

NESTE

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COMPANY REPORT



Middle East conflict boosts margins

Neste will publish its Q1'26 earnings on Wednesday of next week at around 9.00 am EEST. Due to the ripple effects of the conflict in the Middle East, we estimate that the earnings for this quarter will be quite good. We have therefore made substantial upward revisions to our estimates for the current year. Thanks to the upward revisions to forecasts and strengthened cash flow, we find the stock's risk/reward ratio attractive. We raise our target price to EUR 26.5 (was EUR 22.0) and our recommendation to Accumulate (was Reduce).

Margins on the rise at beginning of year

As a result of the escalating conflict in the Middle East, the price of diesel has risen significantly, substantially strengthening the short-term earnings outlook for Oil Products and Renewable Products. This is due to the supply-constrained Oil Products market, which has led to very high diesel product margins. The increase in the price of fossil diesel also strengthens the sales margin for Renewable Products because it is a pricing component for renewable diesel.

Earnings up significantly year-on-year in Q1

We have increased our short-term estimates and anticipate that Neste will achieve a comparable EBITDA of 787 MEUR in Q1 (was 602 MEUR). Thanks to the high diesel product margin, we estimate that the refining margin for Oil Products will more than double from the comparison period. Our sales margin estimate for Renewable Products is also more than double that of the comparison period (Q1'26e USD 745/ton vs. Q1'25 USD 310/ton). This reflects the increase in end-product prices seen in March but also the annual contracts made in a significantly healthier market environment where, in our estimation, margin levels are considerably higher than last year's.

Neste has provided guidance indicating that it expects Renewable Products sales volumes in 2026 to be

approximately at the same level and Oil Products sales volumes to be lower than in 2025. We believe this guidance will remain unchanged as it is difficult to increase Renewable Products' sales volumes further, and the major turnaround in Porvoo at the end of the year will particularly reduce Oil Products' sales volumes. However, when the earnings are announced, attention will focus on the margin impacts of the conflict's spillover effects and the margin uplift provided by Renewable Products' annual contracts.

We made positive estimate changes for the short term

We have increased our earnings estimates for the current year more broadly because the margin outlook for both main segments has remained favorable, even at the beginning of Q2. However, recent developments have shown that the conflict has at least paused. Consequently, the price of diesel has trended downward, bending also the margin outlook for both businesses into a downward trend. We have raised our earnings estimates for H1'26 in particular, reflecting a 28% increase in our comparable EBITDA estimate for 2026, while our forecasts for the coming years have remained unchanged.

Risk/reward has improved

Following the increase in estimates and a strengthened financial position, the valuation for the coming years has decreased to a moderate level (2026-2027 P/E 15-16x and EV/EBIT 13-14x). With Renewable Products' earnings growth, the segment trades at an EV/EBIT multiple of less than 10x for 2028 based on our sum-of-the-parts calculation. Due to the strengthened cash flow and slightly decreased risk level, we find this attractive despite the elevated estimate risks caused by strongly volatile margins. Overall, however, we consider the stock's risk/reward ratio to be on the attractive side.

Recommendation

Accumulate

(was Reduce)

Target price:

EUR 26.50

(was EUR 22.00)

Share price:

EUR 23.49

Business risk



Valuation risk



	2025	2026e	2027e	2028e
Revenue	19016	20192	23878	27646
growth-%	-8%	6%	18%	16%
EBIT adj.	748	1643	1485	2088
EBIT-% adj.	3.9 %	8.1 %	6.2 %	7.6 %
Net Income	144	1244	1147	1670
EPS (adj.)	0.47	1.62	1.49	2.17
P/E (adj.)	41.0	14.5	15.7	10.8
P/B	2.0	2.1	1.9	1.7
Dividend yield-%	1.0 %	1.5 %	2.8 %	3.6 %
EV/EBIT (adj.)	25.0	13.0	13.9	9.4
EV/EBITDA	13.0	8.3	8.4	6.3
EV/S	1.0	1.1	0.9	0.7

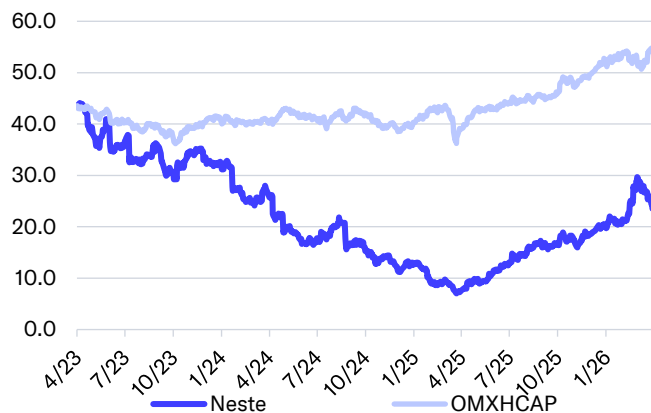
Source: Inderes

Guidance

(Unchanged)

