FINNAIR

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INDERES CORPORATE CUSTOMER

COMPANY REPORT

Record earnings in an exceptional market situation

Finnair achieved its best Q2 earnings in history in the second quarter, driven by strong unit revenues. The company raised its revenue guidance but kept its earnings guidance unchanged. Estimate changes were minor following the report, but we believe an upgrade to the earnings guidance is possible during the remainder of the year. However, we believe the share price already reflects very good earnings development, and the stock's valuation is significantly higher than its peers. Thus, Finnair's 12-month expected return remains below our high required return. Therefore, we reiterate our Sell recommendation for Finnair, but raise our target price to EUR 4.0 (was EUR 3.8), reflecting minor estimate changes.

Strong unit revenues drove record earnings

Finnair's Q2 revenue grew by some 16% to 917 MEUR, in line with our estimate based on the company's monthly traffic data. Average returns in passenger traffic rose by just under 8%, a development supported particularly by strong demand in Asian traffic. Average returns also increased in other regions from the comparison period, but the development was slightly below our expectations. Of the other revenue lines, Ancillary revenue grew strongly by around 24%, Freight by over 40%, and Travel Services by around 8%, exceeding our estimates.

In Q2, Finnair posted a record-high adjusted EBIT of 78 MEUR, corresponding to a strong 8.6% margin. However, the result was slightly below the consensus estimate of 85 MEUR and also slightly below our estimate of 81 MEUR. The slight forecast undershoot was mainly explained by lower-than-expected other operating income and higher personnel expenses, which were partly offset by lower fuel costs than we estimated. On the lower lines, the company had non-recurring income, and financing costs were slightly below our estimates, which led to reported EPS rising to EUR 0.28 and exceeding our estimate.

Only marginal changes to our estimates

Finnair decreased its capacity growth estimate for the current year to around 1% (previously 3%) due to the cancellation of Middle East flights and estimates that its own passenger traffic volume will grow by around 7%. The company raised its revenue guidance to 3.4-3.5 BEUR (was 3.3–3.4 BEUR), but maintained its adjusted EBIT guidance at 120–190 MEUR. The upward revision of the revenue guidance met our expectations, but the earnings guidance, on the other hand, appears cautious. We consider an upgrade possible if the market normalizes in a controlled manner and no unfavorable moves occur in fuel prices or currencies.

We slightly raised our revenue estimate for the current year, reflecting the updated passenger volume guidance and continued strong demand. At the same time, we lowered our capacity estimate but raised our unit revenue assumptions. Our 2026 adjusted EBIT estimate increased by about one per cent, settling slightly above the current guidance range. Next year, we expect earnings to fall slightly from the exceptionally strong level in 2026. In the coming years, however, earnings will be supported by volume growth, the normalization of oil prices, and the strengthening of the EUR/USD exchange rate, while the gradual normalization of unit margins and an inflationary cost environment will limit the upside potential for profitability.

A fairly good scenario is already baked into the price

Based on our estimates, Finnair's P/E ratios for 2026 and 2027 are approximately 9x and 11x, and adjusted EV/EBIT multiples are around 9x. Thus, the stock trades above or at the upper end of our acceptable ranges (adj. P/E: 6x-9x adj. EV/EBIT: 6x-9x) . In addition, the stock is valued at a clear premium compared to its European core peers. The stock's DCF value is also lower than the current price level. Thus, the expected return on Finnair for the year remains unsatisfactory in our view after the share price increase of over 50% this year, even though the company is currently flying with a strong tailwind.

Recommendation
Sell
(was Sell)

Target price:
EUR 4.00
(was EUR 3.80)

Share price:
EUR 4.90

Business risk
●●●●○

Valuation risk
●●●●○

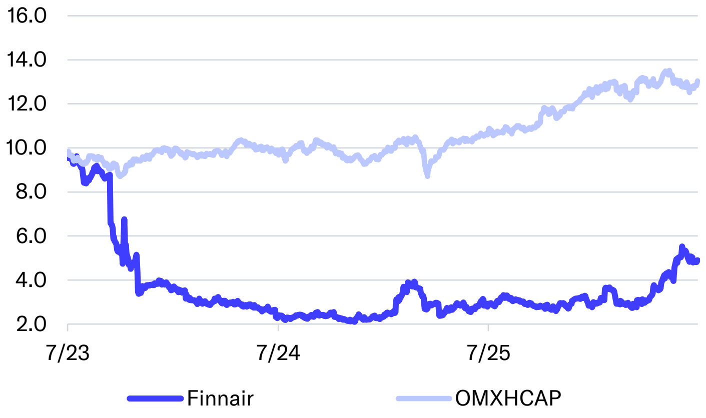
	2025	2026e	2027e	2028e
Revenue	3106	3458	3494	3578
growth-%	1.9 %	11.3 %	1.0 %	2.4 %
EBIT adj.	60	197	192	193
EBIT-% adj.	1.9 %	5.7 %	5.5 %	5.4 %
Net Income	18	118	92	88
EPS (adj.)	0.07	0.53	0.45	0.43
P/E (adj.)	42.8	9.3	10.9	11.4
P/B	1.0	1.4	1.2	1.2
Dividend yield-%	2.9 %	2.2 %	2.9 %	3.1 %
EV/EBIT (adj.)	22.7	8.7	9.1	9.6
EV/EBITDA	3.3	3.1	3.1	3.2
EV/S	0.4	0.5	0.5	0.5

Source: Inderes

Guidance (Upgraded)

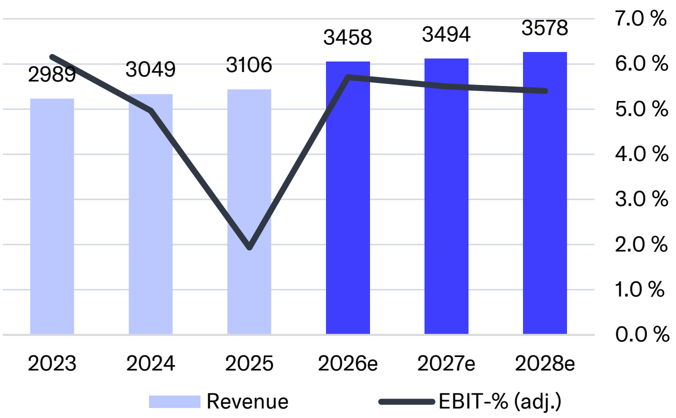
Finnair expects the company's revenue to be 3.4-3.5 BEUR and comparable EBIT to be 120-190 MEUR in 2026 The guidance is based on the assumption that there will be no significant disruptions in fuel availability.

