KONE

7/23/2026 2:00 pm EEST

This is a translated version of "Pidemmän aikavälin tuloshissin kyytiin" report, published on 7/23/2026

Aapeli Pursimo, Analyst
+358 40 719 6067
aapeli.pursimo@inderes.fi

COMPANY REPORT

Jumping on the elevator of long-term earnings growth

KONE's Q2 earnings were slightly below expectations, but the double-digit growth in orders far exceeded estimates. The company's guidance and market outlook remained unchanged, however, and estimate changes were minor. There was no substantial additional information obtained regarding the TK Elevator arrangement, and we estimate that the situation continues to be a balancing act between long-term potential and Nevertheless, given the recent decline in the share price, we believe the scales have tipped in favor of long-term potential, and we raise our recommendation to Accumulate (was Reduce). Due to peer valuations and inflation risks, we slightly increased our required return, which in turn leads us to decrease our target price to EUR 52 (was EUR 56).

Q2 earnings slightly below expectations, but orders well above

KONE's adjusted EBIT of 370 MEUR was slightly below our expectations (378 MEUR) and marginally below the consensus (374 MEUR). In turn, the reported Q2 order intake (+10.6% y/y) clearly exceeded our (+3.0% y/y) and consensus (+4.7% y/y) expectations. According to the company, the margin of orders received declined year-on-year, but KONE emphasized that the decline was slight. No material additional information regarding the TKE corporate transaction was provided with the earnings report, but the transaction appears to have progressed in line with the company's expectations thus far, with no major surprises. The company's webcast can be viewed here.

Outlook and estimates largely unchanged

KONE did not change its guidance for the current year, which estimates revenue growth of 3-6% in comparable currencies and an adjusted EBIT margin in the range of 12.3-13.0%. The company also maintained its market outlook for the year, expecting the modernization market in particular to grow rapidly. The only negative area continues to be the New Building Solutions market in China. To date, geopolitical tensions do not appear to have had a material impact on KONE's demand situation. However, the company noted that these tensions have increased inflationary pressures, which it intends to address through active pricing and cost management measures. Overall, our operational estimates for independent KONE remained largely unchanged, though we slightly decreased our margin estimates. We still expect the company's revenue to grow by some 4% this year and the adjusted EBIT margin to now reach 12.5% (was 12.7%). Next year, we expect the margin to increase further to the lower end of the target range (2027 adj. EBIT-%: 13-14%) at 13.1%.

Limited short-term drivers; potential attracts accumulation

Based on our estimates, independent KONE's EV/EBIT ratios in 2026 and 2027 are approximately 16x and 14x. The corresponding P/E ratios are around 21x and 20x. These multiples are clearly below KONE's historical medians (last 5 years, 12-month forward-looking; EV/EBIT ~19x, P/E ~24x). We estimate that the share's valuation is currently weighed down by inflation and interest rate concerns, as well as uncertainty related to the TKE arrangement. In fact, we do not currently view the earnings-based valuation of independent KONE as the main driver of the stock but rather believe the focus is on the TKE arrangement. We assume the transaction, which is shaking up industry dynamics, has also been reflected more broadly in the entire sector's valuation, as KONE's competitors' valuations have also fallen significantly below historical levels. At the same time, since the process will last well into next year at least, investors may have to wait for clear drivers for the sector's shares. However, we believe that the sharp decline in the share price presents an attractive opportunity to join what will likely be the future leader in the industry, based on our rough scenarios. In addition, the back-weighted nature of expected returns has decreased. Our view is also supported by KONE's attractive valuation as a standalone company (DCF ~EUR 53/share).

Recommendation

Accumulate

(was Reduce)

Target price:

EUR 52.00

(was EUR 56.00)

Share price:

EUR 46.72

Business risk

Valuation risk

	2025	2026e	2027e	2028e
Revenue	11245	11716	12410	13110
growth-%	1%	4%	6%	6%
EBIT adj.	1369.3	1469.2	1629.5	1750.9
EBIT-% adj.	12.2 %	12.5 %	13.1 %	13.4 %
Net Income	980.1	1056.5	1225.4	1322.0
EPS (adj.)	1.96	2.17	2.39	2.57

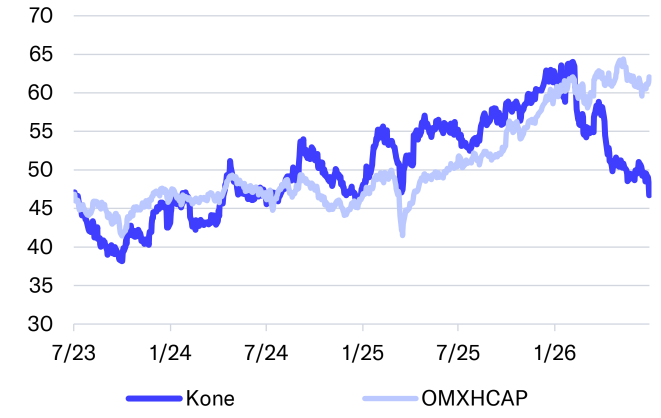
P/E (adj.)	31.0	21.5	19.6	18.1
P/B	11.2	8.3	7.5	6.7
Dividend yield-%	3.0 %	3.8 %	3.8 %	3.8 %
EV/EBIT (adj.)	22.6	16.1	14.3	13.1
EV/EBITDA	18.7	13.7	11.9	11.0
EV/S	2.8	2.0	1.9	1.8

Source: Inderes

Guidance (Unchanged)

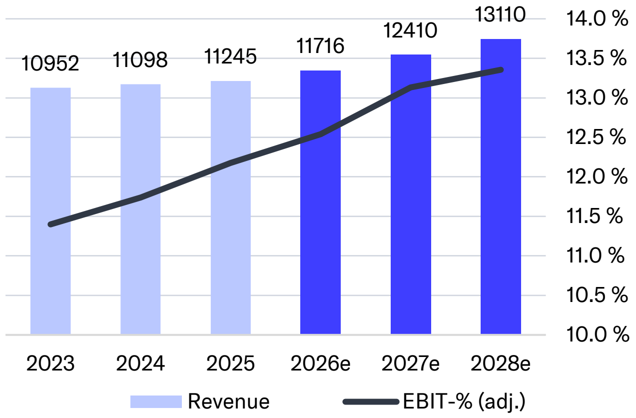
KONE expects its sales to grow 3-6% at comparable exchange rates in 2026 and its adjusted EBIT margin to be in the range of 12.3-13.0%.

Share price



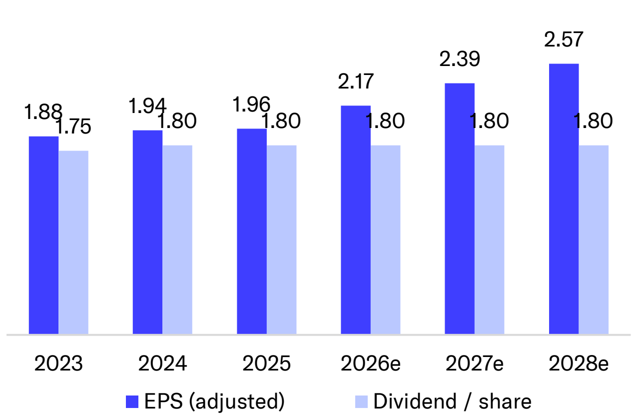
Source: Millistream Market Data AB

Revenue and EBIT % (adj.)



