted ranges (adj. P/E: 6x–9x adj. EV/EBIT: 6x–9x) but clearly above them next year. Also, in our opinion, a P/B ratio above one is high, as our estimates indicate that the return on capital will remain below the required return. In addition, the stock's DCF value is lower than the current price level. Therefore, in our view, Finnair's expected return remains weak, even though the earnings outlook for this year remains good.

Recommendation

Sell

(was Sell)

Target price:

EUR 3.80

(was EUR 4.00)

Share price:

EUR 4.39

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	3106	3520	3706	3768
growth-%	1.9 %	13.3 %	5.3 %	1.7 %
EBIT adj.	60	193	148	185
EBIT-% adj.	1.9 %	5.5 %	4.0 %	4.9 %
Net Income	18	115	56	82
EPS (adj.)	0.07	0.51	0.28	0.40
P/E (adj.)	42.8	8.5	15.9	10.9
P/B	1.0	1.2	1.2	1.1
Dividend yield-%	2.9 %	2.5 %	2.5 %	3.4 %
EV/EBIT (adj.)	22.7	8.3	11.2	9.5
EV/EBITDA	3.3	2.9	3.2	3.1
EV/S	0.4	0.5	0.4	0.5

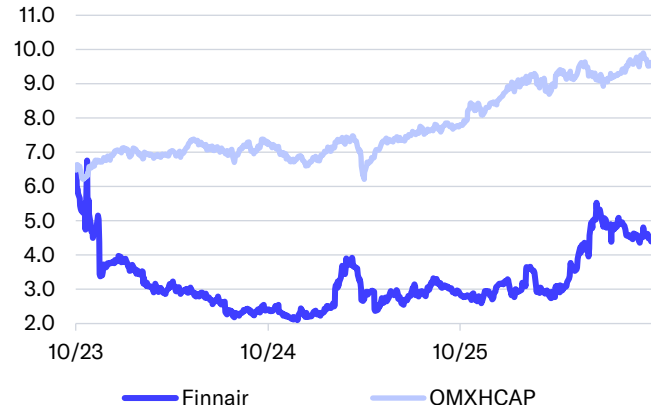
Source: Inderes

Guidance

(Unchanged)

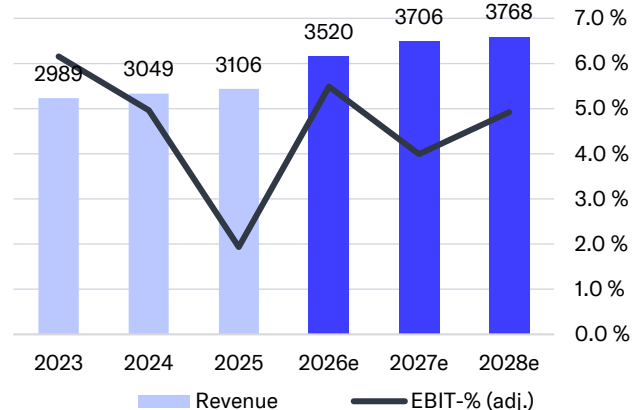
Finnair expects the company's revenue to be 3.4-3.5 BEUR and comparable EBIT to be 120-190 MEUR in 2026 The guidance is based on the assumption that there will be no significant disruptions in fuel availability.

Share price



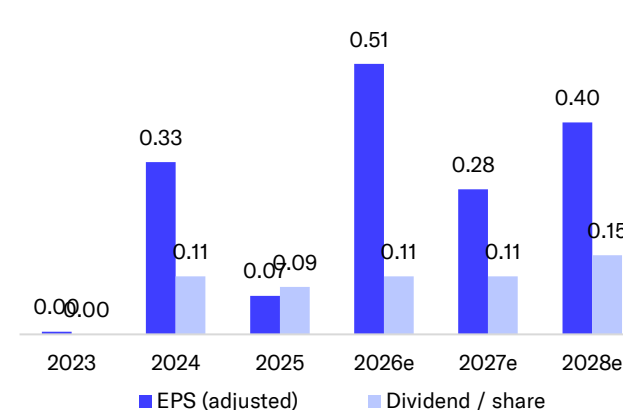
Source: Millstream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