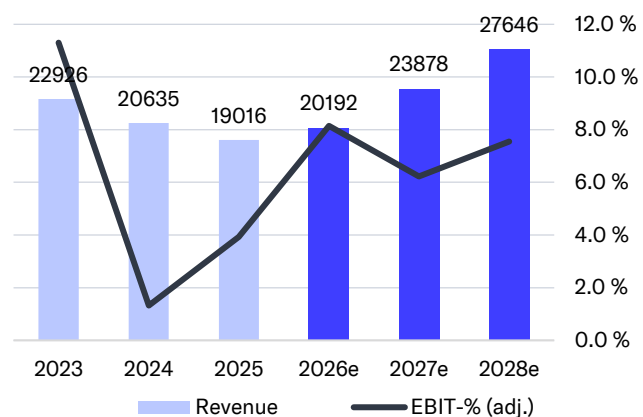
Renewable Products' sales volumes in 2026 are expected to be approximately at the same level and Oil Products' sales volumes in 2026 are expected to be lower than in 2025

Share price



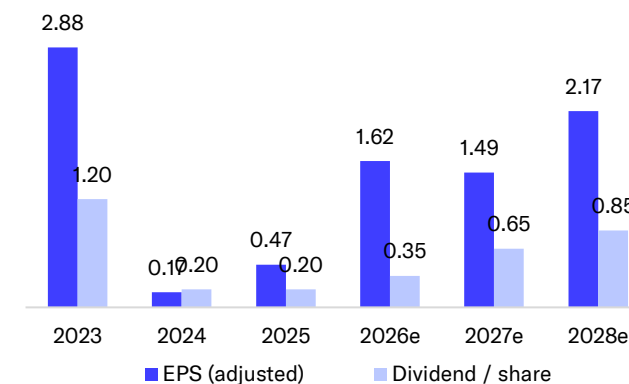
Source: Millstream Market Data AB

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, which we expect will restore a healthy margin for the segment
- Efficiency in Oil Products, which supports its margin

Risk factors

- Risks related to oversupply in Renewable Products
- Long-term sales margin level for Renewable Products
- Weak long-term demand picture for oil-based fuels
- Regulatory risks (+/-)

Valuation	2026e	2027e	2028e
Share price	23.49	23.49	23.49
Number of shares, millions	768.3	768.3	768.3
Market cap	18047	18047	18047
EV	21421	20701	19603
P/E (adj.)	14.5	15.7	10.8
P/E	14.5	15.7	10.8
P/B	2.1	1.9	1.7
P/S	0.9	0.8	0.7
EV/Sales	1.1	0.9	0.7
EV/EBITDA	8.3	8.4	6.3
EV/EBIT (adj.)	13.0	13.9	9.4
Payout ratio (%)	21.6 %	43.5 %	39.1 %
Dividend yield-%	1.5 %	2.8 %	3.6 %

Source: Inderes

Earnings up significantly year-on-year in Q1

Significant earnings improvement from the comparison period

We forecast Neste's Q1'26 comparable EBITDA to have risen from 210 MEUR in the comparison period to 787 MEUR. This is slightly above the consensus estimate of 746 MEUR and in line with the higher estimate for Renewable Products. Both main segments, Renewable Products and Oil Products, drove significant year-on-year earnings improvement.

Margin-driven earnings growth

We estimate that sales volumes of Renewable Products settled at around 960 Ktons in Q1'26, representing moderate year-on-year growth of 8% in a seasonally slower quarter where volumes were also limited by the effects of maintenance turnarounds. However, a much larger driver of the improvement in Renewable Products' earnings in our forecast is the sales margin, which we

expect to rise to USD 745/ton (consensus USD 722/ton) and more than double the historically weak USD 310/ton in the comparison period. A key driver of the sales margin is the increase in the price of fossil diesel, which also raises the price of renewable diesel, sold at a premium relative to fossil diesel. Additionally, Neste entered 2026 with a healthier margin structure than last year because this year's annual contract negotiations occurred in a healthier market environment than last year. Thus, we forecast that the comparable EBITDA of Renewable Products will increase to 439 MEUR in Q1'26 (Q1'25: 72 MEUR).

In Oil Products, we expect a significant improvement in earnings with relatively stable sales volumes as we estimate comparable EBITDA at 327 MEUR for Q1'26 (Q1'25: 120 MEUR). This is based on our refining margin estimate of USD 24/bbl, which is also more than double the satisfactory USD 9.9/bbl in the comparison period. The high margin reflects the impact of the conflict in the Middle

East on the diesel market because the Middle East has a high share of oil used for diesel refining due to qualitative factors. Because of the conflict, the diesel product margin has thus risen to an exceptionally high level in March.