Share price



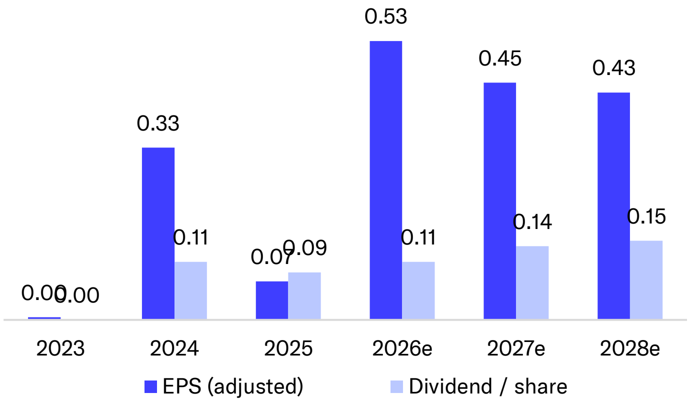
Source: Millistream Market Data AB

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
- 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	4.90	4.90	4.90
Number of shares, millions	205	205	205
Market cap	1003	1003	1003
EV	1708	1762	1884
P/E (adj.)	9.3	10.9	11.4
P/E	8.5	10.9	11.4
P/B	1.4	1.2	1.2
P/S	0.3	0.3	0.3
EV/Sales	0.5	0.5	0.5
EV/EBITDA	3.1	3.2	3.3
EV/EBIT (adj.)	8.7	9.2	9.7
Payout ratio (%)	19.0 %	31.1 %	34.8 %
Dividend yield-%	2.2 %	2.9 %	3.1 %

Source: Inderes

Strong unit revenues drove record results

Exceptional market conditions accelerated growth

Finnair's revenue grew by about 16% to 917 MEUR in the second quarter, which was in line with our estimate based on the company's monthly traffic data. The volume development of passenger traffic was already known in advance on the back of traffic data, and average yields increased by just under 8%, broadly meeting our expectations. Growth was particularly supported by strong demand in Asian traffic, which was reinforced by the contraction of market capacity following the disruption of air traffic in the Middle East. Average returns also increased in other regions from the comparison period, but did not quite meet our expectations

For other revenue lines, ancillary revenue grew very strongly by 24%, but was slightly below our elevated estimate. In freight, revenue grew by as much as 41% and clearly exceeded our estimate. In addition to strong freight demand, this development was supported by changes in transport flows and market capacity caused by the situation in the Middle East, which also radically boosted average freight returns. Travel Services' revenue also grew stronger than our expectations, up 8% year-on-year. Softer metrics also developed favorably on the customer side, and the NPS score, which describes customer satisfaction, increased again from the comparison period.

Earnings rose to a record level

In Q2, Finnair posted a record-high adjusted EBIT of 78 MEUR, corresponding to a strong 8.6% margin. This was the company's best Q2 result in its history, even though it was slightly below the consensus estimate of 85 MEUR and also slightly below our estimate of 81 MEUR. The slight estimate undershoot relative to the estimates, which had risen significantly before the earnings release, was mainly explained by lower-than-expected other operating income and higher personnel expenses, which were partly offset by lower-than-expected fuel costs.

On the lower lines, Finnair recorded non-recurring income of around 8 MEUR, mainly related to the sale of two aircraft engines and the earnings impact from the acquisition of a previously leased A330 aircraft. Financial expenses, on the other hand, were slightly lower than our estimates, while taxes were in line with our expectations. Thus, Q2 EPS roe to EUR 0.28 and exceeded our estimate.

Net cash flow from operating activities also developed strongly, rising to 183 MEUR in Q2 (Q2’25: 44 MEUR). On the balance sheet, advance ticket payments were 13% higher than in the comparison period, and thus, revenue growth prospects for the coming quarters remain good.

Financial position strengthened further

Finnair's cash reserves at the end of Q2 were approximately 1.3 BEUR, which is a typical or slightly high level for the company's size. The net debt to EBITDA ratio was 0.9x, which is below the company's targeted range of 1-2x for the strategy period. Thus, we feel Finnair’s financial position has clearly strengthened and is currently stable. This gives the company a good starting point for financing future fleet investments.

Estimates MEUR / EUR	Q2'25 Comparison	Q2'26 Actualized	Q2'26e Inderes	Q2'26e Consensus	Consensus Low High	Difference (%) Act. vs. inderes	2026e Inderes
Revenue	788	917	920	909	0 - 0.0	0%	3450
EBIT (adj.)	10	78	81	85	0 - 0	-4%	199
EBIT	19	87	81	85	0 - 0	6%	203
PTP	14	73	65	71	0 - 0	12%	139
EPS (reported)	0.06		0.25	0.28	0.00 - 0.00		0.54
Revenue growth-%	2.8 %	16.4 %	16.8 %	15.4 %	-1 - -1	-0.4 pp	11.3 %
EBIT-% (adj.)	1.3 %	8.6 %	8.8 %	9.3 %	-	-0.3 pp	5.8 %

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

Minor estimate changes

Guidance update broadly in line with our expectations

Finnair decreased its capacity guidance for the current year to 1% (previously 3%) due to cancellations of Middle East flights, and at the same time estimates passenger volumes to increase by some 7%. Regarding its financial guidance, the company raised its revenue guidance to 3.4–3.5 BEUR (previously 3.3–3.4 BEUR), but maintained its adjusted EBIT guidance at 120–190 MEUR. The guidance is based on the assumption that there will be no significant disruptions in fuel availability.

The raised revenue guidance met our expectations, as our estimate was already at the midpoint of the new range before the report. The earnings guidance appears cautious after an excellent H1, as our estimate was already at the upper end of the range. We consider a guidance upgrade possible if the market normalizes in a controlled manner and there are no significantly unfavorable movements in fuel prices or availability, or in exchange rates. However, the visibility for the rest of the year is weighed on by the gradual return of competing capacity, geopolitical risks, and cost pressures caused by environmental regulations and the inflationary operating environment.

Only marginal changes to our estimates

We slightly raised our revenue estimate for Finnair for the current year, reflecting the updated passenger volume guidance and continued strong demand. At the same time, we decreased our capacity estimate, taking into account the company's updated guidance, but increased our unit revenue estimates due to the strengthened pricing situation. Our 2026 earnings estimate increased by one percent. The revisions were mainly revenue-driven, but we also revised our cost estimates slightly upwards, especially regarding fuel costs. Estimate changes for the coming years were also minor.

We expect Finnair's adjusted EBIT to increase significantly this year and end up slightly above the guidance range. Next year, we expect earnings to fall slightly from an exceptionally strong level. In terms of fuel and currencies, our estimates are based on Bloomberg consensus estimates. Our current year estimates are based on an average Brent crude oil price of around 80.6 USD/bbl. In the coming years, in addition to growing volumes, we estimate that earnings will be supported by the normalization of oil prices (~70 USD/bbl) and the strengthening of the EUR/USD exchange rate (~1.14–1.18), although these factors also have dynamic effects on pricing in our estimates.