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	4.39	4.39	4.39
Number of shares, millions	205	205	205
Market cap	899	899	899
EV	1605	1664	1768
P/E (adj.)	8.5	15.9	10.9
P/E	7.8	15.9	10.9
P/B	1.2	1.2	1.1
P/S	0.3	0.2	0.2
EV/Sales	0.5	0.4	0.5
EV/EBITDA	2.9	3.2	3.1
EV/EBIT (adj.)	8.3	11.2	9.5
Payout ratio (%)	19.6 %	39.9 %	37.3 %
Dividend yield-%	2.5 %	2.5 %	3.4 %

Source: Inderes

Earnings forecasts lowered, particularly for 2027

Q3 development appears strong

Finnair's traffic performance in September, published yesterday, exceeded our expectations in terms of both passenger volumes and unit revenues. We understand that Finnair's Asian traffic has continued to benefit from the decrease in passenger numbers in the Persian Gulf region, which supports pricing, in our view, in addition to payloads. Based on monthly reports, we estimate Q3 revenue at around 955 MEUR, compared to our previous forecast of around 920 MEUR. We also raised our Q3 adj. EBIT estimate to 86 MEUR from the previous 78 MEUR, which is a large improvement from the comparison period (50 MEUR) and also slightly better than the strong Q2 earnings. Finnair had hedged around 80% of its fuel purchases for Q3 at the end of Q2, so we estimate that the increase in fuel prices seen during the fall will not yet significantly impact Q3 earnings.

Full-year guidance may be exceeded

Although Q3 has progressed strongly, we lowered our earnings estimate for Q4, primarily due to rising fuel prices.

At the end of Q2, Finnair had hedged around 70% of its Q4 fuel purchases, which limits the impact. However, a large increase in fuel prices reflects negatively on our estimates.

For the full year, our revenue estimate increased slightly, but our earnings estimate decreased. Both our revenue and adj. EBIT estimates are slightly above Finnair's guidance ranges, however. Thus, we believe the company will raise at least the lower end of its earnings guidance with the Q3 report, and a slight upward revision to the upper end and a minor change to the revenue guidance are also possible. This largely depends on the exact impact of fuel prices in Q4 and how the company can offset them with ticket prices. Hence, a potential guidance upgrade can only be made once the figures are already known or nearly known around year-end.

Challenges ahead next year; we expect earnings to fall

According to our estimates, Finnair will face several headwinds next year. First, the exceptionally strong demand in Asian traffic will stabilize as air traffic in the Persian Gulf region likely returns to more normal levels and competition

increases, especially for travel to Southeast Asia, with Emirates' new route to Helsinki. This is reflected in our estimates as a decrease in the load factor of Asian traffic. Second, the company is increasing capacity for long-haul flights (e.g., the Melbourne route and increased frequencies to Japan), which could lower unit revenues, e.g., through a lower load factor. Third, fuel prices are rising, and as the effects of hedging diminish, they will begin to have a more pronounced impact on the company's expenses, especially if prices remain at current levels. The impact will be milder if we assume that fuel prices will decline over the next year, as Bloomberg's forecasts predict, which is the basis for our projections. At the end of Q2, around one-third of the 2027 fuel was hedged. In our view, the combination of these three factors puts pressure on the company's earnings.

In this report, we have revised next year's earnings forecast downward to around 150 MEUR. However, our forecasts show that the decline in fuel prices combined with revenue growth will support a recovery in earnings to 185 MEUR in 2028, for which we have made no significant revisions.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	3458	3520	2%	3494	3706	6%	3578	3768	5%
EBIT (exc. NRIs)	197	193	-2%	192	148	-23%	193	185	-4%
EBIT	210	206	-2%	192	148	-23%	193	185	-4%
PTP	148	144	-3%	112	69	-39%	108	101	-7%
EPS (excl. NRIs)	0.53	0.51	-3%	0.45	0.28	-39%	0.43	0.40	-7%
DPS	0.11	0.11	0%	0.14	0.11	-21%	0.15	0.15	0%

Source: Inderes

Valuation appears 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 12x. 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 corresponding adjusted EV/EBIT ratios for these years are about 8x and 11x. 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 at the top of 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.

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 1.1x for 2026-2027, and the P/B ratio is 1.2x. Over time, these levels would necessitate a return on capital higher than the required return, which our estimates do not anticipate. Therefore, in our view, the balance sheet-based valuation also appears high.

Valuation picture somewhat 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 at the same level as, or even lower than, its peers, while next year's multiples are significantly higher than those of its peers. However, peer estimates may not necessarily have accounted for the rise in fuel prices during the fall.