MEUR / EUR	Q1'25	Q1'26	Q1'26e	Q1'26e	Consensus		2026e
	Comparison	Actualized	Inderes	Consensus	Low	High	Inderes
Revenue	5017		5207	4971	4487 - 6210		20192
EBITDA (adj.)	210		787	746	656 - 983		2567
PTP	-57		511a	-	- - -		1463
EPS (reported)	-0.05		0.56	0.50	0.39 - 0.81		1.62
Revenue growth-%	4.5 %		3.8 %	-0.9 %	-10.6 % - 23.8 %		6.2 %
EBITDA-% (adj.)	4.2 %		15.1 %	15.0 %	14.6 % - 15.8 %		12.7 %

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

We made positive estimate changes for the short term

Easing of conflict has already been reflected in the market

The de-escalation of the conflict in the Middle East and efforts to stabilize the situation in the region have already been reflected in the market. In light of this, the price of diesel, and consequently the refining margin, have turned downward, as reflected in the price of Renewable diesel, which has also corrected slightly downward from its peak. Meanwhile, growth in European road transport renewable diesel demand driven by regulation maintains a supply-constrained renewable diesel market, which supports a favorable margin outlook.

We made forecast revisions only for 2026

As the market shows signs of normalization, we have made upward revisions only to our 2026 forecasts, and specifically those for H1'26. Due to our revised estimates for Oil Products and Renewable Products, our comparable EBITDA estimate for the current year increased by 28%.

The changes in estimates were mainly margin-driven, and we also slightly reduced the sales volume estimate for Renewable Products in Q1'26. We expect sales volumes of Renewable Products to remain relatively stable in 2026, settling at just under 4.1 Mt (-2% y/y). However, we estimate that the segment's sales margin will rise from an average of USD 681/ton, primarily due to a high average margin of USD 745/ton in H1'26 (2025: USD 411/ton).

We expect sales volumes of Oil Products to continue declining by 15% this year due to the Porvoo maintenance turnaround at year's end. Nevertheless, we forecast that full-year earnings will grow slightly as we estimate that the high refining margin in H1'26 will raise the full-year margin to USD 18.5/bbl (2025: USD 14/bbl).

Cash flow strengthens at a crucial time

Neste's improved short-term earnings and cash flow outlook come at a good time for the company, as it strengthens the company's financial position while it

continues to undertake the significant Rotterdam expansion project, which requires substantial investment.

We have also raised our profit distribution forecasts significantly for the coming years, as our current forecasts indicate that the company's net debt/EBITDA ratio will decline to a quite reasonable level of 1.3x in our forecasts for the current year, and the debt ratio will begin to decline from 40% at the end of the current year (target <40%).

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028e	2028e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Revenue	19370	20192	4%	23878	23878	0%	27646	27646	0%
EBITDA	2013	2567	28%	2461	2461	0%	3124	3124	0%
EBIT (exc. NRIs)	1089	1643	51%	1485	1485	0%	2088	2088	0%
EBIT	1089	1643	51%	1485	1485	0%	2088	2088	0%
PTP	909	1463	61%	1337	1350	1%	1958	1965	0%
EPS (excl. NRIs)	1.01	1.62	61%	1.48	1.49	1%	2.17	2.17	0%
DPS	0.20	0.35	75%	0.25	0.65	160%	0.30	0.85	183%

Source: Inderes

Risk/reward has improved

Earnings-based valuation is moderate for the coming years

Due to our upward revision of estimates, the earnings-based valuation for the coming years has become moderate, with P/E ratios of 15-16x and EV/EBIT ratios of 13-14x for 2026-2027.

However, the valuation will only become attractive in the medium term as earnings growth from the Rotterdam expansion will significantly increase the company's earnings level. Due to the different long-term outlooks of Neste's businesses, we do not find group-level valuation multiples to be the best yardstick for valuation.

Expectations for earnings growth in Renewable valuations are moderate

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 (3.8 BEUR), the value of Marketing & Services (1.4 BEUR), and the value of the Other reporting segment (which includes group costs, ~550 MEUR) from the company's current enterprise value (~21.4 BEUR), the total enterprise value remains at around 16.3 BEUR. This gives a rough idea of how the market currently values the Renewable Products segment.

An enterprise value of 15.7 BEUR corresponds to an around 9.5x EV/EBIT multiple based on our 2028 Renewable Products estimate. This illustrates our estimated earnings potential when the Rotterdam expansion is at full operational capacity and the company is able to realize 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. As the market continues to suffer from global oversupply, estimating the long-term margin level is very challenging. However, there are factors that could ease the situation regarding the unwinding of oversupply, such as the significant increase in mandates in the United States, which reinforce the outlook for demand growth and thus pave the way for a rebalancing of supply and demand. Nevertheless, we have maintained our long-term forecast for the sales margin on Renewable Products, which stands at USD 585/ton. We consider this to be a healthy level but far from the peak years (2023: USD 813/ton).

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 15-18x) 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 12-15x EV/EBIT. This offers a reasonably good double-digit expected return in the medium term. Together with a moderate dividend yield, it raises the expected return above the required return, which has decreased slightly in our estimates. Therefore, we believe the risk/reward ratio becomes attractive, despite volatile markets keeping forecast risks elevated in both directions.