Our estimates are at the lower end of the margin target

Our adjusted Our EBIT-% estimates for Finnair for 2026–2029 are 5.4–5.7%, placing them near the lower end of the company's target range of 6–8%. We believe the growth in passenger volumes and especially the growth in ancillary services are key to achieving the target, as the company has not announced any clear cost-cutting measures. The operating environment is also likely to remain somewhat inflationary in the coming years.

Estimate revisions MEUR / EUR	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %	2028e Old	2028e New	Change %
Revenue	3447	3458	0%	3492	3494	0%	3578	3578	0%
EBIT (exc. NRIs)	196	197	1%	197	192	-2%	19aa7	193	-2%
EBIT	208	210	1%	197	192	-2%	197	193	-2%
PTP	147	148	1%	117	112	-4%	111	108	-3%
EPS (excl. NRIs)	0.52	0.53	1%	0.47	0.45	-4%	0.44	0.43	-3%
DPS	0.11	0.11	0%	0.14	0.14	0%	0.15	0.15	0%

Source: Inderes

Finnair's half-year report for January–June 2026

SWOT analysis

Strengths

- High-quality and reliable consumer brand and high customer satisfaction
- Strong market position in Finnish traffic and especially on Japan routes, as well as the viable and fast Helsinki-Vantaa airport
- Strong liquidity provides leeway for restructuring
- An extremely severe double crisis forced structural reforms in the company

Weaknesses

- The Russian overflight ban has clearly weakened Finnair's geographical competitive advantages, and its effects have hit the company more severely than its competitors
- Finland’s domestic market is small and limits its natural growth potential
- The company's small size limits economies of scale, especially in its network and cost structure
- Renewal of the narrow-body fleet requires significant investments and raises the bar for capital allocation

Opportunities

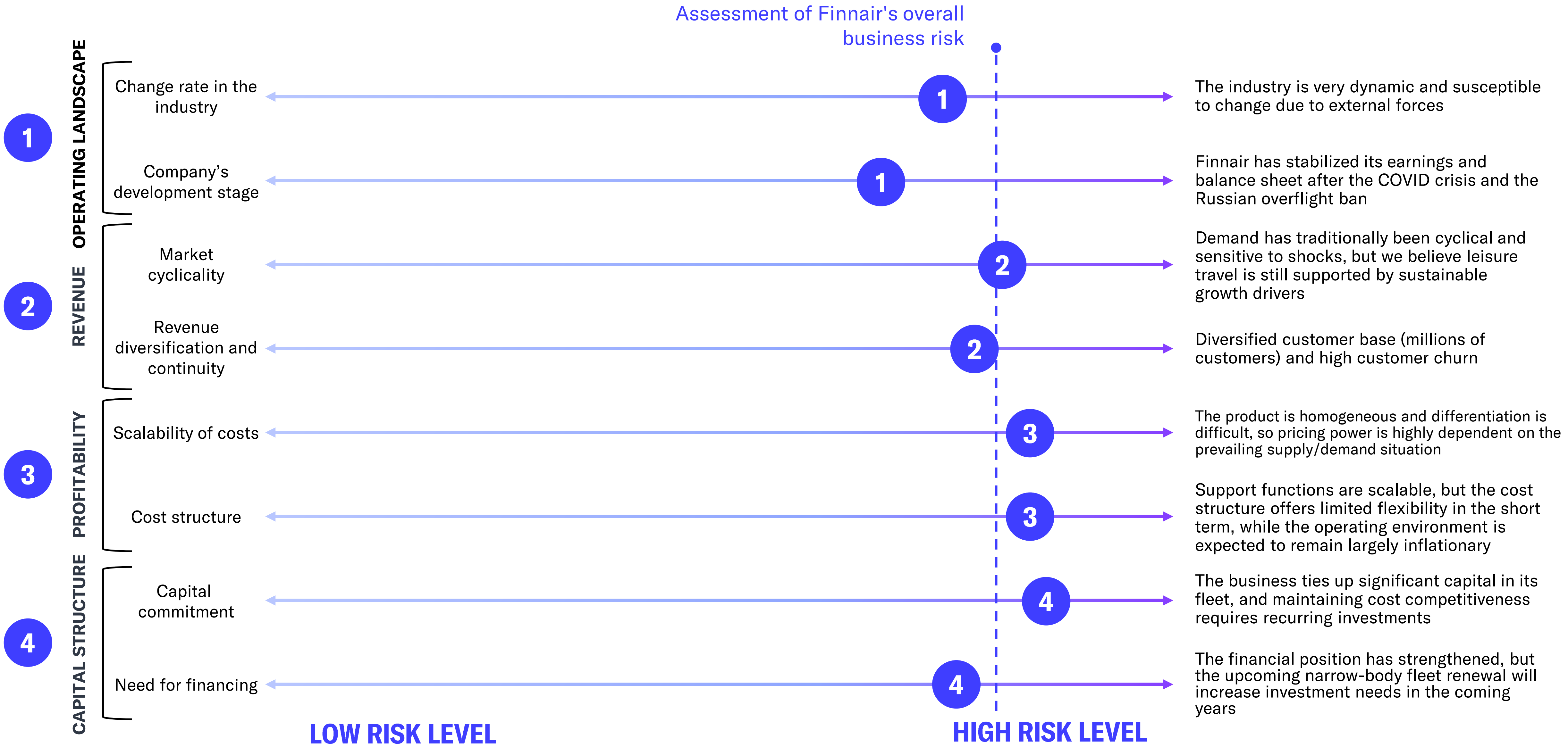
- Industry capacity discipline after the double crisis can support the pricing environment
- Digitalization, customer data, and AI enable both the growth of revenue streams and the reduction of costs
- Expanding partnerships supports a network larger than its size
- The long-term option of opening Russian airspace and controlled growth of the Asian business

Threats

- The industry is susceptible to shocks, and the company's shock resilience is not yet remarkably strong
- The return of industry dynamics to old challenging frameworks and, in particular, the wider spread of low-cost airline competition to Helsinki-Vantaa
- Structural changes in the industry
- Tightening regulation will raise costs and may weaken demand growth

Source: Inderes

Risk profile of the business model



The risk/reward ratio remains modest

In absolute terms, the stock is already heftily priced

Based on our estimates, Finnair's adjusted P/E ratios for 2026 and 2027 are approximately 9x and 11x, and corresponding adjusted EV/EBIT multiples are around 9x. Thus, the stock is priced at or above the ranges we accept for Finnair (P/E 6x–9x and EV/EBIT 6x–9x). 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. Thus, we feel the valuation of the stock has become absolutely tight after the share price increase of over 50% this year. We believe a continued share price increase would require earnings growth to continue next year, contrary to our estimates, while we see a significant risk that the normalization of the operating and pricing environment will become a hindrance for the company early next year, at the latest.