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Global growth in Modernization
- Demand recovery in the new equipment market
- The renewed operating model supports margins
- Rise of new digital services
- Synergy benefits from the TK Elevator merger and considerable long-term opportunities, especially in the aftermarket segment

Risk factors

- Delayed recovery of the Chinese construction market and persistent fierce price competition
- Western markets remain sluggish
- Differentiation through digital services is proving difficult
- Regulatory and integration risks of the TK Elevator acquisition process

Valuation	2026e	2027e	2028e
Share price	46.7	46.7	46.7
Number of shares, millions	517.9	517.9	517.9
Market cap	24194	24194	24194
EV	23643	23353	22965
P/E (adj.)	21.5	19.6	18.1
P/E	22.9	19.7	18.3
P/B	8.3	7.5	6.7
P/S	2.1	1.9	1.8
EV/Sales	2.0	1.9	1.8
EV/EBITDA	13.7	11.9	11.0
EV/EBIT (adj.)	16.1	14.3	13.1
Payout ratio (%)	88.1 %	76.0 %	70.4 %
Dividend yield-%	3.8 %	3.8 %	3.8 %

Source: Inderes

Earnings slightly below expectations, but orders well above

Revenue well in line with our expectations

KONE's revenue increased by approximately 3% in Q2, meeting our expectations and falling just below those of the consensus. Currencies had no significant impact on this development. Of the business areas, the reported revenue for New Building Solutions decreased slightly (-1% y/y), which also corresponded fairly closely to our expectations (Inderes' estimate -3% y/y). Meanwhile, the approximately 5% growth reported for Service in Q2 was in line with our expectations, while Modernization growth was slightly below our expectations (+6% v/v vs. Inderes' estimate +10% y/y). Regionally, the decline in reported revenue in China continued (-6% y/y, -8% y/y at comparable exchange rates). In contrast, revenue reported in other geographic regions was up: APMEA (Asia-Pacific, Middle East and Africa region) +8% y/y (+12% y/y at comparable rates), Europe +6% y/y and America +4% y/y. China’s share of revenue was just under 20% in Q2 (Q2’25: 21%).

Earnings slightly below our expectations

KONE's adjusted EBIT was 370 MEUR, which was slightly below our expectations. This corresponded to an adjusted EBIT margin of 12.6%, which was below our estimate but in line with consensus. Margin improvement was supported by familiar themes, namely an improved sales mix and efficiency programs, while cost inflation and new construction in China created headwinds for development. The company recorded one-off costs of 48 MEUR for the quarter related to the TKE arrangement (24 MEUR), restructuring, and the resettlement of a defined benefit pension plan. One-off costs were therefore very much in line with the previously communicated level. Overall, the cost burden on the lower lines was also largely as expected, which was reflected in the reported EPS falling below our expectations, similar to the operating result. The clearer undershoot compared to the consensus, in our view, is instead explained by the fact that market expectations did not fully incorporate the one-off costs previously indicated by the company.

Order growth clearly exceeded forecasts

However, the reported order intake (2,562 MEUR, +10.6% y/y; +10,9% y/y at comparable exchange rates) was clearly above both our expectation (2,386 MEUR) and the consensus expectation (2,424 MEUR). According to the company, orders at comparable exchange rates grew clearly (5–10%) in New Building Solutions and significantly (over 10%) in Modernization. Geographically, orders grew by double digits in comparable currencies outside of China, where orders decreased significantly. The new equipment market in China continued to hinder development. The margin of orders declined slightly year-on-year.

Cash flow and financial position at their usual strong level

In H1, the net cash flow from operating activities (incl. payments of lease liabilities) of KONE was 615 MEUR (H1'25: 536 MEUR) and 540 MEUR of free cash flow was created after acquisitions (H1'25: 442 MEUR). At the end of the quarter, KONE was clearly net cash positive (246 MEUR).

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	2850	2938	2924	2970	2899	3015	0%	11716
Orders received	2316	2562	2386	2424	2379	2457	7%	9323
EBIT (adj.)	347	370	378	374	355	395	-2%	1469
EBIT	338	322	322	350	305	385	0%	1396
PTP	360	316	316	353	303	391	0%	1393
EPS (reported)	0.53	0.46	0.46	0.52	0.44	0.58	0%	2.04
Revenue growth-%	1.8 %	3.1 %	2.6 %	4.2 %	1.7 %	5.8 %	0.5 pp	4.2 %
EBIT-% (adj.)	12.2 %	12.6 %	12.9 %	12.6 %	12.2 %	13.1 %	-0.3 pp	12.5 %

Source: Inderes & Vara Research (7/10/2026, 13-16 estimates) (consensus)

Just minor adjustments to independent company forecasts

This year's guidance was repeated

KONE did not change its guidance for the current year, which estimates revenue growth of 3-6% in comparable currencies and an adjusted EBIT margin in the range of 12.3-13.0%. According to the company, if exchange rates remain at July 2026 levels, they would not have a material impact on the EBIT margin.

Key revenue drivers still include positive outlooks in the Service and Modernization businesses, as well as a solid order book. However, the decline in the Chinese new equipment market is expected to continue, weighing on growth prospects. Key profitability drivers include revenue growth in the Service and Modernization businesses and a greater contribution from efficiency programs. Correspondingly, pressure on margins continues to come from New Building Solutions in China and wage inflation. The company also states that geopolitical tensions are increasing inflationary pressure (e.g., raw materials and logistics). Nevertheless, it plans to address these issues through proactive measures in pricing and cost management. Based on our analysis, however, there are clear geographical differences in pricing regarding how quickly the company can implement these changes, with the situation appearing particularly tight in China and most flexible in North America. Furthermore, based on the company's comments, order book margins have remained stable, excluding orders received in Q2.

Market outlook also unchanged

In connection with the report, the company also made no changes to its market outlook for 2026. For New Building Solutions, the outlook remains mixed: the company expects the market to grow slightly in units (less than 5%) in North America and Europe. Activity in APMEA is expected to grow clearly (5–10%), while in China it is expected to decline clearly. In Service, the company expects clear growth in units in the APMEA region, while elsewhere it anticipates slight growth. The growth outlook for Modernization in monetary value, on the other hand, remains very strong: In Europe +5-10% year-on-year and +10% in the rest of the world.

Minor revisions to estimates

We made only minor refinements to our revenue forecasts based on actual developments in connection with this report. Instead, we lowered our margin estimates due to realized developments (incl. a slightly decreased margin for orders received), as well as a slightly increased revenue share of New Building Solutions. We estimate that this, combined with inflationary pressures, will slow margin development slightly compared to our previous expectations. We now expect the company's margin to be 12.5% in the current year (previously 12.7%) and to rise to 13.1% next year (previously 13.3%). We thus assume that the company will continue to achieve the targeted margin improvement (2027 adj. EBIT-%: 13-14%) as scheduled. Our estimates reflect a standalone company at this time.