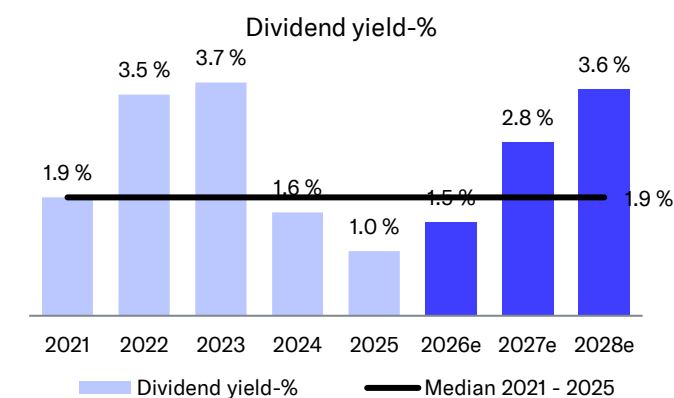
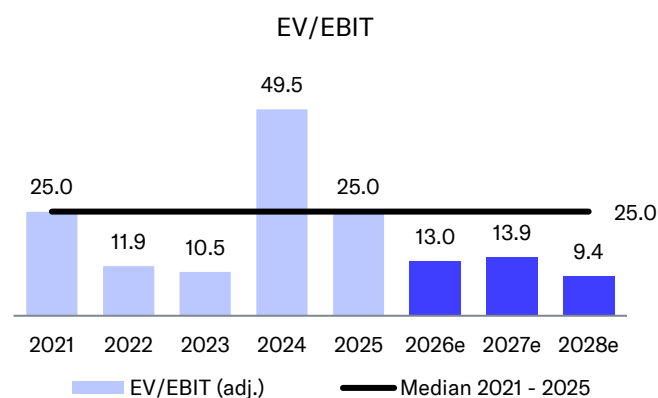
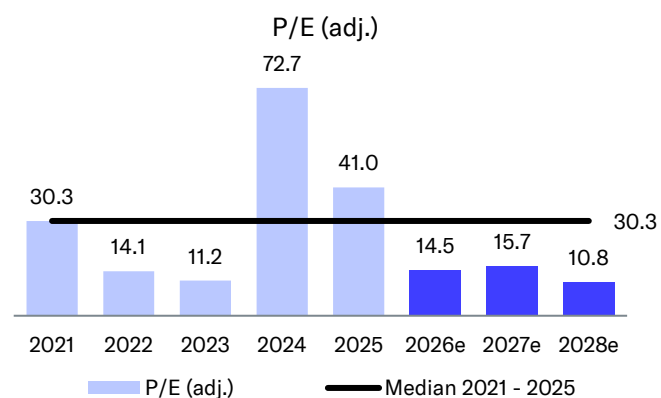
Valuation	2026e	2027e	2028e
Share price	23.49	23.49	23.49
Number of shares, millions	768.3	768.3	768.3
Market cap	18047	18047	18047
EV	21421	20701	19603
P/E (adj.)	14.5	15.7	10.8
P/E	14.5	15.7	10.8
P/B	2.1	1.9	1.7
P/S	0.9	0.8	0.7
EV/Sales	1.1	0.9	0.7
EV/EBITDA	8.3	8.4	6.3
EV/EBIT (adj.)	13.0	13.9	9.4
Payout ratio (%)	21.6 %	43.5 %	39.1 %
Dividend yield-%	1.5 %	2.8 %	3.6 %

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	23.5	23.5	23.5	23.5
Number of shares, millions	768	768	768	768	768	768	768	768	768
Market cap	33299	33043	24744	9318	14912	18047	18047	18047	18047
EV	33494	34407	27237	13511	18728	21421	20701	19603	18054
P/E (adj.)	30.3	14.1	11.2	72.7	41.0	14.5	15.7	10.8	10.9
P/E	18.8	17.5	17.3	neg.	>100	14.5	15.7	10.8	10.9
P/B	4.8	4.0	2.9	1.3	2.0	2.1	1.9	1.7	1.6
P/S	2.2	1.3	1.1	0.5	0.8	0.9	0.8	0.7	0.7
EV/Sales	2.2	1.3	1.2	0.7	1.0	1.1	0.9	0.7	0.7
EV/EBITDA	12.8	11.3	10.7	13.4	13.0	8.3	8.4	6.3	5.8
EV/EBIT (adj.)	25.0	11.9	10.5	49.5	25.0	13.0	13.9	9.4	8.8
Payout ratio (%)	36%	62%	64%	neg.	107%	22%	44%	39%	50%
Dividend yield-%	1.9 %	3.5 %	3.7 %	1.6 %	1.0 %	1.5 %	2.8 %	3.6 %	4.6 %