While a completely watertight comparison would likely require adjustments to the peers' figures as well, given Finnair's historical performance, as well as growth and profitability outlook, we believe it is very difficult to warrant a premium valuation. 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 3.8, which is clearly below the current share price. We updated the DCF model regarding longer-term investment and depreciation levels, among other things, and raised the WACC to 8.5% (was 8.0%). Driven primarily by the change in WACC, the value of the DCF model declined.

However, due to weak predictability, we do not find the cash flow model particularly well-suited for valuing companies like Finnair, which are difficult to predict, especially in the long term, and are dependent on many external factors, nor for timing investments. Thus, we only give limited weight to the DCF model in Finnair's valuation.

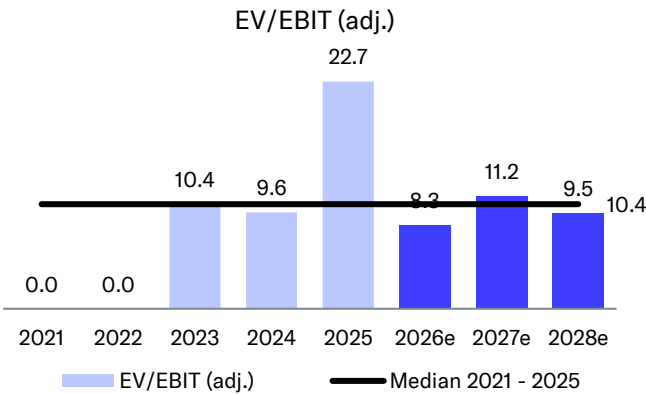
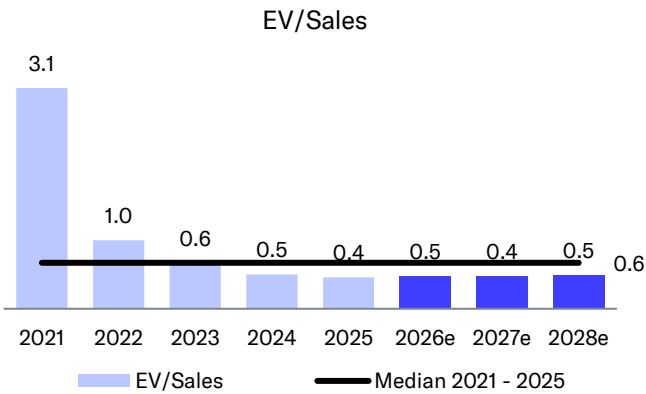
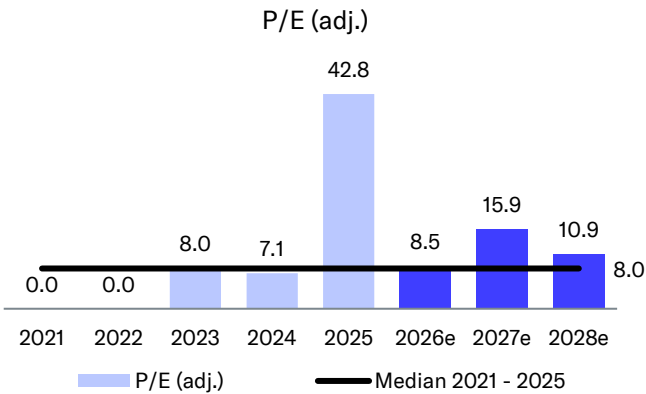
Valuation	2026e	2027e	2028e
Share price	4.39	4.39	4.39
Number of shares, millions	205	205	205
Market cap	899	899	899
EV	1605	1664	1768
P/E (adj.)	8.5	15.9	10.9
P/E	7.8	15.9	10.9
P/B	1.2	1.2	1.1
P/S	0.3	0.2	0.2
EV/Sales	0.5	0.4	0.5
EV/EBITDA	2.9	3.2	3.1
EV/EBIT (adj.)	8.3	11.2	9.5
Payout ratio (%)	19.6 %	39.9 %	37.3 %
Dividend yield-%	2.5 %	2.5 %	3.4 %