Estimate revisions MEUR / EUR	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %	2028e Old	2028e New	Change %
Revenue	11694	11716	0%	12352	12410	0%	13038	13110	1%
EBITDA	1790	1730	-3%	1967	1959	0%	2113	2093	-1%
EBIT (exc. NRIs)	1485	1469	-1%	1642	1630	-1%	1777	1751	-1%
EBIT	1459	1396	-4%	1627	1615	-1%	1762	1736	-1%
PTP	1467	1393	-5%	1637	1615	-1%	1776	1742	-2%
EPS (excl. NRIs)	2.19	2.17	-1%	2.42	2.39	-1%	2.62	2.57	-2%
DPS	1.80	1.80	0%	1.80	1.80	0%	2.00	1.80	-10%

Source: Inderes

KONE Half-year Financial Report for January-June 2026

Valuation 1/3

Valuation as a standalone company at a neutral level

Based on our updated estimates, the independent KONE's EV/EBIT multiples for 2026 and 2027, considering its strong balance sheet, are around 16x and 14x. The corresponding P/E ratios are around 21x and 20x. The multiples are well below KONE's 12-month forward-looking median multiples of the last five years (EV/EBIT ~19x, P/E ~24x, source: Bloomberg). We estimate that the share's valuation is currently weighed down by inflation and interest rate concerns raised by geopolitical tensions, as well as uncertainties related to the final form and timing of the TKE arrangement. Additionally, we estimate that this has also been reflected more broadly in the valuation of the entire sector, as in our view this could have consequences that sway industry dynamics (e.g., customer attitudes towards the merger, potentially increasing short-term price competition).

Looking further ahead, we believe the multiples for an independent company would be at a very attractive level for a defensive, quality company like KONE (cf. 2025 ROE-%: 35%) if earnings growth materializes, even roughly, as we expect. However, the estimates for the independent company are subject to more uncertainty than usual due to the potential effects of the acquisition process. In our view, though, the company's prerequisites for a sustainable increase in earnings have improved due to the growing share of aftermarket services in earnings, the favorable long-term growth outlook for Modernization, and the decreased exposure to China. Nevertheless, we do not currently view the earnings-based valuation of the independent company as the main driver of the stock but rather believe the focus is on the TKE arrangement.

Relative valuation

Valuations of elevator companies have recently declined across the board, and current sector valuations are clearly below those of the last five years (peers' last 5-year median 12-month forward EV/EBIT ratios 16x-17x, 12-month fwd. P/E ratios 23x-25x). Thus, we believe that the valuations of KONE's main competitors, Schindler (2027e EV/EBIT 14x) and Otis (2027e EV/EBIT 13x), can also be considered quite moderate when looking at the defensiveness of the service business, its capital-light nature, and the current favorable growth outlook. On the other hand, as the effects of the industry-shaping arrangement are still unclear and the process will last well into next year, investors may have to wait for clear drivers of the sector's shares. Therefore, we do not see relative valuation as a significant short-term driver for KONE, despite its clear relative strengthening of market position, but it does indicate clear medium-term potential.

DCF value above the share price

Our view of the independent company's moderate pricing is also supported by our DCF model, which emphasizes long-term potential and, given our slightly higher required return, amounts to just under 53 euros. Our decision to raise the required return was driven, in particular, by increased inflation risks and the rise in required returns (i.e., lower valuations) that we estimate for direct peers. In our forecasts, we expect the company to be able to sustainably raise its margin level from recent years and maintain a sustainable earnings leap.

Valuation	2026e	2027e	2028e
Share price	46.7	46.7	46.7
Number of shares, millions	517.9	517.9	517.9
Market cap	24194	24194	24194
EV	23643	23353	22965
P/E (adj.)	21.5	19.6	18.1
P/E	22.9	19.7	18.3
P/B	8.3	7.5	6.7
P/S	2.1	1.9	1.8
EV/Sales	2.0	1.9	1.8
EV/EBITDA	13.7	11.9	11.0
EV/EBIT (adj.)	16.1	14.3	13.1
Payout ratio (%)	88.1 %	76.0 %	70.4 %
Dividend yield-%	3.8 %	3.8 %	3.8 %

Source: Inderes

Valuation 2/3

Significant uncertainty still surrounds transaction, but value creation is possible in the longer term

There is still considerable uncertainty and open questions regarding the combination, such as its final form, timeline, and forecasts. However, we have tried to outline the potential of the transaction with our drastically simplified forecasts, which are based on published illustrative combined figures, our forecasts for independent KONE, and rough assumptions. In our assumptions, we have expected the transaction to be completed as planned in late 2027. Our key assumptions are reviewed in our Q1'26 report (see also the chart on the right).

Using these assumptions and our updated estimates for an independent KONE, the combined company would achieve an adjusted EBIT of approximately 4.4 BEUR by the end of 2030, corresponding to a margin of 16.8%. Thus, with our assumptions, the company's margin level would also rise clearly above KONE's current long-term target of 16%. However, we still consider this an optimistic target scenario, given the numerous uncertainties related to the transaction. Using industry average multiples for the earnings (EV/EBIT 16x-19x), the combined entity's debt-free value would be 70.2-83.4 BEUR at the end of 2030.

We have used forward-looking multiples, simplifying them to realized earnings, while assuming that synergy benefits are already fully reflected in the results. By deducting our estimated net debt (10.7 BEUR at the end of 2030), the market value of the entity would be 59.5-72.7 BEUR, or approximately EUR 75.5-92.2 per share with the new share count. Converted to an annual return at the current share price, this would mean roughly 11-17% per year, in addition to which we estimate the share offers an annual dividend yield of just under 4%. Given these assumptions, the risk-adjusted expected return would become quite attractive, even though we estimate that KONE's risk profile will rise from current levels, at least initially, due to increased debt. With the decreased share price, we estimate that the expected return will also be quite attractive in the medium term, until the end of 2028, assuming that our estimates materialize and that the combined company's valuation settles at historical industry levels.

However, in connection with the calculation, we note that the company has stated it expects to have to make some divestments, but due to uncertainty regarding their scale or effects, we have not taken them into account in our assumptions. At the same time, it is worth noting that selling these assets would lower our net debt estimates.

Illustrative scenario if synergies materialize

	2025	2026e	2027e	2028e	2029e	2030e
KONE revenue	11,245	11,716	12,410	13,110	13,730	14,305
TKE revenue	9,230	9,617	10,186	10,761	11,270	11,742
Total revenue	20,475	21,333	22,596	23,871	25,000	26,047
Growth-%		4.2%	5.9%	5.6%	4.7%	4.2%
KONE adj. EBIT	1,369	1,469	1,632	1,751	1,872	1,951
Margin	12.2%	12.5%	13.2%	13.4%	13.6%	13.6%
TKE adj. EBIT	1,365	1,422	1,506	1,591	1,667	1,736
Margin	14.8%	14.8%	14.8%	14.8%	14.8%	14.8%
Synergies				233	467	700
Adj. EBIT total	2,734	2,891	3,138	3,576	4,006	4,387
Margin	13.4%	13.6%	13.9%	15.0%	16.0%	16.8%
Comparable cash flow-affecting expenses				-535	-535	-150
Net financing expenses				-560	-540	-507
Taxes				-571	-674	-858
Dividend				-1,418	-1,418	-1,418
Net liabilities			13,492	12,999	12,161	10,706
Number of shares			788	788	788	788
Enterprise value (EV/EBIT 16x)				57,210	64,089	70,194
Enterprise value (EV/EBIT 19x)				67,936	76,106	83,355
Market cap (EV/EBIT 16x)				44,210	51,929	59,488
Market cap (EV/EBIT 19x)				54,937	63,945	72,650
Per-share value (EV/EBIT 16x)				56.1	65.9	75.5
Per-share value (EV/EBIT 19x)				69.7	81.2	92.2
Average annual return to year-end (EV/EBIT 16x)				7.8%	10.5%	11.4%
Average annual return to year-end (EV/EBIT 19x)				17.8%	17.4%	16.5%
Dividend yield (EUR 1.8 / share)				3.9%	3.9%	3.9%

Valuation 3/3

Balancing potential and risks

By changing the assumptions such that the targeted synergies are not achieved at all (or the profitability of the independent businesses otherwise declines), the combined company's margin would rise from current levels but would still only reach 14.2% in the coming years. Naturally, earnings development could also be affected by revenue growth assumptions. Furthermore, assuming that the valuation of the resulting combined company would remain at historical levels of KONE's main competitors, the average expected annual return through share price appreciation would stand at 5–7%. In this scenario, the expected return would exceed the required return only slightly, which highlights the importance of synergy realization for shareholder value creation.