Balance sheet valuation does not offer clear support

Finnair's EV/IC multiple, considering its balance sheet structure, is 0.7x, which is at the lower end of our accepted range (0.7x-1.0x). In this respect, the valutaion is therefore not high. On the other hand, the P/B ratio according to our 2026 estimates is 1.4x, which would require a return on equity clearly higher than the required return over time. Here, Finnair’s track record is still limited. Thus, the balance sheet-based valuation picture is two-sided and does not offer clear support for the stock.

In relative terms, the valuation picture is at a premium

In relative terms, Finnair's multiples for the coming years are still about 10–60% higher than for several peers, and especially the core peer group consisting of European airlines, when examined through the lower lines of the income statement. 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 at this stage. Thus, we feel the relative valuation shows a red light for the stock. The acceptable valuation level of airlines is also 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 4, which is clearly below the current share price. 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.

The overall picture turns modest

The overall picture provided by the valuation methods is not attractive in our opinion when looking a year ahead. We believe that the 12-month expected return for Finnair shares, consisting of earnings growth, a dividend yield of around 2-3%, and a downside in multiples, will remain below the chronically high required return. 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. Therefore, we maintain a cautious view on the stock for the time being.

Valuation	2026e	2027e	2028e
Share price	4.90	4.90	4.90
Number of shares, millions	205	205	205
Market cap	1003	1003	1003
EV	1708	1762	1884
P/E (adj.)	9.3	10.9	11.4
P/E	8.5	10.9	11.4
P/B	1.4	1.2	1.2
P/S	0.3	0.3	0.3
EV/Sales	0.5	0.5	0.5
EV/EBITDA	3.1	3.2	3.3
EV/EBIT (adj.)	8.7	9.2	9.7
Payout ratio (%)	19.0 %	31.1 %	34.8 %
Dividend yield-%	2.2 %	2.9 %	3.1 %

Source: Inderes

Total Shareholder Return drivers Q2’26 ACT-2028e

Positive
Neutral
Negative

Earnings growth

- Revenue will grow strongly in 2026, after which the pace will slow down
- Profitability remains fairly stable
- Financing costs are rising, but no taxes are paid on cash flow

Earnings will not improve much from the fairly good rolling 12-month level

Dividend yield

- The balance sheet is in moderate condition and offers leeway
- Narrow-body fleet investments tie up cash flow
- Reasonable cash flow outlook

Dividend yield 2-3% p.a.

Valuation multiple

- With realized earnings, the valuation is fully priced (Q2’26 adj. EV/EBIT 9x).
- Relative valuation multiples are mostly at a premium for the near term
- The DCF value is above the share price

There is downside in the valuation

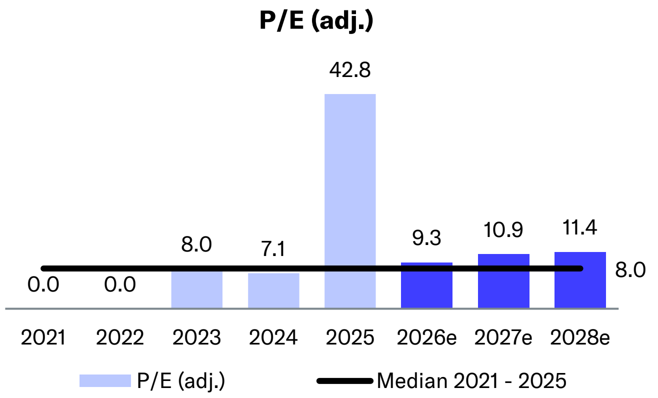
Expected return

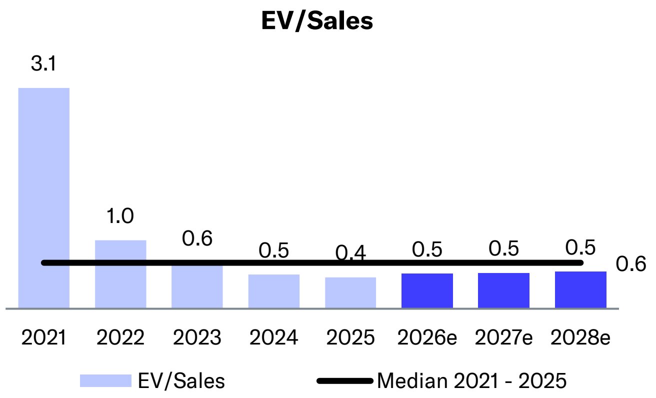
The expected return will remain below the high required return, at least on a 12-month horizon

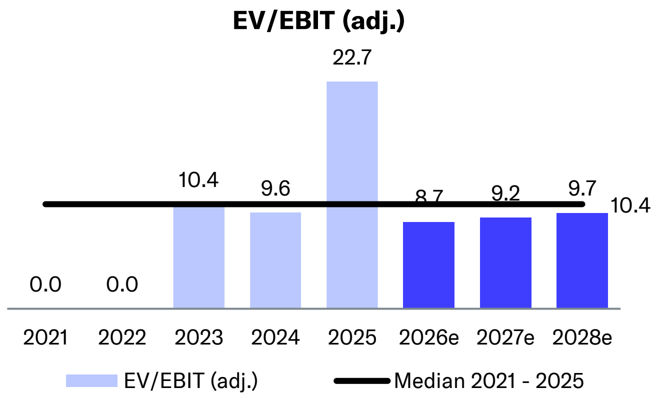
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	0.60	0.39	0.04	2.32	3.14	**4.90**	**4.90**	**4.90**	**4.90**
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	**1003**	**1003**	**1003**	**1003**
EV	2588	2254	1920	1455	1362	**1708**	**1762**	**1884**	**2012**
P/E (adj.)	neg.	neg.	8.0	7.1	42.8	**9.3**	**10.9**	**11.4**	**11.6**
P/E	neg.	neg.	3.4	12.8	35.1	**8.5**	**10.9**	**11.4**	**11.6**
P/B	3.1	neg.	1.4	0.8	1.0	**1.4**	**1.2**	**1.2**	**1.1**
P/S	1.0	0.2	0.3	0.2	0.2	**0.3**	**0.3**	**0.3**	**0.3**
EV/Sales	3.1	1.0	0.6	0.5	0.4	**0.5**	**0.5**	**0.5**	**0.5**
EV/EBITDA	neg.	15.1	3.6	3.3	3.3	**3.1**	**3.2**	**3.3**	**3.4**
EV/EBIT (adj.)	neg.	neg.	10.4	9.6	22.7	**8.7**	**9.2**	**9.7**	**10.0**
Payout ratio (%)	0.0 %	0.0 %	0.0 %	60.6 %	100.7 %	**19.0 %**	**31.1 %**	**34.8 %**	**35.0 %**
Dividend yield-%	0.0 %	0.0 %	0.0 %	4.7 %	2.9 %	**2.2 %**	**2.9 %**	**3.1 %**	**3.0 %**