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	159906	188140	6.9	7.6	4.8	5.1	1.0	1.0	9.7	10.0	4.6	4.9	1.6
ENI SPA	65889	94056	7.8	8.6	4.8	5.2	1.0	1.1	9.2	10.0	5.1	5.2	1.3
Koc Holding AS	10137	26854	8.7	7.4	6.7	4.9	0.5	0.4	9.2	5.8	2.9	4.4	0.6
TURKIYE PETROL RAFINERILERI AS	9201	8155	6.6	7.4	5.4	5.7	0.4	0.4	8.8	10.1	10.4	9.6	1.2
MOL PLC	9296	11673	6.9	7.8	3.7	3.9	0.5	0.5	7.5	8.0	6.8	6.9	0.7
EQUINOR ASA	75906	86190	2.7	3.4	2.1	2.5	0.9	1.0	8.4	9.9	4.6	4.8	1.9
VALERO ENERGY CORP	56596	64068	9.1	10.5	6.9	7.9	0.6	0.6	11	13.0	2.2	2.3	2.7
HELLENIC PETROLEUM SA	2971	5432	8.8	11.2	5.5	6.2	0.5	0.5	8.4	10.4	6.0	4.8	1.0
POLSKI KONCERN NAFTOWY ORLEN SA	34097	36157	5.7	6.5	3.6	3.8	0.5	0.6	8.3	9.5	5.3	4.4	0.9
Neste (Inderes)	18047	21421	13.0	13.9	8.3	8.4	1.1	0.9	14.5	15.7	1.5	2.8	2.1
Average			7.0	7.8	4.8	5.0	0.6	0.7	8.9	9.6	5.3	5.3	1.3
Median			6.9	7.6	4.8	5.1	0.5	0.6	8.8	10.0	5.1	4.8	1.2
Diff-% to median			89%	84%	74%	67%	96%	55%	65%	58%	-71%	-43%	82%

Source: Refinitiv / Inderes

Income statement

Income statement	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue	20635	5017	4511	4534	4953	19016	5052	5640	5044	4456	20192	23878	27646	26878
Oil Products	11829	2936	2198	2167	2021	9322	2320	2700	2166	1392	8578	11378	12113	10830
Renewable Products	7321	1746	1915	1965	2470	8095	2262	2475	2423	2423	9584	10886	13763	14076
Marketing & Services	4687	1054	1042	1068	1147	4310	1150	1150	1075	1095	4470	4300	4450	4500
Other	125	47	41	37	41	166	45	40	40	45	170	165	170	172
Eliminations	-3326	-765	-686	-702	-725	-2878	-725	-725	-660	-500	-2610	-2850	-2850	-2700
EBITDA	1005	200	246	447	545	1438	787	764	546	471	2567	2461	3124	3121
Depreciation	-980	-224	-229	-231	-250	-934	-231	-231	-231	-231	-924	-976	-1036	-1062
EBIT (excl. NRI)	273	-15	113	301	349	748	556	533	315	240	1643	1485	2088	2059
EBIT	25	-25	18	216	294	503	556	533	315	240	1643	1485	2088	2059
Oil Products	311	8	-27	167	176	325	255	189	80	17	541	373	406	308
Renewable Products	-75	-19	30	31	109	151	297	330	219	215	1061	1084	1654	1723
Marketing & Services	73	10	26	27	19	82	15	25	27	19	86	76	78	78
Other	-42	-24	-16	-10	-12	-62	-11	-11	-11	-11	-44	-48	-50	-50
Eliminations	6	0	5	0	1	6	0	0	0	0	0	0	0	0
Changes in fair value	-248	0	0	0	0	0	0	0	0	0	0	0	0	0
Net financial items	-138	-32	-70	-64	-138	-304	-45	-45	-45	-45	-180	-135	-123	-120
PTP	-113	-57	-52	152	156	199	511	488	270	195	1463	1350	1965	1939
Taxes	19	17	16	-46	-42	-55	-77	-73	-41	-29	-220	-202	-295	-291
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	434	414	230	166	1244	1147	1670	1648
EPS (adj.)	0.17	-0.04	0.06	0.23	0.22	0.47	0.56	0.54	0.30	0.22	1.62	1.49	2.17	2.15
EPS (rep.)	-0.12	-0.05	-0.05	0.14	0.15	0.19	0.56	0.54	0.30	0.22	1.62	1.49	2.17	2.15