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	4.39	4.39	4.39	4.39
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	899	899	899	899
EV	2588	2254	1920	1455	1362	1605	1664	1768	1889
P/E (adj.)	neg.	neg.	8.0	7.1	42.8	8.5	15.9	10.9	9.8
P/E	neg.	neg.	3.4	12.8	35.1	7.8	15.9	10.9	9.8
P/B	3.1	neg.	1.4	0.8	1.0	1.2	1.2	1.1	1.0
P/S	1.0	0.2	0.3	0.2	0.2	0.3	0.2	0.2	0.2
EV/Sales	3.1	1.0	0.6	0.5	0.4	0.5	0.4	0.5	0.5
EV/EBITDA	neg.	15.1	3.6	3.3	3.3	2.9	3.2	3.1	3.0
EV/EBIT (adj.)	neg.	neg.	10.4	9.6	22.7	8.3	11.2	9.5	9.2
Payout ratio (%)	0.0 %	0.0 %	0.0 %	60.6 %	100.7 %	19.6 %	39.9 %	37.3 %	35.0 %
Dividend yield-%	0.0 %	0.0 %	0.0 %	4.7 %	2.9 %	2.5 %	2.5 %	3.4 %	3.6 %

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
IAG	22640	26703	6.4	5.6	3.7	3.4	0.8	0.7	8.0	6.8	2.0	2.3	2.5
Lufthansa	9100	14788	8.4	6.6	3.4	3.0	0.4	0.3	8.2	5.8	4.0	4.9	0.7
Air France - KLM	3024	15027	8.6	7.1	3.0	2.8	0.4	0.4	3.8	2.6			1.7
Norwegian	1151	1640	8.0	5.2	2.6	2.1	0.5	0.4	11.2	6.0	5.3	5.5	1.8
Turkish Airlines	7242	18131	17.9	8.6	5.6	4.1	0.8	0.7	5.6	3.7	1.8	1.6	0.4
Japan Airlines	8534	6846	6.0	6.6	3.4	3.7	0.6	0.6	10.5	14.4	3.2	3.2	1.2
China Air	14221	41811		38	11.1	8	1.6	1.6		33.8			2.4
Delta Airlines	48875	57049	11.4	8.7	7.7	6.2	1.0	0.9	14.7	10.6	0.9	1.0	2.3
United	32258	40987	11.0	7.2	6.3	4.8	0.7	0.6	13.3	8.4			2.0
American Airlines	7645	25810	33.8	10.4	10.3	5.9	0.5	0.4		8.2		0.1	
Alaska Airlines	3955	7100		10.9	10.9	4.2	0.5	0.5		10.4			1.2
Cathay Pacific	9858	15209	9.3	8.8	5.0	4.9	1.0	1.0	8.6	7.9	6.1	6.4	1.5
Qantas	8433	12630	8.6	8.0	4.4	4.1	0.8	0.8	9.3	9.1	4.5	4.5	10.0
Singapore Airlines	14706	16135	12.3	12.8	5.3	5.4	1.2	1.0	20.1	25.9	3.5	4.0	1.3
Air New Zealand	11873	12325	8.9	8.7	8.1	7.8	1.0	0.9	12.3	11.6	1.3	1.4	2.1
Air Canada	4068	7679	19.3	9.8	4.1	3.4	0.5	0.5	19.3	14.0			1.6
China Southern	10285	45039		35.0	10.3	7.8	1.7	1.7		13.8			1.2
Korean Air	7599	20459	32.7	14.5	8.0	6.0	1.1	1.1	23.8	8.9	2.5	2.6	1.1
LATAM Airlines	13336	18649	9.5	7.8	5.0	4.3	1.2	1.1	26.1	26.1			
Finnair (Inderes)	899	1605	8.3	11.2	2.9	3.2	0.5	0.4	8.5	15.9	2.5	2.5	1.2
Average			13.2	11.6	6.2	4.8	0.8	0.8	13.0	12.0	3.2	3.1	2.0
Median			9.4	8.7	5.3	4.3	0.8	0.7	11.2	9.1	3.2	2.9	1.6
Diff-% to median			-11%	30%	-45%	-26%	-42%	-39%	-24%	75%	-22%	-14%	-25%