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 Company	Market cap MEUR	EV MEUR	EV/EBIT 2026e	 2027e	EV/EBITDA 2026e	 2027e	EV/S 2026e	 2027e	P/E 2026e	 2027e	Dividend yield-% 2026e	 2027e	P/B 2026e
IAG	**22848**	**28728**	**6.4**	**5.7**	**3.9**	**3.6**	**0.8**	**0.8**	**7.8**	**6.6**	**2.1**	**2.4**	**2.5**
Lufthansa	**10725**	**14400**	**7.6**	**6.1**	**3.3**	**2.9**	**0.3**	**0.3**	**8.4**	**6.4**	**3.6**	**4.5**	**0.8**
Air France - KLM	**3160**	**14179**	**8.7**	**6.9**	**2.9**	**2.6**	**0.4**	**0.4**	**4.2**	**2.9**			**1.9**
Norwegian	**1208**	**1687**	**9.1**	**5.5**	**2.7**	**2.1**	**0.5**	**0.5**	**13.9**	**6.5**	**4.6**	**4.9**	**1.9**
Turkish Airlines	8139	17599	17.7	8.7	5.5	4.0	0.8	0.7	7.5	4.3	1.5	1.3	0.4
Japan Airlines	7936	7292	6.6	7.3	3.8	4.2	0.7	0.6	10.1	13.4	3.3	3.3	1.2
China Air	14197	41171		34	10.5	8	1.6	1.6		22.7			2.3
Delta Airlines	48795	56862	10.2	8.0	7.1	5.9	1.0	0.9	12.6	9.5	0.9	1.0	2.3
United	33495	42111	9.8	6.7	6.1	4.6	0.7	0.7	11.4	7.6			2.0
American Airlines	8860	26453	17.6	8.6	7.9	5.2	0.5	0.5	23.7	5.9		0.1	
Alaska Airlines	4447	7537	52.9	7.3	8.3	4.0	0.5	0.5		6.9			1.2
Cathay Pacific	9009	14244	10.2	9.3	5.1	4.8	1.0	1.0	9.4	8.2	5.2	6.1	1.4
Qantas	9423	13286	9.1	7.9	4.7	4.1	0.9	0.8	10.5	9.3	4.1	4.2	11.1
Singapore Airlines	16691	17847	14.0	14.2	6.0	6.0	1.3	1.2	23.4	27.7	3.0	3.6	1.5
Air New Zealand	11983	12523	10.0	9.0	8.5	8.1	1.0	1.0	13.1	12.3	1.3	1.4	2.2
Air Canada	3960	7452	11.1	9.1	3.7	3.1	0.5	0.5	15.0	9.7			2.2
China Southern	10638	42292	172.6	31.0	9.4	7.3	1.6	1.6		13.6			1.5
Korean Air	5569	16195	27.0	13.2	6.8	5.4	1.1	1.1	21.9	7.2	3.0	3.3	0.9
LATAM Airlines	13068	18049	8.6	7.8	4.8	4.3	1.2	1.2					
Finnair (Inderes)	**1003**	**1708**	**8.7**	**9.2**	**3.1**	**3.2**	**0.5**	**0.5**	**9.3**	**10.9**	**2.2**	**2.9**	**1.4**
Average			22.7	10.8	5.8	4.8	0.9	0.8	12.9	10.0	3.0	3.0	2.2
Median			10.1	8.0	5.5	4.3	0.8	0.8	11.4	7.9	3.0	3.3	1.9
Diff-% to median			*-14%*	*15%*	*-44%*	*-29%*	*-40%*	*-37%*		*38%*	*-26%*	*-14%*	*-26%*
Average core peers			**8.0**	**6.0**	**3.2**	**2.8**	**0.5**	**0.5**	**8.6**	**5.6**	**3.4**	**3.9**	**1.8**
Median core peers (in bold)			**8.1**	**5.9**	**3.1**	**2.8**	**0.4**	**0.4**	**8.1**	**6.4**	**3.6**	**4.5**	**1.9**
Diff-% to median core peers			***6%***	***55%***	***-1%***	***12%***	***14%***	***19%***	***15%***	***69%***	***-38%***	***-36%***	***-27%***

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**	**919**	**844**	**3458**	**3494**	**3578**	**3696**
Ticket revenue	2419	538	627	666	615	2446	614	718	725	651	2707	2720	2773	2855
Ancillary revenue	182	45	50	53	53	200	54	61	64	64	244	265	285	307
Travel Services	242	61	60	67	66	255	59	65	70	68	261	268	275	282
Freight	206	50	51	49	55	205	52	72	61	61	246	240	245	253
EBITDA	**445**	**32**	**106**	**139**	**130**	**408**	**90**	**170**	**164**	**128**	**552**	**567**	**587**	**615**
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**	**78**	**42**	**197**	**192**	**193**	**201**
EBIT	**114**	**-53**	**19**	**52**	**46**	**64**	**4**	**87**	**78**	**42**	**210**	**192**	**193**	**201**
Net financial items	-68	-11	-5	-13	-13	-41	-15	-14	-17	-17	-62	-80	-86	-95
PTP	**46**	**-64**	**14**	**40**	**33**	**23**	**-11**	**73**	**61**	**25**	**148**	**112**	**108**	**106**
Taxes	-9	13	-2	-9	-7	-5	2	-15	-12	-5	-30	-20	-19	-19
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**	**49**	**20**	**118**	**92**	**88**	**87**
EPS (adj.)	**0.33**	**-0.28**	**0.03**	**0.14**	**0.19**	**0.07**	**-0.06**	**0.25**	**0.24**	**0.10**	**0.53**	**0.45**	**0.43**	**0.42**
EPS (rep.)	**0.18**	**-0.25**	**0.06**	**0.15**	**0.13**	**0.09**	**-0.04**	**0.28**	**0.24**	**0.10**	**0.58**	**0.45**	**0.43**	**0.42**

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 %	10.1 %	6.9 %	11.3 %	1.0 %	2.4 %	3.3 %
Adjusted EBIT growth-%	-17.7 %	-439.2 %	-76.5 %	-28.9 %	28.4 %	-60.3 %	99.0 %	664.9 %	53.1 %	-32.3 %	228.3 %	-2.6 %	0.6 %	3.8 %
EBITDA-%	14.6 %	4.7 %	13.5 %	16.7 %	16.5 %	13.1 %	11.6 %	18.6 %	17.8 %	15.1 %	16.0 %	16.2 %	16.4 %	16.6 %
Adjusted EBIT-%	5.0 %	-9.0 %	1.3 %	6.1 %	7.8 %	1.9 %	-0.1 %	8.6 %	8.5 %	4.9 %	5.7 %	5.5 %	5.4 %	5.4 %
Net earnings-%	1.2 %	-7.3 %	1.6 %	3.7 %	3.3 %	0.6 %	-1.2 %	6.4 %	5.3 %	2.4 %	3.4 %	2.6 %	2.5 %	2.3 %

Source: Inderes

Full-year earnings per share are calculated using the number of shares at year-end.