Key figures	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26e	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Revenue growth-%	-10.0 %	4.5 %	-2.8 %	-19.4 %	-11.0 %	-7.8 %	0.7 %	25.0 %	11.2 %	-10.0 %	6.2 %	18.3 %	15.8 %	-2.8 %
Adjusted EBIT growth-%	-89.5 %	-104.8 %	4412.0 %	545.7 %	510.2 %	174.0 %	3879.5 %	372.1 %	4.8 %	-31.2 %	119.7 %	-9.6 %	40.6 %	-1.4 %
EBITDA-%	4.9 %	4.0 %	5.5 %	9.9 %	11.0 %	7.6 %	15.6 %	13.5 %	10.8 %	10.6 %	12.7 %	10.3 %	11.3 %	11.6 %
Adjusted EBIT-%	1.3 %	-0.3 %	2.5 %	6.6 %	7.0 %	3.9 %	11.0 %	9.4 %	6.2 %	5.4 %	8.1 %	6.2 %	7.6 %	7.7 %
Net earnings-%	-0.5 %	-0.8 %	-0.8 %	2.3 %	2.3 %	0.8 %	8.6 %	7.3 %	4.6 %	3.7 %	6.2 %	4.8 %	6.0 %	6.1 %

Source: Inderes

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	10026	9931	10067	9676	9225
Goodwill	514	478	478	478	478
Intangible assets	164	130	140	150	160
Tangible assets	8872	8908	9034	8633	8172
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	5366	6641	8581
Inventories	2898	2895	2702	3516	4147
Other current assets	163	140	140	140	140
Receivables	1539	1416	1716	2030	2350
Cash and equivalents	955	1367	808	955	1944
Balance sheet total	15581	15749	15433	16317	17806

Source: Inderes

Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	7417	7314	8404	9283	10454
Share capital	40	40	40	40	40
Retained earnings	7377	7274	8364	9243	10414
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	4319	3747	3637
Deferred tax liabilities	335	370	370	370	370
Provisions	144	165	165	165	165
Interest bearing debt	4362	4713	3682	3110	3000
Convertibles	0	0	0	0	0
Other long term liabilities	113	102	102	102	102
Current liabilities	3211	3085	2710	3288	3715
Interest bearing debt	786	470	500	500	500
Payables	2185	2440	2036	2613	3041
Other current liabilities	241	174	174	174	174
Balance sheet total	15581	15749	15433	16317	17806

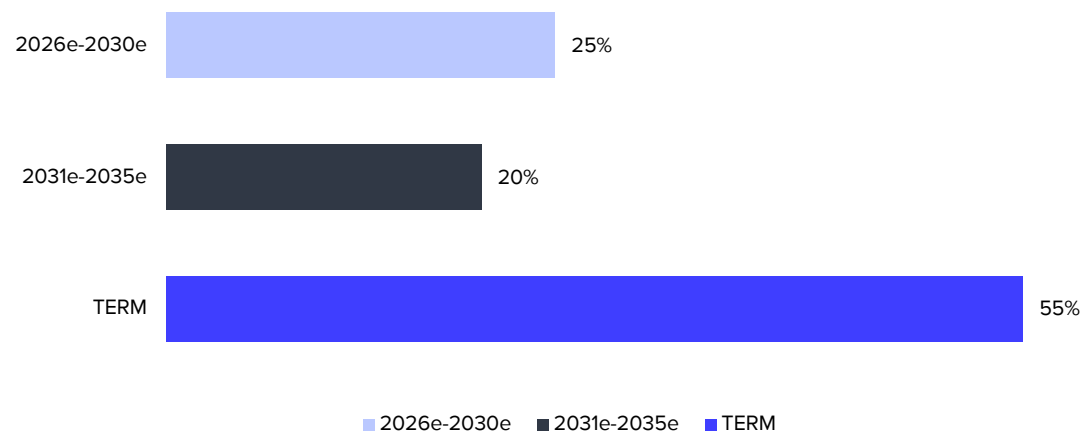
DCF-calculation

DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	-7.8 %	6.2 %	18.3 %	15.8 %	-2.8 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %	2.0 %
EBIT-%	2.6 %	8.1 %	6.2 %	7.6 %	7.7 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %	7.5 %
EBIT (operating profit)	503	1643	1485	2088	2059	2056	2097	2139	2182	2226	2270	
+ Depreciation	934	924	976	1036	1062	770	678	673	670	667	665	
- Paid taxes	-19	-220	-202	-295	-291	-291	-297	-303	-310	-317	-431	
- Tax, financial expenses	-46	-27	-20	-19	-18	-18	-18	-18	-18	-18	-25	
+ Tax, financial income	0	0	0	0	0	1	1	1	1	1	2	
- Change in working capital	339	-512	-550	-523	91	-67	-69	-70	-71	-73	-74	
Operating cash flow	1712	1809	1688	2288	2903	2451	2392	2422	2453	2486	2407	
+ 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	-671	
Free operating cash flow	883	749	1103	1703	2303	1846	1762	1782	1808	1841	1735	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	883	749	1103	1703	2303	1846	1762	1782	1808	1841	1735	28596
Discounted FCFF		709	965	1376	1721	1275	1125	1051	986	928	809	13325
Sum of FCFF present value		24271	23562	22597	21221	19500	18225	17100	16048	15062	14134	13325
Enterprise value DCF		24271										
- Interest bearing debt		-5183										
+ Cash and cash equivalents		1367										
+ Associated companies		0										
-Minorities		0										
-Dividend/capital return		0										
Equity value DCF		20460										
Equity value DCF per share		26.6										