The presented scenarios should only be interpreted as roughly indicative, as they contain numerous assumptions and simplifications. In addition, we have assumed that the transaction will be completed on the planned scale and approximately on schedule, which involves considerable uncertainty. These can have a significant impact on the combined company's financials or expected annual returns. Naturally, integration processes or the development of independent companies may also turn out better or worse than our current assumptions. There is also considerable uncertainty regarding cash flow development. Based on current scenarios, we believe the acquisition has the potential to create clear shareholder value, but this is balanced by high risks and uncertainties.

Overall, the industrial logic of the merger is undeniable, and if realized, the arrangement will clearly increase the company's long-term potential, but realizing the full extent of these benefits will take time. Thus, the clearest benefits of the transaction would likely materialize in the longer term, beyond the current forecast period. At the same time, we see KONE's investment story as having clearly shifted from one that relied on organic growth (incl. acquisitions of smaller maintenance companies) and margin improvement sought through its own actions. In our view, the short-to-medium-term investment story will focus on the completion of the merger and the massive integration process that lies ahead, both of which involve significant risks and uncertainties. In addition, the outcomes are not in the company's own hands (e.g., regulatory processes).

We see the overall picture as a balancing act between increased long-term potential and medium-term risks. Considering the big picture, we believe that after the safety margin provided by the clear share price decline, the scales have tipped towards long-term potential, even though there is still no room for massive changes in our assumptions. The total annual expected returns of our average scenarios are currently in the range of 9-18%, and in addition, the backward-weighted nature of the expected returns has decreased. Our view is also supported by the appealing valuation of an independent KONE.

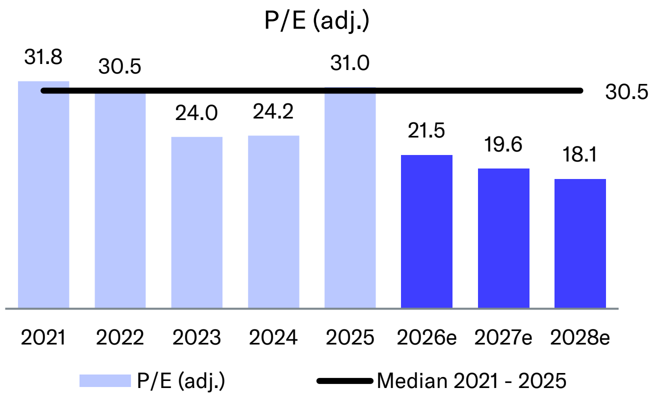
Illustrative scenario without synergies

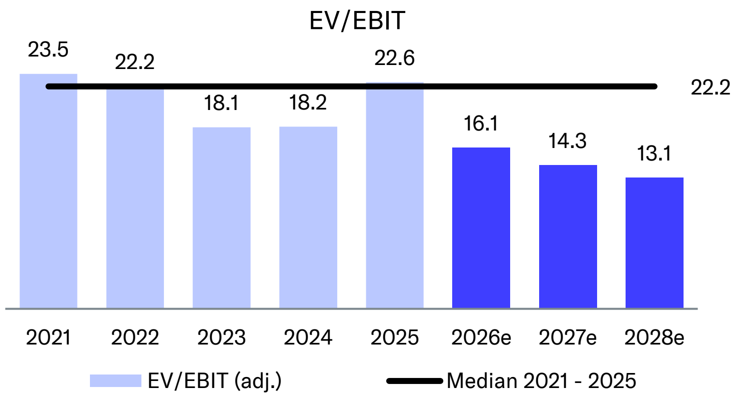
	2025	2026e	2027e	2028e	2029e	2030e
KONE revenue	11,245	11,716	12,410	13,110	13,730	14,305
TKE revenue	9,230	9,617	10,186	10,761	11,270	11,742
Total revenue	20,475	21,333	22,596	23,871	25,000	26,047
Growth-%		4.2%	5.9%	5.6%	4.7%	4.2%
KONE adj. EBIT	1,369	1,469	1,632	1,751	1,872	1,951
Margin	12.2%	12.5%	13.2%	13.4%	13.6%	13.6%
TKE adj. EBIT	1,365	1,422	1,506	1,591	1,667	1,736
Margin	14.8%	14.8%	14.8%	14.8%	14.8%	14.8%
Synergies				0	0	0
Adj. EBIT total	2,734	2,891	3,138	3,342	3,539	3,687
Margin	13.4%	13.6%	13.9%	14.0%	14.2%	14.2%
Comparable cash flow-affecting expenses				-535	-535	-150
Net financing expenses				-560	-547	-529
Taxes				-517	-565	-692
Dividend				-1,418	-1,418	-1,418
Net liabilities			13,492	13,179	12,705	11,806
Number of shares			788	788	788	788
Enterprise value (EV/EBIT 16x)				53,476	56,623	58,994
Enterprise value (EV/EBIT 17x)				56,818	60,162	62,681
Market cap (EV/EBIT 16x)				40,297	43,917	47,188
Market cap (EV/EBIT 17x)				43,639	47,456	50,875
Per-share value (EV/EBIT 16x)				51.1	55.7	59.9
Per-share value (EV/EBIT 17x)				55.4	60.2	64.6
Average annual return to year-end (EV/EBIT 16x)				3.8%	5.3%	5.7%
Average annual return to year-end (EV/EBIT 17x)				7.2%	7.7%	7.6%
Dividend yield (EUR 1.8 / share)				3.9%	3.9%	3.9%