Balance sheet

Assets	2024	2025	2026e	2027e	2028e
Non-current assets	**2519**	**2347**	**2434**	**2515**	**2678**
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	193	174	155
Current assets	**1202**	**1340**	**1388**	**1300**	**1234**
Inventories	86.8	89.1	111	115	129
Other current assets	66.5	32.2	32.2	32.2	32.2
Receivables	165	156	173	175	179
Cash and equivalents	884	1063	1072	978	894
Balance sheet total	**3721**	**3687**	**3822**	**3815**	**3912**

Source: Inderes

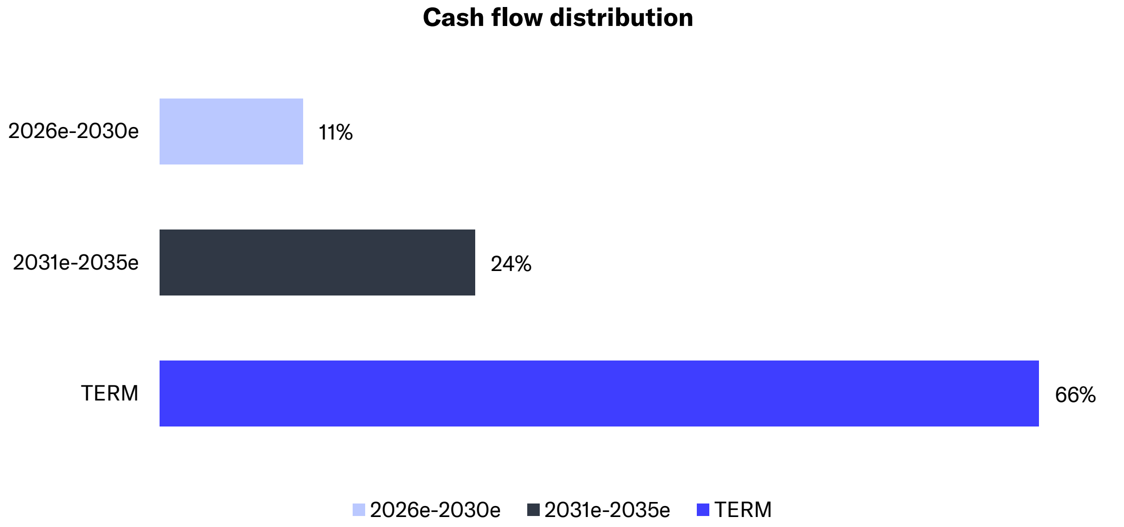
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	**627**	**637**	**737**	**806**	**866**
Share capital	75.4	75.4	75.4	75.4	75.4
Retained earnings	-1358	-1003	-903	-834	-774
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	1909	1565	1565	1565	1565
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**1698**	**1688**	**1508**	**1468**	**1482**
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	1422	1382	1396
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**	**1577**	**1540**	**1563**
Interest bearing debt	290	182	355	345	349
Payables	722	789	830	804	823
Other current liabilities	385	391	391	391	391
Balance sheet total	**3721**	**3687**	**3822**	**3815**	**3912**

DCF-calculation

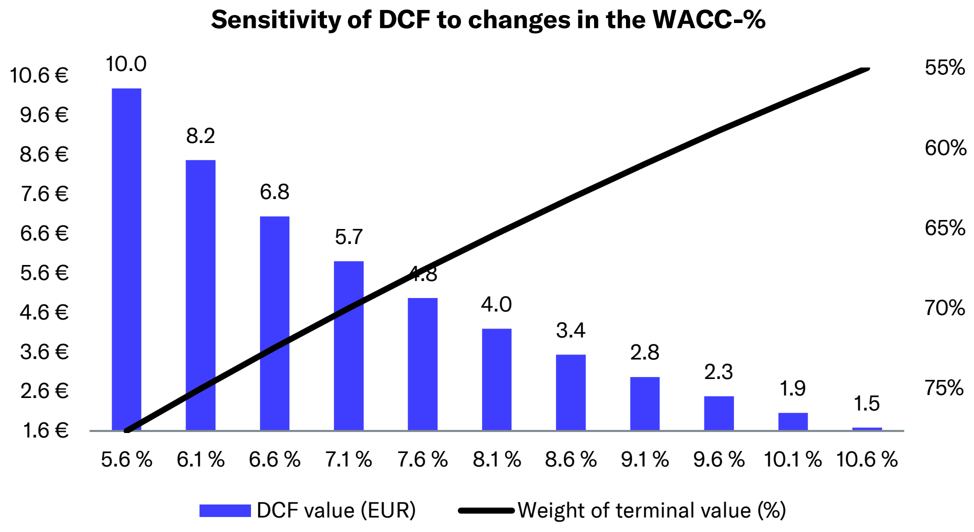
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	1.9 %	11.3 %	1.0 %	2.4 %	3.3 %	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %	2.0 %	2.0 %
EBIT-%	2.1 %	6.1 %	5.5 %	5.4 %	5.4 %	5.2 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %
EBIT (operating profit)	**64**	**210**	**192**	**193**	**201**	**197**	**194**	**199**	**204**	**209**	**213**	
+ Depreciation	344	342	375	393	414	434	427	411	389	312	322	
- Paid taxes	3	-9	-1	0	0	0	0	0	0	0	0	
- Tax, financial expenses	-12	-16	-17	-18	-19	-19	-19	-19	-19	-20	-20	
+ Tax, financial income	3	3	3	3	2	2	2	2	3	3	3	
- Change in working capital	116	2	-33	2	2	13	13	14	14	14	12	
Operating cash flow	**518**	**532**	**519**	**572**	**600**	**627**	**617**	**607**	**590**	**519**	**530**	
+ 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	-450	-450	-400	-400	
Free operating cash flow	**302**	**82**	**44**	**-3**	**0**	**77**	**117**	**157**	**140**	**119**	**130**	
+/- Other	0	0	0	0	0	0	0	0	0	0	0	
FCFF	302	82	44	-3	0	77	117	157	140	119	130	2177
Discounted FCFF		**79**	**40**	**-2**	**0**	**55**	**77**	**95**	**79**	**62**	**62**	**1046**
Sum of FCFF present value		1591	1512	1472	1474	1475	1420	1343	1248	1170	1108	1046
Enterprise value DCF		**1591**										
- Interest bearing debt		-1783										
+ Cash and cash equivalents		1063										
+ Associated companies		0.8										
-Minorities		0.0										
-Dividend/capital return		-18.4										
Equity value DCF		**854**										
Equity value DCF per share		**4.17**										