WACC

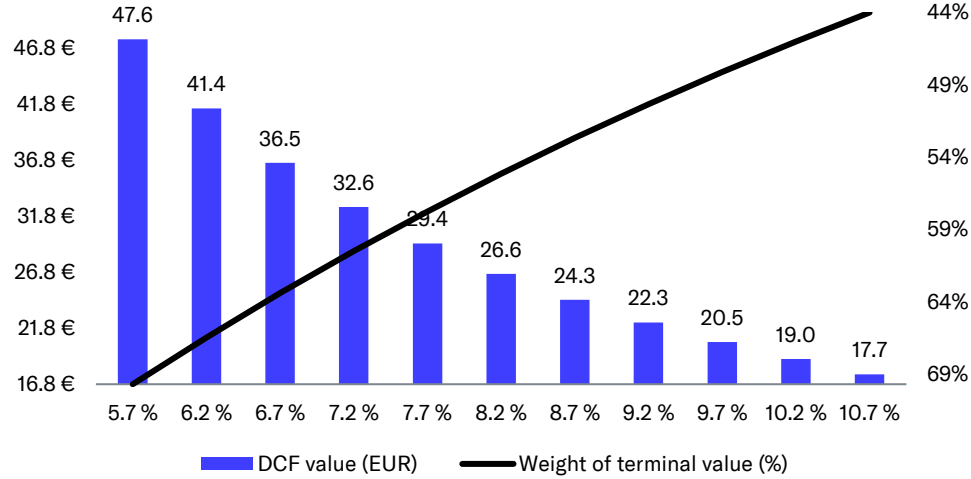
Tax-% (WACC)	15.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.0 %
Equity Beta	1.45
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	9.4 %
Weighted average cost of capital (WACC)	8.2 %

Cash flow distribution

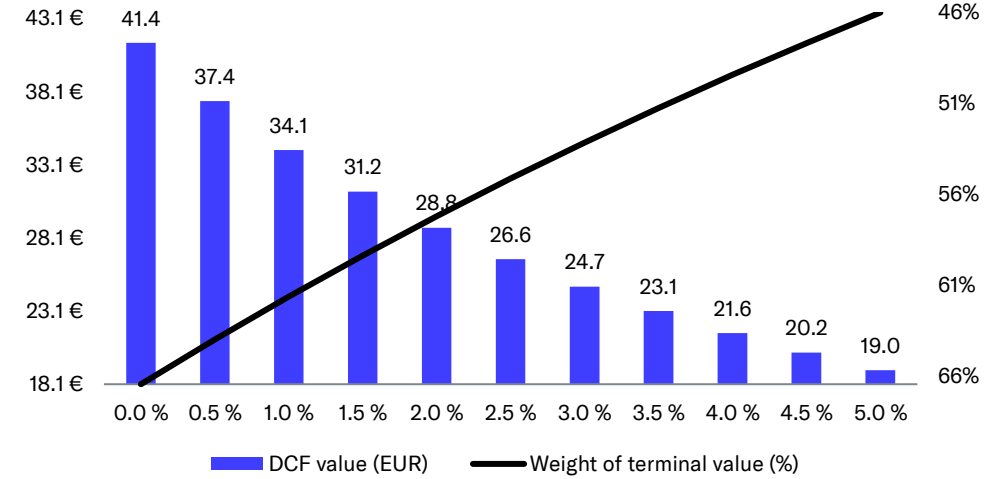


DCF sensitivity calculations and key assumptions in graphs

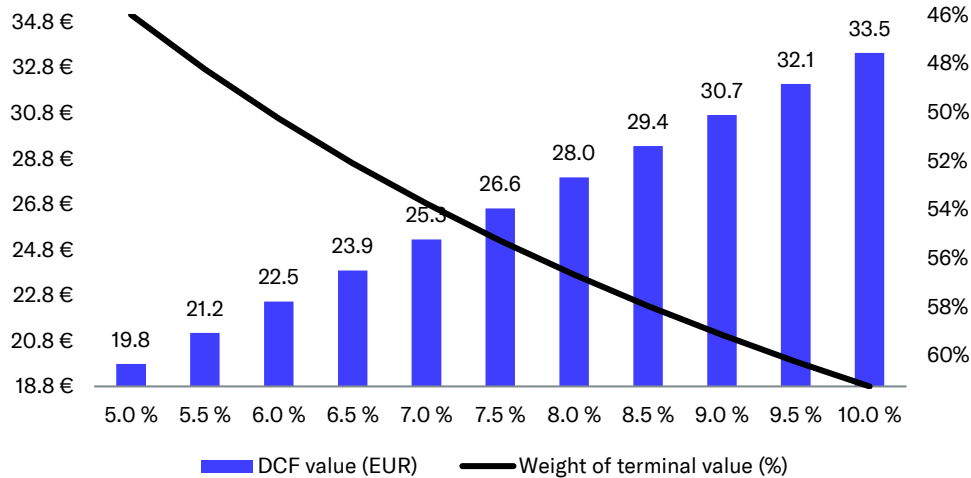
Sensitivity of DCF to changes in the WACC-%