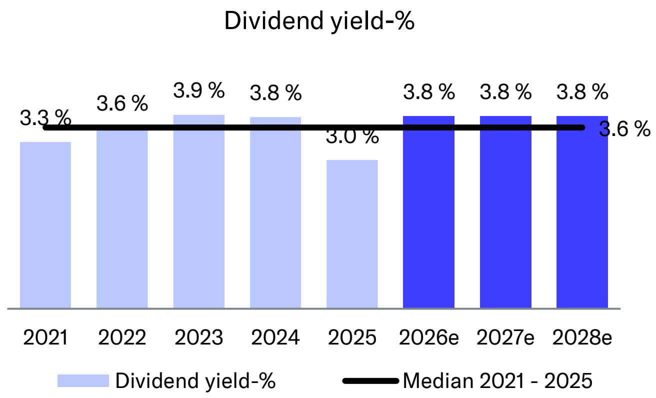
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	63.0	48.3	45.2	47.0	60.6	46.7	46.7	46.7	46.7
Number of shares, millions	518.0	517.1	517.2	517.5	517.9	517.9	517.9	517.9	517.9
Market cap	32652	24975	23358	24324	31362	24194	24194	24194	24194
EV	30724	23908	22611	23694	30970	23643	23353	22965	22469
P/E (adj.)	31.8	30.5	24.0	24.2	31.0	21.5	19.6	18.1	16.9
P/E	32.2	32.2	25.2	25.6	32.0	22.9	19.7	18.3	17.0
P/B	10.3	8.8	8.5	8.5	11.2	8.3	7.5	6.7	5.9
P/S	3.1	2.3	2.1	2.2	2.8	2.1	1.9	1.8	1.8
EV/Sales	2.9	2.2	2.1	2.1	2.8	2.0	1.9	1.8	1.6
EV/EBITDA	20.0	18.5	15.4	15.4	18.7	13.7	11.9	11.0	10.1
EV/EBIT (adj.)	23.5	22.2	18.1	18.2	22.6	16.1	14.3	13.1	12.0
Payout ratio (%)	107.1 %	116.7 %	97.7 %	97.8 %	95.0 %	88.1 %	76.0 %	70.4 %	65.6 %
Dividend yield-%	3.3 %	3.6 %	3.9 %	3.8 %	3.0 %	3.8 %	3.8 %	3.8 %	3.8 %

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
Otis Worldwide Corp	24206	30423	14.0	12.8	13.0	12.0	2.3	2.2	17.2	15.3	2.5	2.6	
Schindler Holding AG	28611	24813	15.4	14.2	12.8	12.1	2.1	2.0	23.2	21.4	2.8	3.0	5.2
Assa Abloy AB	34183	40296	16.8	15.4	14.0	12.9	2.8	2.6	21.5	19.1	2.0	2.2	3.3
Koninklijke Philips NV	22941	28401	14.1	12.3	9.1	8.4	1.6	1.5	15.6	13.8	3.7	3.9	2.0
Ingersoll Rand Inc	27757	30884	18.6	17.3	16.4	15.4	4.4	4.3	23.1	21.1	0.1	0.1	2.9
Johnson Controls International PLC	75804	83564	24.5	21.3	20.6	18.2	3.8	3.5	29.0	24.6	1.1	1.2	6.3
Dover Corp	24961	26406	17.5	16.1	14.6	13.7	3.5	3.3	19.8	18.1	1.0	1.0	3.6
Honeywell International Inc	63850	86157	28.5	23.4	21.2	18.5	4.9	4.8	28.3	24.0	2.9	3.2	4.1
Kone (Inderes)	24194	23643	16.1	14.3	13.7	11.9	2.0	1.9	21.5	19.6	3.8	3.8	8.3
Average			18.7	16.6	15.2	13.9	3.2	3.0	22.2	19.7	2.0	2.2	3.9
Median			17.2	15.7	14.3	13.3	3.2	3.0	22.3	20.1	2.2	2.4	3.6
Diff-% to median			-6%	-9%	-5%	-10%	-36%	-37%	-4%	-3%	72%	59%	133%

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	11098	2672	2850	2762	2961	11245	2708	2938	2919	3151	11716	12410	13110	13730
New Building Solutions	4507	929	1071	1020	1078	4098	899	1059	1043	1102	4103	4218	4357	4444
Service	4504	1259	1257	1242	1296	5055	1295	1324	1336	1400	5355	5698	6034	6336
Modernization	2088	484	522	500	587	2093	514	555	540	649	2258	2495	2719	2950
EBITDA	1541	355	415	413	472	1655	368	405	451	506	1730	1959	2093	2228
Depreciation	-292	-78	-77	-79	-85	-319	-85	-83	-80	-87	-334	-345	-357	-370
EBIT (excl. NRI)	1303	280	347	341	402	1369	294	370	372	434	1469	1630	1751	1872
EBIT	1249	277	338	334	387	1336	283	322	372	419	1396	1615	1736	1857
Net financial items	5.2	2.9	21.7	-27.4	-5.4	-8.2	-4.4	-6.3	4.0	4.0	-2.7	0.5	6.3	14.1
PTP	1254	280	360	307	381	1327	279	316	376	423	1393	1615	1742	1871
Taxes	-293.1	-64.3	-82.7	-80.1	-108	-334.8	-64.1	-75.6	-87.9	-99	-327	-378	-408	-438
Minority interest	-9.7	-2.7	-3.2	-2.5	-3.7	-11.9	-2.4	-2.2	-2.8	-2.7	-10	-12	-13	-14
Net earnings	951	213	274	224	269	980	212	238	285	321	1056	1225	1322	1420
EPS (adj.)	1.94	0.42	0.55	0.45	0.55	1.96	0.43	0.55	0.55	0.64	2.17	2.39	2.57	2.76
EPS (rep.)	1.84	0.41	0.53	0.43	0.52	1.89	0.41	0.46	0.55	0.62	2.04	2.37	2.55	2.74

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-%	1.3 %	4.1 %	1.8 %	0.3 %	-0.5 %	1.3 %	1.4 %	3.1 %	5.7 %	6.4 %	4.2 %	5.9 %	5.6 %	4.7 %
Adjusted EBIT growth-%	4.4 %	6.5 %	3.7 %	6.6 %	4.0 %	5.1 %	5.0 %	6.6 %	9.1 %	8.0 %	7.3 %	10.9 %	7.4 %	6.9 %
EBITDA-%	13.9 %	13.3 %	14.6 %	15.0 %	15.9 %	14.7 %	13.6 %	13.8 %	15.5 %	16.1 %	14.8 %	15.8 %	16.0 %	16.2 %
Adjusted EBIT-%	11.7 %	10.5 %	12.2 %	12.3 %	13.6 %	12.2 %	10.8 %	12.6 %	12.7 %	13.8 %	12.5 %	13.1 %	13.4 %	13.6 %
Net earnings-%	8.6 %	8.0 %	9.6 %	8.1 %	9.1 %	8.7 %	7.8 %	8.1 %	9.8 %	10.2 %	9.0 %	9.9 %	10.1 %	10.3 %

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	3440	3468	3521	3570	3628
Goodwill	1558	1553	1553	1553	1553
Intangible assets	333	337	354	366	382
Tangible assets	899	943	978	1015	1057
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	150	154	154	154	154
Other non-current assets	15.0	13.9	13.9	13.9	13.9
Deferred tax assets	485	469	469	469	469
Current assets	5844	5584	5842	6189	6538
Inventories	857	843	878	930	983
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	3173	3013	3163	3351	3540
Cash and equivalents	1814	1728	1800	1907	2015
Balance sheet total	9284	9052	9364	9759	10166