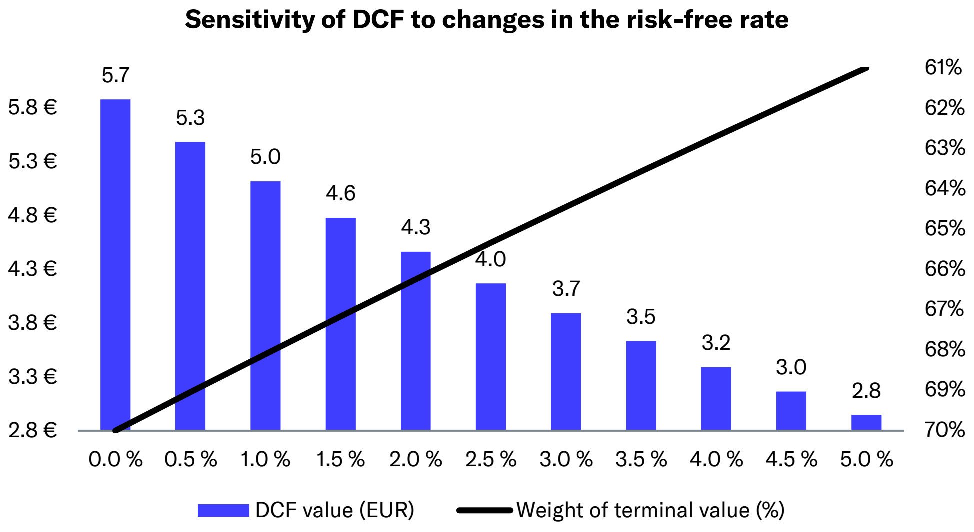
WACC	
Tax-% (WACC)	18.0 %
Target debt ratio (D/(D+E)	60.0 %
Cost of debt	5.5 %
Equity Beta	2.30
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	**13.4 %**
Weighted average cost of capital (WACC)	**8.1 %**

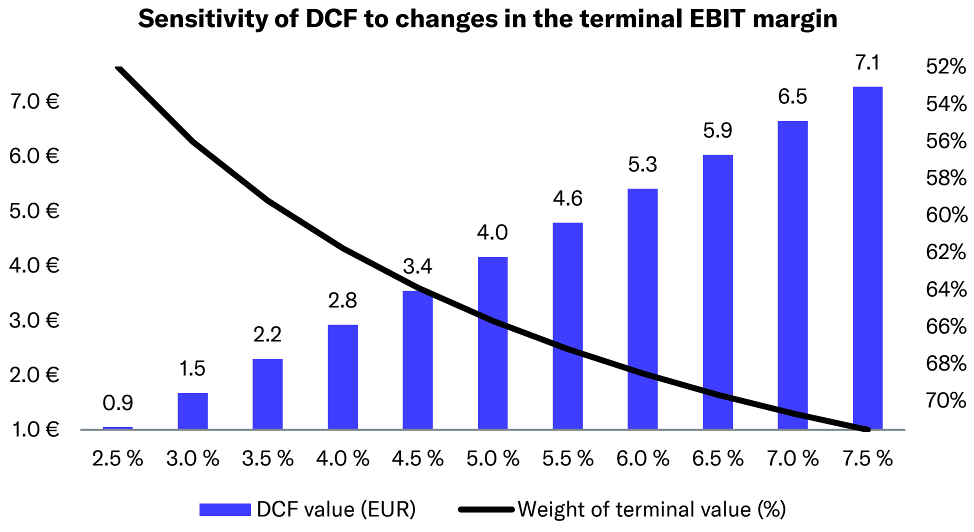
Source: Inderes

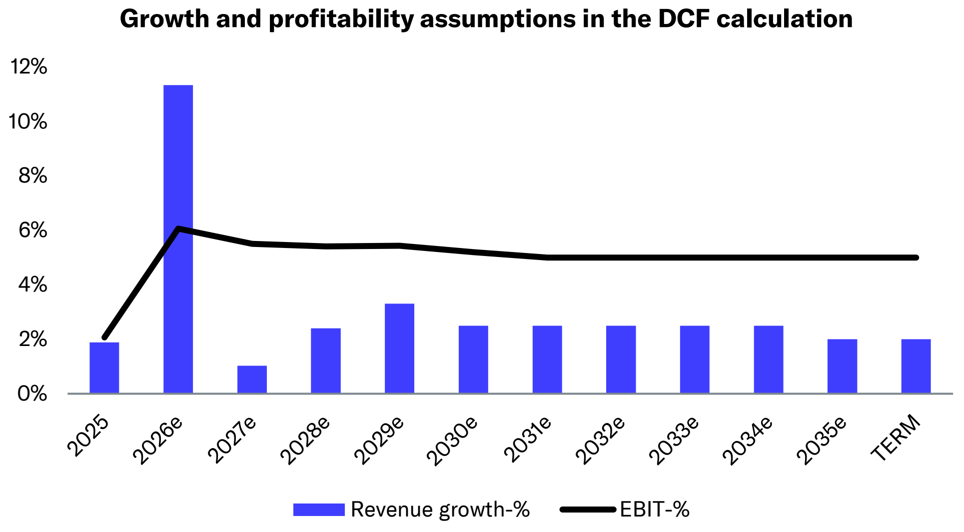


DCF sensitivity calculations and key assumptions in graphs









Source: Inderes. NB! The terminal value weight (%) is presented on a reverse scale for clarity.