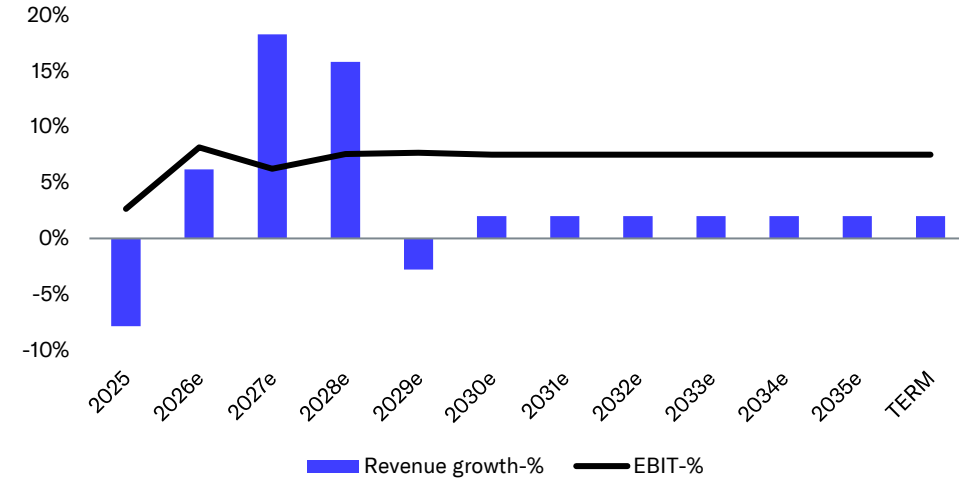
Sensitivity of DCF to changes in the risk-free rate



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	22926	20635	19016	20192	23878	EPS (reported)	1.86	-0.12	0.19	1.62	1.49
EBITDA	2548	1005	1438	2567	2461	EPS (adj.)	2.88	0.17	0.47	1.62	1.49
EBIT	1682	25	503	1643	1485	OCF / share	3.28	1.94	2.23	2.35	2.20
PTP	1596	-113	199	1463	1350	OFCF / share	0.29	-0.83	1.15	0.97	1.44
Net Income	1433	-95	144	1244	1147	Book value / share	11.02	9.65	9.52	10.94	12.08
Extraordinary items	-910	-248	-245	0	0	Dividend / share	1.20	0.20	0.20	0.35	0.65
Balance sheet	2023	2024	2025	2026e	2027e	Growth and profitability	2023	2024	2025	2026e	2027e
Balance sheet total	15983	15581	15749	15433	16317	Revenue growth-%	-11%	-10%	-8%	6%	18%
Equity capital	8463	7417	7314	8404	9283	EBITDA growth-%	-16%	-61%	43%	79%	-4%
Goodwill	496	514	478	478	478	EBIT (adj.) growth-%	-11%	-89%	174%	120%	-10%
Net debt	2493	4193	3816	3374	2655	EPS (adj.) growth-%	-5%	-94%	184%	242%	-8%
Cash flow	2023	2024	2025	2026e	2027e	EBITDA-%	11.1 %	4.9 %	7.6 %	12.7 %	10.3 %
EBITDA	2548	1005	1438	2567	2461	EBIT (adj.)-%	11.3 %	1.3 %	3.9 %	8.1 %	6.2 %
Change in working capital	224	568	339	-512	-550	EBIT-%	7.3 %	0.1 %	2.6 %	8.1 %	6.2 %
Operating cash flow	2516	1492	1712	1809	1688	ROE-%	17.1 %	-1.2 %	2.0 %	15.8 %	13.0 %
CAPEX	-2247	-2058	-839	-1060	-585	ROI-%	14.3 %	0.2 %	4.0 %	13.1 %	11.7 %
Free cash flow	223	-638	883	749	1103	Equity ratio	53.0 %	47.6 %	46.4 %	54.5 %	56.9 %
Valuation multiples	2023	2024	2025	2026e	2027e	Gearing	29.5 %	56.5 %	52.2 %	40.1 %	28.6 %
EV/S	1.2	0.7	1.0	1.1	0.9	Net debt/EBITDA	1.0	4.2	2.7	1.3	1.1
EV/EBITDA	10.7	13.4	13.0	8.3	8.4	EBITDA/net financials	29.6	7.3	4.7	14.3	18.2
EV/EBIT (adj.)	10.5	49.5	25.0	13.0	13.9						
P/E (adj.)	11.2	72.7	41.0	14.5	15.7						
P/B	2.9	1.3	2.0	2.1	1.9						
Dividend-%	3.7 %	1.6 %	1.0 %	1.5 %	2.8 %						

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
2/9/2023	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 €



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