Source: Inderes

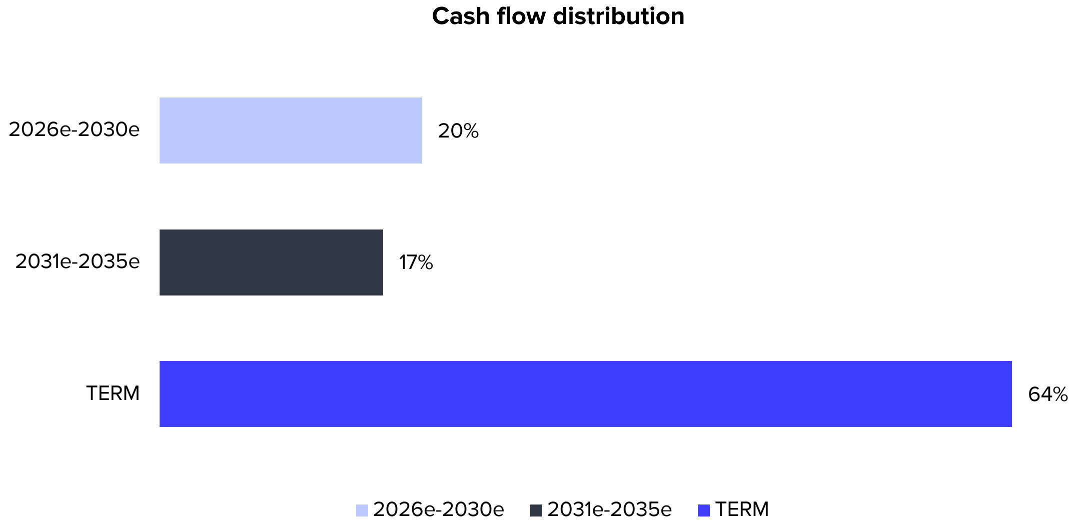
Liabilities & equity	2024	2025	2026e	2027e	2028e
Equity	2893	2827	2957	3257	3655
Share capital	66.2	66.2	66.2	66.2	66.2
Retained earnings	2450	2528	2653	2947	3338
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	351	204	204	204	204
Minorities	26.3	29.4	34.4	40.3	46.5
Non-current liabilities	1255	1091	1063	931	742
Deferred tax liabilities	232	241	241	241	241
Provisions	186	176	176	176	176
Interest bearing debt	838	673	646	514	324
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	5136	5134	5343	5570	5769
Interest bearing debt	145	355	341	271	171
Payables	4991	4779	5003	5299	5598
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	9284	9052	9364	9759	10166

DCF-calculation

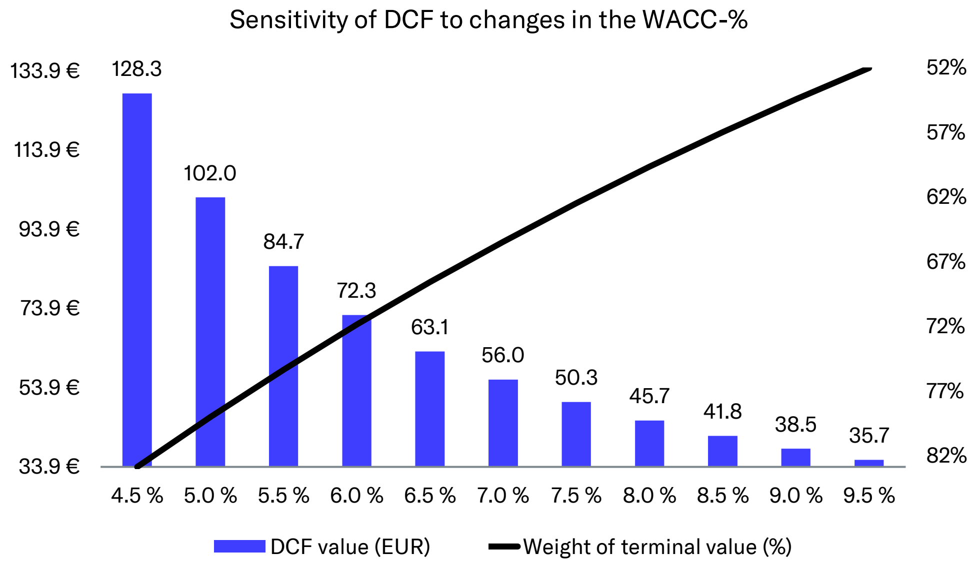
DCF model	2025	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	TERM
Revenue growth-%	1.3 %	4.2 %	5.9 %	5.6 %	4.7 %	4.2 %	3.4 %	3.2 %	3.0 %	3.0 %	2.5 %	2.5 %
EBIT-%	11.9 %	11.9 %	13.0 %	13.2 %	13.5 %	13.5 %	13.4 %	13.2 %	13.0 %	12.5 %	12.5 %	12.5 %
EBIT (operating profit)	1336	1396	1615	1736	1857	1931	1982	2015	2044	2024	2076	
+ Depreciation	319	334	345	357	370	381	391	396	403	410	408	
- Paid taxes	-309	-327	-378	-408	-438	-457	-470	-477	-484	-478	-490	
- Tax, financial expenses	-8.1	-6.0	-5.5	-4.5	-3.0	-1.9	-1.7	-1.8	-2.0	-2.7	-3.6	
+ Tax, financial income	6.0	5.4	5.6	6.0	6.3	7.1	7.8	7.6	7.4	7.5	7.7	
- Change in working capital	-37.1	37.4	57.0	57.4	50.9	47.1	39.9	38.8	37.6	38.7	33.7	
Operating cash flow	1307	1440	1638	1744	1844	1908	1949	1979	2007	1999	2032	
+ Change in other long-term liabilities	-9.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-363	-388	-394	-414	-418	-423	-423	-426	-430	-404	-417	
Free operating cash flow	934	1053	1245	1329	1425	1485	1526	1553	1577	1594	1615	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	934	1053	1245	1329	1425	1485	1526	1553	1577	1594	1615	34648
Discounted FCFF		1020	1124	1119	1118	1085	1039	985	932	878	829	17783
Sum of FCFF present value		27911	26891	25767	24648	23531	22446	21407	20422	19490	18612	17783
Enterprise value DCF		27911										
- Interest bearing debt		-1028										
+ Cash and cash equivalents		1728										
+ Associated companies		21,7										
-Minorities		-285										
-Dividend/capital return		-931,0										
Equity value DCF		27417										
Equity value DCF per share		52,9										

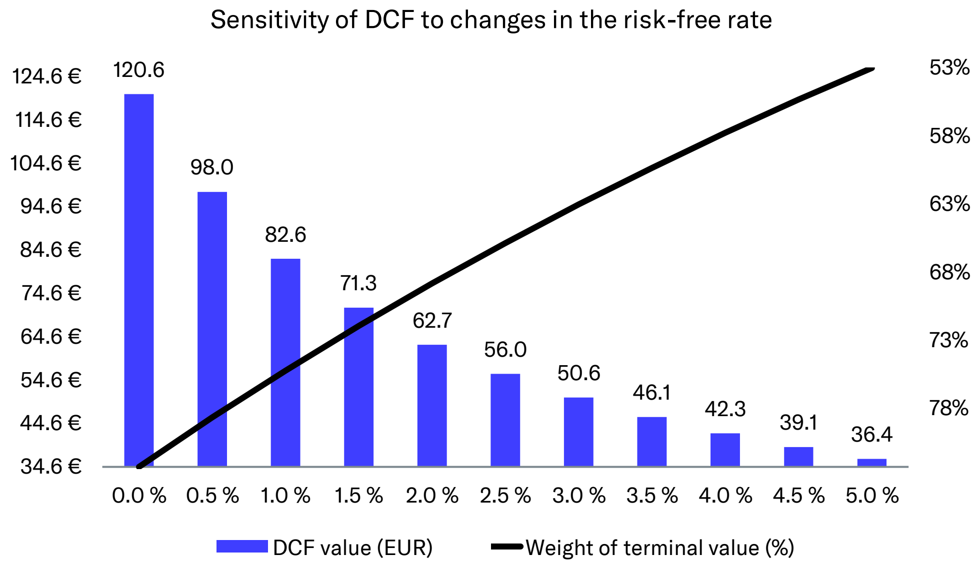
WACC	
Tax-% (WACC)	23.0 %
Target debt ratio (D/(D+E)	7.5 %
Cost of debt	3.0 %
Equity Beta	1.10
Market risk premium	4.75%
Liquidity premium	0.00%
Risk free interest rate	2.5 %
Cost of equity	7.7 %
Weighted average cost of capital (WACC)	7.3 %