Summary

Income statement	2023	2024	2025	2026e	2027e
Revenue	2989	3049	3106	**3458**	**3494**
EBITDA	538	445	408	**552**	**567**
EBIT	191	114	64	**210**	**192**
PTP	119	46	23	**148**	**112**
Net Income	241	37	18	**118**	**92**
Extraordinary items	7	-37	4	**12**	**0**

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	3698	3721	3687	**3822**	**3815**
Equity capital	577	627	637	**737**	**806**
Goodwill	0	0	0	**0**	**0**
Net debt	1104	981	719	**705**	**749**

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	538	445	408	**552**	**567**
Change in working capital	42	120	116	**2**	**-33**
Operating cash flow	549	554	518	**532**	**519**
CAPEX	-340	-386	-180	**-450**	**-475**
Free cash flow	135	164	302	**82**	**44**

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	0.6	0.5	0.4	**0.5**	**0.5**
EV/EBITDA	3.6	3.3	3.3	**3.1**	**3.1**
EV/EBIT (adj.)	10.4	9.6	22.7	**8.7**	**9.1**
P/E (adj.)	8.0	7.1	42.8	**9.3**	**10.9**
P/B	1.4	0.8	1.0	**1.4**	**1.2**
Dividend-%	0.0 %	4.7 %	2.9 %	**2.2 %**	**2.9 %**

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	0.01	0.18	0.09	**0.58**	**0.45**
EPS (adj.)	0.00	0.33	0.07	**0.53**	**0.45**
OCF / share	0.03	2.71	2.53	**2.60**	**2.54**
OFCF / share	0.01	0.80	1.48	**0.40**	**0.22**
Book value / share	0.03	3.07	3.11	**3.60**	**3.94**
Dividend / share	0.00	0.11	0.09	**0.11**	**0.14**

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	27%	2%	2%	**11%**	**1%**
EBITDA growth-%	260%	-17%	-8%	**35%**	**3%**
EBIT (adj.) growth-%	212%	-18%	-60%	**228%**	**-3%**
EPS (adj.) growth-%	102%	6463%	-78%	**622%**	**-15%**
EBITDA-%	18.0 %	14.6 %	13.1 %	**16.0 %**	**16.2 %**
EBIT (adj.)-%	6.2 %	5.0 %	1.9 %	**5.7 %**	**5.5 %**
EBIT-%	6.4 %	3.7 %	2.1 %	**6.1 %**	**5.5 %**
ROE-%	48.8 %	6.2 %	2.9 %	**17.2 %**	**11.9 %**
ROI-%	6.8 %	4.5 %	3.2 %	**9.2 %**	**8.2 %**
Equity ratio	15.6 %	16.9 %	17.3 %	**19.3 %**	**21.1 %**
Gearing	191%	156%	113%	**96%**	**93%**
Net debt/EBITDA	2.1	2.2	1.8	**1.3**	**1.3**
EBITDA/net financials	7.4	6.5	10.0	**8.8**	**7.1**

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. Per-share figures are calculated using the number of shares at year-end.

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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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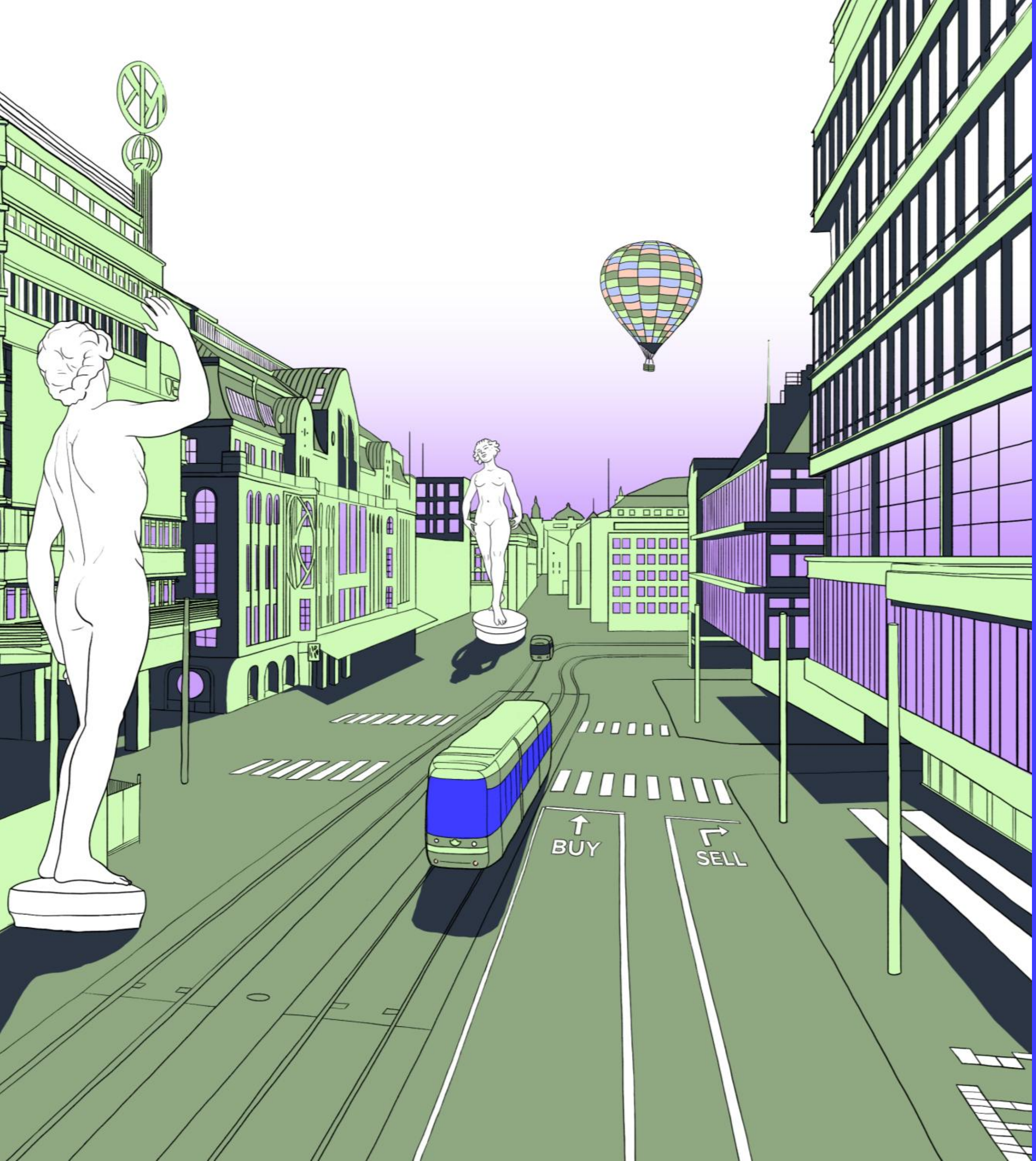
Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
7/18/2019	Reduce	6.75 €	6.83 €
10/23/2019	Reduce	6.40 €	6.21 €
12/12/2019	Accumulate	6.25 €	5.53 €
2/10/2020	Accumulate	6.25 €	5.83 €
2/25/2020	Reduce	5.75 €	5.41 €
3/2/2020	Reduce	5.00 €	4.78 €
3/16/2020	Reduce	3.75 €	3.56 €
3/17/2020	Reduce	3.50 €	3.35 €
29,4.2020	Reduce	3.50 €	3.70 €
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 €
20/072022	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



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