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	3049	694	788	835	789	3106	778	917	953	871	3520	3706	3768	3774
Ticket revenue	2419	538	627	666	615	2446	614	718	755	679	2765	2924	2951	2924
Ancillary revenue	182	45	50	53	53	200	54	61	65	63	244	266	288	310
Travel Services	242	61	60	67	66	255	59	65	70	68	262	268	275	282
Freight	206	50	51	49	55	205	52	72	63	61	249	248	253	258
EBITDA	445	32	106	139	130	408	90	170	173	114	548	523	578	620
Depreciation	-330	-86	-87	-87	-84	-344	-86	-84	-86	-86	-342	-375	-393	-414
EBIT (excl. NRI)	151	-63	10	51	62	60	-1	78	87	28	193	148	185	206
EBIT	114	-53	19	52	46	64	4	87	87	28	206	148	185	206
Net financial items	-68	-11	-5	-13	-13	-41	-15	-14	-17	-17	-62	-79	-85	-95
PTP	46	-64	14	40	33	23	-11	73	71	12	144	69	101	112
Taxes	-9	13	-2	-9	-7	-5	2	-15	-14	-2	-29	-12	-18	-20
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	56	9	115	56	82	92
EPS (adj.)	0.33	-0.28	0.03	0.14	0.19	0.07	-0.06	0.25	0.28	0.05	0.51	0.28	0.40	0.45
EPS (rep.)	0.18	-0.25	0.06	0.15	0.13	0.09	-0.04	0.28	0.28	0.05	0.56	0.28	0.40	0.45

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-%	2.0 %	1.8 %	2.8 %	2.0 %	0.8 %	1.9 %	12.1 %	16.4 %	14.2 %	10.4 %	13.3 %	5.3 %	1.7 %	0.2 %
Adjusted EBIT growth-%	-17.7 %	-439.2 %	-76.5 %	-28.9 %	28.4 %	-60.3 %	99.0 %	664.9 %	71.4 %	-54.0 %	221.5 %	-23.4 %	25.3 %	11.3 %
EBITDA-%	14.6 %	4.7 %	13.5 %	16.7 %	16.5 %	13.1 %	11.6 %	18.6 %	18.2 %	13.1 %	15.6 %	14.1 %	15.4 %	16.4 %
Adjusted EBIT-%	5.0 %	-9.0 %	1.3 %	6.1 %	7.8 %	1.9 %	-0.1 %	8.6 %	9.1 %	3.3 %	5.5 %	4.0 %	4.9 %	5.5 %
Net earnings-%	1.2 %	-7.3 %	1.6 %	3.7 %	3.3 %	0.6 %	-1.2 %	6.4 %	5.9 %	1.1 %	3.3 %	1.5 %	2.2 %	2.4 %

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	2519	2347	2442	2524	2686
Goodwill	0.0	0.0	0.0	0.0	0.0
Intangible assets	0.0	0.0	0.0	0.0	0.0
Tangible assets	2142	1976	2084	2184	2366
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	59.8	62.6	62.6	62.6	62.6
Other non-current assets	95.0	94.4	94.4	94.4	94.4
Deferred tax assets	222	213	201	183	163
Current assets	1202	1340	1412	1378	1298
Inventories	86.8	89.1	113	122	136
Other current assets	66.5	32.2	32.2	32.2	32.2
Receivables	165	156	176	185	188
Cash and equivalents	884	1063	1091	1038	942
Balance sheet total	3721	3687	3854	3901	3984

Source: Inderes

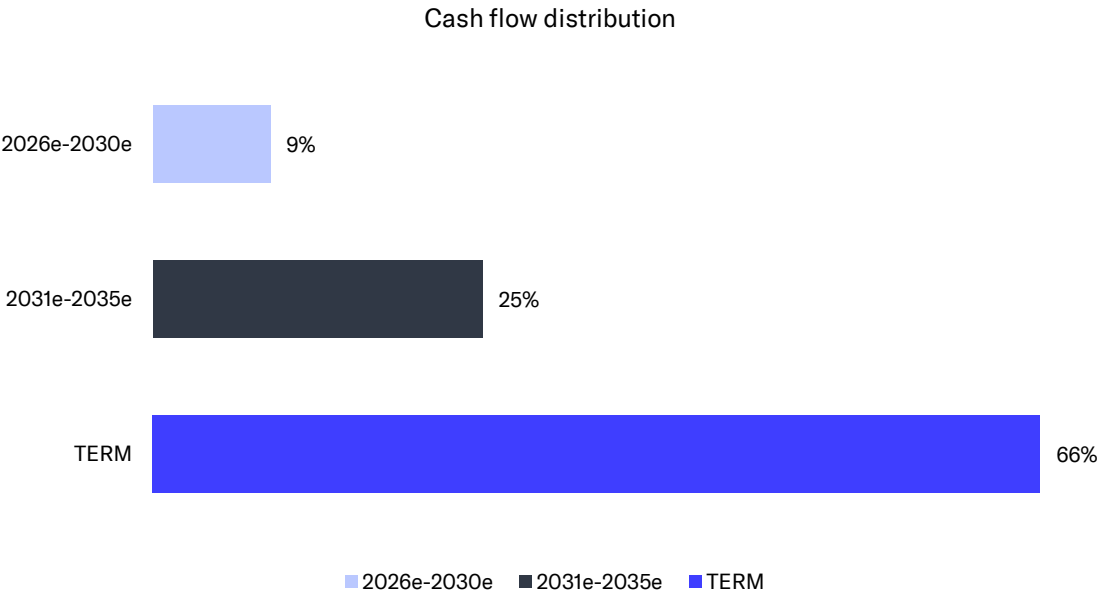
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	627	637	733	767	827
Share capital	75.4	75.4	75.4	75.4	75.4
Retained earnings	-1358	-1003	-907	-873	-813
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	1909	1565	1565	1565	1565
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	1698	1688	1525	1529	1536
Deferred tax liabilities	0.0	0.0	0.0	0.0	0.0
Provisions	122	86.3	86.3	86.3	86.3
Interest bearing debt	1575	1601	1438	1443	1450
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.6	0.3	0.3	0.3	0.3
Current liabilities	1396	1363	1596	1605	1620
Interest bearing debt	290	182	360	361	362
Payables	722	789	845	852	867
Other current liabilities	385	391	391	391	391
Balance sheet total	3721	3687	3854	3901	3984