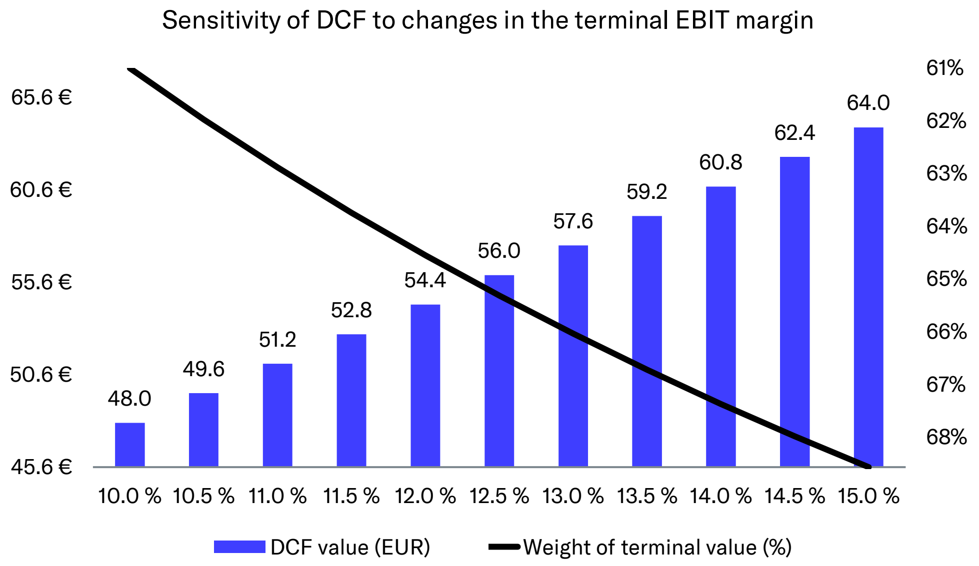
Source: Inderes

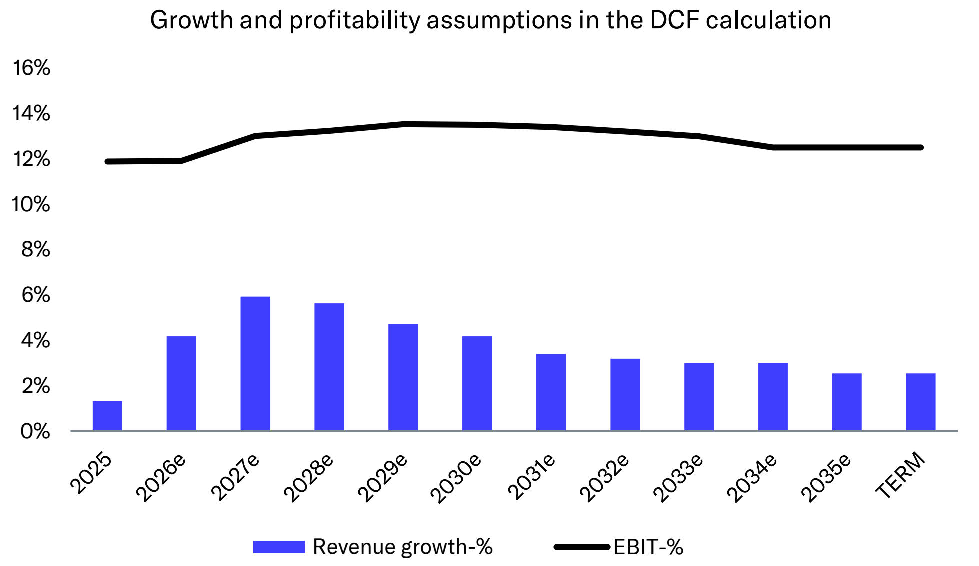


DCF sensitivity calculations and key assumptions in graphs









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
Revenue	10952.3	11098.4	11245.2	11715.6	12410.4
EBITDA	1469.5	1541.2	1655.2	1730.1	1959.2
EBIT	1200.1	1249.0	1336.2	1395.9	1614.5
PTP	1206.2	1254.2	1326.8	1393.1	1615.0
Net Income	925.8	951.4	980.1	1056.5	1225.4
Extraordinary items	-48.3	-54.0	-33.1	-73.3	-15.0

Balance sheet	2023	2024	2025	2026e	2027e
Balance sheet total	8730.8	9284.3	9052.0	9363.6	9759.0
Equity capital	2786.0	2893.1	2826.8	2957.2	3257.5
Goodwill	1469.0	1558.4	1552.9	1552.9	1552.9
Net debt	-1013.4	-831.2	-699.8	-814.3	-1122.6

Cash flow	2023	2024	2025	2026e	2027e
EBITDA	1469.5	1541.2	1655.2	1730.1	1959.2
Change in working capital	-58.4	68.8	-37.1	37.4	57.0
Operating cash flow	1134.3	1280.0	1306.8	1440.2	1638.4
CAPEX	-442.0	-601.2	-363.0	-387.6	-393.6
Free cash flow	711.8	667.8	934.3	1052.6	1244.8

Valuation multiples	2023	2024	2025	2026e	2027e
EV/S	2.1	2.1	2.8	2.0	1.9
EV/EBITDA	15.4	15.4	18.7	13.7	11.9
EV/EBIT (adj.)	18.1	18.2	22.6	16.1	14.3
P/E (adj.)	24.0	24.2	31.0	21.5	19.6
P/B	8.5	8.5	11.2	8.3	7.5
Dividend-%	3.9 %	3.8 %	3.0 %	3.8 %	3.8 %

Source: Inderes

Per share data	2023	2024	2025	2026e	2027e
EPS (reported)	1.79	1.84	1.89	2.04	2.37
EPS (adj.)	1.88	1.94	1.96	2.17	2.39
OCF / share	2.19	2.47	2.52	2.78	3.16
OFCF / share	1.38	1.29	1.80	2.03	2.40
Book value / share	5.32	5.54	5.40	5.64	6.21
Dividend / share	1.75	1.80	1.80	1.80	1.80

Growth and profitability	2023	2024	2025	2026e	2027e
Revenue growth-%	0%	1%	1%	4%	6%
EBITDA growth-%	14%	5%	7%	5%	13%
EBIT (adj.) growth-%	16%	4%	5%	7%	11%
EPS (adj.) growth-%	19%	3%	1%	11%	10%
EBITDA-%	13.4 %	13.9 %	14.7 %	14.8 %	15.8 %
EBIT (adj.)-%	11.4 %	11.7 %	12.2 %	12.5 %	13.1 %
EBIT-%	11.0 %	11.3 %	11.9 %	11.9 %	13.0 %
ROE-%	33.1 %	33.9 %	34.6 %	36.9 %	39.9 %
ROI-%	35.4 %	35.1 %	35.2 %	36.4 %	41.0 %
Equity ratio	40.9 %	39.8 %	39.9 %	40.6 %	43.2 %
Gearing	-36.4 %	-28.7 %	-24.8 %	-27.5 %	-34.5 %
Net debt/EBITDA	-0.7	-0.5	-0.4	-0.5	-0.6
EBITDA/net financials	-240.9	-298.7	201.9	631.4	-4170.3

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.

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
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

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

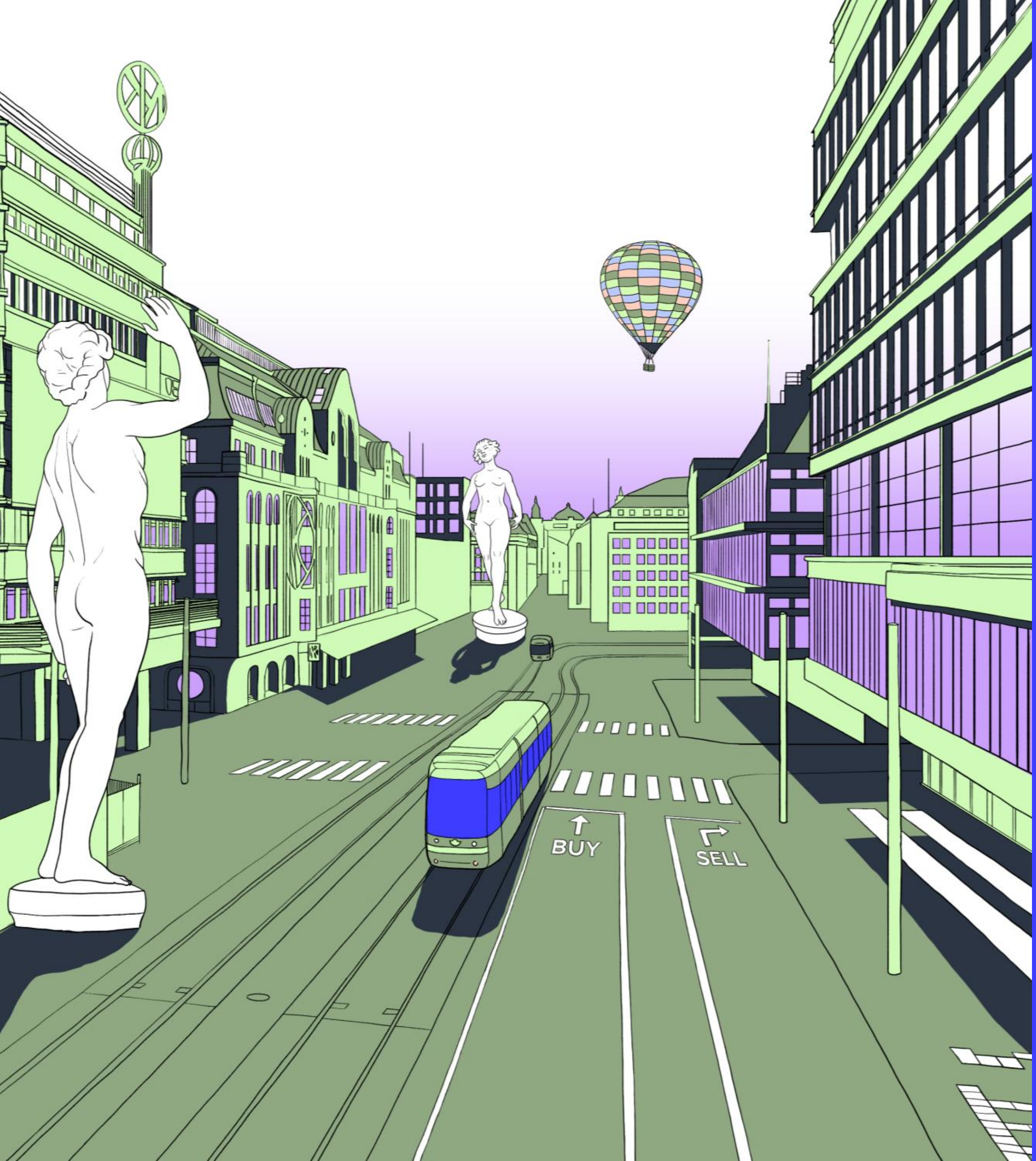
The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
7/20/2018	Reduce	43.00 €	47.30 €
10/26/2018	Reduce	42.00 €	40.60 €
1/25/2019	Reduce	40.00 €	42.73 €
4/29/2019	Sell	41.00 €	48.90 €
7/19/2019	Sell	41.00 €	51.12 €
10/24/2019	Sell	42.00 €	54.18 €
1/29/2020	Sell	45.00 €	61.02 €
3/24/2020	Sell	42.00 €	46.90 €
4/23/2020	Sell	46.00 €	55.00 €
7/20/2020	Sell	48.00 €	64.28 €
9/23/2020	Sell	61.00 €	73.38 €
10/23/2020	Sell	61.00 €	71.26 €
1/29/2021	Sell	61.00 €	67.08 €
4/30/2021	Sell	61.00 €	66.12 €
7/21/2021	Sell	61.00 €	70.82 €
11/1/2021	Reduce	59.00 €	58.72 €
2/3/2022	Reduce	57.00 €	56.80 €
5/2/2022	Accumulate	51.00 €	46.09 €
7/15/2022	Accumulate	51.00 €	45.85 €
7/22/2022	Accumulate	51.00 €	44.38 €
8/31/2022	Reduce	44.00 €	40.89 €
10/17/2022	Reduce	41.50 €	39.09 €
1/27/2023	Reduce	46.00 €	52.48 €
4/28/2023	Reduce	47.50 €	51.98 €
7/21/2023	Reduce	47.50 €	45.47 €
10/26/2023	Reduce	42.00 €	39.50 €
1/24/2024	Reduce	42.00 €	43.14 €
1/28/2024	Reduce	43.00 €	46.31 €
4/24/2024	Accumulate	50.00 €	45.05 €
7/22/2024	Lisää	50.00 €	46.99 €
9/30/2024	Reduce	52.00 €	53.70 €
10/26/2024	Accumulate	55.00 €	51.22 €
Analyst changed			
1/31/2025	Accumulate	55.00 €	50.46 €
5/2/2025	Reduce	55.00 €	54.50 €
7/21/2025	Reduce	55.00 €	54.68 €
10/27/2025	Reduce	56.00 €	58.44 €
2/9/2026	Reduce	56.00 €	60.04 €
5/4/2026	Reduce	56.00 €	54.20 €
7/23/2026	Accumulate	52.00 €	46.72 €



CONNECTING INVESTORS AND COMPANIES.

Inderes democratizes financial information by connecting investors and listed companies. For investors, we are an investing community and a trusted source of financial information and equity research. For listed companies, we are a partner in delivering high-quality investor relations. Over 500 listed companies in Europe use our investor relations products and equity research services to provide better investor communications to their shareholders.

Our goal is to be the most investor-minded company in finance. Inderes was founded in 2009 by investors, for investors. As a Nasdaq First North-listed company, we understand the day-to-day reality of our customers.

Inderes Ab
Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

inderes.se

Inderes Oyj
Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.fi

inderes.