DCF-calculation

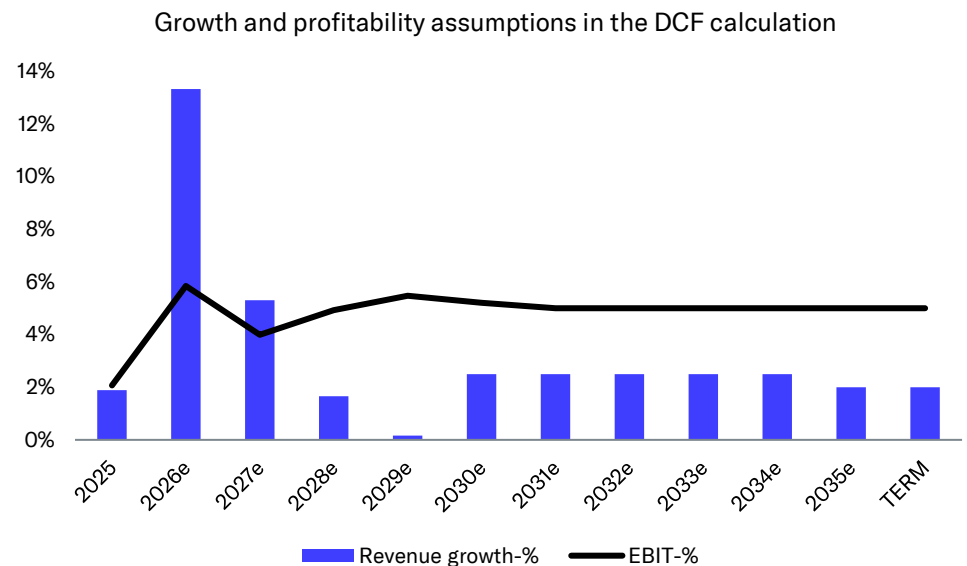
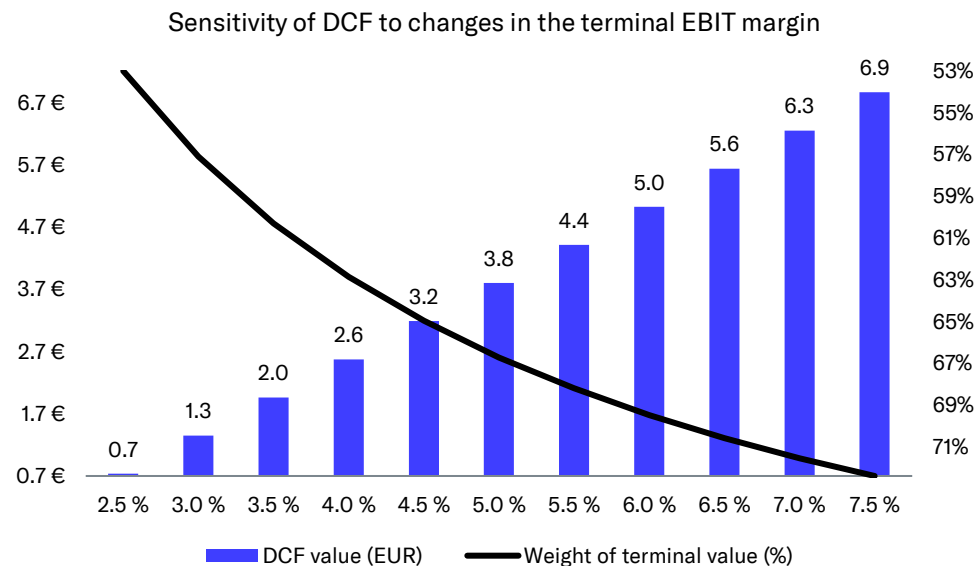
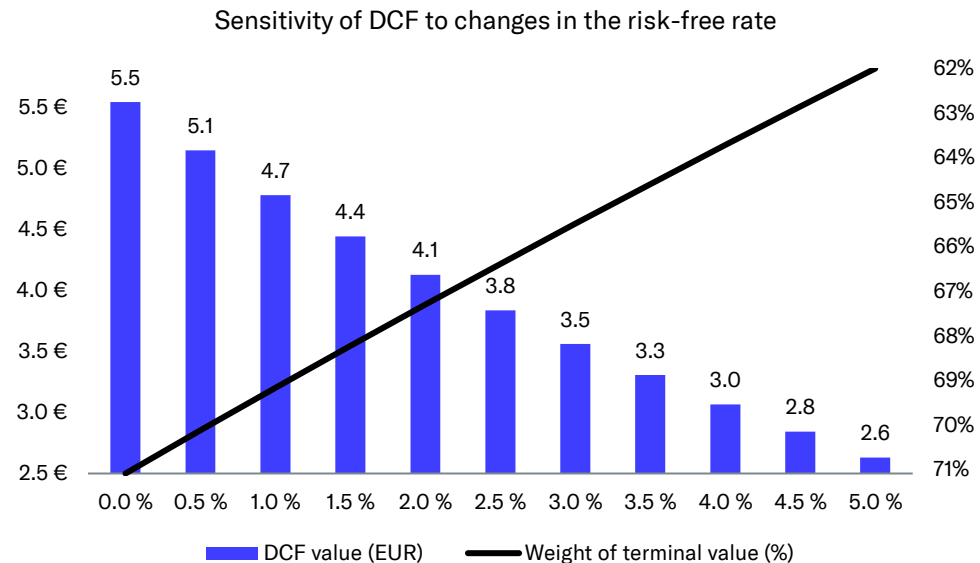
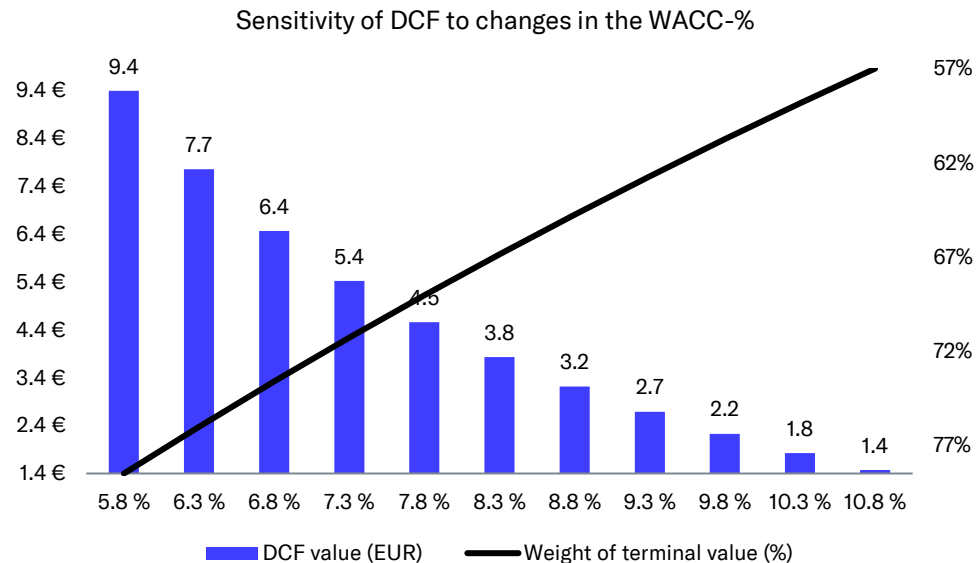
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	1.9 %	13.3 %	5.3 %	1.7 %	0.2 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	2.1 %	5.8 %	4.0 %	4.9 %	5.5 %	5.2 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %
EBIT (operating profit)	64	206	148	185	206	201	198	203	208	213	218	
+ Depreciation	344	342	375	393	414	421	429	427	438	433	443	
- Paid taxes	3	-17	6	2	-1	0	0	0	0	0	0	
- Tax, financial expenses	-12	-16	-17	-18	-19	-20	-20	-20	-20	-20	-21	
+ Tax, financial income	3	3	3	3	2	2	2	2	3	3	3	
- Change in working capital	116	12	-11	-2	-14	13	14	14	14	15	12	
Operating cash flow	518	530	503	563	588	618	623	626	643	643	655	
+ Change in other long-term liabilities	-36	0	0	0	0	0	0	0	0	0	0	
- Gross CAPEX	-180	-450	-475	-575	-600	-550	-500	-500	-500	-500	-525	
Free operating cash flow	302	80	28	-12	-12	68	123	126	143	143	130	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	302	80	28	-12	-12	68	123	126	143	143	130	2104
Discounted FCFF		79	26	-10	-9	49	81	77	80	74	62	1008
Sum of FCFF present value		1516	1437	1412	1422	1431	1382	1301	1225	1144	1070	1008
Enterprise value DCF		1516										
- Interest bearing debt		-1783										
+ Cash and cash equivalents		1063										
+ Associated companies		0.8										
-Minorities		0.0										
-Dividend/capital return		-18										
Equity value DCF		779										
Equity value DCF per share		3.8										

WACC	
Tax-% (WACC)	18.0 %
Target debt ratio (D/(D+E))	57.5 %
Cost of debt	5.5 %
Equity Beta	2.30
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	13.4 %
Weighted average cost of capital (WACC)	8.3 %

Source: Inderes



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	3520	3706	EPS (reported)	0.01	0.18	0.09	0.56	0.28
EBITDA	538	445	408	548	523	EPS (adj.)	0.00	0.33	0.07	0.51	0.28
EBIT	191	114	64	206	148	OCF / share	0.03	2.71	2.53	2.59	2.46
PTP	119	46	23	144	69	OFCF / share	0.01	0.80	1.48	0.39	0.14
Net Income	241	37	18	115	56	Book value / share	0.03	3.07	3.11	3.58	3.75
Extraordinary items	7	-37	4	12	0	Dividend / share	0.00	0.11	0.09	0.11	0.11
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	3698	3721	3687	3854	3901	Revenue growth-%	27%	2%	2%	13%	5%
Equity capital	577	627	637	733	767	EBITDA growth-%	260%	-17%	-8%	34%	-4%
Goodwill	0	0	0	0	0	EBIT (adj.) growth-%	212%	-18%	-60%	222%	-23%
Net debt	1104	981	719	707	766	EPS (adj.) growth-%	102%	6463%	-78%	600%	-46%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	18.0 %	14.6 %	13.1 %	15.6 %	14.1 %
EBITDA	538	445	408	548	523	EBIT (adj.)-%	6.2 %	5.0 %	1.9 %	5.5 %	4.0 %
Change in working capital	42	120	116	12	-11	EBIT-%	6.4 %	3.7 %	2.1 %	5.8 %	4.0 %
Operating cash flow	549	554	518	530	503	ROE-%	48.8 %	6.2 %	2.9 %	16.8 %	7.5 %
CAPEX	-340	-386	-180	-450	-475	ROI-%	6.8 %	4.5 %	3.2 %	9.0 %	6.4 %
Free cash flow	135	164	302	80	28	Equity ratio	15.6 %	16.9 %	17.3 %	19.0 %	19.7 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	191%	156%	113%	96%	100%
EV/S	0.6	0.5	0.4	0.5	0.4	Net debt/EBITDA	2.1	2.2	1.8	1.3	1.5
EV/EBITDA	3.6	3.3	3.3	2.9	3.2	EBITDA/net financials	7.4	6.5	10.0	8.8	6.6
EV/EBIT (adj.)	10.4	9.6	22.7	8.3	11.2						
P/E (adj.)	8.0	7.1	42.8	8.5	15.9						
P/B	1.4	0.8	1.0	1.2	1.2						
Dividend-%	0.0 %	4.7 %	2.9 %	2.5 %	2.5 %						

Source: Inderes

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Reduce	The 12-month risk-adjusted expected shareholder return of the share is 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



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